

# Comprehensive Housing Needs Assessment City of Waseca, Minnesota

## Prepared For:

City of Waseca  
Waseca, MN

July 2021



**Maxfield**  
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July 27, 2021

Mr. Mike Anderson  
Assistant to the City Administrator  
City of Waseca  
508 South State Street  
Waseca, MN 56093

Dear Mr. Anderson:

Attached is the *Comprehensive Housing Needs Assessment for Waseca, Minnesota* conducted by Maxfield Research and Consulting, LLC. The study projects housing demand from 2021 through 2030, and provides recommendations on the amount and type of housing that could be built in Waseca to satisfy demand from current and future residents over the next decade.

The study identifies a potential demand for approximately 704 new housing units through 2030. About 62% of the total demand was for senior housing, while general-occupancy housing accounted for 38% of the demand. Demand was highest for active-adult senior housing (170 units) followed by active-adult affordable housing (107 units). Finally, for-sale housing demand over the next decade shows a need for nearly 125 housing units, before the current lot supply are absorbed. Based on the current vacant lot supply and lot absorption, newly platted lots will be needed in the long-term to meet the growing demand for new construction.

Despite the COVID-19 pandemic; the housing market across all sectors is tight. There are few options for renters as the vacancy rate is hovering just over 1%; indicating a severe shortage of rental housing. In the senior housing sector; vacancies have held better than many other communities through the pandemic. Finally, the for-sale market has been strong with high appreciation but few options for buyers as inventory is at an all-time low. Across the board, there is an inventory shortage for all housing types.

Detailed information regarding recommended housing concepts can be found in the *Recommendations & Conclusions* 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 AND CONSULTING, LLC**

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

Matt Mullins  
Vice President  
Attachment

A handwritten signature in black ink that reads "Max Perrault".

Max Perrault  
Research Analyst

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### ***Purpose and Scope of Study***

Maxfield Research and Consulting LLC (i.e. “Maxfield Research”) was engaged by the City of Waseca to update the *Comprehensive Housing Market Study* for the City of Waseca, originally issued in January 2016. The Housing Market Study 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 of Waseca.

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, building permit trends, and residential land supply; an analysis of the market condition for a variety of rental and for-sale housing products; an analysis of housing affordability and development costs; 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 Waseca had 9,418 people and 3,504 households. The City of Waseca is projected to lose by 418 people but gain 26 households between 2010 and 2021.
- The Waseca Market Area had an estimated median household income of \$56,352 in 2021. Non-senior household median incomes peak in the 45 to 54 age group at \$75,966. The median income for seniors age 65+ is \$43,661.
- In 2021, the Waseca Market Area had an average net worth of \$453,288 and a median net worth of \$107,230.
- Between 2010 and 2019, homeownership rates decreased slightly from 76.0% to 75.5% in the Waseca Market Area and decreased from 68.7% to 67.7% in the City of Waseca.
- Approximately 32% of all households in the Waseca Market Area lived alone and accounted for the highest proportion of household types in 2019. Married without children households accounted for the second highest household type percentage in 2019 at 30.7%.
- The City of Waseca had an unemployment rate of 4.3% in May 2021 which is higher than Waseca County (4.0%) and the State of Minnesota (3.7%). However, the City’s unemployment rate has decreased 1.8% from a peak of 6.1% in 2020, which was a result of the global pandemic COVID-19.



## EXECUTIVE SUMMARY

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- The City of Waseca is a slight job exporter as the ratio of employed residents in the City of Waseca is slightly lower than those employed outside the City of Waseca. Additionally, there is an interior flow of 1,840 residents that live and work in the City of Waseca. Furthermore, the average weekly wage in the City of Waseca is slightly higher than the average weekly wages in Waseca County (\$907 vs. \$886).
- Of the roughly 5,016 workers who work in the Waseca Market Area, 39% live in the City of Waseca. The remaining 61% of the workers are commuting from mostly Owatonna (5%) and Mankato (3.7%).

### *Housing Characteristics*

- The City of Waseca issued permits for the construction of 141 new residential units from 2003 to 2020. Beginning in 2007, building permits declined to single digits. However in 2018, permits were issued for 14 single-family dwellings, which was a peak in recent years.
- The majority of the homes in Waseca were built either prior to the 1940's (20%) or in the 1970's (18%). Overall, less than 10% of the housing stock has been constructed in the past two decades.
- Approximately 61% of Waseca homeowners have a mortgage compared to 66% of Minnesota homeowners that have a mortgage. About 8.5% of homeowners with mortgages also have a second mortgage or home equity loan.
- The median owner-occupied home in the City of Waseca is \$127,300 in 2019. Approximately 48% of the owner-occupied housing stock in the City of Waseca was estimated to be valued between \$100,000 and \$199,999.
- The median contract rent in Waseca was \$574 in 2019 compared to Minnesota which was \$889. Approximately 31% of Waseca renters paying cash have monthly rents ranging from \$500 to \$749.

### *Rental Housing Market Analysis*

- In total, Maxfield Research inventoried 441 general occupancy market rate rental units in the Waseca Market Area spread across 17 multifamily developments (12 units and larger). At the time of the survey, there were 5 vacant units resulting in an overall vacancy rate of 1.13%. 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.
- Market rate projects make-up approximately 38% (167 units) of all units and a total of two vacancies were found, resulting in a market rate rental project vacancy rate of 1.2%.

## EXECUTIVE SUMMARY

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- Affordable/subsidized projects make-up 274 units and posted three vacant units. The overall vacancy rate for affordable and subsidized rental housing in the Waseca Market Area is about 1.1%.

### ***Senior Housing Market Analysis***

- There are five senior housing developments and one nursing home located in the Waseca Market Area with a total of 268 units. There were seven vacancies identified within the housing developments posting an overall vacancy rate of 3.3%. 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 Waseca was approximately \$168,343 and \$149,950 respectively as of 2020. Over a five-year period in the City of Waseca, the average and median sales price increased 37% and 28%, respectively between 2016 and 2020.
- An average of 136 homes has been sold annually in the City of Waseca since 2016 (those sold on the MLS).
- The median list price of single-family homes for sale in Waseca was roughly \$149,950 as of 2020. Based on the median list price, a household would need an income of about \$42,842 to \$49,983 based on an industry standard of 3.0 to 3.5 times the median income. About 63% of Waseca households have annual incomes at or above \$42,842.
- Like most communities across the State of Minnesota; supply is less than two months in both Waseca and Waseca County. As such, home buyers have few options for purchasing a home in the Waseca area. At the time of our analysis; there were only 8 homes listed for-sale and 19 homes listed as pending (homes with an offer waiting to close).
- There are 55 lots available for new construction within four newer subdivisions in the City of Waseca. Estimated market values for these lots range from \$17,288 to \$38,000; with an average lot value of over \$28,200.

### ***Planned and Proposed Housing Developments***

- As of June 2021, there are 32 single-family dwellings that are either approved or recently approved under construction. Additionally, there are two other single-family developments proposed, though few details were revealed.

### ***Housing Demand Analysis***

- Based on our calculations, demand exists in the City of Waseca for the following general occupancy product types between 2021 and 2030:
  - Market rate rental 82 units
  - Affordable rental 64 units
  - Subsidized rental 43 units
  - For-sale single-family 24 units (after existing & pending lots have been absorbed)
  - For-sale multifamily 45 units
  
- In addition, we find demand for multiple senior housing product types. By 2030, demand in Waseca for senior housing is forecast for the following:
  - Active adult ownership 56 units
  - Active adult market rate rental 116 units
  - Active adult affordable 108 units
  - Active adult subsidized 31 units
  - Independent Living 61 units
  - Assisted Living 42 units
  - Memory care 25 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 Waseca through 2030. Detailed findings are described in the *Conclusions and Recommendations* section of the report.

## EXECUTIVE SUMMARY

RECOMMENDED HOUSING DEVELOPMENT WASECA MARKET AREA 2021 to 2026/2030				
		Purchase Price/ Monthly Rent Range <sup>1</sup>	No. of Units	Development Timing
<b>Owner-Occupied Homes (2021 to 2030)</b>				
<i>Single Family</i> <sup>2</sup>				
	Move-up	\$200,000 - \$300,000	50 - 56	Ongoing
	Executive	\$300,000+	20 - 24	Ongoing
	<b>Total</b>		<b>70 - 80</b>	
<i>Townhomes/Twinhomes</i> <sup>4</sup>				
	Entry-level	>\$200,000	20 - 24	2021+
	Move-up	\$200,000+	18 - 22	2021+
	<b>Total</b>		<b>38 - 46</b>	
<b>Total Owner-Occupied</b>			<b>108 - 126</b>	
<b>General Occupancy Rental Housing (2021 to 2030)</b>				
<i>Market Rate Rental Housing</i>				
	Apartment-style	\$800/1BR - \$1,200/3BR	55 - 60	2021+
	Townhomes	\$1,000/2BR - \$1,300/3BR	25 - 30	2021+
	<b>Total</b>		<b>80 - 90</b>	
<i>Affordable Rental Housing</i>				
	Apartment-style	Moderate Income <sup>3</sup>	40 - 50	2021+
	Townhomes	Moderate Income <sup>3</sup>	16 - 20	2021+
	Subsidized	30% of Income <sup>4</sup>	40 - 50	2021+
	<b>Total</b>		<b>96 - 120</b>	
<b>Total Renter-Occupied</b>			<b>176 - 210</b>	
<b>Senior Housing (i.e. Age Restricted) (2021 to 2026)</b>				
	Active Adult Ownership / Co-op <sup>5</sup>	\$150,000+	50 - 55	2021+
	Active Adult Rental	\$800/1BR - \$1,150/2BR	50 - 60	2023+
	Active Adult Affordable Rental	Moderate Income <sup>3</sup>	70 - 80	2021+
	Independent Living	\$1,600+ per month	50 - 60	2023+
	Assisted Living	\$3,000+ per month	30 - 40	2023+
	Memory Care	\$4,000+ per month	20 - 24	2022+
	<b>Total</b>		<b>270 - 319</b>	
<b>Total - All Units</b>			<b>554 - 655</b>	
<sup>1</sup> Pricing in 2021 dollars. Pricing can be adjusted to account for inflation. <sup>2</sup> Recommendations include the absorption of existing previously platted lots. Most entry-level demand will be accommodated through the resale market. <sup>3</sup> Affordability subject to income guidelines per Minnesota Housing Finance Agency (MHFA). <sup>4</sup> Subsidized housing will be difficult to develop financially due to lack of federal funding from HUD. <sup>5</sup> Senior Cooperative assumption cost is based on share cost = 40% of its actual value.				
<b>Note - Recommended development does not coincide with total demand. The City of Waseca may not be able to accommodate all recommended housing types based on a variety of factors (i.e. development constraints, land availability, etc.)</b>				
Source: Maxfield Research and Consulting LLC				

### Key Findings

- Despite population growth last decade (+10.9%); Waseca is estimated to have lost population since 2010. Long-term projections indicate slight growth; however, that could be accelerated via increased job growth or mobility trends resulting from the COVID-19 pandemic.
- The population in the Waseca Market Area is aging and older age cohorts are accounting for a significant percentage of the total population. Baby boomers (comprising the age groups 55+ in 2021), accounted for an estimated 32% of the Market Area's population. Over the next nine years, the age 75 plus cohort will have the highest growth by percentage and numerically (211 people, or 21.5%). The growth in this age cohort can be primarily attributed to the baby boom generation aging. This shift will result in demand for alternative housing products; both for-sale and rental housing types.
- The overall rental vacancy rate in the Waseca Market Area is 1.1% (5% is equilibrium). This extremely low vacancy rate indicates pent-up demand for several rental housing products across all income bands.
- The senior housing market is well-poised considering the COVID-19 pandemic that has had a major impact on many senior housing developments across the country. Age-restricted senior properties maintained rather low vacancy rates coming out of the pandemic; indicating pent-up demand for new senior housing product. Demand is highest for both market rate and affordable active adult and independent service options; but demand was found for all senior housing product type due to the aging of the population.
- After the Great Recession and resale values hitting rock bottom in 2011, single-family housing values have doubled from a median resales price of \$75,000 in 2011 to \$149,950 in 2020. Over the past five years, the resales price in the City of Waseca has experienced 28% growth compared to 52% from 2011 to 2015. However, resales were down overall in 2020 due in part to the COVID-19 pandemic where many sellers pulled or delayed selling homes between spring and summer 2020. However, come late summer/fall 2020 housing demand increased significantly finishing out the year with an exceptionally hot real estate market. At the same time, the new construction market has been slow despite strong demand for new construction.
- Although housing demand has not been significantly impacted by COVID-19, the pandemic is having direct and indirect effects on the housing market. As employees have transitioned to working from home, there is greater emphasis on spending more time at home and an importance on healthy living and cleanliness. This has resulted in housing with more dedicated spaces for home offices, flex space, schooling, fitness room, etc. while incorporating more natural light, outdoor spaces, and access to the outdoors (patios, decks, etc.). Home buyers are also trading location for more square footage and affordability by locating further from their place of employment. There is also a preference toward new construction.

## **Introduction**

This section of the report examines factors related to the current and future demand for both owner- and renter-occupied housing in Waseca, 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**

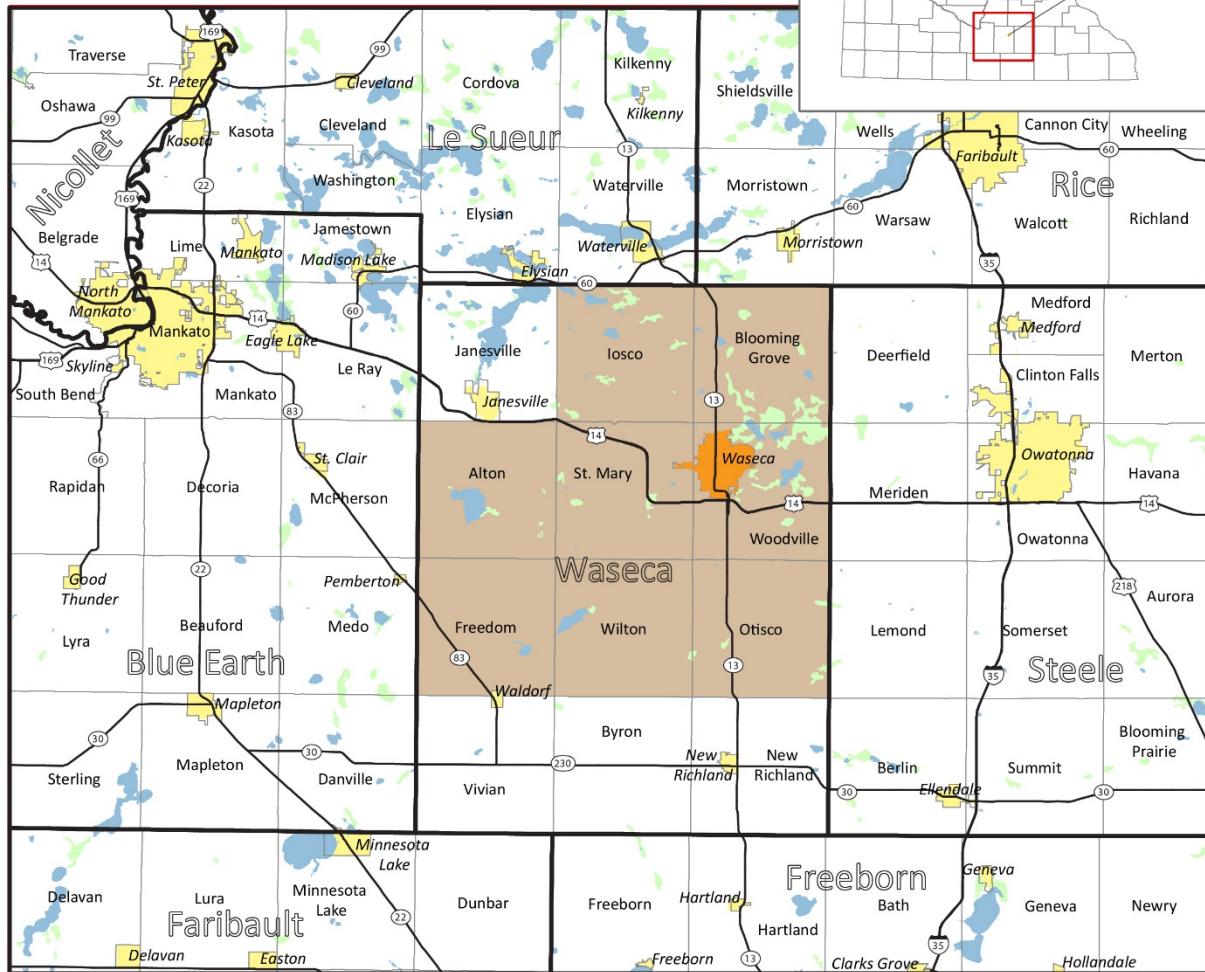
The primary draw area (Market Area) for housing in Waseca was defined based on traffic patterns, community and school district boundaries, and our general knowledge of the draw area for housing projects.

The Market Area geography includes the City of Waseca and eight surrounding townships (Alton, Blooming Grove, Freedom, Iosco, Otisco, Saint Mary, Wilton and Woodville). These communities in the Market Area serve as an immediate draw area for Waseca and are all within Waseca County. A portion of demand will also be drawn from outside the Waseca Market Area.

<b>MARKET AREA DEFINITION</b>	
<b>Market Area Boundary</b>	
<b>City</b>	<b>Township</b>
Waseca	Alton
	Blooming Grove
	Freedom
	Iosco
	Otisco
	Saint Mary
	Wilton
	Woodville

Source: Maxfield Research and Consulting LLC

## Waseca Minnesota Comprehensive Housing Market Area



1770-01\_Waseca\_MA

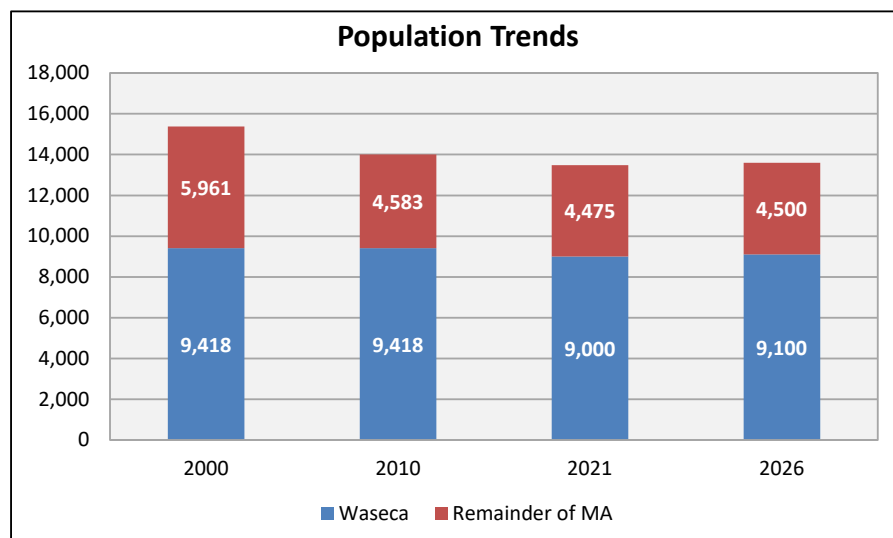


## Population and Household Growth Trends and Projections from 1990 to 2030

Table D-1 presents the population and household growth trends and projections from 1990 to 2030. The 1990 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 and Consulting LLC. 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.

### Population

- Waseca’s population grew by 917 people (+10.8%) and the Remainder of the Market Area declined by 1,370 people (-23.0%) between 2000 and 2010. The Waseca PMA is estimated to have declined during this past decade (-3.1% overall), Waseca County had a decline of -390 people (-2.0%).
- In 2010, the Market Area included roughly 73% of the total population in Waseca County. The City of Waseca accounts for approximately 67% of the Market Area’s population. In 2021, we estimate these figures to have decreased slightly to 72.1% and 66.8%, respectively.
- Due to household characteristic changes; effects of the recession period in the late 2000’s are continuing to influence the area housing market; and other economic changes in Waseca. We estimate that the City of Waseca had a population decline of 418 persons (4.4%) between 2010 and 2021.
- We project that between 2021 and 2030, the City of Waseca will increase by approximately 200 people (2.2%), while the Remainder of the Market Area will grow by 50 people (1.1%). Overall, we forecast that the Waseca Market Area will increase by 250 people (1.9%).



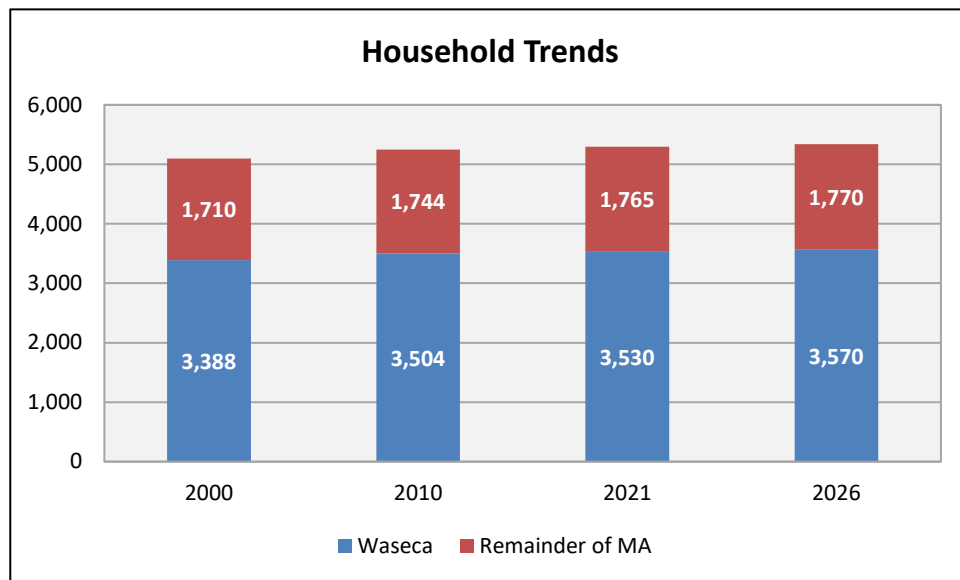


**DEMOGRAPHIC ANALYSIS**

<p align="center"><b>TABLE D-1</b>  <b>POPULATION AND HOUSEHOLD GROWTH TRENDS AND PROJECTIONS</b>  <b>WASECA MARKET AREA</b>  <b>1990 to 2030</b></p>												
	U.S. Census			Estimate	Forecast		Change					
	1990	2000	2010	2021	2026	2030	2000 to 2010		2010 to 2021		2021 to 2030	
							No.	Pct.	No.	Pct.	No.	Pct.
<b>POPULATION</b>												
Waseca	8,385	8,493	9,418	9,000	9,100	9,200	925	10.9	-418	-4.4	200	2.2
Remainder of the PMA	4,634	5,961	4,583	4,475	4,500	4,525	-1,378	-23.1	-108	-2.4	50	1.1
<b>Primary Market Area</b>	<b>13,019</b>	<b>14,454</b>	<b>14,001</b>	<b>13,475</b>	<b>13,600</b>	<b>13,725</b>	<b>-453</b>	<b>-3.1</b>	<b>-526</b>	<b>-3.8</b>	<b>250</b>	<b>1.9</b>
<i>Waseca County</i>	<i>18,079</i>	<i>19,526</i>	<i>19,136</i>	<i>18,700</i>	<i>19,000</i>	<i>19,100</i>	<i>-390</i>	<i>-2.0</i>	<i>-436</i>	<i>-2.3</i>	<i>400</i>	<i>2.1</i>
<i>State of MN</i>	<i>4,375,099</i>	<i>4,919,479</i>	<i>5,303,925</i>	<i>5,670,102</i>	<i>5,909,800</i>	<i>6,159,631</i>	<i>384,446</i>	<i>7.8</i>	<i>366,177</i>	<i>6.9</i>	<i>489,529</i>	<i>8.6</i>
<b>HOUSEHOLDS</b>												
Waseca	3,236	3,388	3,504	3,530	3,570	3,620	116	3.4	26	0.7	90	2.5
Remainder of the PMA	1,583	1,710	1,744	1,765	1,770	1,775	34	2.0	21	1.2	10	0.6
<b>Primary Market Area</b>	<b>4,819</b>	<b>5,098</b>	<b>5,248</b>	<b>5,295</b>	<b>5,340</b>	<b>5,395</b>	<b>150</b>	<b>2.9</b>	<b>47</b>	<b>0.9</b>	<b>100</b>	<b>1.9</b>
<i>Waseca County</i>	<i>6,649</i>	<i>7,059</i>	<i>7,281</i>	<i>7,330</i>	<i>7,450</i>	<i>7,500</i>	<i>222</i>	<i>3.1</i>	<i>49</i>	<i>0.7</i>	<i>170</i>	<i>2.3</i>
<i>State of MN</i>	<i>1,647,853</i>	<i>1,895,127</i>	<i>2,087,227</i>	<i>2,238,428</i>	<i>2,329,078</i>	<i>2,423,400</i>	<i>192,100</i>	<i>10.1</i>	<i>151,201</i>	<i>7.2</i>	<i>184,972</i>	<i>8.3</i>
<b>Persons per Household</b>												
<i>Waseca</i>	<i>2.59</i>	<i>2.51</i>	<i>2.69</i>	<i>2.55</i>	<i>2.55</i>	<i>2.54</i>						
<i>Remainder of the Market Area</i>	<i>2.93</i>	<i>3.49</i>	<i>2.63</i>	<i>2.54</i>	<i>2.54</i>	<i>2.55</i>						
<i>Market Area</i>	<i>2.70</i>	<i>2.84</i>	<i>2.67</i>	<i>2.54</i>	<i>2.55</i>	<i>2.54</i>						
<i>Waseca County</i>	<i>2.72</i>	<i>2.77</i>	<i>2.63</i>	<i>2.55</i>	<i>2.55</i>	<i>2.55</i>						
<i>State of MN</i>	<i>2.66</i>	<i>2.60</i>	<i>2.54</i>	<i>2.53</i>	<i>2.54</i>	<i>2.54</i>						
Sources: U.S. Census Bureau; ESRI; MN State Demographic Center; Maxfield Research & Consulting, LLC												

### 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.
- Waseca gained 116 households during the 2000s (an increase of +3.4%), increasing its household base to 3,504 households as of 2010. The Remainder of the Market Area gained 34 households during the decade (+2.0%), increasing to 1,744 households. Overall the PMA grew by 150 households (+2.9%) for a total of 5,248 households as of 2010.
- We project household growth in Waseca to increase by 40 households (1.1%) between 2021 and 2026 and for the remainder of the PMA to increase by five households (0.3%). Overall we project the PMA to grow by 45 households (0.8%) by 2026.

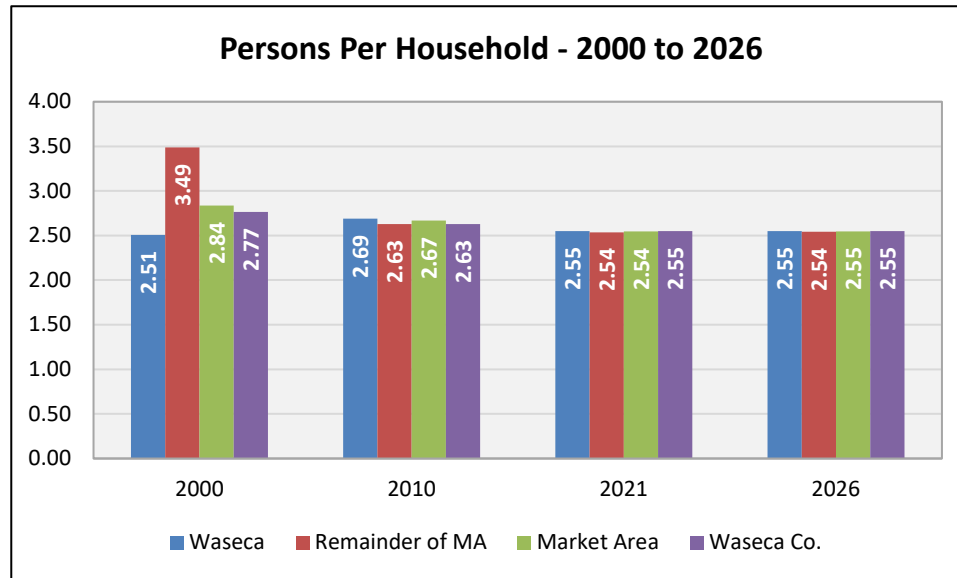


### Household Growth Rates

- Household growth rates in Waseca are similar to many other communities throughout the Midwest and U.S., 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.

## DEMOGRAPHIC ANALYSIS

- In 2010, the average household size was 2.69 in Waseca and 2.63 in the Remainder of the Market Area with an overall average household size of 2.67 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 adjacent townships.
- We project that Waseca will have an average household size of 2.55 and the Remainder of the Market Area to be at 2.54 with an overall average household size of 2.55 in the Market Area by 2026.



## 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 eight age cohorts for Waseca and the Market Area in 2000 and 2010 with estimates for 2021 and projections for 2026. The 2000 and 2010 age distribution is from the U.S. Census Bureau. Maxfield Research and Consulting LLC derived the 2021 and 2026 projections by adjustments made to data obtained from ESRI and the State of Minnesota. The following are key points from the table.

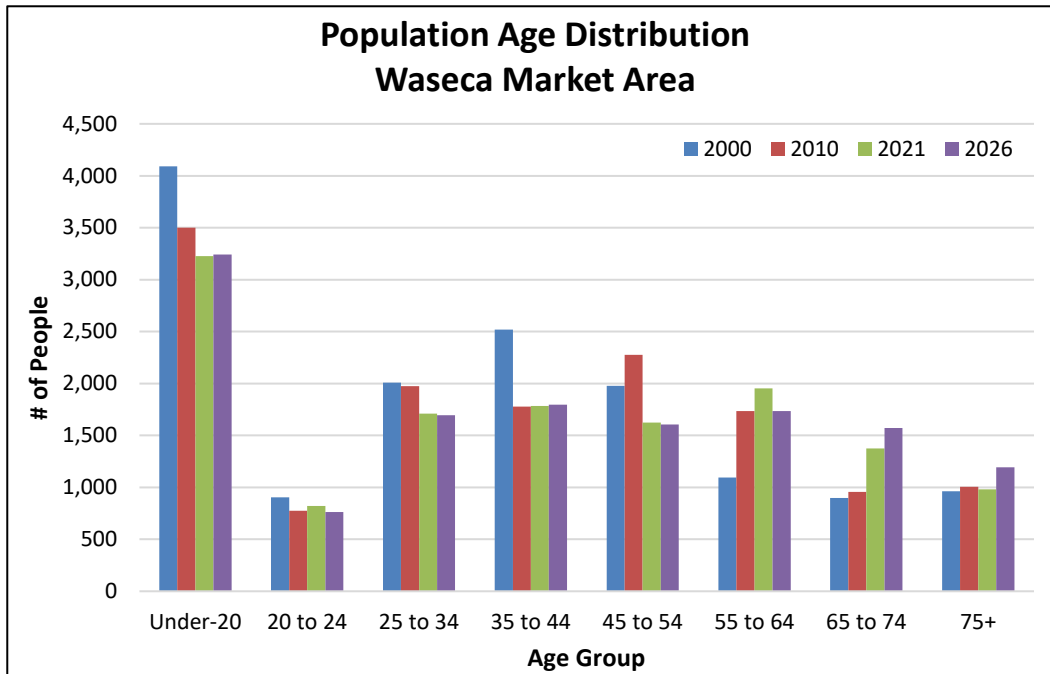
- Between 2000 and 2010, the majority of the growth in Waseca occurred in the middle-aged population (ages 45 to 64) and 25 to 34 year olds. Between 2021 and 2026, growth is expected in those ages 65 years and older.
- The Waseca population of 20 to 34 year olds, which consists primarily of renters and first-time homebuyers, grew (35%) between 2000 and 2010, but is expected to decrease by 4 people between 2021 and 2026.

## DEMOGRAPHIC ANALYSIS

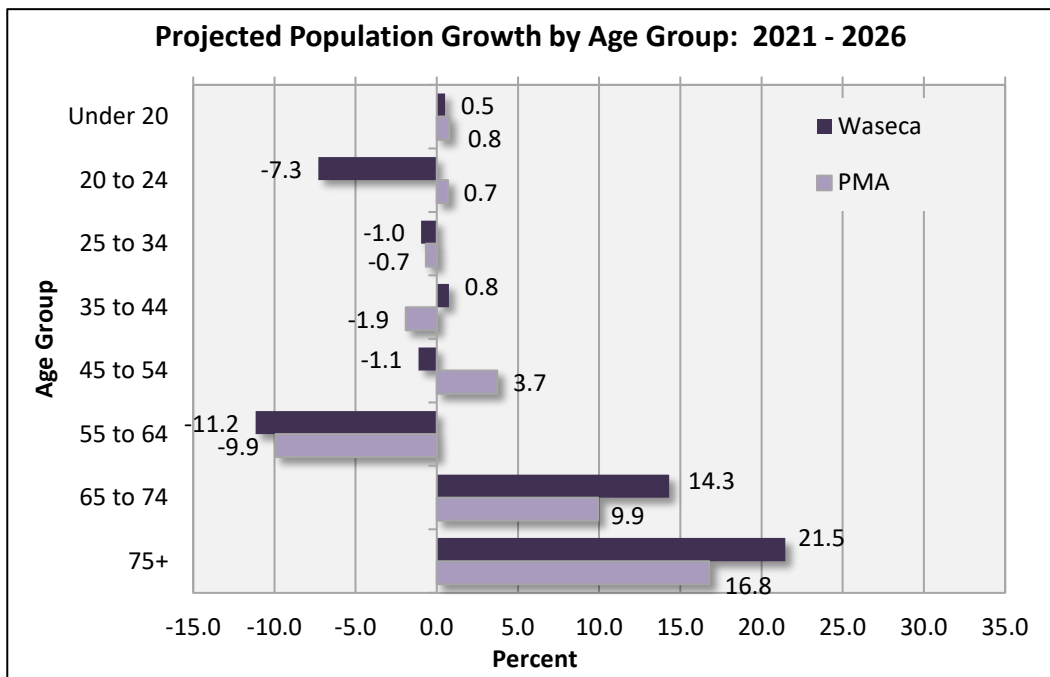
Age	Census		Estimate	Projection	Change					
	2000	2010	2021	2026	2000 - 2010		2010 - 2021		2021 - 2026	
					No.	Pct.	No.	Pct.	No.	Pct.
<b>Primary Market Area</b>										
Under-20	4,090	3,500	3,225	3,242	-590	-14.4	-275	-7.9	17	0.5
20 to 24	905	776	823	763	-129	-14.3	47	6.0	-60	-7.3
25 to 34	2,007	1,976	1,710	1,693	-31	-1.5	-266	-13.5	-16	-1.0
35 to 44	2,519	1,777	1,784	1,797	-742	-29.5	7	0.4	13	0.8
45 to 54	1,978	2,277	1,624	1,605	299	15.1	-653	-28.7	-18	-1.1
55 to 64	1,094	1,734	1,952	1,734	640	58.5	218	12.6	-218	-11.2
65 to 74	899	955	1,376	1,573	56	6.2	421	44.1	197	14.3
75+	962	1,006	982	1,193	44	4.6	-24	-2.3	211	21.5
<b>Total</b>	<b>14,454</b>	<b>14,001</b>	<b>13,475</b>	<b>13,600</b>	<b>-453</b>	<b>-3.1</b>	<b>-526</b>	<b>-3.8</b>	<b>125</b>	<b>0.9</b>
<b>Remainder of Market Area</b>										
Under-20	1,553	1,194	970	970	-359	-23.1	-224	-18.7	-1	-0.1
20 to 24	351	172	225	161	-179	-51.0	53	30.7	-64	-28.5
25 to 34	913	359	458	450	-554	-60.7	99	27.5	-8	-1.8
35 to 44	1,179	551	488	527	-628	-53.3	-63	-11.3	38	7.9
45 to 54	927	867	566	509	-60	-6.5	-301	-34.7	-58	-10.2
55 to 64	498	740	831	725	242	48.6	91	12.3	-107	-12.8
65 to 74	329	406	580	698	77	23.4	174	43.0	118	20.3
75+	211	294	355	461	83	39.3	61	20.9	106	29.7
<b>Total</b>	<b>5,961</b>	<b>4,583</b>	<b>4,475</b>	<b>4,500</b>	<b>-1,378</b>	<b>-23.1</b>	<b>-108</b>	<b>-2.4</b>	<b>25</b>	<b>0.6</b>
<b>City of Waseca</b>										
Under-20	2,537	2,306	2,255	2,272	-231	-9.1	-51	-2.2	17	0.8
20 to 24	554	604	598	602	50	9.0	-6	-1.1	4	0.7
25 to 34	1,094	1,617	1,252	1,244	523	47.8	-365	-22.6	-8	-0.7
35 to 44	1,340	1,226	1,295	1,270	-114	-8.5	69	5.6	-25	-1.9
45 to 54	1,051	1,410	1,057	1,097	359	34.2	-353	-25.0	39	3.7
55 to 64	596	994	1,121	1,009	398	66.8	127	12.8	-111	-9.9
65 to 74	570	549	795	874	-21	-3.7	246	44.9	79	9.9
75+	751	712	627	732	-39	-5.2	-85	-11.9	105	16.8
<b>Total</b>	<b>8,493</b>	<b>9,418</b>	<b>9,000</b>	<b>9,100</b>	<b>925</b>	<b>10.9</b>	<b>-418</b>	<b>-4.4</b>	<b>100</b>	<b>1.1</b>

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

- The 75 plus age cohort is projected to have the greatest growth (by percentage and numerically) increasing by 211 people (21.5%) in the Market Area between 2021 and 2026. 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 majority of the projected negative age distributions between 2021 and 2026 is shifted from the age distribution in 2000 to 2010 and 2010 to 2021 age cohorts.



### Household Income by Age of Householder

The estimated distribution of household incomes in the City of Waseca and the Market Area for 2021 and 2026 are shown in Tables D-3 and D-4. The data was estimated by Maxfield Research and Consulting LLC 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 \$50,000 per year would be able to afford a monthly housing cost of about \$1,250. Maxfield Research and Consulting LLC 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 \$50,000 income would translate to an affordable single-family home of \$150,000 to \$175,000. 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.

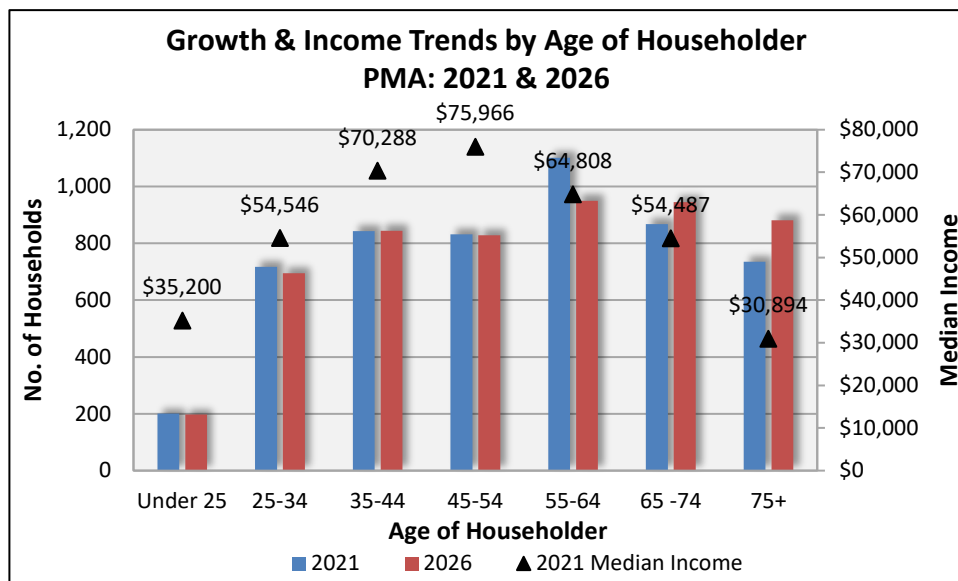
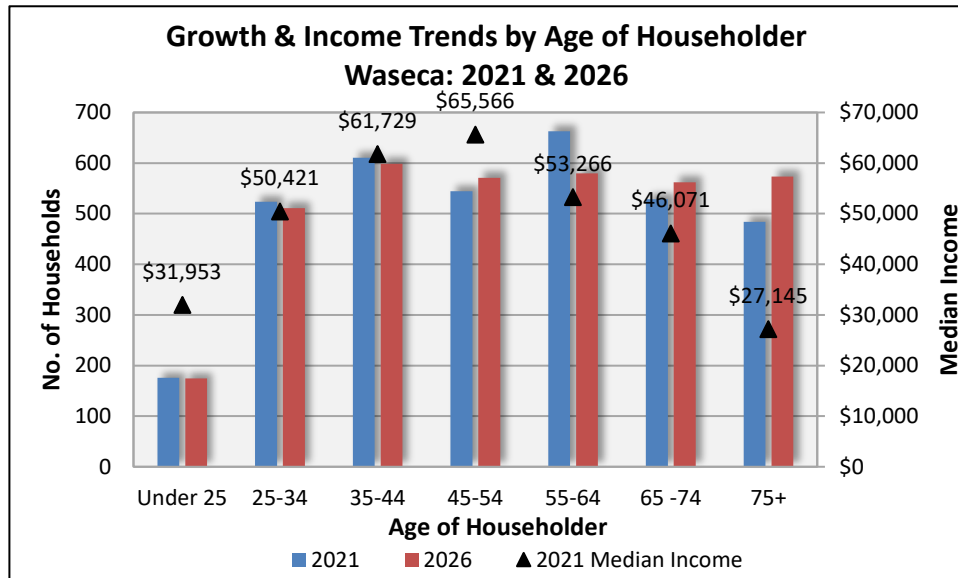
- The City of Waseca has an estimated median household income of \$49,587 in 2021. It is projected to increase over the next five years to \$51,973 in 2026 (4.8%).
- The PMA has an estimated median household income of \$56,352 in 2021. It is projected to increase over the next five years to \$59,667 in 2026 (5.9%).

## DEMOGRAPHIC ANALYSIS

TABLE D-3 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER CITY OF WASECA 2021 and 2026								
	Age of Householder							
	Total	Under 25	25-34	35-44	45-54	55-64	65-74	75+
<b>2021</b>								
Less than \$15,000	389	36	57	41	46	84	50	75
\$15,000 to \$24,999	496	38	64	53	38	79	82	142
\$25,000 to \$34,999	381	20	60	54	39	52	66	89
\$35,000 to \$49,999	508	40	76	82	58	91	82	78
\$50,000 to \$74,999	681	23	125	131	129	132	95	48
\$75,000 to \$99,999	475	10	51	88	107	112	80	27
\$100,000 to \$149,999	393	7	59	107	82	73	50	14
\$150,000 to \$199,999	124	4	22	29	30	22	11	7
\$200,000+	84	0	8	26	17	18	11	5
<b>Total</b>	<b>3,530</b>	<b>176</b>	<b>524</b>	<b>611</b>	<b>544</b>	<b>663</b>	<b>528</b>	<b>484</b>
<i>Median Income</i>	<i>\$49,587</i>	<i>\$31,953</i>	<i>\$50,421</i>	<i>\$61,729</i>	<i>\$65,566</i>	<i>\$53,266</i>	<i>\$46,071</i>	<i>\$27,145</i>
<b>2026</b>								
Less than \$15,000	371	35	52	39	45	65	53	84
\$15,000 to \$24,999	463	34	58	40	36	63	83	151
\$25,000 to \$34,999	367	20	55	48	34	41	66	104
\$35,000 to \$49,999	503	39	73	75	59	76	83	97
\$50,000 to \$74,999	687	25	123	123	134	117	103	62
\$75,000 to \$99,999	498	11	52	95	113	104	87	36
\$100,000 to \$149,999	444	7	66	119	98	72	60	21
\$150,000 to \$199,999	151	5	26	34	36	24	15	12
\$200,000+	85	0	7	26	17	18	11	7
<b>Total</b>	<b>3,570</b>	<b>175</b>	<b>511</b>	<b>598</b>	<b>571</b>	<b>580</b>	<b>562</b>	<b>574</b>
<i>Median Income</i>	<i>\$51,973</i>	<i>\$34,356</i>	<i>\$52,414</i>	<i>\$68,097</i>	<i>\$69,457</i>	<i>\$57,406</i>	<i>\$48,810</i>	<i>\$29,082</i>
<b>Change - 2021 to 2026</b>								
Less than \$15,000	-18	-1	-6	-2	-1	-20	2	9
\$15,000 to \$24,999	-32	-4	-7	-14	-2	-17	1	9
\$25,000 to \$34,999	-14	0	-6	-7	-5	-12	0	15
\$35,000 to \$49,999	-4	-1	-3	-7	0	-15	1	19
\$50,000 to \$74,999	6	2	-2	-8	5	-15	8	14
\$75,000 to \$99,999	23	1	0	7	6	-8	7	9
\$100,000 to \$149,999	51	0	7	12	16	-1	9	7
\$150,000 to \$199,999	27	1	4	5	6	2	4	5
\$200,000+	1	0	-1	0	0	0	0	2
<b>Total</b>	<b>40</b>	<b>-1</b>	<b>-12</b>	<b>-12</b>	<b>26</b>	<b>-83</b>	<b>33</b>	<b>90</b>
<i>Median Income</i>	<i>\$2,386</i>	<i>\$2,403</i>	<i>\$1,993</i>	<i>\$6,368</i>	<i>\$3,891</i>	<i>\$4,140</i>	<i>\$2,739</i>	<i>\$1,937</i>

Sources: ESRI; Maxfield Research & Consulting, LLC

- With a household income of \$54,546, a younger household in the PMA (the median household income for the 25 to 34 cohort) could afford a monthly housing cost of about \$1,364 based on an allocation of 30% of income toward housing. A senior household (75+) in the PMA with an income of \$30,894 (the median household income of seniors 75+) could afford a monthly housing cost of \$1,030, based on an allocation of 40% of income toward housing.





**DEMOGRAPHIC ANALYSIS**

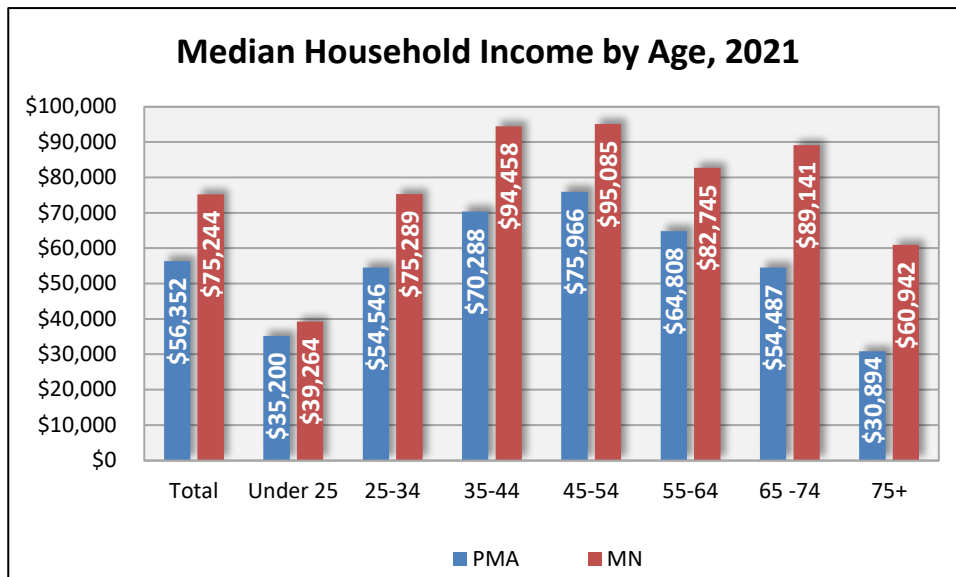
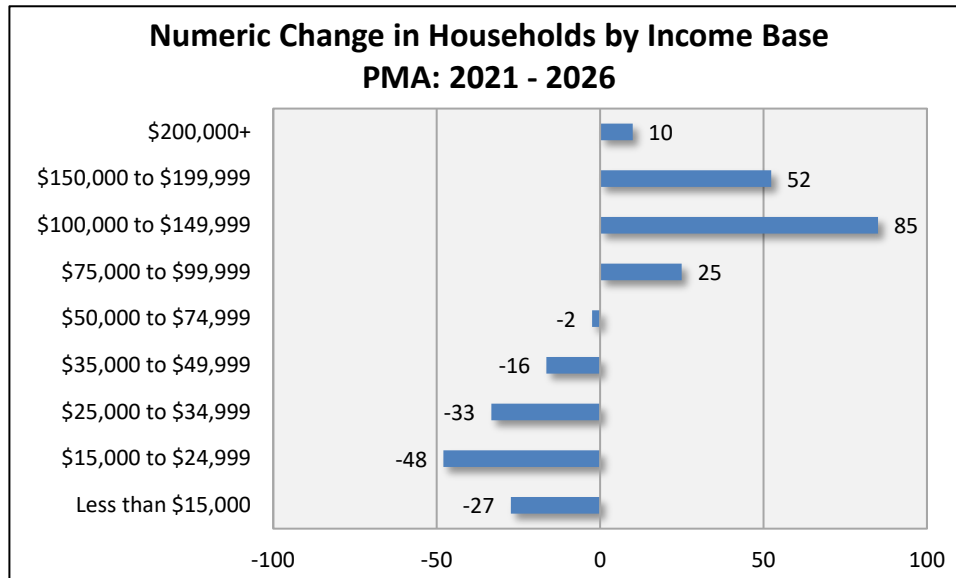
<b>TABLE D-4 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER PRIMARY MARKET AREA 2021 and 2026</b>								
	Age of Householder							
	Total	Under 25	25-34	35-44	45-54	55-64	65 -74	
<b>2021</b>								
Less than \$15,000	473	37	66	45	57	102	71	94
\$15,000 to \$24,999	590	37	76	60	42	92	102	180
\$25,000 to \$34,999	515	25	76	63	51	73	89	139
\$35,000 to \$49,999	701	46	96	96	69	123	128	142
\$50,000 to \$74,999	1,067	28	170	181	187	234	174	93
\$75,000 to \$99,999	753	13	82	131	167	195	129	36
\$100,000 to \$149,999	726	11	94	175	147	173	101	25
\$150,000 to \$199,999	245	4	38	45	53	57	32	15
\$200,000+	225	0	19	45	58	51	40	12
<b>Total</b>	<b>5,295</b>	<b>201</b>	<b>717</b>	<b>842</b>	<b>832</b>	<b>1,100</b>	<b>867</b>	<b>735</b>
<i>Median Income</i>	<i>\$56,352</i>	<i>\$35,200</i>	<i>\$54,546</i>	<i>\$70,288</i>	<i>\$75,966</i>	<i>\$64,808</i>	<i>\$54,487</i>	<i>\$30,894</i>
<b>2026</b>								
Less than \$15,000	446	36	58	43	54	79	69	106
\$15,000 to \$24,999	542	33	66	45	38	69	100	189
\$25,000 to \$34,999	482	23	65	53	42	55	85	159
\$35,000 to \$49,999	684	45	90	89	66	96	126	173
\$50,000 to \$74,999	1,064	29	164	171	178	196	197	129
\$75,000 to \$99,999	778	16	83	143	167	175	144	50
\$100,000 to \$149,999	811	11	105	196	164	168	133	33
\$150,000 to \$199,999	297	5	45	54	61	65	43	24
\$200,000+	235	0	18	49	56	46	48	18
<b>Total</b>	<b>5,340</b>	<b>198</b>	<b>694</b>	<b>844</b>	<b>828</b>	<b>949</b>	<b>945</b>	<b>881</b>
<i>Median Income</i>	<i>\$59,667</i>	<i>\$36,420</i>	<i>\$57,793</i>	<i>\$77,630</i>	<i>\$78,844</i>	<i>\$71,487</i>	<i>\$59,223</i>	<i>\$33,875</i>
<b>Change - 2021 to 2026</b>								
Less than \$15,000	-27	-1	-8	-2	-3	-24	-2	12
\$15,000 to \$24,999	-48	-4	-10	-15	-4	-23	-2	9
\$25,000 to \$34,999	-33	-2	-11	-10	-9	-18	-4	20
\$35,000 to \$49,999	-16	-1	-7	-8	-3	-28	-2	32
\$50,000 to \$74,999	-2	1	-6	-10	-9	-38	23	36
\$75,000 to \$99,999	25	3	1	12	0	-20	15	14
\$100,000 to \$149,999	85	0	11	21	18	-5	32	9
\$150,000 to \$199,999	52	1	7	9	8	8	11	9
\$200,000+	10	0	-1	4	-2	-5	8	6
<b>Total</b>	<b>45</b>	<b>-3</b>	<b>-23</b>	<b>1</b>	<b>-4</b>	<b>-151</b>	<b>78</b>	<b>146</b>
<i>Median Income</i>	<i>\$3,315</i>	<i>\$1,220</i>	<i>\$3,247</i>	<i>\$7,342</i>	<i>\$2,878</i>	<i>\$6,679</i>	<i>\$4,736</i>	<i>\$2,981</i>
Sources: ESRI; Maxfield Research & Consulting, LLC								

### ***Non-Senior Households***

- In 2021, 8% of the non-senior (under age 65) households in the Market Area had incomes under \$15,000 (308 households). All of these households would be eligible for subsidized rental housing. Another 8% of the Market Area's non-senior households had incomes between \$15,000 and \$24,999 (307 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.
- 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. Similar to many areas, median incomes for households in the Market Area peak at \$75,966 for the 45 to 54 age group in 2021. The 35 to 44 age group has a median income of \$70,288 in 2021. By 2026, the median income for the 35 to 44 and the 45 to 54 age groups are projected to increase to \$77,630 (10%) and \$78,844 (4%) respectively. The 55 to 64 age group is projected to increase to \$71,487 (10%) by 2026.

### ***Senior Households***

- The oldest householders are likely to have lower incomes in 2021. In the Market Area, 8% of households ages 65 to 74 had incomes below \$15,000, compared to 13% 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 2021 median income for Market Area householders age 65 to 74 and 75+ are \$54,487, and \$30,894, respectively.
- Generally, senior households with incomes greater than \$30,000 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 \$1,000. About 1,041 senior households in the Waseca Market Area (65% of senior households) have incomes above \$30,000 in 2021.
- The median income for seniors age 65+ in the Market Area is \$43,661 in 2021. It is projected to increase by \$3,332 (8%) to \$46,993 by 2026.



## Net Worth

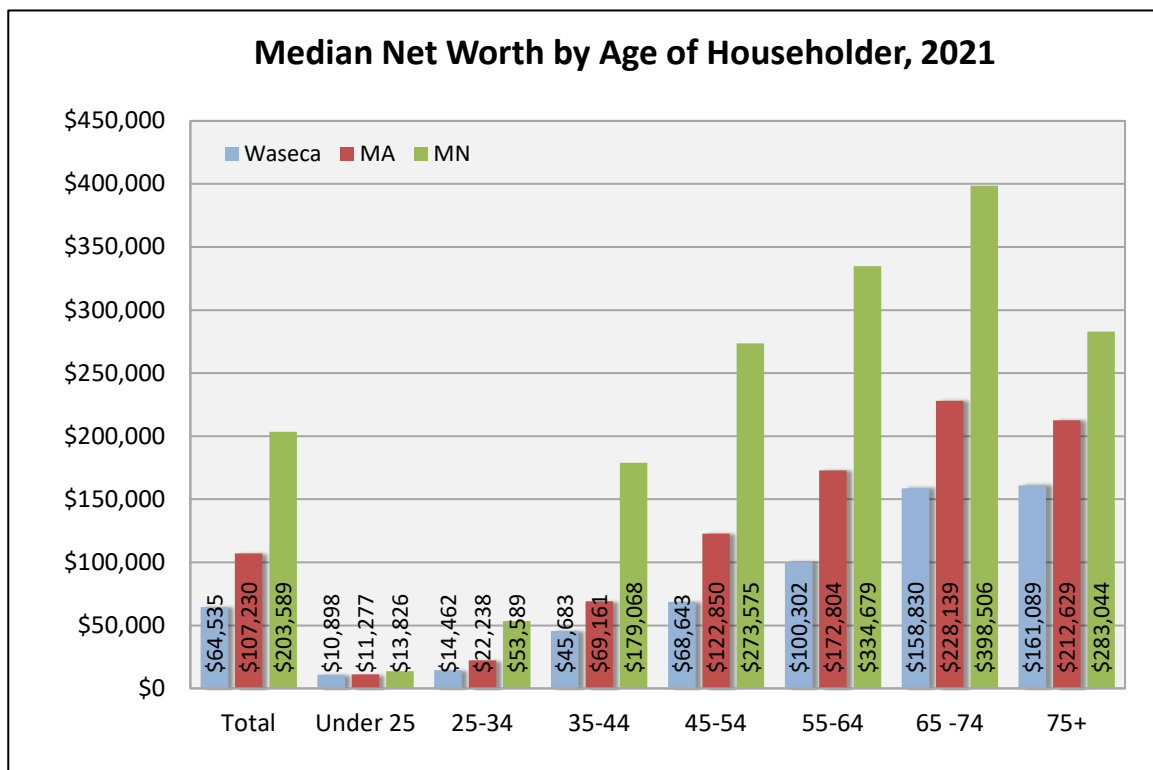
Table D-5 shows household net worth in the Waseca Market Area in 2021. Simply stated, net worth is the difference between assets and liabilities, or the total value of assets after the debt is subtracted. The data was compiled and estimated by ESRI based on the Survey of Consumer Finances and Federal Reserve Board data.

- The Waseca Market Area had an average net worth of \$247,557 in 2021 and a median net worth of \$64,535. 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

## DEMOGRAPHIC ANALYSIS

average. 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 65 to 74 age cohort with a median net worth of \$228,139 in the Waseca Market Area. 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.
- 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.



## DEMOGRAPHIC ANALYSIS

**TABLE D-5  
NET WORTH BY AGE OF HOUSEHOLDER  
WASECA MARKET AREA  
2021**

	Age of Householder							
	Total	Under 25	25-34	35-44	45-54	55-64	65-74	75+
<b>City of Waseca</b>								
Less than \$15,000	1,122	125	273	209	177	182	83	72
\$15,000 to \$34,999	340	27	66	69	57	50	45	26
\$35,000 to \$49,999	161	7	25	34	26	37	16	15
\$50,000 to \$99,999	429	11	83	85	67	64	55	65
\$100,000 to \$149,999	288	6	29	59	42	60	46	46
\$150,000 to \$249,999	408	4	27	69	75	91	66	75
\$250,000 or more	783	2	23	82	124	183	196	172
<b>Subtotal</b>	<b>3,530</b>	<b>182</b>	<b>527</b>	<b>606</b>	<b>569</b>	<b>667</b>	<b>507</b>	<b>471</b>
<i>Median Net Worth</i>	<i>\$64,535</i>	<i>\$10,898</i>	<i>\$14,462</i>	<i>\$45,683</i>	<i>\$68,643</i>	<i>\$100,302</i>	<i>\$158,830</i>	<i>\$161,089</i>
<i>Average Net Worth</i>	<i>\$247,557</i>	<i>\$29,063</i>	<i>\$56,480</i>	<i>\$165,583</i>	<i>\$201,984</i>	<i>\$282,707</i>	<i>\$428,730</i>	<i>\$459,749</i>
<b>Market Area</b>								
Less than \$15,000	1,338	138	318	242	213	229	112	85
\$15,000 to \$34,999	424	32	85	87	69	62	59	30
\$35,000 to \$49,999	215	9	36	45	34	50	24	17
\$50,000 to \$99,999	597	14	125	118	88	87	77	88
\$100,000 to \$149,999	414	8	54	83	60	88	63	60
\$150,000 to \$249,999	624	4	53	110	119	134	99	105
\$250,000 or more	1,684	3	50	154	288	463	401	324
<b>Subtotal</b>	<b>5,295</b>	<b>207</b>	<b>721</b>	<b>840</b>	<b>871</b>	<b>1,112</b>	<b>835</b>	<b>709</b>
<i>Median Net Worth</i>	<i>\$107,230</i>	<i>\$11,277</i>	<i>\$22,238</i>	<i>\$69,161</i>	<i>\$122,850</i>	<i>\$172,804</i>	<i>\$228,139</i>	<i>\$212,629</i>
<i>Average Net Worth</i>	<i>\$453,288</i>	<i>\$31,463</i>	<i>\$74,731</i>	<i>\$201,743</i>	<i>\$450,597</i>	<i>\$605,318</i>	<i>\$801,188</i>	<i>\$601,218</i>

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

Sources: ESRI; Maxfield Research & Consulting, LLC

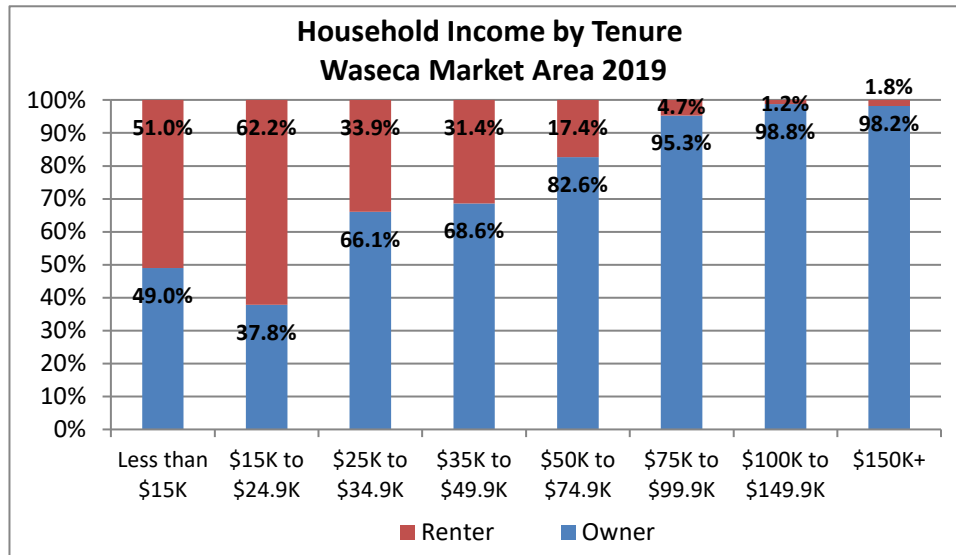
## Tenure by Household Income

## DEMOGRAPHIC ANALYSIS

Income	CITY OF WASECA				PMA				WASECA COUNTY			
	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.
Less than \$15,000	173	43.5%	225	56.5%	230	49.0%	239	51.0%	292	45.9%	344	54.1%
\$15,000 to \$24,999	192	30.7%	433	69.3%	267	37.8%	439	62.2%	388	44.1%	492	55.9%
\$25,000 to \$34,999	258	61.3%	163	38.7%	362	66.1%	186	33.9%	485	64.7%	265	35.3%
\$35,000 to \$49,999	320	62.4%	193	37.6%	492	68.6%	225	31.4%	717	72.4%	273	27.6%
\$50,000 to \$74,999	548	80.4%	134	19.6%	856	82.6%	180	17.4%	1,236	85.0%	218	15.0%
\$75,000 to \$99,999	452	95.2%	23	4.8%	747	95.3%	37	4.7%	1,040	95.0%	55	5.0%
\$100,000 to \$149,999	305	100%	0	0.0%	643	98.8%	8	1.2%	982	99.2%	8	0.8%
\$150,000+	212	100.0%	0	0.0%	480	98.2%	9	1.8%	615	97.6%	15	2.4%
<b>Total</b>	<b>2,460</b>	<b>67.7%</b>	<b>1,171</b>	<b>32.3%</b>	<b>4,077</b>	<b>75.5%</b>	<b>1,323</b>	<b>24.5%</b>	<b>5,755</b>	<b>77.5%</b>	<b>1,670</b>	<b>22.5%</b>
<b>Median Household Income</b>	<b>\$62,557</b>		<b>\$23,667</b>		<b>\$77,917</b>		<b>\$45,000</b>		<b>\$70,047</b>		<b>\$24,984</b>	

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

- Typically, as income increases, so does the rate of homeownership. This can be seen in the Waseca Market Area, where the homeownership rate increases from 49% of households with incomes below \$15,000 to 98% of households with incomes above \$100,000.
- In 2019, the median incomes of owners was \$62,557 while the median incomes of renters was \$23,667 in Waseca. The higher homeownership and household incomes increase in the Remainder of the Market Area which reflects the rural character of the adjacent townships.
- 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 18% of the Waseca Market Area’s renters in 2019). Households with incomes below \$15,000 are typically a market for deep subsidy rental housing (about 18% of the Waseca Market Area’s renters in 2019).



### Tenure by Age of Householder

- In 2010, 76% of all households in the Market Area owned their housing. By 2019, that percentage declined slightly to 75.5%. 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.
- The number of owner households in the PMA decreased by 0.5% while within the City of Waseca owner households decreased by 1% between 2010 and 2019.

DEMOGRAPHIC ANALYSIS

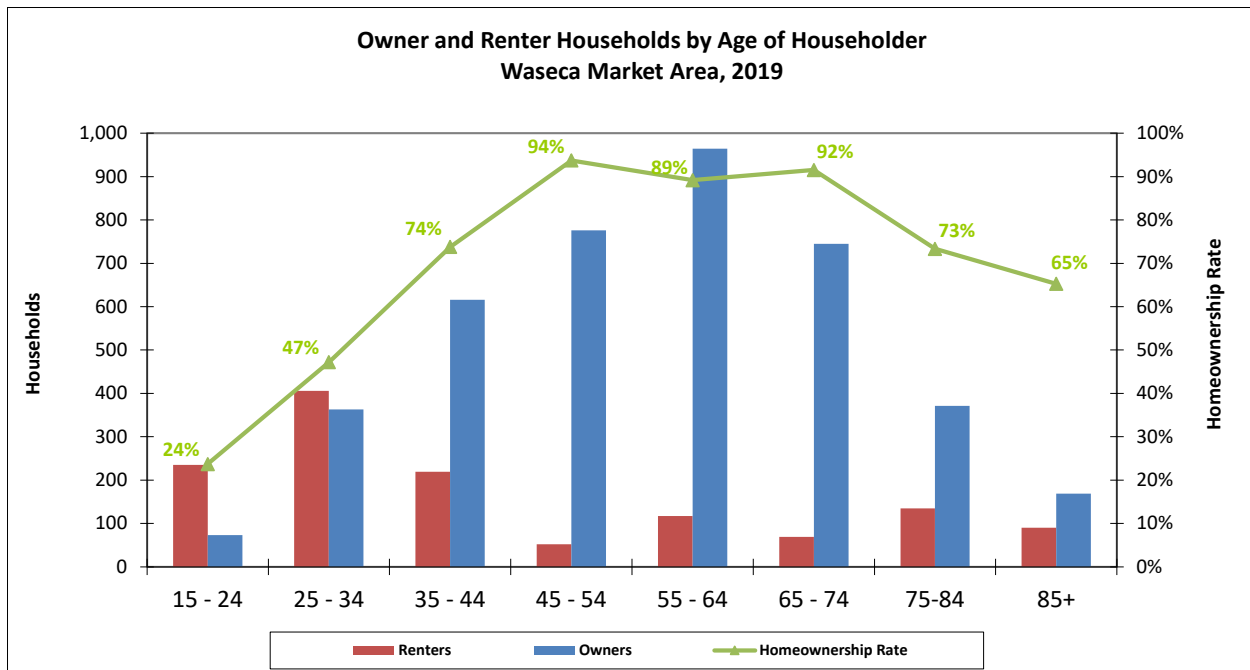
**TABLE D-7  
TENURE BY AGE OF HOUSEHOLDER  
WASECA MARKET AREA  
2010 and 2019**

Age	CITY OF WASECA				REMAINDER OF MARKET AREA				MARKET AREA TOTAL				
	2010		2019		2010		2019		2010		2019		
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	
15-24	Own	45	26.5	53	19.6	7	43.8	20	52.6	52	28.0	73	23.7
	Rent	125	73.5	217	80.4	9	56.3	18	47.4	134	72.0	235	76.3
	<b>Total</b>	<b>170</b>	<b>100.0</b>	<b>270</b>	<b>100.0</b>	<b>16</b>	<b>100.0</b>	<b>38</b>	<b>100.0</b>	<b>186</b>	<b>100.0</b>	<b>308</b>	<b>100.0</b>
25-34	Own	349	55.8	265	41.7	114	75.5	98	73.7	463	59.6	363	47.2
	Rent	277	44.2	371	58.3	37	24.5	35	26.3	314	40.4	406	52.8
	<b>Total</b>	<b>626</b>	<b>100.0</b>	<b>636</b>	<b>100.0</b>	<b>151</b>	<b>100.0</b>	<b>133</b>	<b>100.0</b>	<b>777</b>	<b>100.0</b>	<b>769</b>	<b>100.0</b>
35-44	Own	381	72.6	362	64.1	226	85.6	254	94.1	607	76.9	616	73.8
	Rent	144	27.4	203	35.9	38	14.4	16	5.9	182	23.1	219	26.2
	<b>Total</b>	<b>525</b>	<b>100.0</b>	<b>565</b>	<b>100.0</b>	<b>264</b>	<b>100.0</b>	<b>270</b>	<b>100.0</b>	<b>789</b>	<b>100.0</b>	<b>835</b>	<b>100.0</b>
45-54	Own	534	67.2	465	96.7	444	94.5	311	89.6	978	77.3	776	93.7
	Rent	261	32.8	16	3.3	26	5.5	36	10.4	287	22.7	52	6.3
	<b>Total</b>	<b>795</b>	<b>100.0</b>	<b>481</b>	<b>100.0</b>	<b>470</b>	<b>100.0</b>	<b>347</b>	<b>100.0</b>	<b>1,265</b>	<b>100.0</b>	<b>828</b>	<b>100.0</b>
55-64	Own	477	91.6	525	84.3	382	95.0	439	95.9	859	93.1	964	89.2
	Rent	44	8.4	98	15.7	20	5.0	19	4.1	64	6.9	117	10.8
	<b>Total</b>	<b>521</b>	<b>100.0</b>	<b>623</b>	<b>100.0</b>	<b>402</b>	<b>100.0</b>	<b>458</b>	<b>100.0</b>	<b>923</b>	<b>100.0</b>	<b>1,081</b>	<b>100.0</b>
65-74	Own	283	79.7	431	89.0	217	94.8	314	95.2	500	85.6	745	91.5
	Rent	72	20.3	53	11.0	12	5.2	16	4.8	84	14.4	69	8.5
	<b>Total</b>	<b>355</b>	<b>100.0</b>	<b>484</b>	<b>100.0</b>	<b>229</b>	<b>100.0</b>	<b>330</b>	<b>100.0</b>	<b>584</b>	<b>100.0</b>	<b>814</b>	<b>100.0</b>
75-84	Own	241	77.5	243	65.0	145	91.8	128	97.0	386	82.3	371	73.3
	Rent	70	22.5	131	35.0	13	8.2	4	3.0	83	17.7	135	26.7
	<b>Total</b>	<b>311</b>	<b>100.0</b>	<b>374</b>	<b>100.0</b>	<b>158</b>	<b>100.0</b>	<b>132</b>	<b>100.0</b>	<b>469</b>	<b>100.0</b>	<b>506</b>	<b>100.0</b>
85+	Own	96	47.8	116	58.6	48	88.9	53	86.9	144	56.5	169	65.3
	Rent	105	52.2	82	41.4	6	11.1	8	13.1	111	43.5	90	34.7
	<b>Total</b>	<b>201</b>	<b>100.0</b>	<b>198</b>	<b>100.0</b>	<b>54</b>	<b>100.0</b>	<b>61</b>	<b>100.0</b>	<b>255</b>	<b>100.0</b>	<b>259</b>	<b>100.0</b>
<b>TOTAL</b>	Own	2,406	68.7	2,460	67.7	1,583	90.8	1,617	91.4	3,989	76.0	4,077	75.5
	Rent	1,098	31.3	1,171	32.3	161	9.2	152	8.6	1,259	24.0	1,323	24.5
	<b>Total</b>	<b>3,504</b>	<b>100.0</b>	<b>3,631</b>	<b>100.0</b>	<b>1,744</b>	<b>100.0</b>	<b>1,769</b>	<b>100.0</b>	<b>5,248</b>	<b>100.0</b>	<b>5,400</b>	<b>100.0</b>

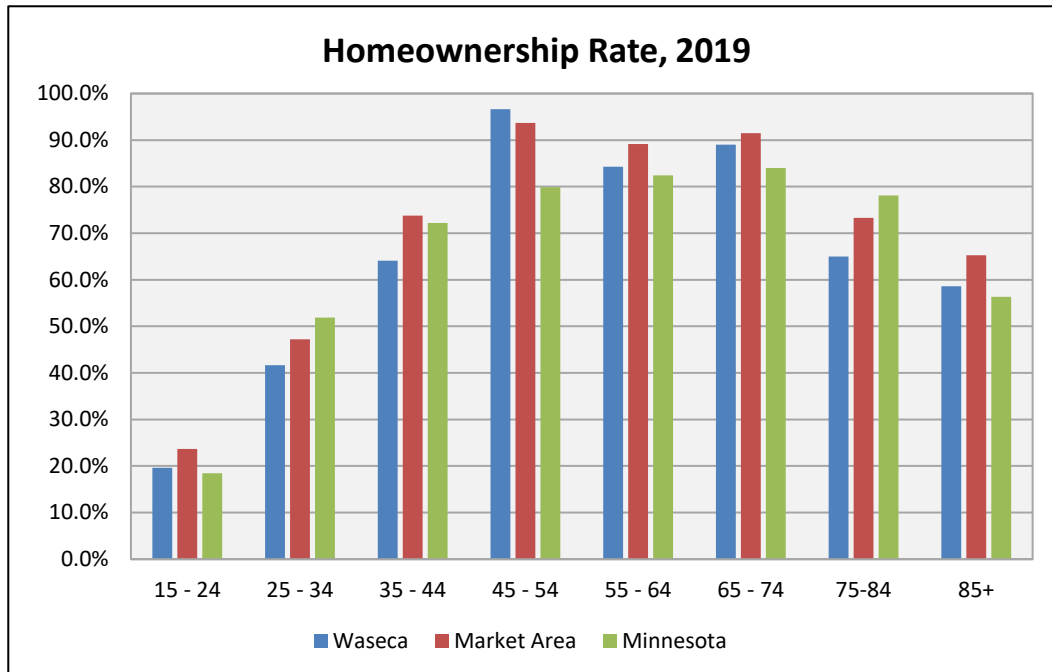
Sources: U.S. Census Bureau; Maxfield Research and Consulting LLC



## DEMOGRAPHIC ANALYSIS



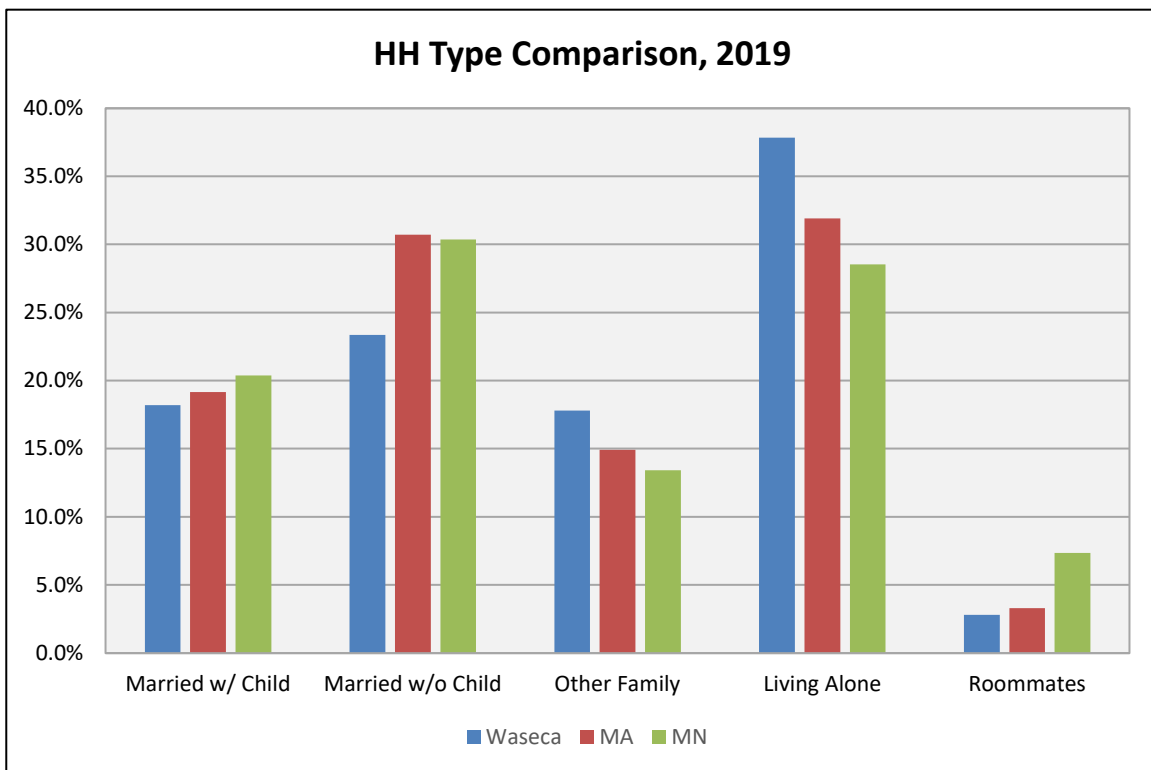
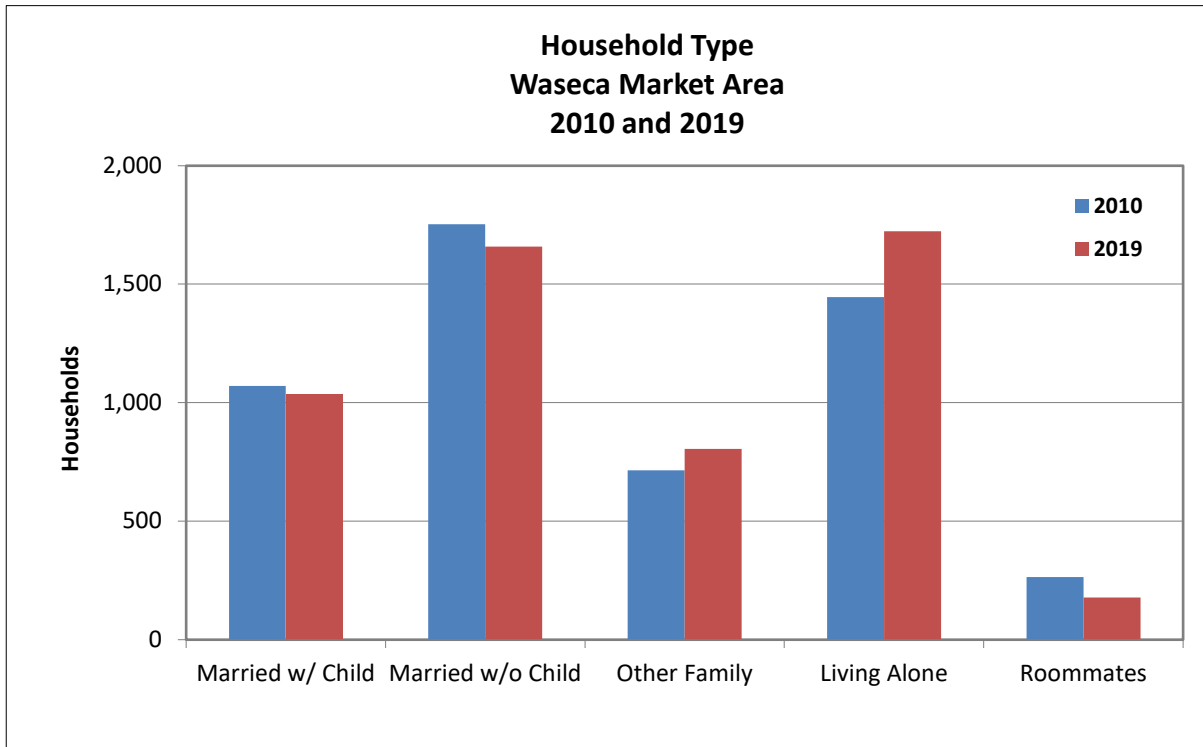
- As households progress through their life cycle, housing needs change. The proportion of renter households decreases significantly as households' age out of their young-adult years. However, by the time households reach their senior years, rental housing often becomes a more viable option than homeownership, reducing the responsibility of maintenance and a financial commitment.
- In 2019, 76% of the Market Area's households between the ages of 15 and 24 rented their housing, compared to 53% of households between the ages of 25 and 34. Householders between 35 and 84 were overwhelmingly homeowners, with no more than 27% of the householders in each 10-year age cohort renting their housing.



### Household Type

Table D-8 shows a breakdown of the type of households present in the Market Area in 2010 and 2019. The data is useful in assessing housing demand since the household composition often dictates the type of housing needed and preferred.

- The most significant decrease in the Market Area is observed in the Married without Children Households (a loss of 94 households, or 5.4%).
- The differences between Waseca and the rest of the PMA, reflect more availability of multifamily rental housing in Waseca 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 41% of Waseca households were non-family households in 2019, while 24% of the Remainder of the Market Area’s households was non-family.



**DEMOGRAPHIC ANALYSIS**

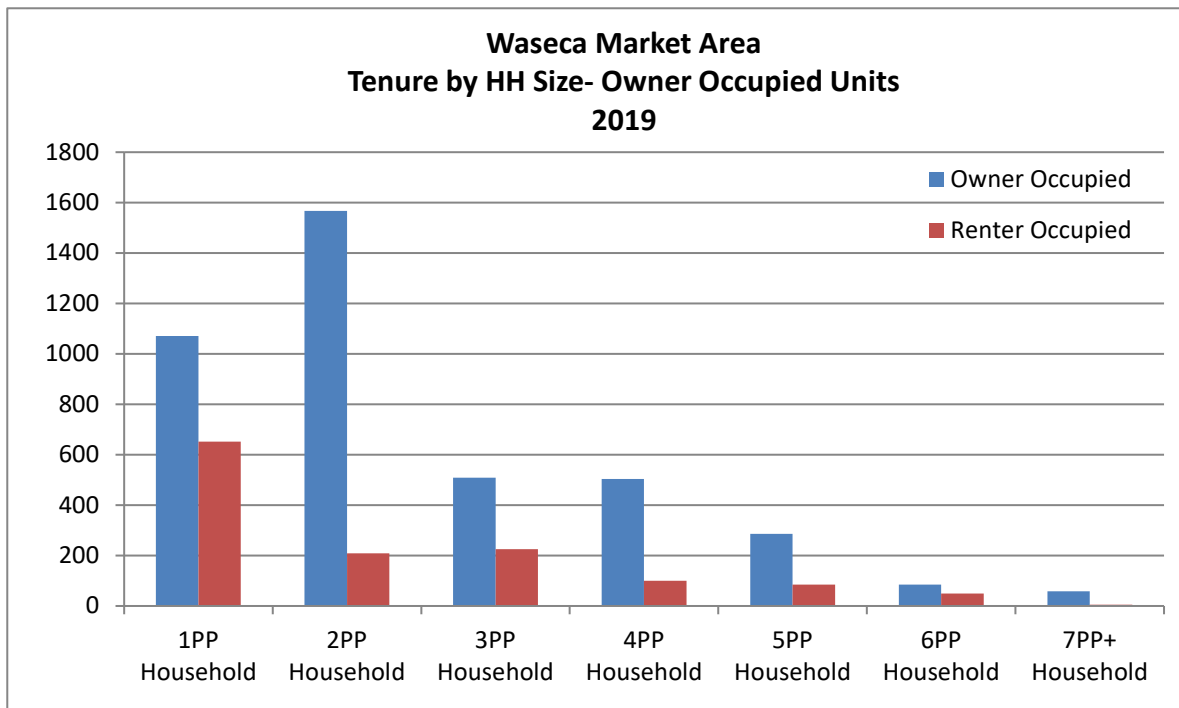
**TABLE D-8  
HOUSEHOLD TYPE  
WASECA MARKET AREA  
2010 and 2019**

	Total HH's		Family Households						Non-Family Households			
			Married w/o Child		Married w/ Child		Other *		Living Alone		Roommates	
	2010	2019	2010	2019	2010	2019	2010	2019	2010	2019	2010	2019
<b>Number of Households</b>												
Waseca	3,504	3,631	944	848	622	661	584	646	1,152	1,374	202	102
Rem. of Market Area	1,744	1,769	809	811	449	374	131	159	293	349	62	76
<b>Market Area Total</b>	<b>5,248</b>	<b>5,400</b>	<b>1,753</b>	<b>1,659</b>	<b>1,071</b>	<b>1,035</b>	<b>715</b>	<b>805</b>	<b>1,445</b>	<b>1,723</b>	<b>264</b>	<b>178</b>
	<b>Percent of Total</b>											
Waseca	66.8	67.2	26.9	23.4	17.8	18.2	16.7	17.8	32.9	37.8	5.8	2.8
Rem. of Market Area	33.2	32.8	46.4	45.8	25.7	21.1	7.5	9.0	16.8	19.7	3.6	4.3
<b>Market Area Total</b>	<b>100.0</b>	<b>100.0</b>	<b>33.4</b>	<b>30.7</b>	<b>20.4</b>	<b>19.2</b>	<b>13.6</b>	<b>14.9</b>	<b>27.5</b>	<b>31.9</b>	<b>5.0</b>	<b>3.3</b>
<i>Waseca County</i>	<b>100.0</b>	<b>100.0</b>	<b>33.8</b>	<b>31.1</b>	<b>21.0</b>	<b>20.4</b>	<b>13.2</b>	<b>14.6</b>	<b>26.9</b>	<b>29.9</b>	<b>5.1</b>	<b>4.1</b>
<i>Minnesota</i>	<b>100.0</b>	<b>100.0</b>	<b>29.6</b>	<b>30.4</b>	<b>21.2</b>	<b>20.4</b>	<b>13.8</b>	<b>13.4</b>	<b>28.0</b>	<b>28.5</b>	<b>7.4</b>	<b>7.3</b>
	<b>Change</b>											
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Waseca	127	3.6	-96	-10.2	39	6.3	62	10.6	222	19.3	-100	-49.5
Rem. of Market Area	25	1.4	2	0.2	-75	-16.7	28	21.4	56	19.1	14	22.6
<b>Market Area Total</b>	<b>152</b>	<b>2.9</b>	<b>-94</b>	<b>-5.4</b>	<b>-36</b>	<b>-3.4</b>	<b>90</b>	<b>12.6</b>	<b>278</b>	<b>19.2</b>	<b>-86</b>	<b>-32.6</b>
* Single-parent families, unmarried couples with children.												
Sources: U.S. Census Bureau; Maxfield Research and Consulting LLC												

### Tenure by Household Size

Table D-9 shows the distribution of households by size and tenure in the Waseca Market Area in 2010 and 2019. This data is useful in that it sheds insight into the number of units by unit type that may be most needed in Waseca 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 2019, approximately 49% of the total renter-occupied households in the Waseca Market Area were one-person households.
- Almost two-thirds (65%) of renter households in the Waseca Market Area in 2019 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 Waseca 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 (10.4%).



**DEMOGRAPHIC ANALYSIS**

**TABLE D-9  
TENURE BY HOUSEHOLD SIZE  
WASECA MARKET AREA  
2010 and 2019**

CITY OF WASECA								
Size	2010				2019			
	Owner Occupied		Renter Occupied		Owner Occupied		Renter Occupied	
	Number	Pct.	Number	Pct.	Number	Pct.	Number	Pct.
1PP Household	616	25.6%	536	48.8%	779	31.7%	595	50.8%
2PP Household	895	37.2%	279	25.4%	814	33.1%	154	13.2%
3PP Household	355	14.8%	131	11.9%	278	11.3%	214	18.3%
4PP Household	316	13.1%	89	8.1%	325	13.2%	92	7.9%
5PP Household	142	5.9%	43	3.9%	152	6.2%	69	5.9%
6PP Household	60	2.5%	11	1.0%	70	2.8%	47	4.0%
7PP+ Household	22	0.9%	9	0.8%	42	1.7%	0	0.0%
<b>Total</b>	<b>2,406</b>	<b>100.0%</b>	<b>1,098</b>	<b>100.0%</b>	<b>2,460</b>	<b>100.0%</b>	<b>1,171</b>	<b>100.0%</b>

REMAINDER OF MARKET AREA								
Size	2010				2019			
	Owner Occupied		Renter Occupied		Owner Occupied		Renter Occupied	
	Number	Pct.	Number	Pct.	Number	Pct.	Number	Pct.
1PP Household	245	15.5%	536	48.8%	292	18.1%	57	37.5%
2PP Household	725	45.8%	279	25.4%	753	46.6%	54	35.5%
3PP Household	209	13.2%	131	11.9%	230	14.2%	11	7.2%
4PP Household	241	15.2%	89	8.1%	178	11.0%	8	5.3%
5PP Household	104	6.6%	43	3.9%	134	8.3%	15	9.9%
6PP Household	40	2.5%	11	1.0%	14	0.9%	2	1.3%
7PP+ Household	19	1.2%	9	0.8%	16	1.0%	5	3.3%
<b>Total</b>	<b>1,583</b>	<b>100.0%</b>	<b>1,098</b>	<b>100.0%</b>	<b>1,617</b>	<b>100.0%</b>	<b>152</b>	<b>100.0%</b>

MARKET AREA TOTAL								
Size	2010				2019			
	Owner Occupied		Renter Occupied		Owner Occupied		Renter Occupied	
	Number	Pct.	Number	Pct.	Number	Pct.	Number	Pct.
1PP Household	861	21.6%	584	46.4%	1071	26.3%	652	49.3%
2PP Household	1,620	40.6%	331	26.3%	1567	38.4%	208	15.7%
3PP Household	564	14.1%	152	12.1%	508	12.5%	225	17.0%
4PP Household	557	14.0%	112	8.9%	503	12.3%	100	7.6%
5PP Household	246	6.2%	58	4.6%	286	7.0%	84	6.3%
6PP Household	100	2.5%	12	1.0%	84	2.1%	49	3.7%
7PP+ Household	41	1.0%	10	0.8%	58	1.4%	5	0.4%
<b>Total</b>	<b>3,989</b>	<b>100.0%</b>	<b>1,259</b>	<b>100.0%</b>	<b>4,077</b>	<b>100.0%</b>	<b>1,323</b>	<b>100.0%</b>

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

### Diversity

The population distribution by race, Table D-10 presents the diversity of the population in Waseca, the PMA, and Waseca County for 2010 and 2019. The data was obtained from the U.S. Census.

- In 2019, “White Alone” comprised the largest proportion of the population in Waseca (83%), the Remainder of the PMA (96%), and in Waseca County (87%). The percentage has decreased since 2010 where “White Alone” was 89% in the PMA and 92% in Waseca County.
- U.S. Census respondents that list themselves ethnically as Hispanic or Latino, racially list themselves in various race categories. As of 2019, 7.3% of the PMA’s population was Hispanic/Latino. The Hispanic/Latino population was 6.5% of the PMA population in 2010.
- The Hispanic/Latino population experienced the largest percentage growth between 2010 and 2019 in the PMA, increasing from 910 to 982 people (0.8% increase).

**DEMOGRAPHIC ANALYSIS**

**TABLE D-10  
POPULATION DISTRIBUTION BY RACE  
WASECA MARKET AREA  
2010 and 2019**

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		Hispanic or Latino <sup>1</sup> <i>Ethnicity not Race</i>	
	2010	2019	2010	2019	2010	2019	2010	2019	2010	2019	2010	2019	2010	2019	2010	2019
Waseca	8,377	7,464	350	333	137	124	2	0	93	60	216	0	235	135	845	872
Remainder of the PMA	4,523	4,286	7	22	4	1	2	0	18	27	14	0	23	30	65	110
<b>Primary Market Area</b>	<b>12,900</b>	<b>11,750</b>	<b>357</b>	<b>355</b>	<b>141</b>	<b>125</b>	<b>4</b>	<b>0</b>	<b>111</b>	<b>87</b>	<b>230</b>	<b>0</b>	<b>258</b>	<b>165</b>	<b>910</b>	<b>982</b>
<i>Waseca County</i>	<i>17,933</i>	<i>16,720</i>	<i>380</i>	<i>444</i>	<i>148</i>	<i>131</i>	<i>5</i>	<i>0</i>	<i>128</i>	<i>113</i>	<i>250</i>	<i>0</i>	<i>292</i>	<i>208</i>	<i>985</i>	<i>1,124</i>
PERCENTAGE																
Waseca	89.0%	83.0%	3.7%	3.7%	1.5%	1.4%	0.0%	0.0%	1.0%	0.7%	2.3%	0.0%	2.5%	1.5%	9.0%	9.7%
Remainder of the PMA	98.5%	95.8%	0.2%	0.5%	0.1%	0.0%	0.0%	0.0%	0.4%	0.6%	0.3%	0.0%	0.5%	0.7%	1.4%	2.5%
<b>Primary Market Area</b>	<b>92.1%</b>	<b>87.3%</b>	<b>2.5%</b>	<b>2.6%</b>	<b>1.0%</b>	<b>0.9%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.8%</b>	<b>0.6%</b>	<b>1.6%</b>	<b>0.0%</b>	<b>1.8%</b>	<b>1.2%</b>	<b>6.5%</b>	<b>7.3%</b>
<i>Waseca County</i>	<i>93.7%</i>	<i>87.4%</i>	<i>2.0%</i>	<i>2.3%</i>	<i>0.8%</i>	<i>0.7%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.7%</i>	<i>0.6%</i>	<i>1.3%</i>	<i>0.0%</i>	<i>1.5%</i>	<i>1.1%</i>	<i>5.1%</i>	<i>5.9%</i>

<sup>1</sup> US Census respondents list themselves ethnically Hispanic or Latino and racially in one of the other listed categories.

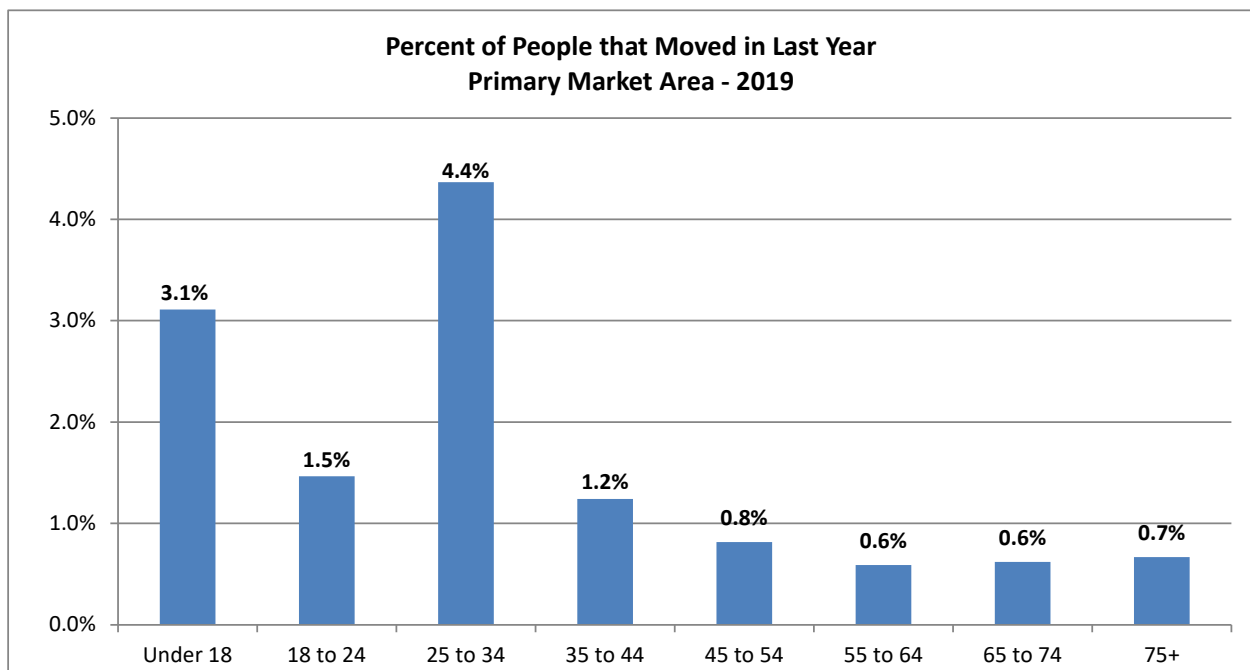
Sources: U.S. Census Bureau; Maxfield Research and Consulting LLC



### Mobility in the Past Year

Table D-11 shows the mobility patterns of PMA residents within a one-year time frame (2019 is the latest data available). Mobility trends are not yet available for the 2020 to measure movement since the pandemic. However, there has been a movement to more affordable housing markets and into out-state Minnesota.

- The majority of residents in the PMA (87%) did not move within the last year.
- Of the remaining residents that moved within the last year, approximately 6.8% moved from outside of Waseca County but within Minnesota and 3.8% were intra-county moves (i.e. one location in Waseca County to another Waseca County location).
- A greater proportion of younger age cohorts tended to move compared to older age cohorts. In the PMA, approximately 4.4% of those age 25 to 34 moved within the last year compared to 0.7% of those age 75+.



## DEMOGRAPHIC ANALYSIS

Waseca Age	Not Moved		Moved							
	Same House		Within Same County		Different County Same State		Different State		Abroad	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Under 18	1,592	82.2%	68	0.8%	251	2.8%	60	0.7%	0	0.0%
18 to 24	520	94.2%	26	0.3%	92	1.0%	20	0.2%	0	0.0%
25 to 34	931	89.6%	112	1.2%	309	3.5%	88	1.0%	10	0.1%
35 to 44	1,042	88.3%	28	0.3%	84	0.9%	12	0.1%	17	0.2%
45 to 54	996	88.9%	23	0.3%	19	0.2%	58	0.6%	0	0.0%
55 to 64	1,010	88.7%	28	0.3%	17	0.2%	0	0.0%	0	0.0%
65 to 74	680	92.4%	31	0.3%	25	0.3%	15	0.2%	0	0.0%
75+	686	92.3%	88	1.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>7,457</b>	<b>83.4%</b>	<b>405</b>	<b>4.5%</b>	<b>797</b>	<b>8.9%</b>	<b>253</b>	<b>2.8%</b>	<b>27</b>	<b>0.3%</b>
<b>Remainder Market Area</b>	<b>Same House</b>		<b>Within Same County</b>		<b>Different County Same State</b>		<b>Different State</b>		<b>Abroad</b>	
<b>Age</b>	<b>No.</b>	<b>Pct.</b>	<b>No.</b>	<b>Pct.</b>	<b>No.</b>	<b>Pct.</b>	<b>No.</b>	<b>Pct.</b>	<b>No.</b>	<b>Pct.</b>
Under 18	907	79.5%	13	0.3%	20	0.5%	4	0.1%	0	0.0%
18 to 24	288	93.5%	23	0.5%	26	0.6%	9	0.2%	0	0.0%
25 to 34	255	94.2%	32	0.7%	25	0.6%	7	0.2%	0	0.0%
35 to 44	507	88.6%	11	0.2%	15	0.3%	0	0.0%	0	0.0%
45 to 54	608	86.3%	5	0.1%	4	0.1%	0	0.0%	0	0.0%
55 to 64	812	81.7%	13	0.3%	11	0.3%	8	0.2%	1	0.0%
65 to 74	558	87.4%	4	0.1%	7	0.2%	0	0.0%	2	0.0%
75+	258	94.2%	1	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>4,194</b>	<b>94.6%</b>	<b>101</b>	<b>2.3%</b>	<b>108</b>	<b>2.4%</b>	<b>28</b>	<b>0.6%</b>	<b>3</b>	<b>0.1%</b>
<b>Primary Market Area</b>	<b>Same House</b>		<b>Within Same County</b>		<b>Different County Same State</b>		<b>Different State</b>		<b>Abroad</b>	
<b>Age</b>	<b>No.</b>	<b>Pct.</b>	<b>No.</b>	<b>Pct.</b>	<b>No.</b>	<b>Pct.</b>	<b>No.</b>	<b>Pct.</b>	<b>No.</b>	<b>Pct.</b>
Under 18	2,499	81.3%	81	0.6%	271	2.0%	64	0.5%	0	0.0%
18 to 24	808	94.0%	50	0.4%	118	0.9%	29	0.2%	0	0.0%
25 to 34	1,186	91.1%	144	1.1%	334	2.5%	96	0.7%	10	0.1%
35 to 44	1,549	88.4%	39	0.3%	99	0.7%	12	0.1%	17	0.1%
45 to 54	1,604	88.0%	28	0.2%	23	0.2%	58	0.4%	0	0.0%
55 to 64	1,822	86.4%	42	0.3%	28	0.2%	8	0.1%	1	0.0%
65 to 74	1,238	90.7%	34	0.3%	32	0.2%	15	0.1%	2	0.0%
75+	944	92.9%	89	0.7%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>11,650</b>	<b>87.1%</b>	<b>507</b>	<b>3.8%</b>	<b>904</b>	<b>6.8%</b>	<b>281</b>	<b>2.1%</b>	<b>30</b>	<b>0.2%</b>
<b>Waseca County</b>	<b>16,362</b>	<b>88.0%</b>	<b>688</b>	<b>3.7%</b>	<b>1,190</b>	<b>6.4%</b>	<b>316</b>	<b>1.7%</b>	<b>37</b>	<b>0.2%</b>

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

## Demographic Comparison to Peer Cities

Table D-12 provides a demographic and housing characteristics summary comparison for Waseca and peer cities. The peer cities were identified to be similar to Waseca by their population or within a similar geography.

- Compared to the peer cities, Waseca has the lowest median household income (\$45,429) of the identified peer cities. New Prague had the highest median household income (\$77,949).
- Peer city percentage of owner households vary from 64% in Faribault to 78% in New Prague. Waseca has a homeownership rate (68%) that ranks third among the six identified cities.

## DEMOGRAPHIC ANALYSIS

- In comparison to the other peer cities, Waseca has an unemployment rate of 5.0% while Eagle Lake has the highest (7.0%) and New Ulm has the lowest (1.7%).
- In 2019, Waseca had an average weekly wage of (\$849) while Faribault had the highest (\$877) and Eagle Lake had the lowest (\$520).

	Waseca		Eagle Lake		Faribault		New Prague		New Ulm		St. Peter	
	Num	Pct.	Num	Pct.	Num	Pct.	Num	Pct.	Num	Pct.	Num	Pct.
<b>Demographic Summary</b>												
Population (2019)	8,988		3,007		23,800		7,899		13,242		11,854	
Households (2019)	3,631		1,074		8,513		2,882		5,716		3,913	
HH Size (2019)	2.48		2.80		2.80		2.74		2.32		3.03	
HH Median Income (2019)	\$45,429		\$74,219		\$50,702		\$77,949		\$61,597		\$55,774	
<b>Housing Characteristics</b>												
Percent Own (2019)	67.7%		65.5%		64.0%		78.5%		75.8%		65.0%	
Percent Rent (2019)	32.3%		34.5%		36.0%		21.5%		24.2%		35.0%	
Median Home Value (2019)	\$127,300		\$184,400		\$153,500		\$247,100		\$141,300		\$170,200	
Median Contract Rent (2019)	\$574		\$1,091		\$753		\$798		\$576		\$797	
Percent with a Mortgage (2019)	61.5%		69.1%		67.2%		72.4%		57.1%		60.0%	
<b>Employment</b>												
Avg. Weekly Wage (2019)	\$849		\$520		\$877		\$841		\$826		\$865	
Unemployment Rate (2014)	5.0%		7.0%		5.2%		4.0%		1.7%		3.0%	

Source: U.S. Census Bureau; MN DEED; Maxfield Research and Consulting LLC

- In 2019, Waseca had the third lowest percent of owner-households with a mortgage (61.5%) compared to peer cities. Waseca is comparable to St. Peter (60%) with the percentage of owner-households that have a mortgage. New Prague had the highest percentage (72.4%) of owner-households with a mortgage.

## 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 a population decline between 2010 and 2021, losing 526 people (-3.8%), but gained 47 households (0.9%). The average household size decreased from 2.67 in 2010 to 2.54 in 2021.

## DEMOGRAPHIC ANALYSIS

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- The greatest growth is projected to occur among adults 65+ in the PMA between 2021 and 2026. Aging of baby boomers are expected to increase by 408 people (17%) by 2026. Most other age cohorts are forecast to experience a decline.
- The PMA has an estimated median household income of \$56,352 in 2021 and is projected to increase over the next five years to \$59,667. There are 308 non-senior households (8%) with incomes under \$15,000 that would be eligible for subsidized rental housing. Median incomes for households in the Market Area peak at \$75,966 for the 45 to 54 age group in 2021. Overall, incomes are expected to increase by 5.9% (1.2% annually) between 2021 and 2026 in the Market Area.
- Typically, as income increases, so does the rate of homeownership. Homeownership in the Waseca Market area increases from 49% of households with incomes below \$15,000 to 98% of households with incomes above \$100,000.
- Between 2010 and 2019, the Market Area experienced an increase in households comprised of those Living Alone (19%) and Other (family households that are single-parent families or unmarried couples with children) (13%).
- An estimated 73% of renter households in the Waseca Market Area in 2019 have either one or two people.
- In 2019, “White Alone” (87%) comprised the largest proportion of the population in the Waseca Market Area. The Hispanic/Latino population experienced the largest percentage growth between 2010 and 2019 in the MA, increasing from 910 to 982 people (0.8% increase).
- Of the residents that moved in the past year, approximately 29% moved from outside of Waseca County but within Minnesota and 52% were intra-county moves.

**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 Southwest Minnesota. Table E-1 shows employment growth trends and projections from 2012 to 2028 based on the most recent Minnesota Department of Employment and Economic Development (DEED) Employment Outlook projections. The 2028 forecast is based on industry projections for the Southwest Minnesota Planning area. The Southwest Minnesota Planning area consists of 23 Minnesota Counties with Waseca also included in the Southwest Minnesota planning region, projections are unavailable at the municipal level.

**Note that the employment data for the 2nd Quarter 2020 reflects unemployment caused by the COVID-19 outbreak, although employment growth projections do not account for a possible recession caused by the COVID-19 outbreak. Should a recession occur as expected, job growth may be affected in the short-term but long-term projections are likely to remain in line.**

TABLE E-1 EMPLOYMENT PROJECTIONS SOUTHWEST MINNESOTA 2018-2028							
	Employment			Change			
	Actual	Estimated	Forecast	2012 - 2018		2018 - 2028	
	2012	2018	2028	No.	Pct.	No.	Pct.
Southwest Minnesota	207,849	206,422	209,790	-1,427	-0.7%	3,368	1.6%

Sources: MN Dept. of Employment & Economic Deve. (MN DEED); Maxfield Research & Consulting, LLC

**Resident Labor Force**

The smallest geography available to examine annual average resident employment growth trends in the area is the City of Waseca. Recent employment growth trends are shown in Tables E-2 and E-3. Table E-2 presents resident employment data for the City of Waseca and Waseca County from 2011 through 2020. Resident employment data is calculated as an annual average and reveals the work force and number of employed persons living in the selected geography. It

## EMPLOYMENT

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is important to note that not all of these individuals necessarily work in the City or County. Table E-3 presents covered employment workforce numbers as available for the City of Waseca, the Waseca Market Area, and Waseca County from 2005 through 2020. Covered employment data is calculated as an annual average and *reveals the number of jobs in the designated area*, 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 the City of Waseca decreased by approximately 395 people between 2011 and 2020 (-16.7%) and the unemployment rate decreased from 6.8% in 2011 to 6.1% in 2020. By comparison, Waseca County's unemployment rate also decreased from 6.3% in 2011 to 5.9% in 2020.
- Between 2011 and 2020, the City of Waseca's labor force and number employed was the greatest at 5,469 in 2011 and was the lowest in 2019 (4,453).
- The City of Waseca's unemployment rate has stayed fairly consistent with the County's unemployment rate, but slightly higher in most years between 2011 and 2020. The greatest yearly difference being 0.7% higher than the County in 2012.
- Covid-19 had a substantial impact on unemployment rates across the country. Business shutdowns and closures beginning in March 2020 led to a large increase in the unemployment rate, as is shown in the charts below. As of May 2021, unemployment rates have decreased to 4.3% in the City of Waseca and 4.0% in Waseca County.

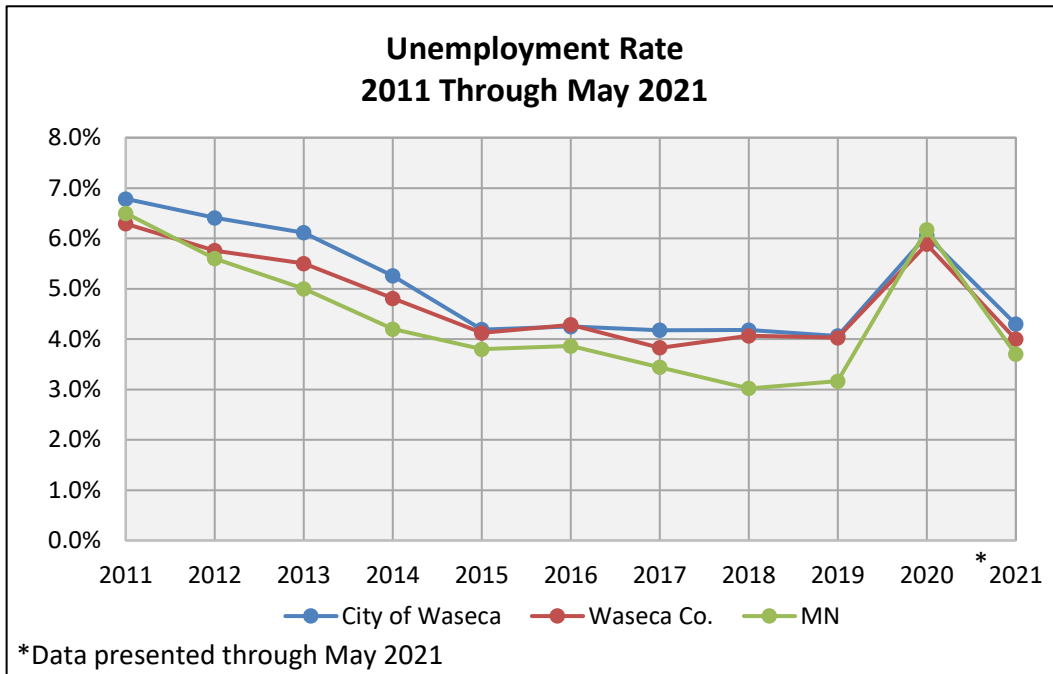
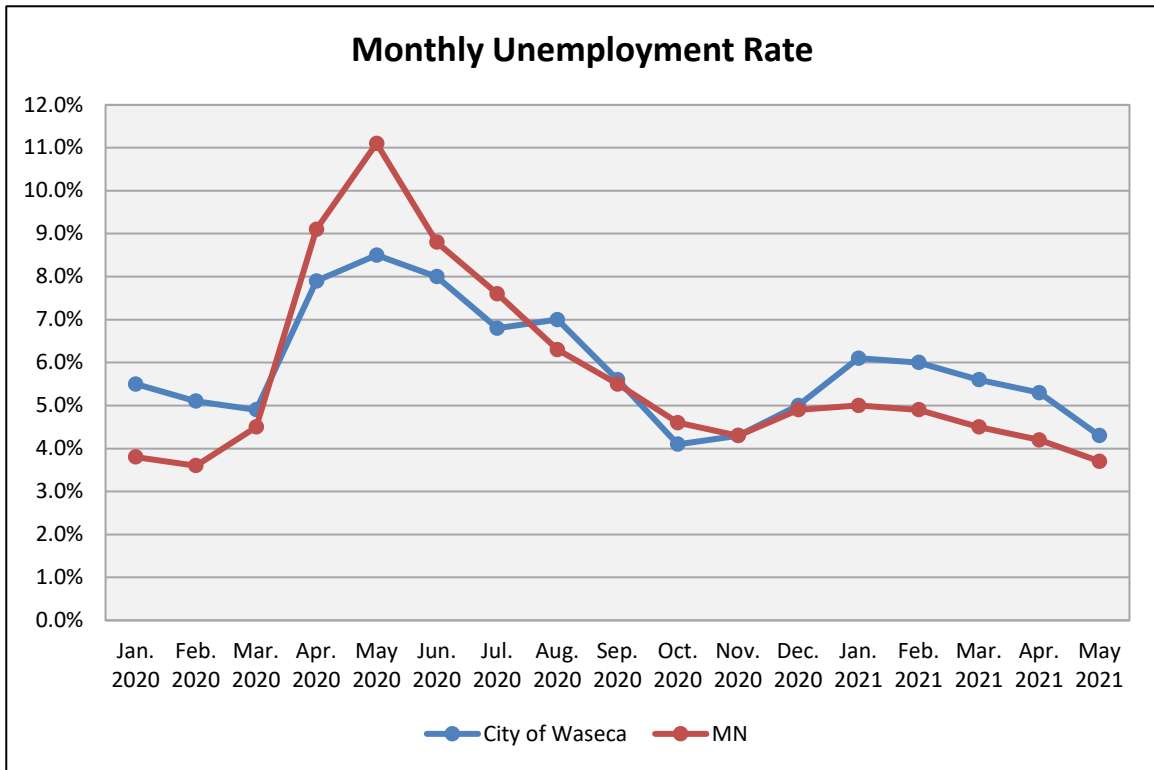


TABLE E-2 ANNUAL AVERAGE RESIDENT EMPLOYMENT CITY OF WASECA AND WASECA COUNTY 2011 to 2020				
Year	Labor Force	Employed	Unemployed	Rate
<b>City of Waseca</b>				
2011	5,469	5,098	371	6.8%
2012	5,289	4,950	339	6.4%
2013	5,120	4,807	313	6.1%
2014	4,945	4,685	260	5.3%
2015	4,939	4,732	207	4.2%
2016	4,823	4,624	205	4.3%
2017	4,788	4,588	200	4.2%
2018	4,808	4,607	201	4.2%
2019	4,453	4,272	181	4.1%
2020	4,523	4,249	274	6.1%
<b>Change 2011-2020</b>				
<b>Number</b>	-946	-849	-97	--
<b>Percent</b>	-17.3%	-16.7%	-26.1%	--
<i>Continued</i>				

<b>TABLE E-2 Continued</b> <b>ANNUAL AVERAGE RESIDENT EMPLOYMENT</b> <b>CITY OF WASECA AND WASECA COUNTY</b> <b>2011 to 2020</b>				
<b>Year</b>	<b>Labor Force</b>	<b>Employed</b>	<b>Unemployed</b>	<b>Rate</b>
<b>Waseca County</b>				
2011	10,582	9,916	666	6.3%
2012	10,213	9,625	588	5.8%
2013	9,926	9,380	546	5.5%
2014	9,670	9,205	465	4.8%
2015	9,750	9,348	402	4.1%
2016	9,494	9,087	407	4.3%
2017	9,295	8,939	356	3.8%
2018	9,002	8,636	366	4.1%
2019	8,886	8,528	358	4.0%
2020	9,038	8,507	532	5.9%
<b>Minnesota</b>				
2016	3,023,110	2,906,348	116,761	3.9%
2017	3,050,764	2,945,747	105,016	3.4%
2018	3,059,402	2,966,975	92,426	3.0%
2019	3,092,899	2,995,038	97,860	3.2%
2020	3,094,701	2,903,561	191,139	6.2%
<b>U.S.</b>				
2016	159,187,166	151,435,833	7,751,333	4.9%
2017	160,319,750	153,337,416	6,982,334	4.4%
2018	162,075,000	155,761,000	6,314,000	3.9%
2019	163,538,666	157,538,083	6,000,583	3.7%
2020	160,742,333	147,794,750	12,947,583	8.1%
Note: Data not seasonally adjusted				
Sources: U.S. Dept. of Labor, MN Dept. of Employment & Economic Development (MN DEED), Maxfield Research & Consulting, LLC				





***Covered Employment by Industry***

- Between 2015 and 2020, the number of jobs increased in two industries: Natural Resources & Mining (25%) and the Professional & Business Services (19%) sectors. The remaining sectors all saw a reduction, most notably the Construction sector (-16.9% | -22 jobs) and the Education & Health Services (-7.5% | -105 jobs) sector.
- As of 2020, the Education & Health Services industry accounted for the largest share of employment in Waseca, with 1,301 employees accounting for 33% of employment.
- The next two largest employment sectors were the Manufacturing sector, which accounted for 25% of employment in 2020 and the Trade, Transportation and Utilities sector, which accounted for 12% of employment.

## EMPLOYMENT

<b>City of Waseca</b>					<b>Change</b>					
<b>Average Number of Employees</b>					<b>2015 - 2020</b>		<b>% of Total</b>			
<b>Industry</b>	<b>2005</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>No.</b>	<b>Pct.</b>	<b>2005</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>
Natural Resources & Mining	--	36	12	15	3	25.0%	--	1.0%	0.4%	0.4%
Construction	--	97	130	108	-22	-16.9%	--	2.8%	4.1%	2.8%
Manufacturing	2,381	--	--	976	--	--	38.3%	--	--	24.9%
Trade, Transportation & Utilities	760	569	535	477	-58	-10.8%	12.2%	16.2%	16.8%	12.2%
Financial Services	194	196	160	137	-23	-14.4%	3.1%	5.6%	5.0%	3.5%
Professional & Business Services	349	141	105	125	20	19.0%	5.6%	4.0%	3.3%	3.2%
Education & Health Services	1,728	1,618	1,406	1,301	-105	-7.5%	27.8%	46.0%	44.0%	33.1%
Leisure & Hospitality	310	353	341	331	-10	-2.9%	5.0%	10.0%	10.7%	8.4%
Public Administration	497	510	505	455	-50	-9.9%	8.0%	14.5%	15.8%	11.6%
<b>Totals</b>	<b>6,219</b>	<b>3,520</b>	<b>3,194</b>	<b>3,925</b>	<b>731</b>	<b>22.9%</b>				

<b>Waseca County</b>					<b>Change</b>					
<b>Average Number of Employees</b>					<b>2015 - 2020</b>		<b>% of Total</b>			
<b>Industry</b>	<b>2005</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>No.</b>	<b>Pct.</b>	<b>2005</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>
Natural Resources & Mining	154	174	175	216	41	23.4%	1.9%	2.3%	2.7%	3.7%
Construction	241	220	289	319	30	10.4%	3.0%	2.9%	4.5%	5.5%
Manufacturing	2,416	2,159	1,754	1,048	-706	-40.3%	29.8%	28.5%	27.3%	18.1%
Trade, Transportation & Utilities	1,108	1,050	1,023	880	-143	-14.0%	13.7%	13.9%	15.9%	15.2%
Information	246	196	--	92	--	--	3.0%	2.6%	--	1.6%
Financial Services	236	241	206	178	-28	-13.6%	2.9%	3.2%	3.2%	3.1%
Professional & Business Services	389	355	187	251	64	34.2%	4.8%	4.7%	2.9%	4.3%
Education & Health Services	2,157	2,030	1,803	1,772	-31	-1.7%	26.6%	26.8%	28.1%	30.6%
Leisure & Hospitality	436	423	408	385	-23	-5.6%	5.4%	5.6%	6.4%	6.6%
Other Services	168	142	--	132	--	--	2.1%	1.9%	--	2.3%
Public Administration	558	591	577	523	-54	-9.4%	6.9%	7.8%	9.0%	9.0%
<b>Totals</b>	<b>8,109</b>	<b>7,581</b>	<b>6,422</b>	<b>5,796</b>	<b>-626</b>	<b>-9.7%</b>				

Source: MN Dept. of Employment & Economic Development (MN DEED); Maxfield Research & Consulting, LLC

## Wages by Industry

Table E-4 displays information on the employment and wage situation in Waseca compared to Waseca County. The Quarterly Census of Employment and Wages (QCEW) data is sourced from Minnesota DEED for 2017 to 2020, 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**

<b>TABLE E-4</b> <b>WAGES BY INDUSTRY</b> <b>WASECA MARKET AREA</b> <b>2017 - 2020</b> <b>North American Industrial Classification System (NAICS)</b>						
<b>City of Waseca</b> <b>Average Weekly Wage</b>					<b>Change</b> <b>2019 - 2020</b>	
<u>Industry</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>No.</u>	<u>Pct.</u>
Natural Resources & Mining	--	\$639	\$521	\$473	-\$48	-9.2%
Construction	--	\$788	\$854	\$1,017	\$163	19.1%
Manufacturing	\$1,178	\$1,183	\$1,154	\$1,155	\$1	0.1%
Trade, Transportation & Utilities	\$597	\$598	\$617	\$620	\$3	0.5%
Financial Services	\$984	\$1,073	\$1,079	\$1,478	\$399	37.0%
Professional & Business Services	--	--	\$1,328	\$1,343	\$15	1.1%
Education & Health Services	\$636	\$689	\$704	\$770	\$66	9.4%
Leisure & Hospitality	\$237	\$234	\$242	\$262	\$20	8.3%
Public Administration	\$1,107	\$1,183	\$1,189	\$1,318	\$129	10.8%
<b>Totals</b>	<b>\$811</b>	<b>\$838</b>	<b>\$849</b>	<b>\$907</b>	<b>\$58</b>	<b>6.8%</b>
<b>Waseca County</b> <b>Average Weekly Wage</b>					<b>Change</b> <b>2019 - 2020</b>	
<u>Industry</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>No.</u>	<u>Pct.</u>
Natural Resources & Mining	\$712	\$741	\$747	\$823	\$76	10.2%
Construction	\$889	\$888	\$956	\$1,054	\$98	10.3%
Manufacturing	\$1,128	\$1,188	\$1,164	\$1,169	\$5	0.4%
Trade, Transportation & Utilities	\$621	\$655	\$697	\$731	\$34	4.9%
Information	\$813	\$916	\$932	\$1,026	\$94	10.1%
Financial Services	\$979	\$1,041	\$1,063	\$1,420	\$357	33.6%
Professional & Business Services	\$841	\$987	\$1,104	\$1,155	\$51	4.6%
Education & Health Services	\$628	\$671	\$679	\$739	\$60	8.8%
Leisure & Hospitality	\$238	\$236	\$240	\$259	\$19	7.9%
Other Services	\$442	\$463	\$507	\$584	\$77	15.2%
Public Administration	\$1,016	\$1,092	\$1,104	\$1,212	\$108	9.8%
<b>Totals</b>	<b>\$786</b>	<b>\$809</b>	<b>\$824</b>	<b>\$886</b>	<b>\$62</b>	<b>7.5%</b>
<b>Minnesota</b>	<b>\$1,080</b>	<b>\$1,115</b>	<b>\$1,146</b>	<b>\$1,233</b>	<b>\$87</b>	<b>7.6%</b>

Source: MN Dept. of Employment & Economic Development (MN DEED), Maxfield Research & Consulting, LLC

As reported by the QCEW:

- The Financial Services sector saw the largest growth increasing average weekly wages by \$399 (37%) between 2019 to 2020. The Construction sector saw the second largest growth, increasing by \$163 (19%).
- Wages in Waseca were higher in many industries compared to Waseca County including Professional & Business Services, Public Administration, Financial Services, Education & Health Services, and the Leisure & Hospitality sector.

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- At \$907, the average weekly wage across all industries in the City of Waseca is 2.3% lower than Waseca County (\$886), but 30% lower than the State average (\$1,233).

### 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-5 highlights the commuting patterns of workers in the City of Waseca in 2018 (the most recent data available), based on Employer-Household Dynamics data from the U.S. Census Bureau. Likewise, Table E-6 highlights commuting patterns of Waseca PMA workers.

- As shown in Table E-5, 59% of the City of Waseca residents commuted to jobs outside the City, 5% commuted to jobs in Owatonna (226 employees), 3.7% commuted to jobs in Mankato (167 employees), and 3% commuted to jobs in Janesville (137 employees).
- Of the workers who work in Waseca, 40% live in Waseca. The remaining 60% of the workers are commuting from mostly Owatonna (14%) and Mankato (6.3%).

<b>Home Destination</b>			<b>Work Destination</b>		
<b>Place of Residence</b>	<b>Count</b>	<b>Share</b>	<b>Place of Employment</b>	<b>Count</b>	<b>Share</b>
Waseca, MN	1,840	41.1%	Waseca, MN	1,840	40.3%
Owatonna, MN	226	5.1%	Owatonna, MN	646	14.1%
Mankato, MN	167	3.7%	Mankato, MN	286	6.3%
Janesville, MN	137	3.1%	Faribault, MN	138	3.0%
Albert Lea, MN	63	1.4%	North Mankato, MN	90	2.0%
North Mankato, MN	52	1.2%	Rochester, MN	72	1.6%
New Richland, MN	50	1.1%	Minneapolis, MN	68	1.5%
Waterville, MN	48	1.1%	St. Paul, MN	64	1.4%
Faribault, MN	42	0.9%	Plymouth, MN	38	0.8%
Eagle Lake, MN	31	0.7%	Janesville, MN	33	0.7%
All Other Locations	1,817	40.6%	All Other Locations	1,293	28.3%
<b>Total All Jobs</b>	<b>4,473</b>		<b>Total All Jobs</b>	<b>4,568</b>	

Home Destination = Where workers live who are employed in Waseca  
 Work Destination = Where workers are employed who live in Waseca

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

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- As shown in Table E-6, about 1,974 of the Waseca PMA residents work in the City of Waseca (39.4%) and 253 work in the City of Owatonna (5.0%).
- Of the workers who work in the Waseca PMA, 36% live in Waseca. Most are commuting from Owatonna (13%) and Mankato (7.3%).

TABLE E-6 COMMUTING PATTERNS PRIMARY MARKET AREA 2018					
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>
Waseca, MN	1,974	39.4%	Waseca, MN	2,462	36.0%
Owatonna, MN	253	5.0%	Owatonna, MN	919	13.4%
Mankato, MN	185	3.7%	Mankato, MN	501	7.3%
Janesville, MN	170	3.4%	Faribault, MN	228	3.3%
Albert Lea, MN	65	1.3%	North Mankato, MN	162	2.4%
New Richland, MN	61	1.2%	Janesville, MN	109	1.6%
North Mankato, MN	55	1.1%	Rochester, MN	106	1.5%
Waterville, MN	53	1.1%	Minneapolis, MN	103	1.5%
Faribault, MN	47	0.9%	St. Paul, MN	96	1.4%
Eagle Lake, MN	35	0.7%	New Richland, MN	74	1.1%
All Other Locations	2,118	42.2%	All Other Locations	2,088	30.5%
Total All Jobs	5,016		Total All Jobs	6,848	
Home Destination = Where workers live who are employed in PMA					
Work Destination = Where workers are employed who live in PMA					
Sources: US Census Bureau Local Employment Dynamics; Maxfield Research & Consulting, LLC					

## Inflow/Outflow

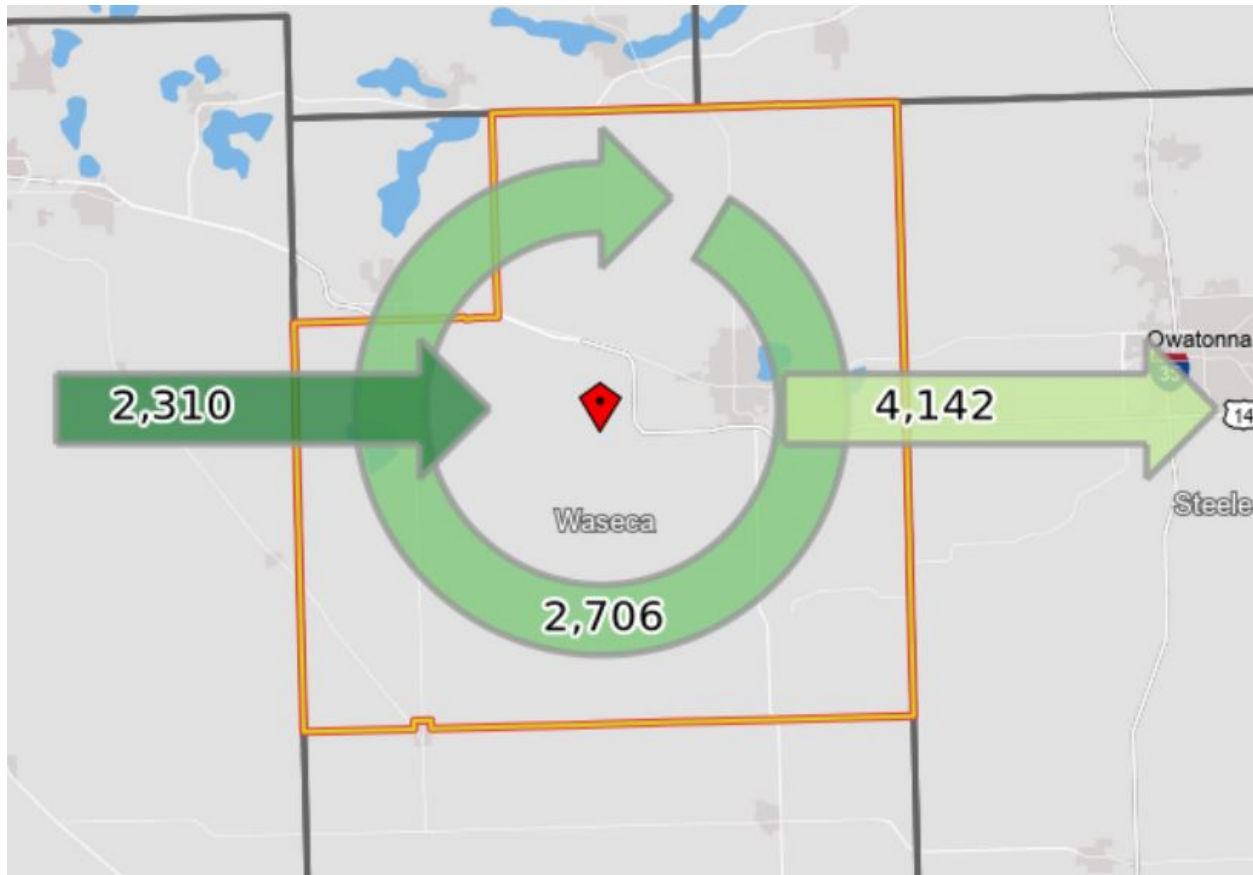
Table E-7 provides a summary of the inflow and outflow of workers in the City of Waseca and the Waseca PMA. Outflow reflects the number of workers living in the City of Waseca but employed outside of the city while inflow measures the number of workers that are employed in

## EMPLOYMENT

the City of Waseca but live outside. Interior flow reflects the number of workers that both live and work in the City of Waseca.

- The City of Waseca can be considered an exporter of workers, as the number of residents coming into the City (inflow) for employment was lower than the number of residents leaving the City for work (outflow). Approximately 2,633 workers came into the City of Waseca for work while 2,728 workers left, for a net difference of 95.
- The Waseca PMA can also be considered an exporter of workers, as the number of residents coming into the PMA (inflow) for employment was more than the number of residents leaving the PMA for work (outflow). Approximately 2,310 workers came into the PMA for work while 4,142 workers left, for a net difference of 1,832.

<b>TABLE E-7</b>		
<b>COMMUTING INFLOW/OUTFLOW</b>		
<b>CITY OF WASECA/WASECA PMA</b>		
<b>2018</b>		
	<b>Waseca</b>	
	<b>Num.</b>	<b>Pct.</b>
Employed in the Selection Area	4,473	100%
Employed in the Selection Area but Living Outside	2,633	58.9%
Employed and Living in the Selection Area	1,840	41.1%
Living in the Selection Area	4,568	100%
Living in the Selection Area but Employed Outside	2,728	59.7%
Living and Employed in the Selection Area	1,840	40.3%
	<b>PMA</b>	
	<b>Num.</b>	<b>Pct.</b>
Employed in the Selection Area	5,016	100%
Employed in the Selection Area but Living Outside	2,310	46.1%
Employed and Living in the Selection Area	2,706	53.9%
Living in the Selection Area	6,848	100%
Living in the Selection Area but Employed Outside	4,142	60.5%
Living and Employed in the Selection Area	2,706	39.5%
Sources: Longitudinal Employer-Household Dynamics; Maxfield Research & Consulting LLC		

**Market Area Inflow / Outflow**

Sources: Longitudinal Employer-Household Dynamics

**Employer Survey**

Maxfield Research and Consulting, LLC surveyed a small sample size of employer representatives from major employers in Waseca regarding 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. Community economic development information provides useful job growth data and assists in identifying housing demand in an area. Though our sample size was small, we encourage diving deeper into surveying local employers. The following summarizes key points derived from the surveys.

- Employers identified that a majority of employees lived in Waseca, while the remaining employee based live in surrounding communities such as Mankato and Owatonna. Some people commute from the Twin Cities area, most notably Lakeville or other south Metro areas.

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family rentals, market rate multifamily rentals, and condos/townhouses. It was also mentioned that flexible rental housing options will give incoming employees the ability to test out the area and new job before committing to homeownership.

- Numerous surveyed employers mentioned the expectation to increase employment over the next three years. However, many employers face labor challenges finding workers to fill positions.
- High property taxes within the City of Waseca were identified as a reason some people have chosen to build new single-family homes outside of the city. High property taxes was brought up in the previous housing study as well.



### 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 Waseca and the Market Area by reviewing data on the age of the existing housing supply; examining residential building trends since 2003; and reviewing housing data from the American Community Survey that relates to the Waseca area.

### Residential Construction Trends 2003 to Present

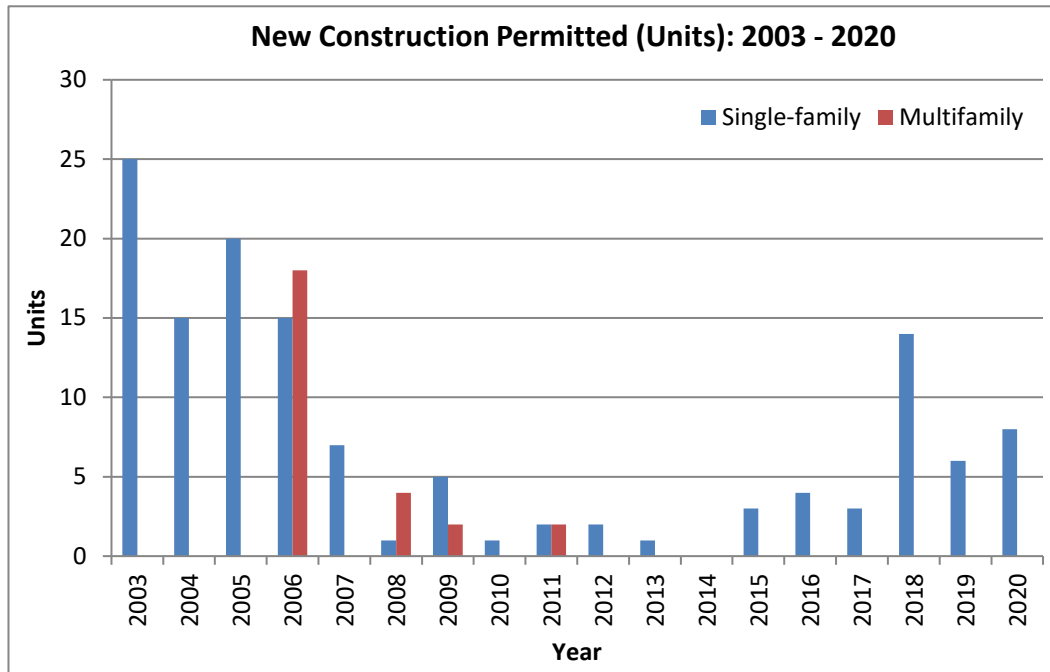
Maxfield Research obtained data from the City of Waseca on the number of building permits issued for new housing units in Waseca from 2003 to 2020. Table HC-1 displays permits issued for single-family and multifamily dwellings. Multifamily units usually include both for-sale (condominium, townhomes, and townhomes) and rental projects. The following are key points about housing development since 2003.

- The City of Waseca issued 141 permits for the construction of 158 new residential units from 2003 to 2020. That equates to about 9 units annually since 2003.
- Between 2003 and 2006, the City of Waseca issued 80 residential permits for 93 units. That equates to about 20 residential permits and 23 units annually between 2003 and 2006.
- Between 2007 and November 2015, the City of Waseca issued 24 residential permits for 29 units. That equates to about 2.7 residential permits and 3.2 units annually between 2007 and 2015.
- In 2007, most U.S. communities housing permits declined and recessionary effects on Waseca's building permit activity can be identified in 2007. Beginning in 2007, building permits declined rapidly, and from 2007 to 2015 the City has averaged only 2.6 units per year.
- Multifamily building permit has been limited between 2003 and 2015. Most years did not experience any multifamily construction. 2006 issued the greatest number of multifamily permits (5 multifamily permits) in a single year. After 2006 there have only been a total of four multifamily building permits issued.
- Single-family units account for 84% of all units permitted between 2003 and 2020. Additionally, the City of Waseca has permitted an average of 7 single-family units per year since 2003.

**HOUSING CHARACTERISTICS**

<b>HC-1 RESIDENTIAL CONSTRUCTION BUILDING PERMITS ISSUED CITY OF WASECA 2003 to 2020</b>				
Year	Units Permitted			Total New Residential Building Permits
	Single-Family	Multifamily	Total Units	
2003	25	0	25	25
2004	15	0	15	15
2005	20	0	20	20
2006	15	18	33	20
2007	7	0	7	7
2008	1	4	5	3
2009	5	2	7	6
2010	1	0	1	1
2011	2	2	4	3
2012	2	0	2	2
2013	1	0	1	1
2014	0	0	0	0
2015	3	0	3	3
2016	4	0	4	4
2017	3	0	3	3
2018	14	0	14	14
2019	6	0	6	6
2020	8	0	8	8
<b>Total</b>	<b>132</b>	<b>26</b>	<b>158</b>	<b>141</b>

Sources: City of Waseca; U.S. Census; Maxfield Research and Consulting LLC

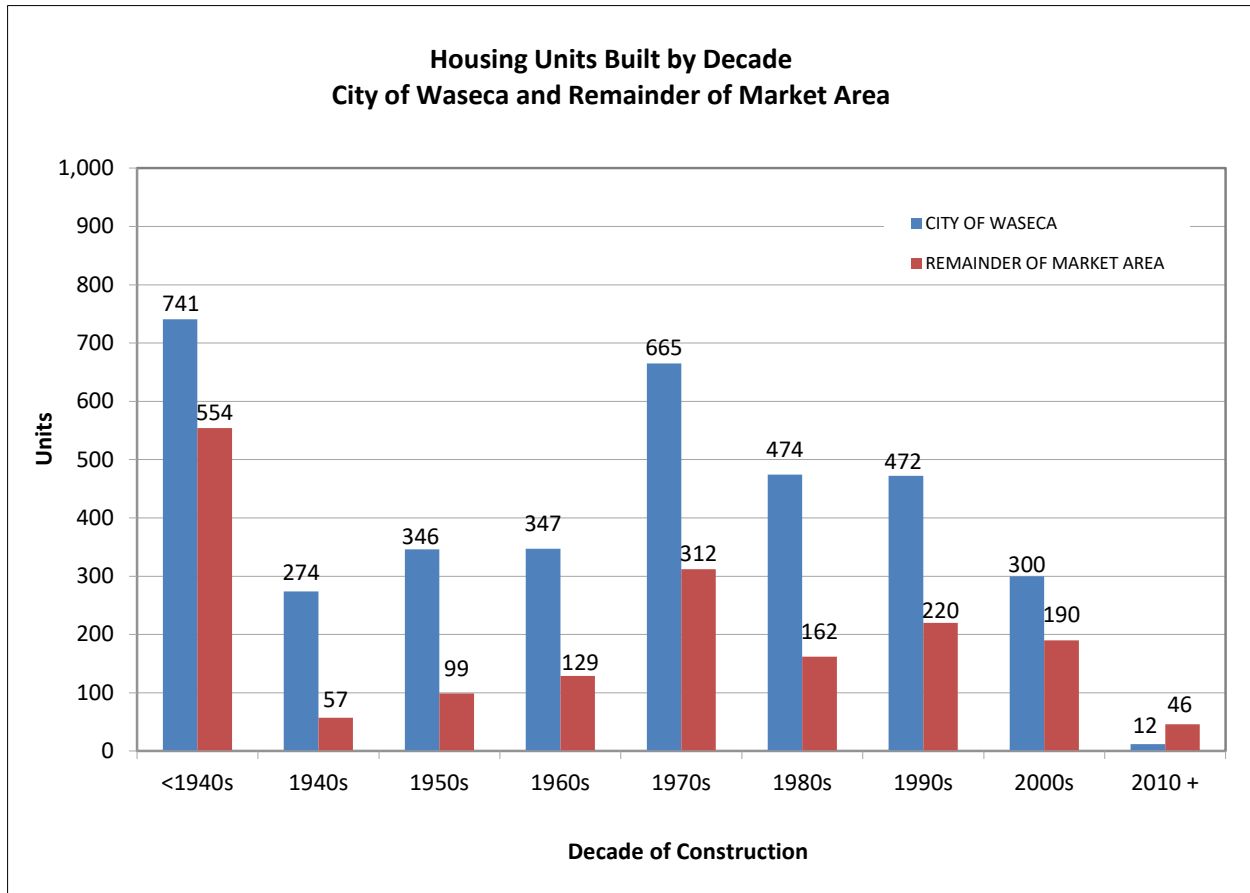


**American Community Survey**

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 2015 and 2019. Tables HC-2 to HC-6 show key data for Waseca and the Market Area.

**Age of Housing Stock**

- In total, the Market Area is estimated to have 5,400 housing units, of which roughly 75% are owner-occupied and 25% are renter-occupied.



- Homes in Waseca are slightly newer than homes in the Market Area. The highest numbers of homes in Waseca were constructed prior to 1940. Overall, roughly 20% 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 (31%). About 47% 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.
- Only 9% of Waseca’s housing stock has been built since 2000 compared to 11% of Waseca County, and 19% in Minnesota.

# HOUSING CHARACTERISTICS

TABLE HC-2  
AGE OF HOUSING STOCK  
WASECA MARKET AREA  
2019

	Total Units	Med. Yr. Built	Year Unit Built																	
			<1940		1940s		1950s		1960s		1970s		1980s		1990s		2000s		2010 +	
			No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
<b>CITY OF WASECA</b>																				
Owner-Occupied	2,460	1968	551	22.4	215	8.7	267	10.9	232	9.4	531	21.6	165	6.7	288	11.7	211	8.6	0	0.0
Renter-Occupied	1,171	1980	190	16.2	59	5.0	79	6.7	115	9.8	134	11.4	309	26.4	184	15.7	89	7.6	12	1.0
<b>Total</b>	<b>3,631</b>	<b>1972</b>	<b>741</b>	<b>20.4</b>	<b>274</b>	<b>7.5</b>	<b>346</b>	<b>9.5</b>	<b>347</b>	<b>9.6</b>	<b>665</b>	<b>18.3</b>	<b>474</b>	<b>13.1</b>	<b>472</b>	<b>13.0</b>	<b>300</b>	<b>8.3</b>	<b>12</b>	<b>0.3</b>
<b>REMAINDER OF MARKET AREA</b>																				
Owner-Occupied	1,617	1961	488	30.2	50	3.1	81	5.0	102	6.3	294	18.2	150	9.3	216	13.4	190	11.8	46	2.8
Renter-Occupied	152	1950	66	43.4	7	4.6	18	11.8	27	17.8	18	11.8	12	7.9	4	2.6	0	0.0	0	0.0
<b>Total</b>	<b>1,769</b>	<b>1959</b>	<b>554</b>	<b>31.3</b>	<b>57</b>	<b>3.2</b>	<b>99</b>	<b>5.6</b>	<b>129</b>	<b>7.3</b>	<b>312</b>	<b>17.6</b>	<b>162</b>	<b>9.2</b>	<b>220</b>	<b>12.4</b>	<b>190</b>	<b>10.7</b>	<b>46</b>	<b>2.6</b>
<b>MARKET AREA TOTAL</b>																				
Owner-Occupied	4,077	1965	1,039	25.5	265	6.5	348	8.5	334	8.2	825	20.2	315	7.7	504	12.4	401	9.8	46	1.1
Renter-Occupied	1,323	1955	256	19.3	66	5.0	97	7.3	142	10.7	152	11.5	321	24.3	188	14.2	89	6.7	12	0.9
<b>Total</b>	<b>5,400</b>	<b>1959</b>	<b>1,295</b>	<b>24.0</b>	<b>331</b>	<b>6.1</b>	<b>445</b>	<b>8.2</b>	<b>476</b>	<b>8.8</b>	<b>977</b>	<b>18.1</b>	<b>636</b>	<b>11.8</b>	<b>692</b>	<b>12.8</b>	<b>490</b>	<b>9.1</b>	<b>58</b>	<b>1.1</b>
<b>Waseca County</b>																				
Owner-Occupied	5,755	1969	1,558	27.1	353	6.1	508	8.8	495	8.6	1,090	18.9	387	6.7	644	11.2	611	10.6	109	1.9
Renter-Occupied	1,670	1974	312	18.7	71	4.3	161	9.6	188	11.3	235	14.1	392	23.5	210	12.6	89	5.3	12	0.7
<b>Total</b>	<b>7,425</b>	<b>1971</b>	<b>1,870</b>	<b>25.2</b>	<b>424</b>	<b>5.7</b>	<b>669</b>	<b>9.0</b>	<b>683</b>	<b>9.2</b>	<b>1,325</b>	<b>17.8</b>	<b>779</b>	<b>10.5</b>	<b>854</b>	<b>11.5</b>	<b>700</b>	<b>9.4</b>	<b>121</b>	<b>1.6</b>
<b>Minnesota</b>																				
Owner-Occupied	1,564,870	1977	250,366	16.0	71,501	4.6	168,091	10.7	135,584	8.7	210,341	13.4	195,623	12.5	227,450	14.5	241,913	15.5	64,001	4.1
Renter-Occupied	620,733	1976	97,309	15.7	23,162	3.7	49,686	8.0	71,935	11.6	115,209	18.6	86,394	13.9	71,192	11.5	65,279	10.5	40,567	6.5
<b>Total</b>	<b>2,185,603</b>	<b>1977</b>	<b>347,675</b>	<b>15.9</b>	<b>94,663</b>	<b>4.3</b>	<b>217,777</b>	<b>10.0</b>	<b>207,519</b>	<b>9.5</b>	<b>325,550</b>	<b>14.9</b>	<b>282,017</b>	<b>12.9</b>	<b>298,642</b>	<b>13.7</b>	<b>307,192</b>	<b>14.1</b>	<b>104,568</b>	<b>4.8</b>

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

## HOUSING CHARACTERISTICS

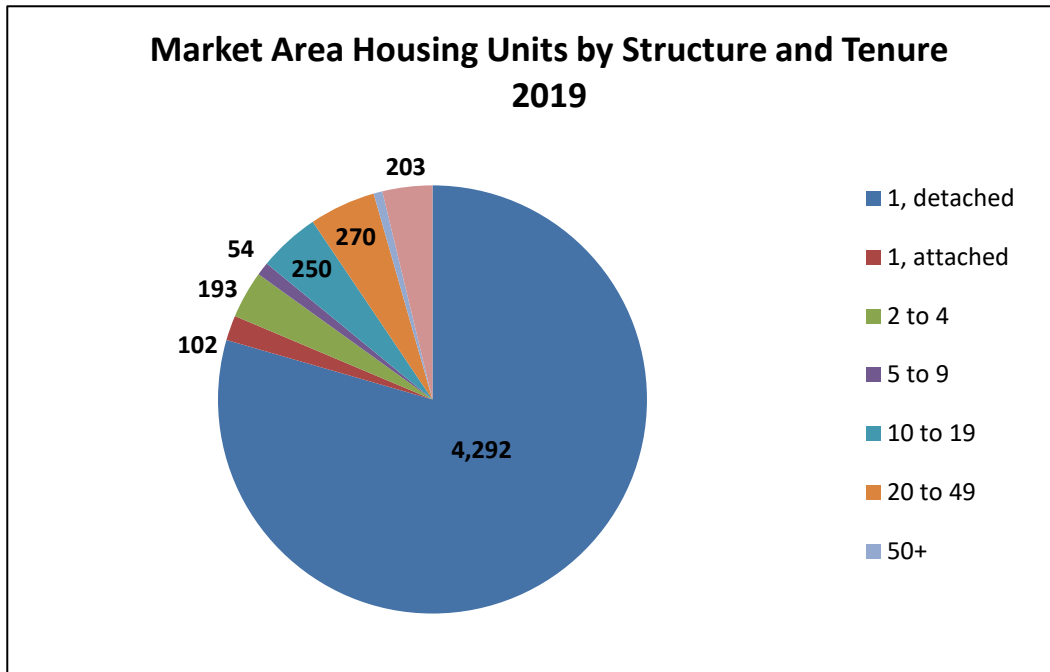
### Housing Units by Structure and Occupancy or (Housing Stock by Structure Type)

Table HC-3 shows the housing stock in the Market Area by type of structure and tenure as of 2019.

- The dominant housing type in the Market area is the single-family detached home, representing an estimated 94% of all owner-occupied housing units and 36% of renter-occupied housing units as of 2019.
- Most owner-occupied housing units are single-family detached homes representing 91% of all owner-occupied housing in Waseca.
- 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 Waseca.
- As of 2019, the U.S. Census identified that mobile homes account for about 4% of all housing units in the Market Area. The mobile homes identified by the U.S. Census are mostly located within the City of Waseca.

Units in Structure	WASECA				REMAINDER				MARKET AREA TOTAL			
	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.
1, detached	2,230	90.7%	332	28.4%	1,589	98.3%	141	93%	3,819	93.7%	473	35.8%
1, attached	60	2.4%	25	2.1%	17	1.1%	0	0%	77	1.9%	25	1.9%
2	15	0.6%	62	5.3%	0	0.0%	0	0%	15	0.4%	62	4.7%
3 to 4	0	0.0%	112	9.6%	0	0.0%	4	3%	0	0.0%	116	8.8%
5 to 9	0	0.0%	54	4.6%	0	0.0%	0	0%	0	0.0%	54	4.1%
10 to 19	13	0.5%	237	20.2%	0	0.0%	0	0%	13	0.3%	237	17.9%
20 to 49	13	0.5%	257	21.9%	0	0.0%	0	0%	13	0.3%	257	19.4%
50 or more	0	0.0%	36	3.1%	0	0.0%	0	0%	0	0.0%	36	2.7%
Mobile home	129	5.2%	56	4.8%	11	0.7%	7	5%	140	3.4%	63	4.8%
Boat, RV, van, etc.	0	0.0%	0	0.0%	0	0.0%	0	0%	0	0.0%	0	0.0%
<b>Total</b>	<b>2,460</b>	<b>100%</b>	<b>1,171</b>	<b>100%</b>	<b>1,617</b>	<b>100%</b>	<b>152</b>	<b>100%</b>	<b>4,077</b>	<b>100%</b>	<b>1,323</b>	<b>100%</b>

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



### Owner-Occupied Housing Units by Mortgage Status

Table HC-4 shows mortgage status and average values from the American Community Survey for 2019 (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 61% of Waseca homeowners and 56% of homeowners in the Remainder of the Market Area have a mortgage/debt. About 9% of homeowners with mortgages in Waseca also have a second mortgage and/or home equity loan. These numbers are low as compared to Minnesota where approximately 66% of homeowners have a mortgage.
- The median value for homes with a mortgage for the City of Waseca homeowners is approximately \$123,900. By comparison, the Remainder of the Market Area is about \$243,734.
- Of both Waseca and the Market Area owner-occupied households, 38% and 41% do not have a mortgage. Within Waseca County, 40% and 34% Minnesota owner-occupied households do not have a mortgage.

## HOUSING CHARACTERISTICS

<b>TABLE HC-4</b> <b>OWNER-OCCUPIED HOUSING UNITS BY MORTGAGE STATUS</b> <b>WASECA MARKET AREA</b> <b>2019</b>						
Mortgage Status	WASECA		REMAINDER		MARKET AREA	
	No.	Pct.	No.	Pct.	No.	Pct.
Housing units without a mortgage	947	38.5	715	44.2	1,662	40.8
Housing units with a mortgage/debt	1,513	61.5	902	55.8	2,415	59.2
<i>Second mortgage only</i>	60	2.4	32	2.0	92	2.3
<i>Home equity loan only</i>	151	6.1	92	5.7	243	6.0
<i>Both second mortgage and equity loan</i>	0	0.0	2	0.1	2	0.0
<i>No second mortgage or equity loan</i>	1,302	52.9	776	48.0	2,078	51.0
<b>Total</b>	<b>2,460</b>	<b>100.0</b>	<b>1,617</b>	<b>100.0</b>	<b>4,077</b>	<b>100.0</b>
<b>Median Value by Mortgage Status</b>						
Housing units with a mortgage	\$123,900		\$243,734		\$168,658	
Housing units without a mortgage	\$133,600		\$232,008		\$175,935	
Sources: U.S. Census Bureau; Maxfield Research and Consulting LLC						

### 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 Waseca is estimated to be valued between \$100,000 and \$149,999 (28%). Approximately 30% is valued under \$100,000, 48% is between \$100,000 and \$200,000, and 22% is over \$200,000.
- The median owner-occupied home in Waseca is \$127,300, or \$78,309 less than the Remainder of the Market Area median home value (\$205,609). There is a greater percentage of higher valued homes in the Remainder of the Market Area (\$200,000 or greater) than the City of Waseca. Approximately 22% of homes in Waseca are valued at \$200,000 or greater compared to 63% in the Remainder of the Market Area. A percentage of these in the Remainder of the Market Area are located on lakes or farmsteads.
- By comparison, Waseca County has a median home value of \$158,900, compared to \$127,300 in Waseca. About 46% of Waseca County homes have a home value of \$100,000 or less, and 35% are worth \$200,000 or more.

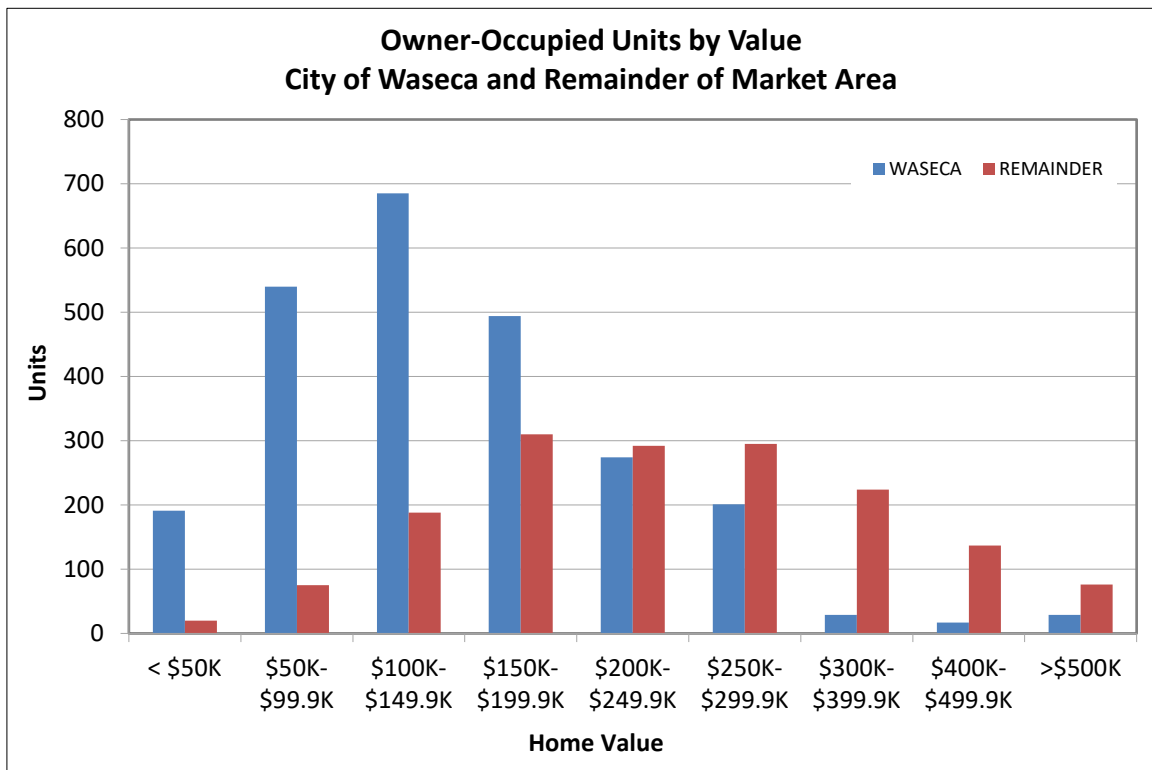


# HOUSING CHARACTERISTICS

**TABLE HC-5  
OWNER-OCCUPIED UNITS BY VALUE  
WASECA MARKET AREA  
2019**

Home Value	WASECA		REMAINDER		MARKET AREA		WASECA COUNTY	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Less than \$50,000	191	7.8	20	1.2	211	5.2	294	5.1
\$50,000-\$99,999	540	22.0	75	4.6	615	15.1	988	17.2
\$100,000-\$149,999	685	27.8	188	11.6	873	21.4	1,360	23.6
\$150,000-\$199,999	494	20.1	310	19.2	804	19.7	1,072	18.6
\$200,000-\$249,999	274	11.1	292	18.1	566	13.9	776	13.5
\$250,000-\$299,999	201	8.2	295	18.2	496	12.2	618	10.7
\$300,000-\$399,999	29	1.2	224	13.9	253	6.2	342	5.9
\$400,000-\$499,999	17	0.7	137	8.5	154	3.8	170	3.0
Greater than \$500,000	29	1.2	76	4.7	105	2.6	135	2.3
<b>Total</b>	<b>2,460</b>	<b>100.0</b>	<b>1,617</b>	<b>100.0</b>	<b>4,077</b>	<b>100.0</b>	<b>5,755</b>	<b>100.0</b>
Median Home Value	\$127,300		\$205,609		\$158,359		\$158,900	

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



**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 Waseca and the Remainder of the Market Area was \$574 and \$546, respectively. Based on a 30% allocation of income to housing, a household in Waseca would need an income of about \$22,960 to afford an average monthly rent of \$574.
- Approximately 62% of Waseca renters paying cash have monthly rents ranging from \$250 to \$749. Roughly 29% of renters have monthly rents of \$750 or greater in Waseca.
- Within Waseca County, most renters (32%) are paying a contract rent between \$250 to \$499.

<b>TABLE HC-6</b> <b>RENTER-OCCUPIED UNITS BY CONTRACT RENT</b> <b>WASECA MARKET AREA</b> <b>2019</b>								
Contract Rent	WASECA		REMAINDER		MARKET AREA		WASECA COUNTY	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
No Cash Rent	67	5.7	67	44.1	134	10.1	148	8.9
Cash Rent	1104	94.3	85	55.9	1,189	89.9	1,522	91.1
\$0 to \$249	41	3.5	3	2.0	44	3.3	72	4.3
\$250-\$499	356	30.4	11	7.2	367	27.7	540	32.3
\$500-\$749	367	31.3	39	25.7	406	30.7	505	30.2
\$750-\$999	173	14.8	18	11.8	191	14.4	212	12.7
\$1,000+	167	14.3	14	9.2	181	13.7	193	11.6
<b>Total</b>	<b>1,171</b>	<b>100.0</b>	<b>152</b>	<b>100.0</b>	<b>1,323</b>	<b>100.0</b>	<b>1,670</b>	<b>100.0</b>
Median Contract Rent	\$574		\$546		\$560		\$504	

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

### Introduction

For purposes of our analysis, rental properties are classified rental projects into two groups, general occupancy and senior (age-restricted). All senior properties are included in the *Senior Housing Analysis* section of this report. The general occupancy rental properties are divided into three groups: market rate (those without income restrictions); affordable or shallow-subsidy housing (those receiving tax credits or another type of shallow-subsidy and where there is a quoted rent for the unit and a maximum income that cannot be exceeded by the tenant); and subsidized or deep-subsidy properties (those with income restrictions at 30% or less of AMI where rental rates are based on 30% of their gross adjusted income).

### Overview of Rental Market Conditions

Maxfield Research utilized data from the American Community Survey (ACS) to summarize rental market conditions in the Waseca 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 2015-2019 ACS in the Waseca 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.

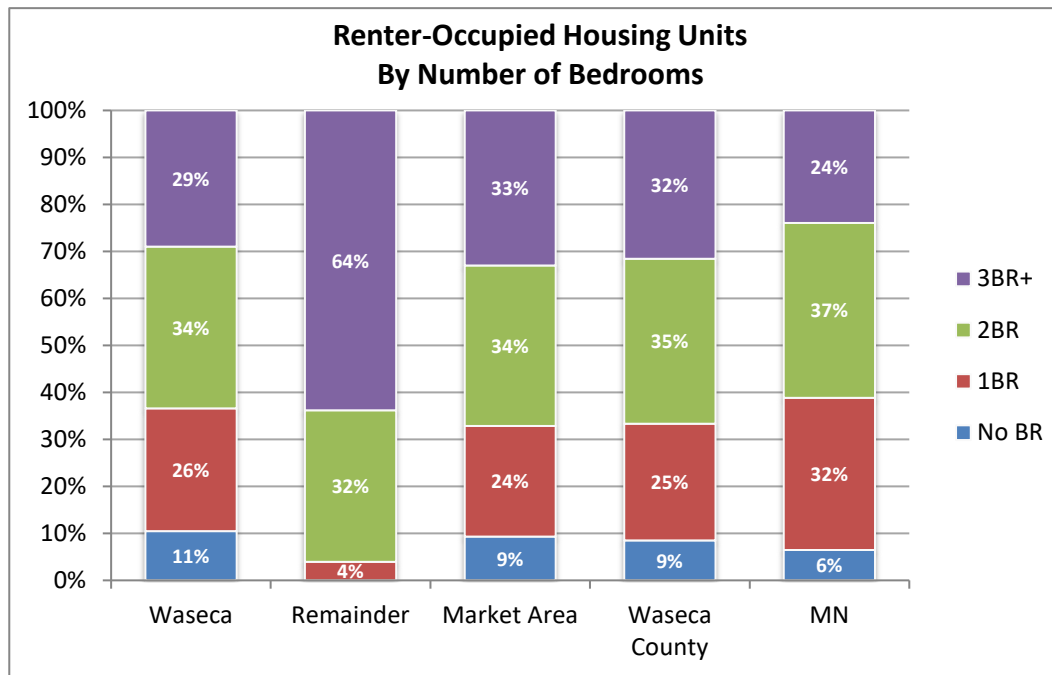
- The Waseca Market Area has lower median rents when compared to Minnesota. The median gross rent in the Market Area is at \$678 which is 36% lower than the median rent of \$977 in Minnesota. Rural communities often have lower rents than metropolitan areas due to wage rates and the age of rental properties.
- Two- bedroom units are the most common rental unit type in Market Area, representing 34% of all occupied rental units in the Market Area. In Minnesota, two bedroom units are also the most common rental unit type (37%).

**RENTAL MARKET ANALYSIS**

**TABLE R-1  
BEDROOMS BY GROSS RENT, RENTER-OCCUPIED HOUSING UNITS  
WASECA MARKET AREA  
2019**

	Waseca		Remainder		Market Area		Waseca County		MN
	#	% of Total	#	% of Total	#	% of Total	#	% of Total	% of Total
<b>Total:</b>	<b>1,171</b>	<b>100%</b>	<b>152</b>	<b>100%</b>	<b>1,323</b>	<b>100%</b>	<b>1,670</b>	<b>100%</b>	<b>100%</b>
<b>Median Gross Rent</b>	<b>\$654</b>		<b>\$906</b>		<b>\$678</b>		<b>\$669</b>		<b>\$977</b>
<b>No Bedroom</b>	<b>123</b>	<b>11%</b>	<b>0</b>	<b>0%</b>	<b>123</b>	<b>9%</b>	<b>142</b>	<b>9%</b>	<b>6%</b>
Less than \$200	0	0%	0	0%	0	0%	12	1%	1%
\$200 to \$299	16	1%	0	0%	16	1%	16	1%	1%
\$300 to \$499	15	1%	0	0%	15	1%	18	1%	2%
\$500 to \$749	25	2%	0	0%	25	2%	29	2%	2%
\$750 to \$999	0	0%	0	0%	0	0%	0	0%	1%
\$1,000 or more	67	6%	0	0%	67	5%	67	4%	1%
No cash rent	0	0%	0	0%	0	0%	0	0%	0%
<b>1 Bedroom</b>	<b>306</b>	<b>26%</b>	<b>6</b>	<b>4%</b>	<b>312</b>	<b>24%</b>	<b>415</b>	<b>25%</b>	<b>32%</b>
Less than \$200	45	4%	1	1%	46	3%	78	5%	3%
\$200 to \$299	158	13%	0	0%	158	12%	209	13%	3%
\$300 to \$499	67	6%	4	3%	71	5%	91	5%	6%
\$500 to \$749	0	0%	0	0%	0	0%	0	0%	9%
\$750 to \$999	28	2%	1	1%	29	2%	29	2%	7%
\$1,000 or more	0	0%	0	0%	0	0%	0	0%	3%
No cash rent	8	1%	0	0%	8	1%	8	0%	0%
<b>2 Bedrooms</b>	<b>403</b>	<b>34%</b>	<b>49</b>	<b>32%</b>	<b>452</b>	<b>34%</b>	<b>586</b>	<b>35%</b>	<b>37%</b>
Less than \$200	0	0%	0	0%	0	0%	0	0%	1%
\$200 to \$299	76	6%	2	1%	78	6%	82	5%	2%
\$300 to \$499	218	19%	10	7%	228	17%	282	17%	5%
\$500 to \$749	20	2%	11	7%	31	2%	91	5%	9%
\$750 to \$999	32	3%	5	3%	37	3%	45	3%	14%
\$1,000 or more	57	5%	0	0%	57	4%	57	3%	5%
No cash rent	0	0%	21	14%	21	2%	29	2%	1%
<b>3 or More Bedrooms</b>	<b>339</b>	<b>29%</b>	<b>97</b>	<b>64%</b>	<b>436</b>	<b>33%</b>	<b>527</b>	<b>32%</b>	<b>24%</b>
Less than \$200	0	0%	0	0%	0	0%	0	0%	0%
\$200 to \$299	0	0%	0	0%	0	0%	0	0%	1%
\$300 to \$499	28	2%	7	5%	35	3%	62	4%	2%
\$500 to \$749	74	6%	16	11%	90	7%	132	8%	3%
\$750 to \$999	178	15%	14	9%	192	15%	208	12%	7%
\$1,000 or more	0	0%	14	9%	14	1%	14	1%	8%
No cash rent	59	5%	46	30%	105	8%	111	7%	2%
<b>Total:</b>	<b>371</b>		<b>3,061</b>		<b>621</b>		<b>1,386</b>		<b>1,368</b>
<b>Median Gross Rent</b>	<b>\$1,279</b>		<b>\$822</b>		<b>\$880</b>		<b>\$643</b>		<b>\$861</b>

Sources: US Census Bureau American Community Survey; Maxfield Research and Consulting LLC



- One-bedroom units comprise 24% of Market Area’s renter-occupied housing supply and 9% of renter-occupied units had no bedrooms (i.e. studio units). By comparison, roughly 32% of Minnesota’s renter-occupied housing units are one-bedroom and 6% have no bedrooms. Most one-bedroom units in the Market Area (51%) have a rental range between \$200 and \$299.
- In the Market Area, most of the two-bedroom units (50%) have gross monthly rents ranging from \$300 to \$499 and most units with three or more bedrooms (44%) rent between \$750 and \$999.
- Roughly 10% of the units in the Market Area have rents over \$1,000.

**General-Occupancy Rental Projects**

Maxfield Research and Consulting LLC identified and surveyed larger rental properties of 12 or more units in Waseca, Minnesota. Table R-2 summarizes information on market rate, affordable, and subsidized general occupancy projects. Table R-3 summarizes unit features and common area amenities among all general-occupancy housing developments.

# RENTAL MARKET ANALYSIS

R-2 GENERAL OCCUPANCY RENTAL HOUSING WASECA MARKET AREA MAY 2021										
Project Name/Location	Occp. Date	No. of Units	Total Vacant	Unit Description			Monthly Rent		Rent/sq. ft.	
				Type	Mix	Size (Sq. Ft.)	Min	Max	Min	Max
<b>MARKET RATE</b>										
<b>17th Avenue Apts.</b> 201-301 17th Ave NE Waseca, MN	1976	46	1	1BR	26	600	\$450 - \$450	\$0.75 - \$0.75		
		vacancy rate:	2.2%	2BR	20	760	\$550 - \$550	\$0.72 - \$0.72		
<i><b>Notes:</b> 48 Units total in the building; Accepts Section 8 Vouchers only a couple of units are Section 8; air conditioning; on-site laundry; off-street surface parking; balcony-deck; on-site management; smoking is allowed; pets allowed; water and trash removal are included.</i>										
<b>Collins Apts.</b> 608 3rd St NE Waseca, MN	1975	12	0	1BR	1	580	\$535	\$0.92		
		vacancy rate:	0.0%	2BR	11	684	\$580	\$0.85		
<i><b>Notes:</b> Patio or deck; off street parking; laundry facility; in-unit air conditioning. Heat and water is included.</i>										
<b>Downtown Apts.</b> 117 S. State St. Waseca, MN	1889	12	1	1BR	12	450	\$425	\$0.94		
		vacancy rate:	8.3%							
<i><b>Notes:</b> Heat, Water, and Sewer are included. On-site washer and dryer, no pets, no smoking, window air conditioning unit.</i>										
<b>Madel Apts.</b> 109 8th St NW Waseca, MN	1965	12	0	1BR	4	500	\$450	\$0.90		
		vacancy rate:	0.0%	2BR	8	800	\$550	\$0.69		
<i><b>Notes:</b> Off street parking; laundry available; in unit air conditioner. Tenants pay heat and water.</i>										
<b>Parkview Estates</b> 413 Johnson Ave SW Waseca, MN	1997	10	0	2BR	8	880	\$650 - \$710	\$0.74 - \$0.81		
		vacancy rate:	0.0%	3BR	2	1,100 - 1,200	\$745 - \$920	\$0.68 - \$0.77		
<i><b>Notes:</b> 38 units total; LIHTC 10 units are market rate; garages available; off-street surface parking; in-unit air conditioning; dishwasher; on-site laundry and hookups; on-site caretaker and maintenance; heat, water and sewer included.</i>										
<b>Park View Manor</b> 921 4th St SW Waseca	1970	12	0	1BR	1	700	\$600	\$0.86		
		vacancy rate:	0.0%	2BR	11	850	\$700	\$0.82		
<i><b>Notes:</b> All Utilities are included except electricity; units include walk-in closets, garbage disposal.</i>										
<b>Waseca Manor</b> 1109 2nd St NW Waseca, MN	1971	36	0	1BR	3	576	\$650	\$1.13		
		vacancy rate:	0.0%	2BR	33	792	\$750	\$0.95		
<i><b>Notes:</b> Delux units have stainless steel appliances and a dishwasher; units include in unit air conditioning; surface parking; on-site laundry.</i>										
<b>West Elm Apts.</b> 808 W Elm Ave Waseca, MN	1967	12	0	1BR	2	700	\$500	\$0.71		
		vacancy rate:	0.0%	2BR	10	900	\$600	\$0.67		
<i><b>Notes:</b> Patio or deck; off street parking; laundry available; in unit air conditioner. Utilities included water, heat, garbage removal, not electricity or cable.</i>										
<b>Woodstone Apts.</b> 400 11th Ave NE Waseca, MN	1996	15	0	2BR	15	924	\$735	\$0.80		
		vacancy rate:	0.0%							
<i><b>Notes:</b> Not much turnover of tenants; Includes garage; dishwasher; security system; in-unit air conditioning unit; walk-in closets; off street parking. Heat; water, 1-car garage is included. On-site laundry; garden; dishwasher in units.</i>										
<i>Continued</i>										

## RENTAL MARKET ANALYSIS

R-2 Continued GENERAL OCCUPANCY RENTAL HOUSING WASECA MARKET AREA MAY 2021										
Project Name/Location	Occp. Date	No. of Units	Total Vacant	Unit Description			Monthly Rent		Rent/sq. ft.	
				Type	Mix	Size (Sq. Ft.)	Min	Max	Min	Max
<b>AFFORDABLE</b>										
<b>BR Properties</b> 108 14th Ave NW Waseca, MN	1981	16	1	1BR	8	492	\$585 - \$585	\$1.19 - \$1.19		
		vacancy rate:	6.3%	2BR	8	620	\$650 - \$650	\$1.05 - \$1.05		
<i>Notes: USDA Rural Development subsidy; On-site Laundry; off-street parking; some units have in-unit air conditioning; walk-in closets; playground; heat, water, sewer and trash removal included. Seven Units are rental assistance units.</i>										
<b>Green Leaf Apts.</b> 204 - 208 19th Ave NE Waseca, MN	1984	28	0	1BR	2	640	\$510 - \$553	\$0.80 - \$0.86		
		vacancy rate:	0.0%	2BR	20	685	\$535 - \$578	\$0.78 - \$0.84		
				3BR	6	918	\$565 - \$608	\$0.62 - \$0.66		
<i>Notes: 12 units are rental assistance units, USDA Rural Development subsidy. Off street surface parking with plug-ins; on-site laundry; playground-picnic area; Heat, Water, Sewer and Trash removal included.</i>										
<b>Normandy Apts.</b> 208 14th Ave NE Waseca, MN	1980	16	0	1BR	8	650	\$480 - \$600	\$0.74 - \$0.92		
		vacancy rate:	0.0%	2BR	8	700	\$515 - \$640	\$0.74 - \$0.91		
<i>Notes: 7 units are rental assistance, USDA Rural Development subsidy; On-site Laundry; off-street parking; in-unit air conditioning units; non-smoking building, security entrance, heat, water, sewer and trash removal</i>										
<b>North State Apts.</b> 116/117 14th Avenue NW Waseca, MN	1980s	24	0	1BR	11	550 - 590	\$580 - \$580	\$0.98 - \$1.05		
		vacancy rate:	0.0%	2BR	11	750 - 800	\$700 - \$700	\$0.88 - \$0.93		
				3BR	2	885 - 885	\$735 - \$735	\$0.83 - \$0.83		
<i>Notes: USDA Rural Development subsidy; Common room; Play area and Gazebo; On-site Laundry on each floor; off-street surface parking; some units have in-unit air conditioning; heat, water, sewer and trash removal included. Waitlist.</i>										
<b>Parkview Estates</b> 413 Johnson Ave SW Waseca, MN	1997	28	0	2BR	20	880	\$749 - \$843	\$0.85 - \$0.96		
		vacancy rate:	0.0%	3BR	8	1,100 - 1,200	\$843 - \$935	\$0.77 - \$0.78		
<i>Notes: 38 units total, 28 units are LIHTC, Garages available; off-street surface parking controlled access; private entrances; in-unit air conditioning; dishwasher; on-site laundry and hookups; on-site caretaker and maintenance; heat, water and sewer included</i>										
<b>Wend Don Apts.</b> 1605 4th St NE Waseca, MN	1980s	31	0	1BR	12	624	\$480 - \$519	\$0.77 - \$0.83		
		vacancy rate:	0.0%	2BR	17	749	\$505 - \$549	\$0.67 - \$0.73		
				3BR	2	900	\$525 - \$569	\$0.58 - \$0.63		
<i>Notes: 14 units are rental assistance, USDA Rural Development subsidy; On-site Laundry; off-street parking with plug-ins, heat, water, sewer and trash removal included.</i>										

Continued

## RENTAL MARKET ANALYSIS

R-2 Continued GENERAL OCCUPANCY RENTAL HOUSING WASECA MARKET AREA MAY 2021										
Project Name/Location	Occp. Date	No. of Units	Total Vacant	Unit Description			Monthly Rent		Rent/sq. ft.	
				Type	No.	Size (Sq. Ft.)	Min	Max	Min	Max
<b>SUBSIDIZED</b>										
<b>17th Avenue Apts.</b> 201-301 17th Ave NE Waseca, MN	1976	2	0	1BR	2	600	30% AGI		--	
		vacancy rate:	0.0%	2BR		760	30% AGI		--	
<i>Notes: 48 units total in the building; Accepts Section 8 Vouchers only a couple of units are Section 8; air conditioning; on-site laundry; off-street surface parking; balcony-deck; on-site management; smoking is allowed; pets allowed; water and trash removal are included.</i>										
<b>Charter Oaks</b> 301 12th St NW Waseca, MN	2001	33	0	2BR	20	967	30% AGI		--	
		vacancy rate:	0.0%	3BR	13	1,140	30% AGI		--	
<i>Notes: LIHTC; Pet friendly; private entry; private detached garage; garages are included with townhome units; off street parking; walk in closet; laundry facility; playground; Utilities included.</i>										
<b>Northridge Plaza</b> 300 15th Ave NE Waseca, MN	1970s	48	2	1BR	12	--	30% AGI		--	
		vacancy rate:	4.2%	2BR	30	--	30% AGI		--	
				3BR	6	--	30% AGI		--	
<i>Notes: Accepts Section 8 Vouchers. Waitlist for 1BR and 3BR. Surface parking; on-site laundry; community room; playground; on-site maintenance; water, sewer, heat, electricity; trash removal included.</i>										
<b>Summit On 2nd Apts.</b> 1301 2nd St NW Waseca, MN	1976	48	0	1BR	12	621	30% AGI		--	
		vacancy rate:	0.0%	2BR	30	788	30% AGI		--	
				3BR	6	960	30% AGI		--	
<i>Notes: LIHTC; accepts section 8 vouchers on one-bedroom homes. Waitlist. Off-street surface parking; on-site laundry; in-unit storage; large lobby; playground; all utilities included.</i>										
<b>Total</b>		<b>441</b>	<b>5</b>	<b>1.13%</b>	<b>vacant</b>					
<b>Market Rate Units</b>	<b>Unit Type</b>	<b>Average Size (Sq. Ft.)</b>		<b>Average Rents</b>						
	1 Bedroom	587		\$508						
	2 Bedroom	824		\$638						
	3 Bedroom	1,150		\$833						

Source: Maxfield Research and Consulting LLC

Our research of Waseca' general occupancy rental market included a survey of 17 market rate, affordable, and subsidized apartment properties (12 units and larger) in May 2021. These projects represent a combined total of 441 units, including 167 market rate units, 143 affordable units and 131 subsidized units.

Although we were able to contact and obtain up-to-date information on the majority of rental properties, there were a few projects that chose not to participate in this survey or were unable to reach and had to rely on information from third party sources.

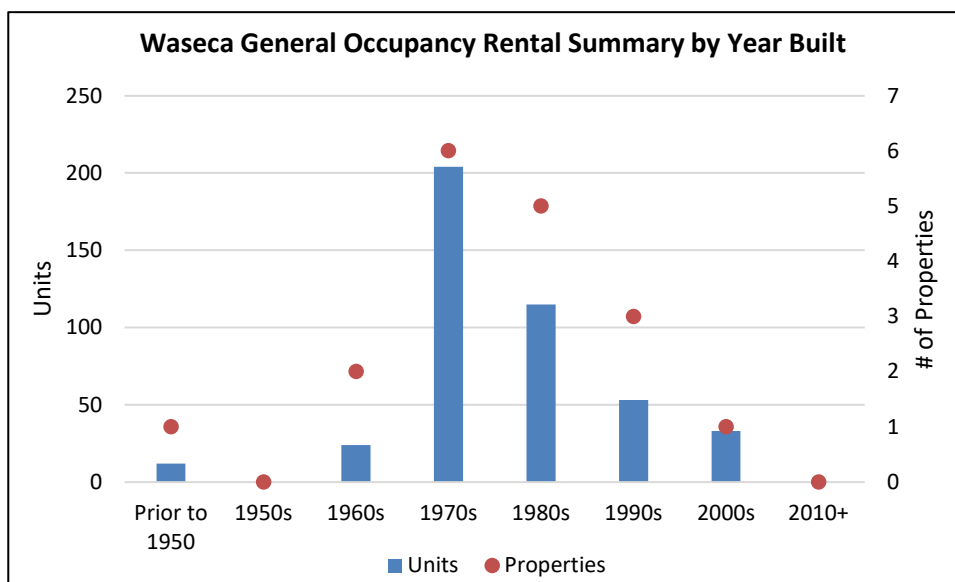
At the time of our survey, three market rate units, one affordable units, and two subsidized unit were vacant, resulting in an overall vacancy rates of 1.13%. The industry standard is a vacancy rate of 5% for a stabilized rental market, this rate promotes competitive rates, ensures adequate choice, and allows for unit turnover.



## RENTAL MARKET ANALYSIS

### Market Rate

- Most of Waseca’s market rate general occupancy rental housing was built in the 1970’s.
- The newest general occupancy rental housing project over 12 units with market rate units is the *Parkview Estates*, which was built in 1997. This housing project also has LIHTC units.
- A total of two vacant units were found in market rate rental projects, resulting in a vacancy rate of 1.2% as of May 2021.
- Turnover at many apartments is primarily driven by residents purchasing homes or leaving the area for employment opportunities. Many tenants will stay in a unit for longer lease terms; especially older adults/seniors.
- More than two-thirds of the market rate rental projects surveyed are two-bedroom units. The breakout by unit type is summarized below.
  - Efficiency units: 0%
  - One-bedroom units: 29%
  - Two-bedroom units: 70%
  - Three-bedroom units: 1%
  - Four-bedroom units: 0%
- The following is the monthly rent ranges and average rent for one and two-bedroom market rate units:
  - One-bedroom units: \$508 average
  - Two-bedroom units: \$638 average



## RENTAL MARKET ANALYSIS

### Affordable/Subsidized

- There are a total of ten income-restricted projects in Waseca with 274 total units with six projects offering affordable housing and four offering subsidized housing. Combined, three units were vacant as of May 2021, posting a vacancy rate of 1.2%. 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 housing units indicate that affordable housing in the area is at a level to support its vacancy rates.
- *Parkview Estates* (1997 Occupied Date) is the newest affordable housing development in the Waseca Market Area. Project amenities include air conditioning, dishwasher, on-site laundry and in-unit hookups, on-site caretaker and maintenance, playground, and off-street parking.
- *Charter Oaks* (2001 Occupied Date) is the newest subsidized housing development in the Waseca Market Area. *Charter Oaks* offers amenities such as: common laundry room, air conditioning, dishwasher, walk-in closet, playground, and detached garages.

R-3 UNIT FEATURES AND COMMON AREA AMENITIES EXISTING MARKET RATE, AFFORDABLE, AND SUBSIDIZED RENTAL PROJECTS MAY 2021																	
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
17th Avenue Apartments	X		X		C									X	X		O
Collins Apartments	X		X		C				X			X		X	X		O
Downtown Apts.												X		X			
Madel Apartments	X	X			C									X			O
Parkview Estates	X	X			HU				X		X	X		X			O
Park View Manor	X			X								X		X			O
Waseca Manor	X	X	X		C							X		X			O
West Elm Apartments	X		X		C							X		X			O
Woodstone Apartments	X	X			C							X		X			DG
BR Properties	X			X	C				X			X		X			O
Green Leaf Apartments	X				C				X			X		X			O
Normandy Apartments	X				C							X		X			O
North State Apartments	X				C				X			X		X			O
Wend Don Apartments	X				C							X		X			O
Charter Oaks	X	X		X	C				X			X	X	X			DG
Northridge Plaza							X		X		X	X	X	X			O
Summit on Second Apartments	X				C				X			X	X	X			O

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 and Consulting LLC

Select General Occupancy Rental Housing Properties



17<sup>th</sup> Avenue Apts.



Waseca Manor



Parkview Estates



Collins Apts.



West Elm Apts.



Park View Manor

**RENTAL MARKET ANALYSIS**

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Green Leaf Apts.



Wend-Don Apts.



Woodstone Apts.



BR Properties



Summit on Second Apts.



Northridge Plaza

### *Rental Property Ordinance*

- Single-family home rentals are a popular rental option in the City of Waseca and throughout the Market Area. Table HC-3 in the Housing Characteristics section shows housing units by structure in 2019. The table shows approximately 28% of all renter-occupied housing units in Waseca are single-family detached homes.
- Currently, the City of Waseca licenses approximately 1,033 rental units. These units range from single-family structures to multifamily structures.
- All rental properties within the City of Waseca are inspected every three years and must adhere to the adopted building codes of Chapter 116. This includes all residential units, including single family homes, duplexes, apartments, rural houses or condominiums.

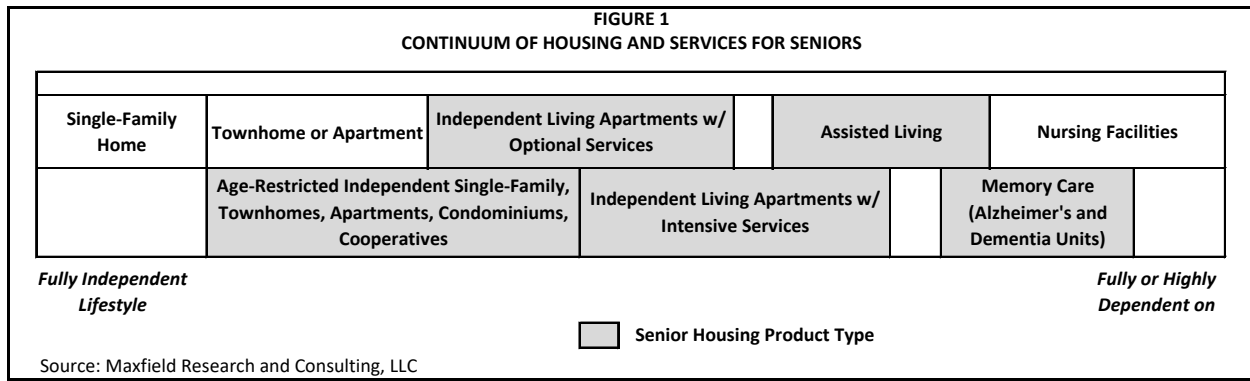
### Senior Housing Defined

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 and Consulting LLC classifies senior housing projects into five categories based on the level of support services offered:

- ▶ **Active Adult** properties (or independent living without services available) are similar to a general-occupancy building, in that they offer virtually no services but have age-restrictions (typically 55 or 62 or older). 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. Active adult properties can have a rental or owner-occupied (condominium or cooperative) format.
- ▶ **Independent Living** properties (or senior living with services available) offer support services such as meals and/or housekeeping, either on an optional basis or a limited amount included in the rents. These properties 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. Independent living 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. Sponsorship by a nursing home, hospital or other health care organization is common.
- ▶ **Assisted Living** properties come in a variety of forms, but the target market for most is generally the same: very frail seniors, typically age 80 or older (but can be much younger, depending on their particular health situation), who are in need of extensive support services and personal care assistance. Absent an assisted living option, these seniors would otherwise need to move to a nursing facility. At a minimum, assisted living properties include two meals per day and weekly housekeeping in the monthly fee, with the availability of a third meal and personal care (either included in the monthly fee or for an additional cost). Assisted living properties also have either staff on duty 24 hours per day or at least 24-hour emergency response.
- ▶ **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.

- ▶ **Skilled Nursing Care**, or long-term care facilities, provides a living arrangement that integrates shelter and food with medical, nursing, psychosocial and rehabilitation services for persons who require 24-hour nursing supervision. Residents in skilled nursing homes can be funded under Medicare, Medicaid, Veterans, HMOs, insurance as well as use of private funds.



The senior housing products available today, when combined with long-term care facilities form a full continuum of care, extending from virtually a purely residential model to a medically intensive one. Often the services available at these properties overlap with another making these definitions somewhat ambiguous. In general, active adult properties tend to attract younger active seniors, who merely wish to rid themselves of home maintenance; independent living properties serve independent seniors that desire support services (i.e., meals, housekeeping, transportation, etc.) while assisted living properties tend to attract older, frail seniors who need assistance with daily activities, but not the skilled medical care available only in a nursing facility.

### Senior Housing in Waseca

As of May 2021, Maxfield Research identified five senior housing developments and one nursing home in Waseca. Combined, these projects contain a total of 213 units with seven vacancies resulting in an overall vacancy rate of 3.3%. A normal vacancy rate for senior housing is 5% to 7% pending service level.

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.

# SENIOR HOUSING ANALYSIS

TABLE S-1 SENIOR RENTAL HOUSING WASECA MARKET AREA MAY 2021									
Project Name/Location	Year Built	No. of Units	Total Vacant	Unit Description			Monthly Rent		Resident Profile
				Type	Mix	Size (Sq. Ft.)	Min	Max	
<b>MARKET RATE ACTIVE ADULT (OWNER)</b>									
<b>Realife Cooperative</b> 1212 3rd St. NE Waseca, MN	1989	22	0	1BR	9	650 - 690	* \$18,000 - \$24,000	62+ Senior Cooperative	
			vacancy rate: 0.0%	2BR	13	815 - 1,598	* \$23,500 - \$29,750		
							* Tenants purchase their own units		
				<b>Notes:</b> Purchase price based on most recent sales price. Maintenance free; community room; resident member committees and planned social activities; guest room; laundry room; separate storage space; cable television; water, sewer, heat, garbage; appliance replacement and upkeep; property taxes; home security.					
<b>SUBSIDIZED ACTIVE ADULT</b>									
<b>Maple Terrace</b> 308 2nd Ave NW Waseca, MN	1973	59	0	1BR	59	N/A	30% AGI	62+ or Social Security Disability	
			vacancy rate: 0.0%				or \$475, whichever is lowest		
				<b>Notes:</b> HUD Senior Public Housing. Tenant profile is 62+, handicapped/disabled, singles; 1-2 people per apartment; must meet income limits of \$41,920 1 person and \$47,920 2 people; off-street parking; community spaces for activities; 2 elevators; coin-operated laundry; planned activities; heat, lights, water/sewer, trash/recycling are included; tenant pays elec. fee if used for: A/C, apt. size freezer, or car plug.					
<b>INDEPENDENT LIVING</b>									
<b>Colony Court</b> 200 22nd Ave NE Waseca, MN	1996	21	2	1BR	19	528	\$1,790 - \$2,190	Seniors 62+	
			vacancy rate: 9.5%	2BR	2	776	\$1,995 - \$2,395		
				<b>Notes:</b> Includes all utilities except phone; apartment individual control of heating and cooling; private full bath; cable TV; 24 hr a day access to staff and emergency call system; daily well check; interior and exterior maintenance; off street parking some private garages available; use of laundry facilities; common area and lounges; interior mailboxes; monthly lease terms. Services available: meals; laundry; bathing assistance; RN visits; personal care services; medication administration; housekeeping; activity program; transportation assistance.					
<b>Latham Place</b> 105 8th St. NW Waseca, MN	2005	14	1	1BR	11	496 - 618	\$2,095 - \$2,324	Seniors 62+	
			vacancy rate: 9.1%	2BR	3	733 - 889	\$2,511 - \$2,781		
				<b>Notes:</b> Emergency call system in each apartment; large windows; 2 meals daily; weekly housekeeping; personal call system; complimentary laundry; planned social events and activities; on-site barber and beauty salon; weekly grocery shopping; RN visits; guest room; basic phone service, cable TV, internet, heat, electric, trash.					
<b>ASSISTED LIVING</b>									
<b>Colony Court</b> 200 22nd Ave NE Waseca, MN	2005	21	2	1BR	21	472 - 594	\$3,099 - \$3,900	Seniors 62+ or have a documented disability to qualify.	
			vacancy rate: 9.5%						
				<b>Notes:</b> Base package includes 3 meals per day, weekly housekeeping, 2 hour nightly well checks, daily linen and trash service, daily bed making, and full access to professional organized activity program. Includes all utilities except phone; apartment individual control of heating and cooling; private full bath; cable TV; 24 hr a day access to staff and emergency call system; interior and exterior maintenance; off street parking some private garages available; use of laundry facilities; common area and lounges; interior mailboxes; monthly lease terms. Additional services available: laundry; bathing assistance; RN visits; personal care services; medication administration; housekeeping; transportation assistance.					
<b>Latham Place</b> 105 8th St. NW Waseca, MN	2005	13	0	1BR	10	496 - 618	\$2,095 - \$2,324	Seniors 62+	
			vacancy rate: 0.0%	2BR	3	733 - 889	\$2,511 - \$2,781		
				<b>Notes:</b> Emergency call system in each apartment; large windows; dining menu choices; weekly housekeeping; personal call system; complimentary laundry; planned social events and activities; on-site barber and beauty salon; weekly grocery shopping; RN visits; guest room; basic phone service, cable TV, internet, heat, electric, trash.					

Continued



# SENIOR HOUSING ANALYSIS

TABLE S-1 Continued									
SENIOR RENTAL HOUSING									
WASECA MARKET AREA									
MAY 2021									
Project Name/Location	Year Built	No. of Units	Total Vacant	Unit Description			Monthly Rent		Resident Profile
				Type	Mix	Size (Sq. Ft.)	Min	Max	
<b>SUBSIDIZED ASSISTED LIVING</b>									
Colony Court 200 22nd Ave NE Waseca, MN	1991/1996	34	1 vacancy rate: 2.9%	Studio	34	270	30% AGI if approved Private Pay \$2,899	Seniors 62+ and have a documented disability to qualify for Subsidized approved by government social worker	
<i>Notes: Private rate includes morning and evening personal care. Includes 3 meals per day, weekly housekeeping, 2 hour nightly well checks, daily linen and trash service, daily bed making, and full access to professional organized activity program. Includes all utilities; apartment individual control of heating and cooling; private full bath; cable TV; 24 hr a day access to staff and emergency call system; interior and exterior maintenance; off street parking some private garages available; use of laundry facilities; common area and lounges; interior mailboxes; monthly lease terms. Services available: laundry; bathing assistance; RN visits; personal care services; medication administration; housekeeping; transportation assistance.</i>									
<b>MEMORY CARE</b>									
Colony Court 500 22nd Ave NW Waseca, MN	2012	20	1 vacancy rate: 5.0%	Studio	20	388	\$4,654 - \$5,814 depends upon services needed	Seniors 62+ and have a documented disability to qualify for Subsidized approved by government social worker	
200 22nd Ave NE Waseca, MN	2014	9	0 vacancy rate: 0.0%	Studio	9	270 - 410	Open to Public Assistance and Private Pay \$4,092 - \$5,252		
<i>Notes: 24 hour staff with regular checks; Includes all utilities; apartment individual control of heating and cooling; private full bath; cable TV; 24 hr a day access to staff and emergency call system; Services: meals; laundry; bathing assistance; RN visits; personal care services; medication administration; housekeeping; activity program; transportation assistance.</i>									
<b>Total</b>		<b>213</b>	<b>7</b>	<b>3.3% vacant</b>					
<b>Existing Senior Rental Project Unit Mix Summary</b>				Studio	63	270 - 410	\$2,899 - \$5,814		
				1BR	129	472 - 650	\$1,790 - \$3,900		
				2BR	21	733 - 1,598	\$1,995 - \$2,511		
<b>SKILLED NURSING</b>									
Lake Shore Inn Nursing Home 108 8th St. NW Waseca, MN	1965	55	4 vacancy rate: 7.3%	1BR	55	200	\$5,018 - \$5,475	Seniors 55+	
<i>Notes: 55 medicaid beds, 25 private rooms, 30 semi-private rooms; all inclusive room and board; daily cost between \$167 to \$183.</i>									
Source: Maxfield Research & Consulting, LLC									

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

## Market Rate Active Adult

- The *Realife Cooperative* is the only active adult ownership project in the Market Area. As of May 2021 there were no vacancies out of 22 units.
- Tenants purchase their own units with a one-bedroom share value averaging \$21,000 and a two-bedroom averaging \$26,625.

## SENIOR HOUSING ANALYSIS

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- *Realife Cooperative* includes: a community room, maintenance free, resident member committees, planned social activities, guest room, on-site laundry, storage space, cable, water, sewer, heat, garbage, appliance replacement and upkeep, property taxes, and home security.

### ***Subsidized Active Adult***

- 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 Waseca County's area median income.
- There is one subsidized active adult property in the Market Area. As of May 2021, there were no vacancies in senior subsidized projects, which indicate pent-up demand for subsidized senior rental units. Equilibrium for senior subsidized housing projects is 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, Maple Terrace offers community spaces for activities, two elevators and planned activities.

### ***Market Rate Independent Living***

- There are two facilities in the Market Area offering market rate independent living support services. As of May 2021, there was three vacancies in independent living facilities across 35 units for an overall vacancy of 9%. A
- Rents range for basic services from \$1,790 for a one-bedroom at *Colony Court* to \$2,781 for a two-bedroom at *Latham Place*. Rents increase dependent upon additional services needed by tenants. Typical features include an emergency call system, laundry facility, cable TV, and utilities.

Select Senior Rental Housing Properties



Colony Court



Realife Cooperative



Lake Shore Inn

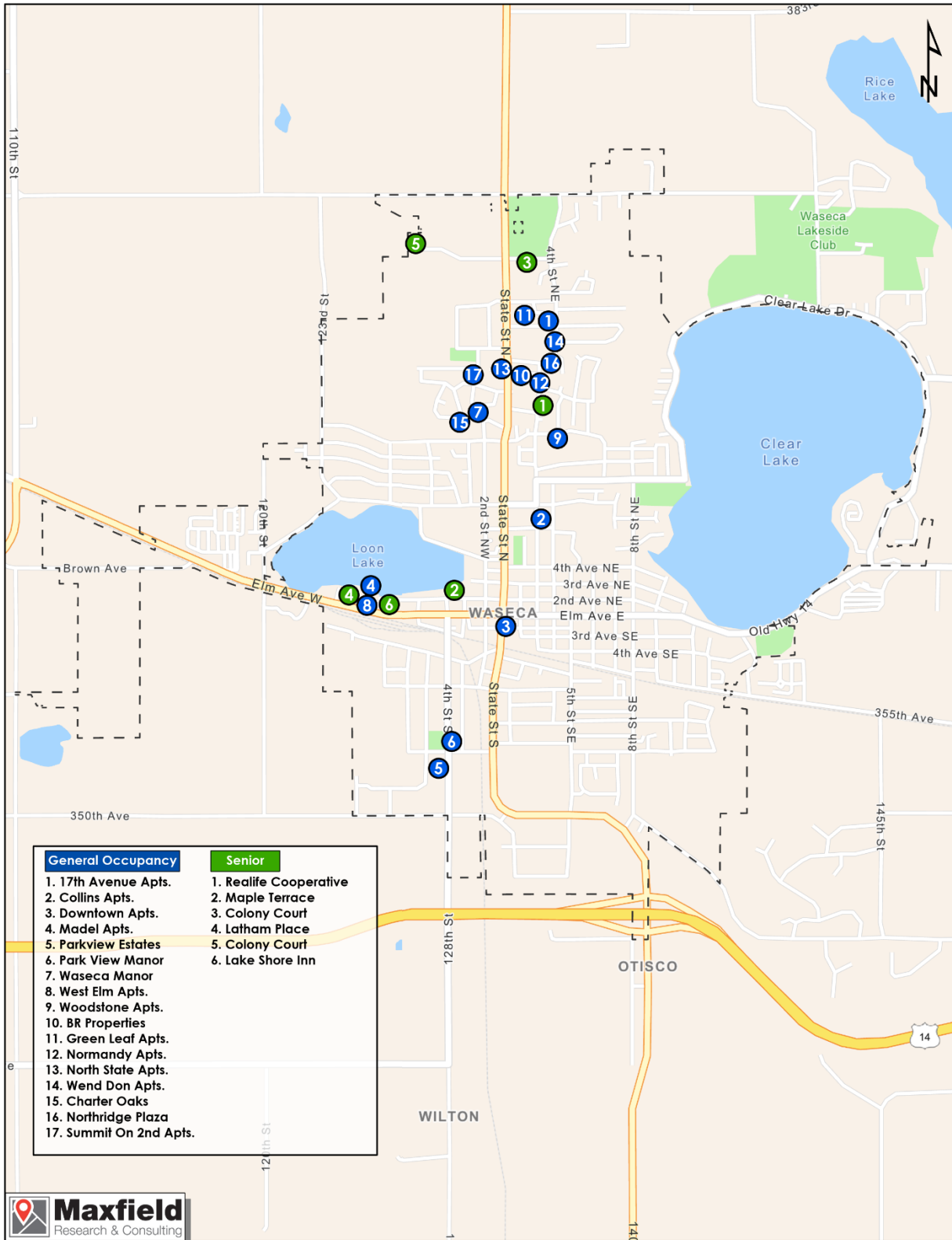


Maple Terrace



Latham Place

Waseca General Occupancy & Senior Housing Projects



***Assisted Living***

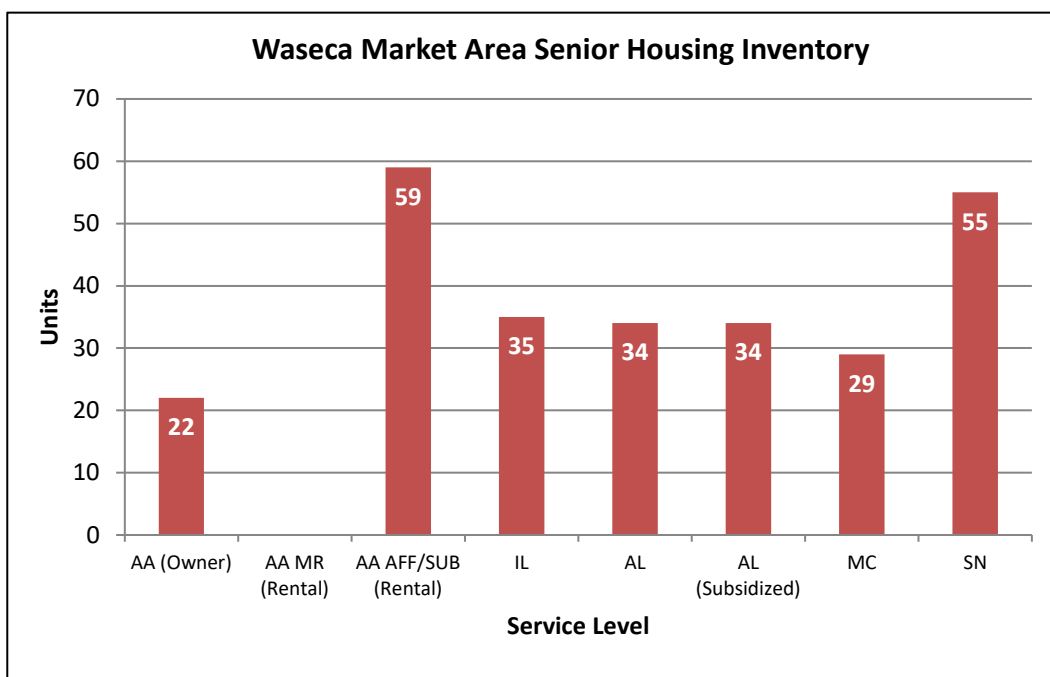
- There are two facilities in the Market Area offering market rate assisted living services. As of May 2021, there was two market rate assisted living vacancies between both facilities. Colony Court also offers subsidized studio or private pay assisted living units of which there was one studio vacancy.
- Market rate rents range for basic services from \$2,095 at *Latham Place* to \$3,900 at *Colony Court*. Rents increase dependent upon additional services needed by tenants. Typical features include an emergency call system, laundry facility, cable TV, and utilities.

***Memory Care***

- *Colony Court* is the only facility in the Market Area that offers Memory Care services. They have both market rate and subsidized memory care units. As of May 2021, there was one memory care vacancies indicating a pent-up demand for memory care rental units.

***Skilled Nursing***

- *Lake Shore Inn Nursing Home* is the only facility in the Market Area that offers skilled nursing services. They have 55 Medicaid beds and as of May 2021, there were four available beds.
- Of the 55 beds, 30 are semi-private rooms and 25 are private rooms. These units have a monthly rate that ranges from of \$5,018 to \$5,475. The rent is all inclusive room and board.



**Introduction**

Maxfield Research and Consulting LLC analyzed the for-sale housing market in Waseca 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**

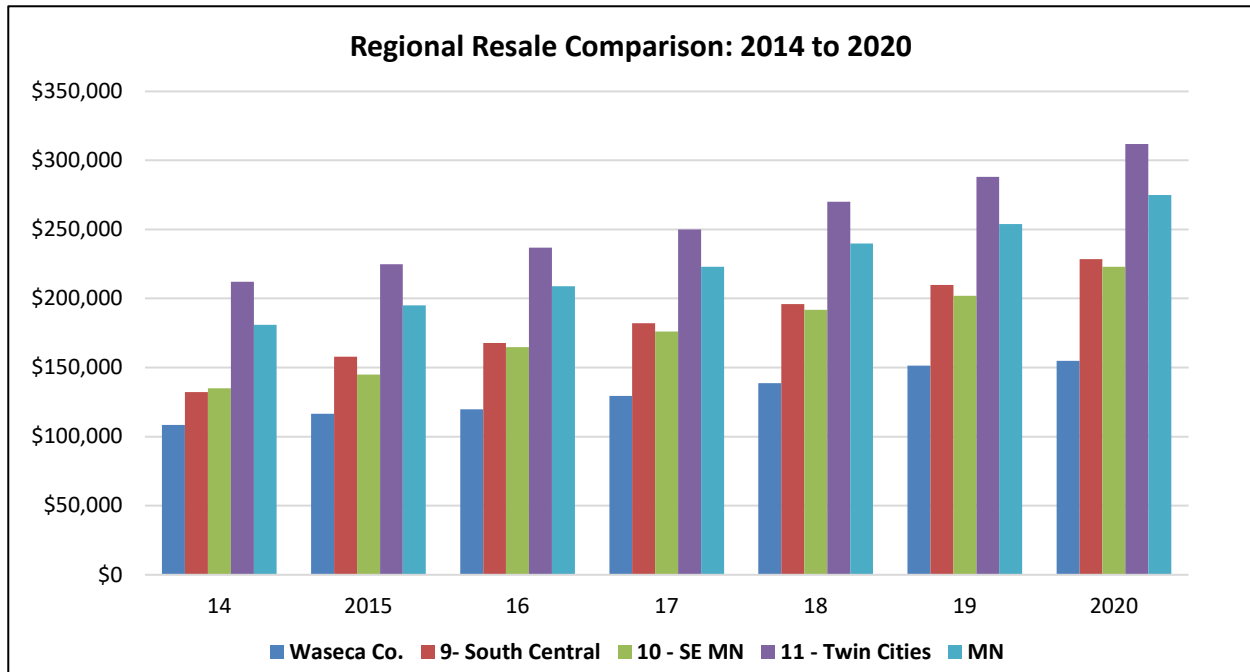
Table FS-1 presents a median sales price regional comparison for single-family housing and FS-2 displays home resale data in the City of Waseca from 2005 through 2020. The data shows annual number of sales and median and average pricing. The following are key points observed from our analysis of this data.

- Between 2014 and 2020, the median sales price increased 43% in Waseca County. By comparison, median sales price increased 73% in the South Central Minnesota region, 65% in the South East Minnesota region, and 52% in the State of Minnesota.
- The median sales price in Waseca County (\$154,900) was 38% lower than the median income in the South Central Minnesota region (\$228,500), which encompasses Waseca County, as well as Sibley, Nicollet, Le Sueur, Brown, Watonwan, Blue Earth, Martin, and Faribault Counties.

<b>TABLE FS-1                      MEDIAN SALES PRICE COMPARISON                      REGIONAL                      2014 to 2020</b>					
<b>Year</b>	<b>Waseca Co.</b>	<b>9- South Central</b>	<b>10 - SE MN</b>	<b>11 - Twin Cities</b>	<b>MN</b>
2014	\$108,500	\$132,250	\$135,000	\$212,000	\$181,000
2015	\$116,500	\$157,900	\$145,000	\$224,900	\$195,000
2016	\$119,700	\$167,900	\$164,900	\$236,900	\$208,900
2017	\$129,500	\$182,000	\$176,000	\$250,000	\$223,000
2018	\$138,750	\$196,000	\$191,835	\$270,000	\$239,900
2019	\$151,307	\$209,900	\$201,900	\$288,000	\$253,945
2020	\$154,900	\$228,500	\$223,000	\$311,750	\$275,000

Source: Minnesota Realtor Assoc., Maxfield Research and Consulting LLC

**FOR SALE MARKET ANALYSIS**



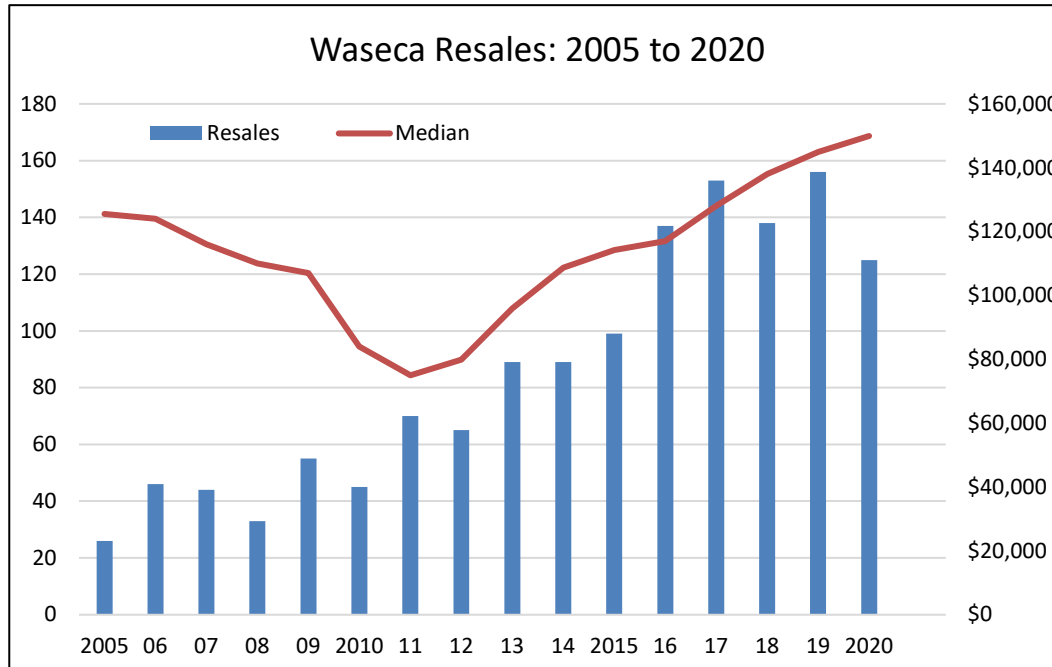
**TABLE FS-2  
RESALE TRENDS  
CITY OF WASECA  
2009 to 2020**

Year	Resales			All	
	SF	MF	Total	Avg.	Median
2005	25	1	26	\$148,150	\$125,500
2006	44	2	46	\$135,928	\$124,000
2007	42	2	44	\$123,082	\$116,000
2008	32	1	33	\$128,972	\$110,000
2009	54	1	55	\$112,917	\$107,000
2010	45	0	45	\$95,754	\$84,000
2011	70	0	70	\$83,740	\$75,000
2012	63	2	65	\$85,276	\$79,850
2013	81	8	89	\$100,456	\$95,875
2014	88	1	89	\$113,280	\$108,750
2015	96	3	99	\$127,508	\$114,250
2016	131	6	137	\$122,609	\$117,000
2017	145	8	153	\$140,096	\$128,000
2018	132	6	138	\$145,309	\$138,000
2019	151	5	156	\$158,814	\$144,900
2020	119	6	125	\$168,343	\$149,950

Source: RMLS, Maxfield Research and Consulting LLC

## FOR SALE MARKET ANALYSIS

- Over the past five years, the average and median sales price for single family homes in the City of Waseca has consistently increased to peak prices of \$168,343 and \$149,950, respectively. The median and average sales prices increased 37% and 28%, or 7.5% and 5.6% annually.
- The median and average single-family sales prices bottomed-out in 2011. In 2011, the average sales price was \$83,740 within the City of Waseca, while the median sales price was \$75,000. These values were 43% and 40% lower than the average and median sales prices in 2005.
- Between 2005 and 2011 the number of single-family Waseca resales has averaged 45 transactions per year, while over the past five years single-family resales have averaged 136 transactions per year.
- An average of 97% of resales in the City of Waseca have been single-family houses as there are few association-maintained housing developments in Waseca.
- Resales were down overall in 2020 due in part to the COVID-19 pandemic where many sellers pulled or delayed selling homes between spring and summer 2020. However, come late summer/fall 2020 housing demand increased significantly finishing out the year with an exceptionally hot real estate market.





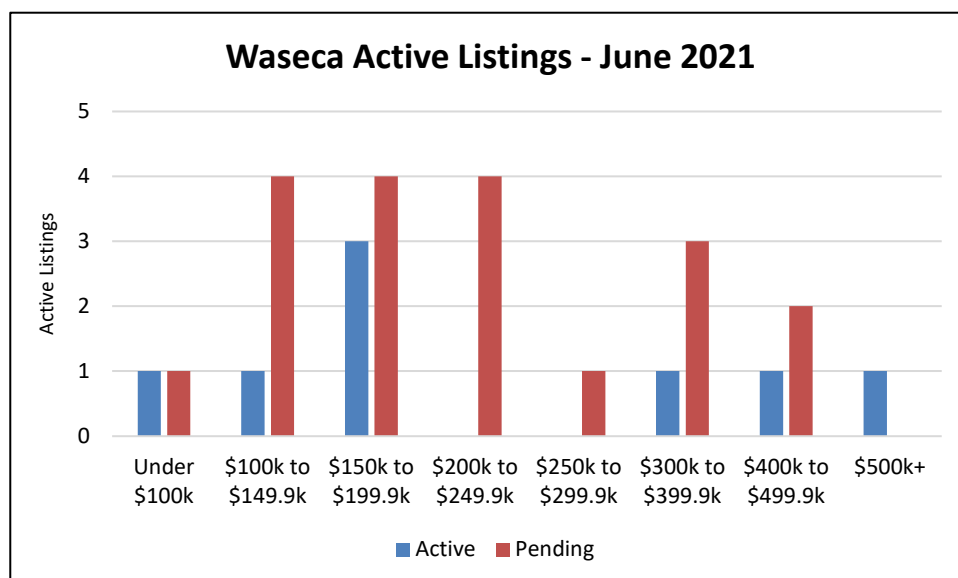
**Current Supply of Homes on the Market**

To more closely examine the current market for available owner-occupied housing in the Waseca Market Area, we reviewed the current supply of homes on the market (listed for sale). Table FS-3 shows homes currently listed for sale in Waseca in eleven price ranges. The data was provided by the Regional Multiple Listing Services of Minnesota and is based on active listings in June 2021. MLS listings generally account for the vast majority of all residential sale listings in a given area. Table FS-3 shows listings by property type and pricing.

- As of June 2021, there were 8 homes listed for sale in Waseca and 19 homes pending, including 17 single-family homes and two multifamily homes. Inventory has been at an all-time low coming out of the pandemic.
- The median list price in Waseca for a single-family home is \$174,250 and \$233,528 for a pending single-family home. 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.

Based on a median list price of \$174,250, the income required to afford a home at this price would be about \$49,786 to \$58,083, 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 57% of Waseca households have annual incomes at or above \$49,786.

- About 52% of active and pending homes for sale in the City of Waseca are priced under \$199,999; and 48% are priced over \$200,000. About 30% are priced above \$300,000.



**FOR-SALE MARKET ANALYSIS**

**TABLE FS-3  
HOMES CURRENTLY LISTED FOR-SALE & PENDING  
CITY OF WASECA  
June 2021**

Price Range	ACTIVE						PENDING					
	Single-Family		Multifamily <sup>1</sup>		Total		Single-Family		Multifamily <sup>1</sup>		Total	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
< \$49,999	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$50,000 to \$99,999	1	12.5%	0	0.0%	1	12.5%	1	5.9%	0	0.0%	1	5.3%
\$100,000 to \$149,999	1	12.5%	0	0.0%	1	12.5%	4	23.5%	0	0.0%	4	21.1%
\$150,000 to \$199,999	3	37.5%	0	0.0%	3	37.5%	4	23.5%	0	0.0%	4	21.1%
\$200,000 to \$249,999	0	0.0%	0	0.0%	0	0.0%	3	17.6%	1	50.0%	4	21.1%
\$250,000 to \$299,999	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	50.0%	1	5.3%
\$300,000 to \$349,999	1	12.5%	0	0.0%	1	12.5%	1	5.9%	0	0.0%	1	5.3%
\$350,000 to \$399,999	0	0.0%	0	0.0%	0	0.0%	2	11.8%	0	0.0%	2	10.5%
\$400,000 to \$449,999	1	12.5%	0	0.0%	1	12.5%	1	5.9%	0	0.0%	1	5.3%
\$450,000 to \$499,999	0	0.0%	0	0.0%	0	0.0%	1	5.9%	0	0.0%	1	5.3%
\$500,000 and Over	1	12.5%	0	0.0%	1	12.5%	0	0.0%	0	0.0%	0	0.0%
	<b>8</b>	<b>100%</b>	<b>0</b>	<b>100%</b>	<b>8</b>	<b>100%</b>	<b>17</b>	<b>100%</b>	<b>2</b>	<b>100%</b>	<b>19</b>	<b>100%</b>
Minimum	\$99,900		--		\$99,900		\$65,000		\$220,000		\$65,000	
Maximum	\$529,900		--		\$529,900		\$459,900		\$288,000		\$459,900	
Median	\$174,250		--		\$174,250		\$209,250		\$254,000		\$219,500	
Average	\$256,525		--		\$256,525		\$233,528		\$254,000		\$236,395	

<sup>1</sup> Includes townhomes, twinhomes, and condominiums

Sources: RMLS, Maxfield Research & Consulting, LLC

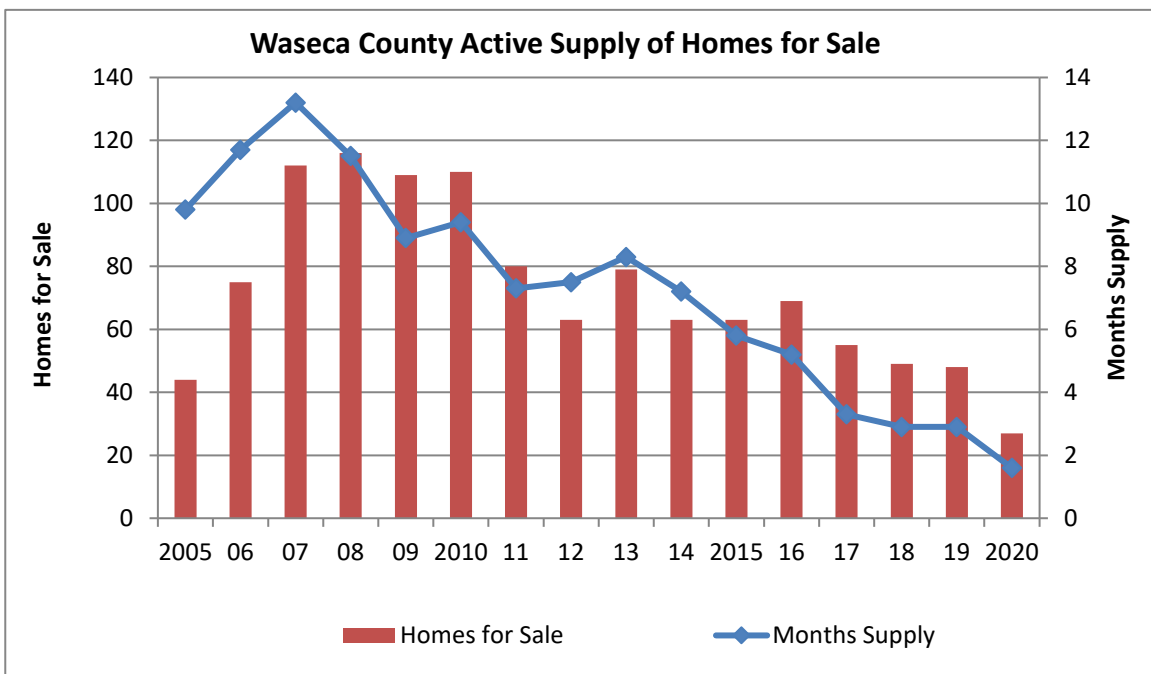
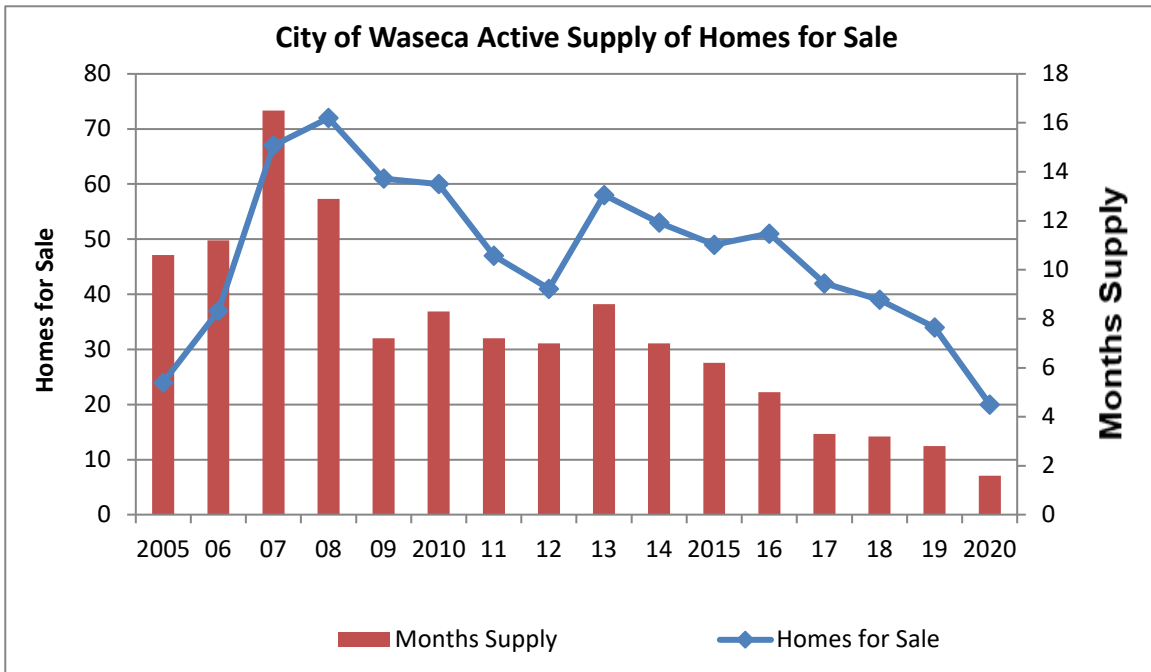
**Months of Active Supply**

Table FS-4 illustrates the historic supply of actively marketing properties in the City of Waseca and Waseca County from 2005 to 2020. 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 Waseca peaked in 2008 at around 72 homes. The month’s supply dropped from a high of 16.5 in 2007 to 1.6 in 2020. Overall since the last recession, supply trends and the number of homes for sale have decreased significantly. The supply was highest in Waseca County in 2007, but the City of Waseca and Waseca County generally follow similar active supply of homes for sale trends.
- Like most communities across the State of Minnesota; supply is less than two months in both Waseca and Waseca County. As such, home buyers have few options for purchasing a home in the Waseca area.
- Since 2005, Waseca has accounted for about 67% of all homes for sale in Waseca County.

TABLE FS-4 ACTIVE SUPPLY OF HOMES FOR SALE CITY OF WASECA AND WASECA COUNTY 2005 to 2020				
Year	Months Supply		Homes for Sale	
	City of Waseca	Waseca County	City of Waseca	Waseca County
2005	10.6	9.8	24	44
2006	11.2	11.7	37	75
2007	16.5	132.0	67	112
2008	12.9	11.5	72	116
2009	7.2	8.9	61	109
2010	8.3	9.4	60	110
2011	7.2	7.3	47	80
2012	7.0	7.5	41	63
2013	8.6	8.3	58	79
2014	7.0	7.2	53	63
2015	6.2	5.8	49	63
2016	5.0	5.2	51	69
2017	3.3	3.3	42	55
2018	3.2	2.9	39	49
2019	2.8	2.9	34	48
2020	1.6	1.6	20	27

Source: RMLS, Maxfield Research and Consulting LLC



**Price per Square Foot**

Table FS-5 compares the price per square foot (PSF) of home resales between 2005 and 2020 in the City of Waseca and Waseca 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:

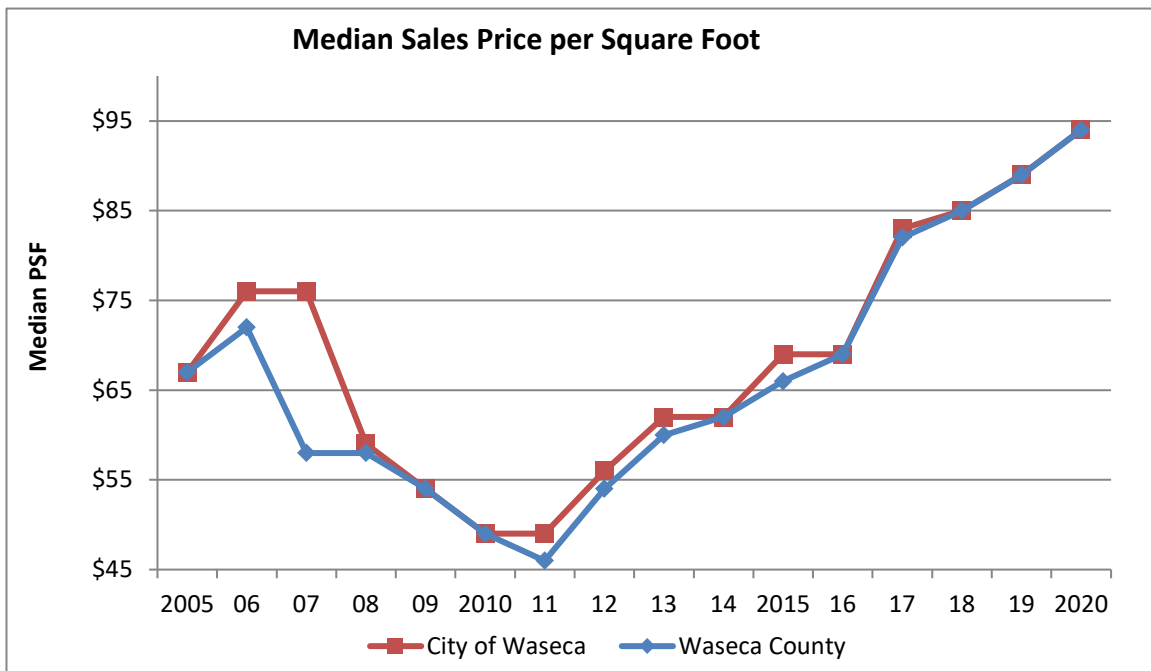
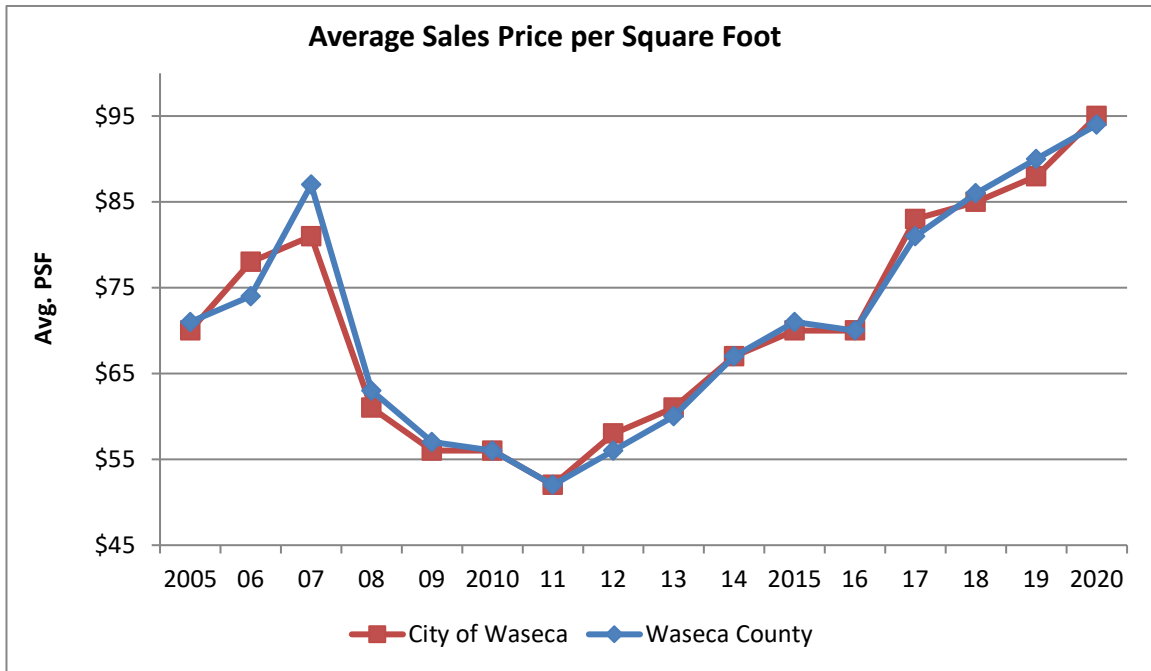
<b>Year</b>	<b>City of Waseca</b>		<b>Waseca County</b>	
	<b>Avg.</b>	<b>Median</b>	<b>Avg.</b>	<b>Median</b>
2005	\$70	\$67	\$71	\$67
2006	\$78	\$76	\$74	\$72
2007	\$81	\$76	\$87	\$58
2008	\$61	\$59	\$63	\$58
2009	\$56	\$54	\$57	\$54
2010	\$56	\$49	\$56	\$49
2011	\$52	\$49	\$52	\$46
2012	\$58	\$56	\$56	\$54
2013	\$61	\$62	\$60	\$60
2014	\$67	\$62	\$67	\$62
2015	\$70	\$69	\$71	\$66
2016	\$70	\$69	\$70	\$69
2017	\$83	\$83	\$81	\$82
2018	\$85	\$85	\$86	\$85
2019	\$88	\$89	\$90	\$89
2020	\$95	\$94	\$94	\$94

Source: RMLS, Maxfield Research and Consulting LLC

- The average and median sales price per square foot was highest in 2020 at \$95 and \$94 respectively.
- The average sales price per square foot increased 36% from \$70 in 2005 to \$95 in the City of Waseca. Generally, 2009 to 2011 were the worst year in the real estate market after the recession.

## FOR-SALE MARKET ANALYSIS

- The median sales price per square foot in the City of Waseca was on par with Waseca County for each year with the exception of a few years when sales prices were higher in the city.



**Lot Supply**

Maxfield Research identified four subdivisions in Waseca with lots available. Please note; this does not include scattered, infill lots in established neighborhoods in the City of Waseca.

- There are 55 lots combined within the Waseca subdivisions available for new construction. These subdivisions have been established since 2001; however the newest subdivision was platted back in 2005.
- Average Estimated Market Value (EMV) among the four subdivisions was \$253,331 and ranged from a low of \$197,410 at *Woodville Meadows* to a high of \$338,967 at *Woods Edge*.
- Estimated market values for lots range from \$17,288 to \$38,000; with an average lot value of over \$28,200.
- Lot values account for about 11% of the overall market value of a newer home in Waseca. Lot values range from 9% at *Woodville Meadows* to 13% at *Parkridge Estates*. These lot values are low in relationship to the final market value of the home; in many markets lot values can easily equal 15% to 20% of market value; upwards of 25% in more urban areas.

<b>TABLE FS-6</b>					
<b>LOT SUPPLY WITHIN NEWER SUBDIVISIONS IN WASECA</b>					
<b>May 2021</b>					
<b>Subdivision</b>	<b>Approved</b>	<b>No. Lots</b>	<b>Vacant Lots</b>	<b>Estimated Market Value (Avg.)</b>	
				<b>Land</b>	<b>Home + Lot</b>
<b>Parkridge Estates</b>	Dec. 2001	37	1	\$37,924	\$296,447
<b>Pondview of Waseca</b>	Mar. 2004	63	40	\$24,515	\$232,640
<b>Woods Edge</b>	May 2005	9	2	\$38,000	\$338,967
<b>Woodville Meadows</b>	Apr. 2004	19	12	\$17,288	\$197,410
<b>Total/Average</b>		<b>128</b>	<b>55</b>	<b>\$28,266</b>	<b>\$253,331</b>

Source: City of Waseca, Waseca County GIS, Maxfield Research and Consulting LLC

### Real Estate Professionals Survey

Maxfield Research and Consulting LLC interviewed real estate agents and other professionals familiar with Waseca'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*

- Coming out of the COVID-19 pandemic, like most areas across Minnesota, the Waseca local real estate market has been very strong and reached a new peak in housing values.
- The "sweet spot" for homes in Waseca has been in the upper \$100s up to \$250k. Homes priced in the \$150,000 to \$200,000 range in exceptional high demand; many of these homes may be in need of cosmetic updates.
- Newer, "turn-key properties" are generally priced above \$225,000. More move-up or executive homes tend to be located on lakes, acreage, newer subdivisions, or in some of the historic homes in Waseca.
- Supply is very tight; recently there have only been about 10 homes for sale on average in the City of Waseca. Many homes never get listed for sale on the MLS; many homes may sell off-market as Realtors have clients looking to buy and they are able to bring the parties together prior to listing a home.
- Transaction volume was down in 2020 due to the slowdown from the pandemic in spring 2020; and from the lack of inventory. Sales volume would be higher if the homes for sale increased; buyers and Realtors are desperate for inventory.
- The lack of supply since the pandemic has contributed to strong appreciation gains. Because it's a seller's market, most sellers are able to command sales prices at or over the list price. Thus far in 2021, sales prices are up over 10% from 2020.
- Days on market has been extremely low over the past year. Most homes priced right will sell within a week or two. Homes priced under \$200,000 sell the quickest and many properties will be off the market within days.
- There are a lot of seniors in Waseca and the surrounding area that would benefit from alternative housing types with one-level living. This would also turn-over the housing stock to younger buyers.
- Waseca loses out to cities such as Owatonna or Mankato that have higher-quality rental housing stock that targets younger professionals. Waseca does not have quality rental housing stock that is attractive to the workforce population and younger demographics.



## PLANNED AND PROPOSED HOUSING DEVELOPMENTS

### Planned and Proposed Housing Developments

Maxfield Research obtained data from community staff members in Waseca in order to identify housing developments under construction, planned, or pending. At this time, there is one housing project under construction, *Woodview Meadows*, which includes the construction of 11 single-family homes. Additionally, there are 21 single-family dwellings that are approved for construction.

Project Name/Location	Developer/Applicant	Project Type	Units/Lots			Status/ Timing	Status/Notes
			Aff./Sub.	MR	Total		
<b>City of Waseca</b>							
<b>Woodview Meadows</b> 14th St. W.	Miller Homes	Single-family Subdivision		11	11	UC	Miller Homes purchased 11 vacant lots in spring 2021
<b>Fox Meadows II</b> 22nd Ave. NW	N/A	Single-family Subdivision		21	21	Approved by CC	Open lot subdivision
<b>Woods Edge Parcel B</b> 26th Ave NE	Drummer Corporation	TBD			N/A	Unknown	
<b>TBD</b> West side of Clear Lake	Mike Jevning	Residential - TBD			N/A	Unknown	Considering twin homes or 4-plex apts.

Source: Interviews with city staff, Maxfield Research & Consulting, LLC

**Introduction**

Affordable housing is a term that has various definitions according to different people and is a product of supply and demand. According to the 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.

Generally, housing that is income-restricted to households earning at or below 80% of Area Median Income (AMI) is considered affordable. However, many individual properties have income restrictions set anywhere from 30% to 80% of AMI. Rent is not based on income but instead is a contract amount that is affordable to households within the specific income restriction segment. Moderate-income housing, often referred to as “workforce housing,” refers to both rental and ownership housing. Hence the definition is broadly defined as housing that is income-restricted to households earning between 50% and 120% AMI. Figure 1 below summarizes income ranges by definition.

Definition	AMI Range
Extremely Low Income	0% - 30%
Very Low Income	31% - 50%
Low Income	51% - 80%
Moderate Income   Workforce Housing	80% - 120%
Note: Waseca County 4-person AMI = \$74,800 (2021)	

***Naturally-Occurring Affordable Housing (i.e. Unsubsidized Affordable)***

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. Because of these factors, housing costs tend to be lower.

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

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

### **Rent and Income Limits**

Table HA-1 shows the maximum allowable incomes by household size to qualify for affordable housing and maximum gross rents that can be charged by bedroom size in Waseca County. These incomes are published and revised annually by the Department of Housing and Urban Development (HUD) and also published separately by the Minnesota Housing Finance Agency based on the date the project was placed into service. Fair market rent is the amount needed to pay gross monthly rent at modest rental housing in a given area. This table is used as a basis for determining the payment standard amount used to calculate the maximum monthly subsidy for families at financially assisted housing.

Table HA-2 shows the maximum rents by household size and AMI based on income limits illustrated in Table HA-1. The rents on Table HA-2 are based on HUD's allocation that monthly rents should not exceed 30% of income. In addition, the table reflects maximum household size based on HUD guidelines of number of persons per unit. For each additional bedroom, the maximum household size increases by two persons.

**HOUSING AFFORDABILITY**

<b>TABLE HA-1</b> <b>MHFA/HUD INCOME AND RENT LIMITS</b> <b>WASECA COUNTY- 2021</b>								
<b>Income Limits by Household Size</b>								
	<b>1 pph</b>	<b>2 pph</b>	<b>3 pph</b>	<b>4 pph</b>	<b>5 pph</b>	<b>6 pph</b>	<b>7 pph</b>	<b>8 pph</b>
30% of median	\$15,720	\$17,970	\$20,220	\$22,440	\$24,240	\$26,040	\$27,840	\$29,640
50% of median	\$26,200	\$29,950	\$33,700	\$37,400	\$40,400	\$43,400	\$46,400	\$49,400
60% of median	\$31,440	\$35,940	\$40,440	\$44,880	\$48,480	\$52,080	\$55,680	\$59,280
80% of median	\$41,920	\$47,920	\$53,920	\$59,840	\$64,640	\$69,440	\$74,240	\$79,040
100% of median	\$52,400	\$59,900	\$67,400	\$74,800	\$80,800	\$86,800	\$92,800	\$98,800
<b>Maximum Gross Rent</b>								
	<b>EFF</b>	<b>1BR</b>	<b>2BR</b>	<b>3BR</b>	<b>4BR</b>			
30% of median	\$393	\$421	\$505	\$583	\$651			
50% of median	\$655	\$701	\$842	\$972	\$1,085			
60% of median	\$786	\$842	\$1,011	\$1,167	\$1,302			
80% of median	\$1,048	\$1,123	\$1,348	\$1,556	\$1,736			
100% of median	\$1,310	\$1,403	\$1,685	\$1,945	\$2,170			
<b>Fair Market Rent</b>								
	<b>EFF</b>	<b>1BR</b>	<b>2BR</b>	<b>3BR</b>	<b>4BR</b>			
Fair Market Rent	\$556	\$560	\$734	\$1,050	\$1,063			

Sources: MHFA, HUD, Novogradac, Maxfield Research & Consulting LLC

## HOUSING AFFORDABILITY

**TABLE HA-2  
MAXIMUM RENT BASED ON HOUSEHOLD SIZE AND AREA MEDIAN INCOME  
WASECA COUNTY - 2021**

Unit Type <sup>1</sup>	HHD Size		Maximum Rent Based on Household Size (@30% of Income)											
	Min	Max	30%		50%		60%		80%		100%		120%	
			Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
Studio	1	1	\$393	-\$393	\$655	-\$655	\$786	-\$786	\$1,048	-\$1,048	\$1,310	-\$1,310	\$1,572	-\$1,572
1BR	1	2	\$393	-\$449	\$655	-\$749	\$786	-\$899	\$1,048	-\$1,198	\$1,310	-\$1,498	\$1,572	-\$1,797
2BR	2	4	\$449	-\$561	\$749	-\$935	\$899	-\$1,122	\$1,198	-\$1,496	\$1,498	-\$1,870	\$1,797	-\$2,244
3BR	3	6	\$506	-\$651	\$843	-\$1,085	\$1,011	-\$1,302	\$1,348	-\$1,736	\$1,685	-\$2,170	\$2,022	-\$2,604
4BR	4	8	\$561	-\$741	\$935	-\$1,235	\$1,122	-\$1,482	\$1,496	-\$1,976	\$1,870	-\$2,470	\$2,244	-\$2,964

<sup>1</sup> One-bedroom plus den and two-bedroom plus den units are classified as 1BR and 2BR units, respectively. To be classified as a bedroom, a den must have a window and closet.

Note: Waseca County 4-person AMI = \$74,800 (2021)

Sources: HUD, MHFA, Novogradac, Maxfield Research and Consulting LLC

### Housing Cost Burden

Table HA-3 shows the number and percentage of owner and renter households in Waseca and peer cities that pay 30% or more of their gross income for housing. This information was compiled from the American Community Survey 2019 estimates. This information is different than the 2000 Census which separated households that paid 35% or more in housing costs. As such, the information presented in the tables may be overstated in terms of households that may be “cost burdened.” The Federal standard for affordability is 30% of income for housing costs. Without a separate break out for households that pay 35% or more, there are likely a number of households that elect to pay slightly more than 30% of their gross income to select the housing that they choose. Moderately cost-burdened is defined as households paying between 30% and 50% of their income to housing; while severely cost-burdened is defined as households paying more than 50% of their income for housing.

Higher-income households that are cost-burdened may have the option of moving to lower priced housing, but lower-income households often do not. The figures focus on owner households with incomes below \$50,000 and renter households with incomes below \$35,000.

Key findings from Table HA-3 follow.

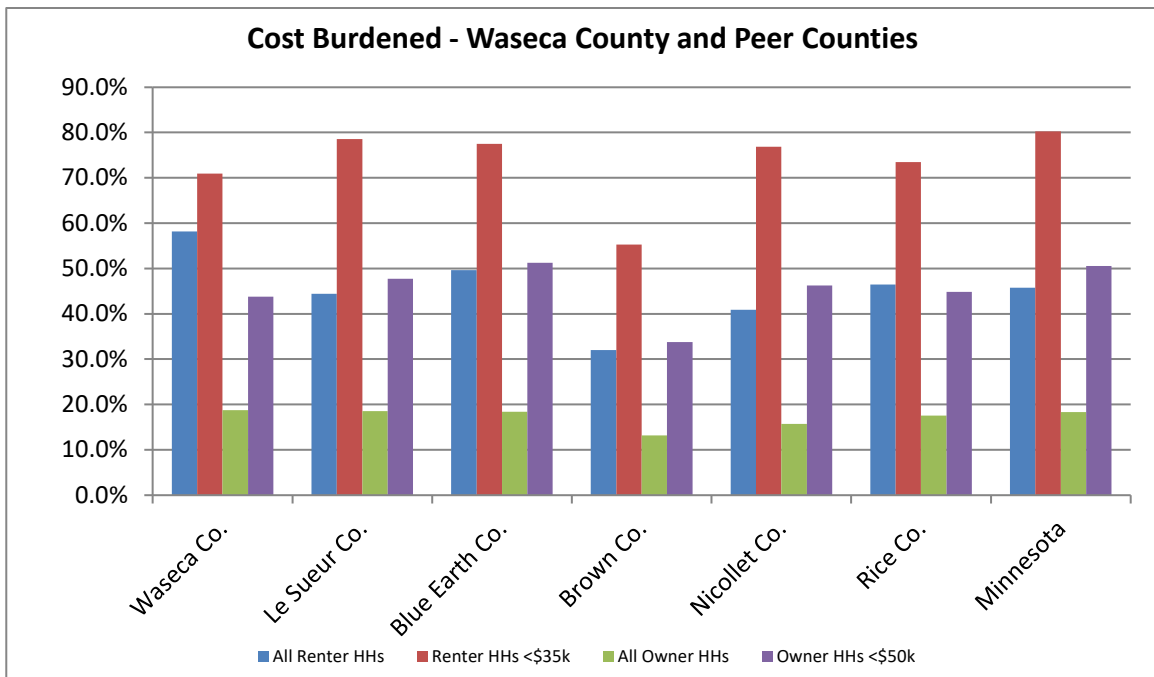
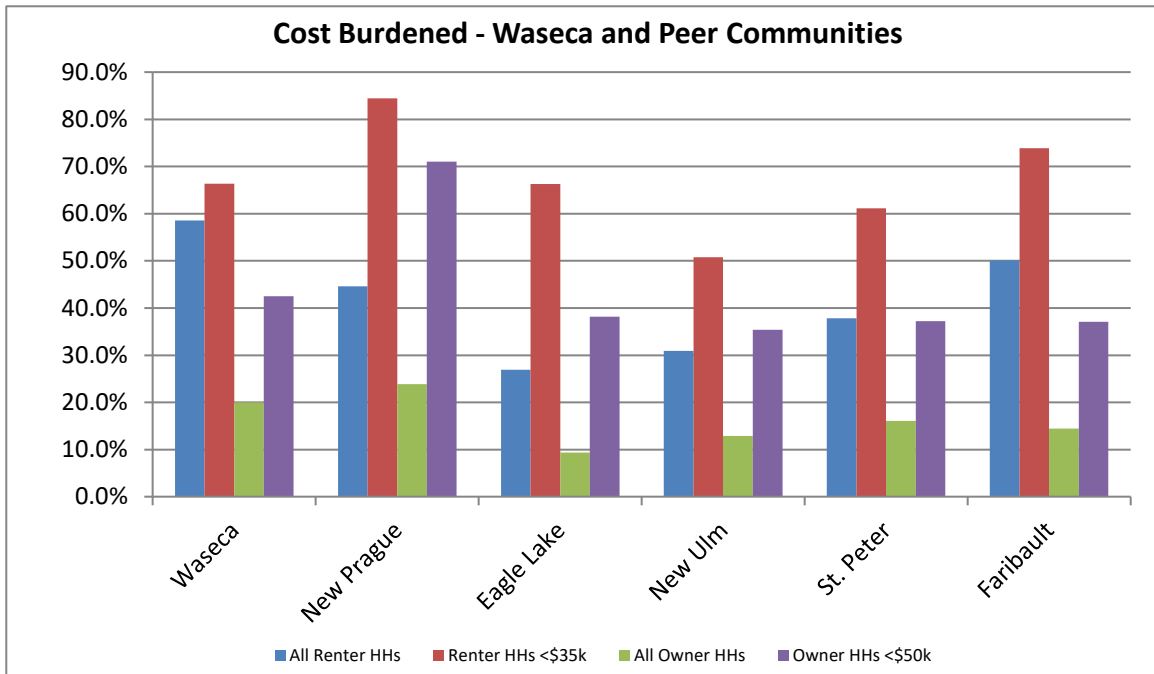
- About 20% of owner households and 59% of renter householders are estimated to be paying more than 30% of their income for housing costs in Waseca. Compared to the Minnesota average, the percentage of cost burdened owner and renter households is slightly higher in Waseca. Minnesota cost burdened households are 18% for owner households and 46% for renter households.
- The number of cost burdened households in Waseca increases proportionally based on lower incomes. About 66% of renters with incomes below \$35,000 are cost burdened and 42% of owners with incomes below \$50,000 are cost burdened.
- Median contract rents in Waseca (\$574) and Waseca County (\$547) are significantly less than the State of Minnesota average (\$886), lower than all peer city rents, and lower than most other peer counties except Brown County (\$520).

# HOUSING AFFORDABILITY

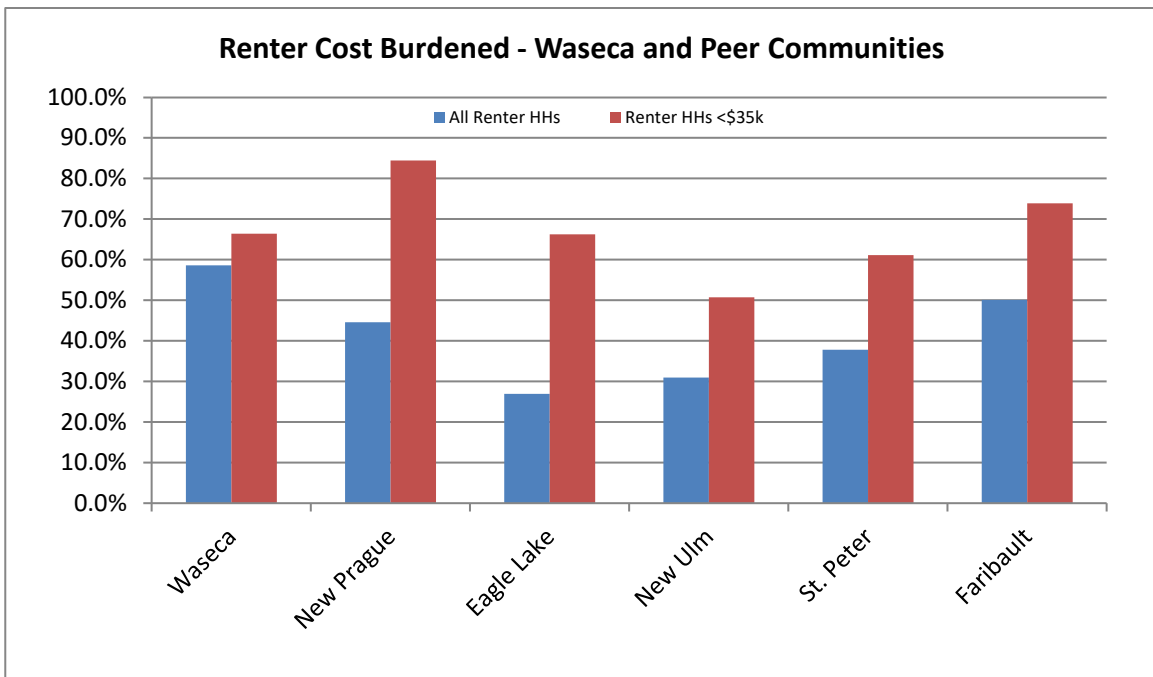
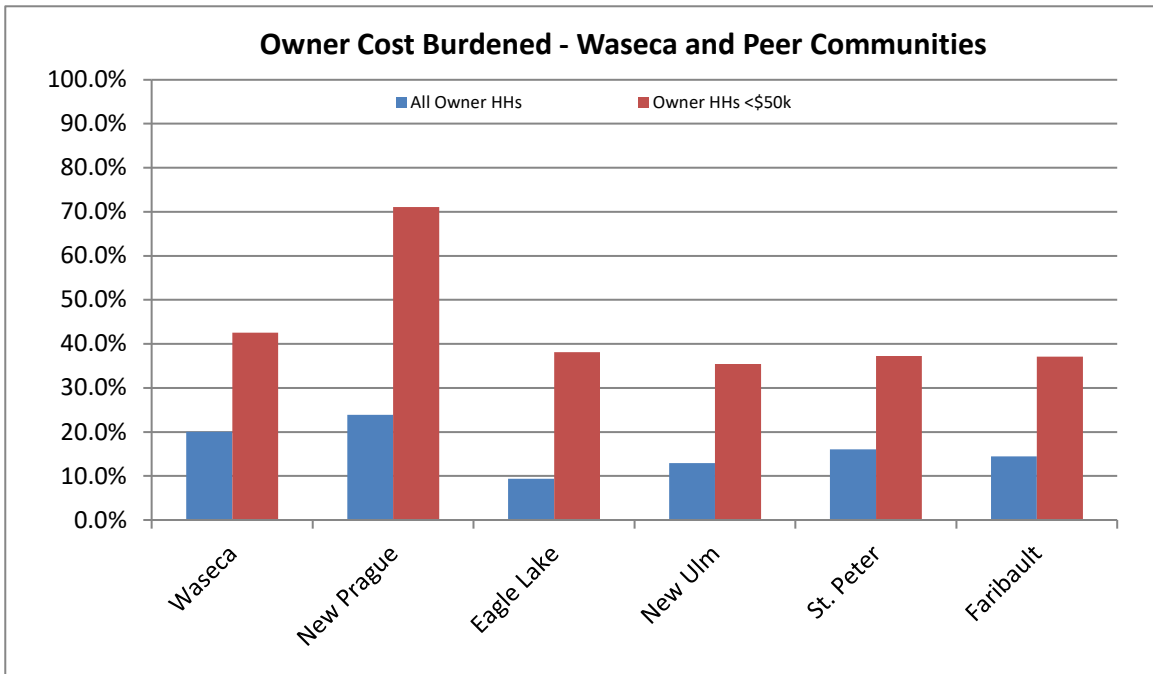
**TABLE HA-3  
HOUSING COST BURDEN  
CITY OF WASECA, WASECA COUNTY, AND SELECT GEOGRAPHIES  
2019**

Community	Waseca		New Prague		Eagle Lake		New Ulm		St. Peter		Faribault		Minnesota	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
<b>Owner Households</b>														
All Owner Households	2,460		2,261		703		4,330		2,545		5,452		1,564,870	
Cost Burden 30% or greater	493	20.0%	537	23.9%	66	9.4%	560	12.9%	405	16.1%	789	14.5%	285,508	18.3%
Owner Households w/ incomes <\$50,000	943		506		173		1,319		862		1,803		383,722	
Cost Burden 30% or greater	401	42.5%	351	71.1%	66	38.2%	467	35.4%	312	37.2%	669	37.1%	190,707	50.5%
<b>Renter Households</b>														
All Renter Households	1,171		621		371		1,386		1,368		3,061		620,733	
Cost Burden 30% or greater	670	58.6%	235	44.6%	100	27.0%	421	31.0%	499	37.8%	1,527	50.1%	268,764	45.8%
Renter Households w/ incomes <\$35,000	821		319		83		771		655		1,906		276,411	
Cost Burden 30% or greater	545	66.4%	206	84.4%	55	66.3%	378	50.7%	392	61.2%	1,408	73.9%	203,980	80.2%
Median Contract Rent <sup>1</sup>	\$574		\$798		\$1,091		\$576		\$797		\$753		\$886	
County/Minnesota	Waseca Co.		Le Sueur Co.		Blue Earth Co.		Brown Co.		Nicollet Co.		Rice Co.		Minnesota	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
<b>Owner Households</b>														
All Owner Households	5,755		8,925		16,179		8,522		9,519		17,018		1,564,870	
Cost Burden 30% or greater	1,071	18.7%	1,649	18.6%	2,970	18.4%	1,124	13.2%	1,493	15.7%	2,985	17.6%	285,508	18.3%
Owner Households w/ incomes <\$50,000	1,882		2,243		4,421		2,656		2,494		4,306		383,722	
Cost Burden 30% or greater	808	43.8%	1,050	47.7%	2,250	51.3%	892	33.8%	1,136	46.3%	1,925	44.8%	190,707	50.5%
<b>Renter Households</b>														
All Renter Households	1,670		2,014		9,912		2,242		3,366		5,987		620,733	
Cost Burden 30% or greater	834	58.2%	825	44.5%	4,828	49.6%	685	32.0%	1,322	40.9%	2,724	46.4%	268,764	45.8%
Renter Households w/ incomes <\$35,000	1,101		993		4,839		1,222		1,549		3,220		276,411	
Cost Burden 30% or greater	695	70.9%	699	78.5%	3,667	77.5%	628	55.3%	1,143	76.9%	2,332	73.4%	203,980	80.2%
Median Contract Rent <sup>1</sup>	\$547		\$644		\$765		\$520		\$764		\$767		\$886	
<sup>1</sup> Median Contract Rent 2019														
Note: Calculations exclude households not computed.														
Sources: US Census Bureau American Community Survey; Maxfield Research & Consulting, LLC														

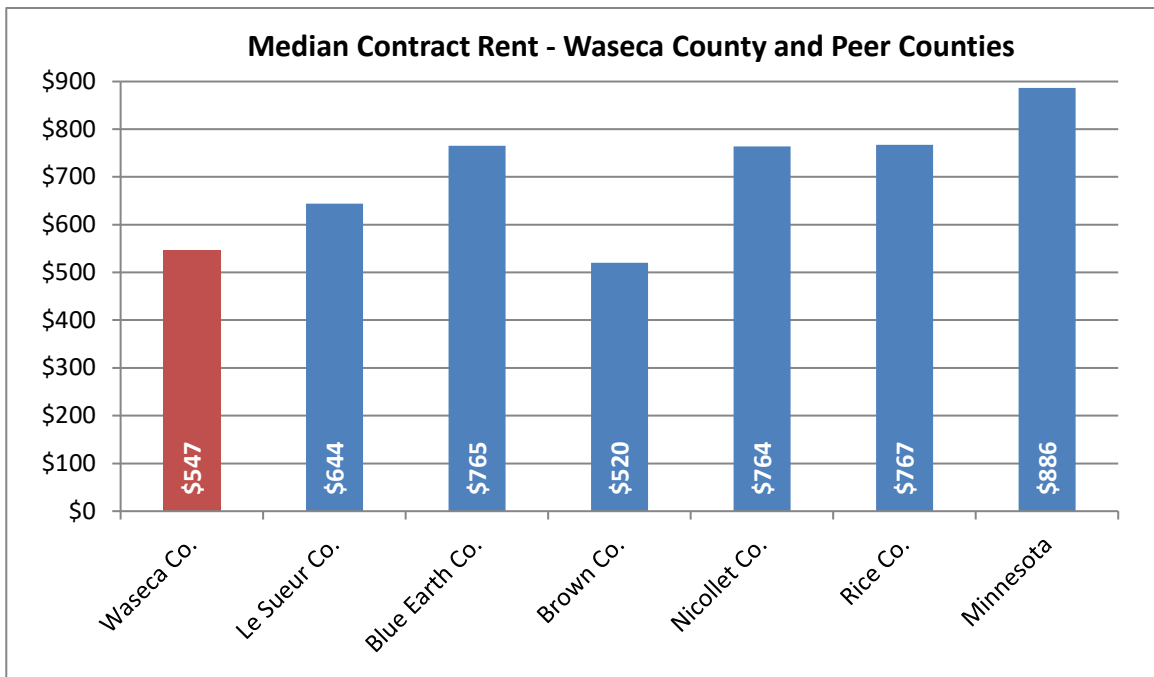
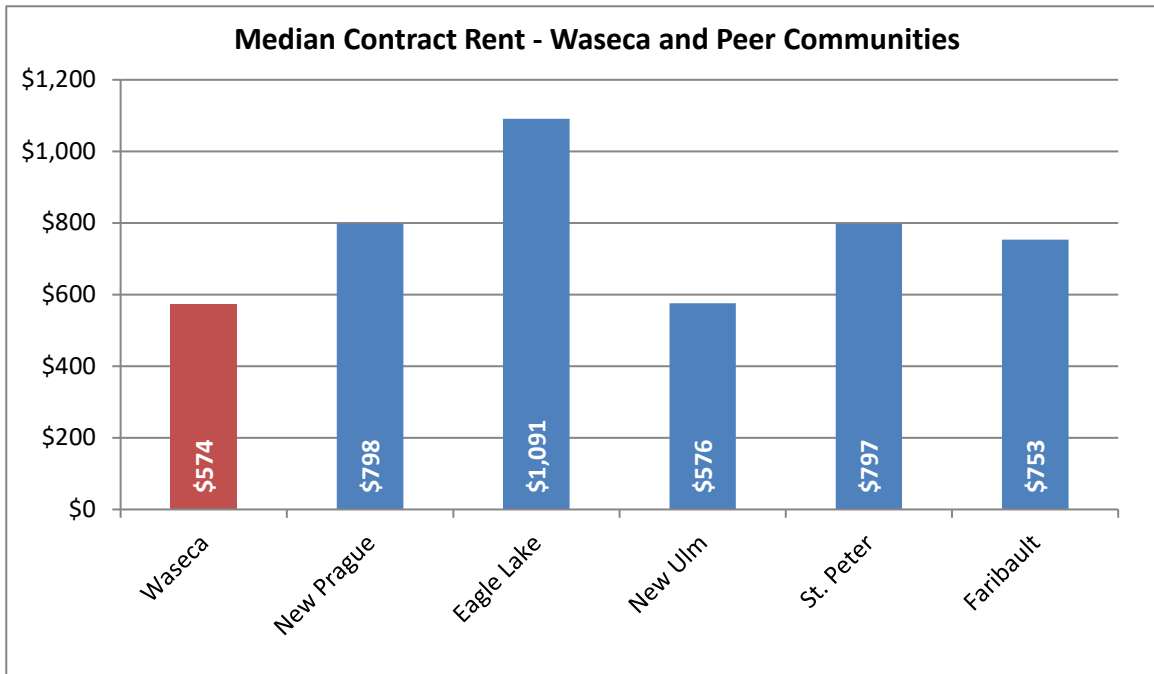
# HOUSING AFFORDABILITY







## HOUSING AFFORDABILITY



### Housing Costs as Percentage of Household Income

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

The housing affordability calculations assume the following:

#### For-Sale Housing

- 10% down payment with good credit score
- Closing costs rolled into mortgage
- 30-year mortgage at 3.130% interest rate
- Private mortgage insurance (equity of less than 20%)
- Homeowners insurance for single-family homes and association dues for townhomes
- Owner household income per 2019 ACS

#### Rental Housing

- Background check on tenant to ensure credit history
- 30% allocation of income
- Renter household income per 2019 ACS

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

- About 72% of Waseca PMA households could afford to buy an entry-level home (\$150,000) in Waseca. Furthermore, about 62% of existing owner households could afford to purchase a home of \$200,000.
- About 59% of existing renter households can afford to rent a one-bedroom unit in Waseca (approx. \$550/month). The percentage of renter income-qualified households decreases to roughly 36% that can afford an existing three-bedroom unit (approx. \$850/month). Furthermore, about 39% of renters could afford to rent a one-bedroom apartment at \$800 per month within a new development.

# HOUSING AFFORDABILITY

TABLE HA-4 HOUSING AFFORDABILITY - BASED ON HOUSEHOLD INCOME WASECA MARKET AREA						
For-Sale (Assumes 10% down payment and good credit)						
	Single-Family			Townhome/Twinhome/ Condo		
	Entry-Level	Move-Up	Executive			
Price of House	\$150,000	\$200,000	\$250,000	\$175,000		
Pct. Down Payment	10.0%	10.0%	10.0%	10.0%		
Total Down Payment Amt.	\$15,000	\$20,000	\$25,000	\$17,500		
Estimated Closing Costs (rolled into mortgage)	\$4,500	\$6,000	\$7,500	\$5,250		
Cost of Loan	\$139,500	\$186,000	\$232,500	\$162,750		
Interest Rate	3.130%	3.130%	3.130%	3.130%		
Number of Pmts.	360	360	360	360		
Monthly Payment (P & I)	-\$598	-\$797	-\$997	-\$698		
(plus) Prop. Tax	-\$125	-\$167	-\$208	-\$146		
(plus) HO Insurance/Assoc. Fee for TH	-\$50	-\$67	-\$83	-\$100		
(plus) PMI/MIP (less than 20%)	-\$60	-\$81	-\$101	-\$71		
Subtotal monthly costs	-\$833	-\$1,111	-\$1,389	-\$1,014		
Housing Costs as % of Income	30%	30%	30%	30%		
Minimum Income Required	\$33,337	\$44,449	\$55,561	\$40,559		
<b>Pct. of ALL PMA HHDS who can afford<sup>1</sup></b>	<b>71.8%</b>	<b>61.9%</b>	<b>52.5%</b>	<b>65.3%</b>		
<b>No. of PMA HHDS who can afford<sup>1</sup></b>	<b>3,803</b>	<b>3,276</b>	<b>2,779</b>	<b>3,457</b>		
<b>Pct. of PMA owner HHDS who can afford<sup>2</sup></b>	<b>80.4%</b>	<b>71.3%</b>	<b>62.2%</b>	<b>74.5%</b>		
<b>No. of PMA owner HHDS who can afford<sup>2</sup></b>	<b>3,278</b>	<b>2,908</b>	<b>2,535</b>	<b>3,035</b>		
<b>No. of PMA owner HHDS who cannot afford<sup>2</sup></b>	<b>799</b>	<b>1,169</b>	<b>1,542</b>	<b>1,042</b>		
Rental (Market Rate)						
	Existing Rental			New Rental		
	1BR	2BR	3BR	1BR	2BR	3BR
Monthly Rent	\$550	\$650	\$850	\$800	\$1,000	\$1,200
Annual Rent	\$6,600	\$7,800	\$10,200	\$9,600	\$12,000	\$14,400
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	\$22,000	\$26,000	\$34,000	\$32,000	\$40,000	\$48,000
<b>Pct. of ALL PMA HHDS who can afford<sup>1</sup></b>	<b>83.3%</b>	<b>79.0%</b>	<b>71.2%</b>	<b>73.1%</b>	<b>65.8%</b>	<b>58.7%</b>
<b>No. of PMA HHDS who can afford<sup>1</sup></b>	<b>4,409</b>	<b>4,181</b>	<b>3,769</b>	<b>3,872</b>	<b>3,483</b>	<b>3,110</b>
<b>Pct. of PMA renter HHDS who can afford<sup>2</sup></b>	<b>58.7%</b>	<b>47.3%</b>	<b>36.1%</b>	<b>38.9%</b>	<b>29.0%</b>	<b>19.9%</b>
<b>No. of PMA renter HHDS who can afford<sup>2</sup></b>	<b>777</b>	<b>626</b>	<b>478</b>	<b>515</b>	<b>384</b>	<b>264</b>
<b>No. of PMA renter HHDS who cannot afford<sup>2</sup></b>	<b>546</b>	<b>697</b>	<b>845</b>	<b>808</b>	<b>939</b>	<b>1,059</b>

<sup>1</sup> Based on 2021 household income for ALL households  
<sup>2</sup> Based on 2019 ACS household income by tenure (i.e. owner and renter incomes. Owner incomes = \$77,917 vs. renter incomes = \$45,000)  
Source: Maxfield Research & Consulting, LLC

### Introduction

Previous sections of this study analyzed the existing housing supply and the growth and demographic characteristics of the population and household base in the Waseca Market Area. This section of the report presents our estimates of housing demand in the Waseca Market Area from 2021 through 2030.

### 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.

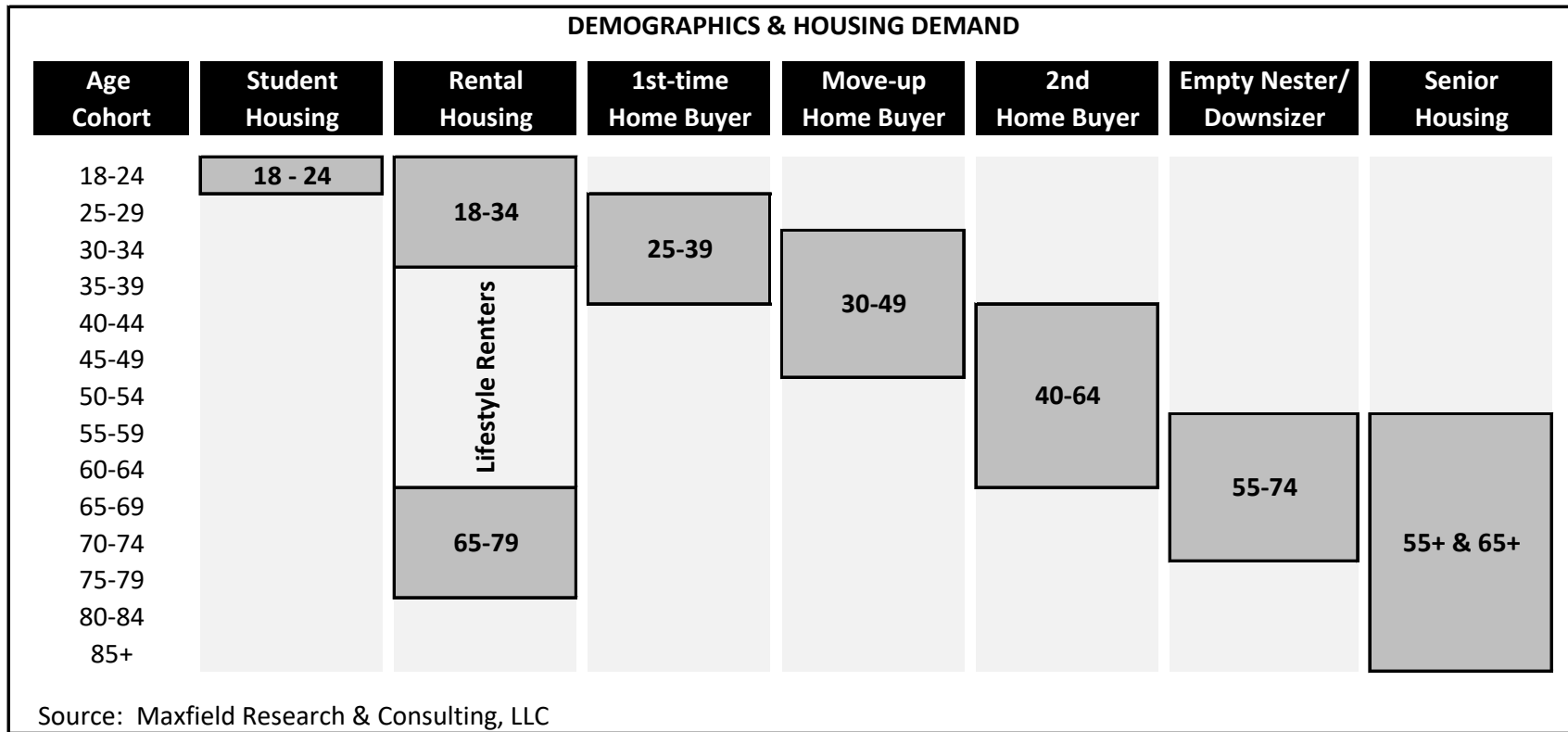
The graphic on the following page provides greater detail of various housing types supported within each housing life cycle. Information on square footage, average bedrooms/bathrooms, and lot size is provided on the subsequent graphic.

### **Housing Demand Overview**

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

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**



## HOUSING DEMAND ANALYSIS

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

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

Source: Maxfield Research & Consulting, LLC

### 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



## **HOUSING DEMAND ANALYSIS**

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household growth, which in-turn relates to reduced housing demand. Additionally, low income growth results in fewer move-up buyers which results in diminished housing turnover across all income brackets.

### 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 recently become more challenging due to COVID-19. Some lenders are requiring higher down payments and higher credit scores.

### 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 Waseca County. Mobility rates have recently increased due to the COVID-19 pandemic.

### Estimated Demand for For-Sale Housing

Table HD-1 presents our demand calculations for general occupancy for-sale housing in the Waseca Market Area between 2021 and 2030.

The 65 and older cohort is typically not a target market for new general occupancy for-sale housing, therefore, we limit demand from household growth to only those households under the age of 65. According to our projections, the Waseca Market Area is expected to decline for households under the age of 65 between 2021 and 2030, which produces no demand from new household growth.

Demand is forecast to emerge from existing Market Area householders through turnover. An estimated 3,998 owner-occupied households under age 65 are located in the Waseca Market Area in 2021. Based on mobility data from the Census Bureau, an estimated 35% of owner households will turnover in a ten-year period, resulting in 1,408 existing households projected to turnover. Finally, we estimate 10% of the existing owner households will seek new for-sale housing, resulting in demand for 141 for-sale units through 2030.

Next, we estimate that 20% of the total demand for new for-sale units in the Waseca 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. Adding demand from outside the Waseca Market Area to the existing demand potential, results in a total estimated demand for 176 for-sale housing units by 2030.

Based on land available, building trends, and demographic shifts (increasing older adult population), we project 70% of the for-sale owners will prefer traditional single-family product types while the remaining 30% will prefer a maintenance-free multi-family product (i.e. twinhomes, townhomes, detached townhomes, condominiums, etc.).

We then subtract the current identified platted lots that are available, under construction or approved. After subtracting the current lot supply in subdivisions (87 total single-family lots) we find total demand through 2030 resulting in 36 single-family lots and 53 multifamily lots.

Finally, we estimate that 65% of the excess single-family demand and 85% of the excess multifamily demand from the Waseca Market Area demand could be captured in Waseca.

**Therefore, total for-sale demand in Waseca through 2030 is about 24 new single-family lots and 45 multifamily units.**

## HOUSING DEMAND ANALYSIS

<b>TABLE HD-1</b> <b>FOR-SALE HOUSING DEMAND</b> <b>WASECA MARKET AREA</b> <b>2021 to 2030</b>																								
<b>Demand from Projected Household Growth</b>																								
Projected HH growth under age 65 in the Market Area 2021 to 2030 <sup>1</sup>			0																					
(times) % propensity to own <sup>2</sup>	x	73%																						
(equals) Projected demand from new HH growth	=	0																						
<b>Demand from Existing Owner Households</b>																								
Number of owner households (age 64 and younger) in the Market Area (2021) <sup>3</sup>			3,998																					
(times) Estimated percent of owner turnover <sup>4</sup>	x	35%																						
(equals) Total existing households projected to turnover	=	1,408																						
(times) Estimated percent desiring new housing	x	10%																						
(equals) Demand from existing households	=	141																						
<b>(equals) Total demand from HH growth and existing HHs 2021 to 2030</b>	<b>=</b>	<b>141</b>																						
(times) Demand from outside the Market Area			20%																					
<b>(equals) Total demand potential for ownership housing, 2021 to 2030</b>			<b>176</b>																					
		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"></th> <th style="width: 25%; text-align: center;">Single Family</th> <th style="width: 25%; text-align: center;">Multi-Family*</th> </tr> </thead> <tbody> <tr> <td>(times) Percent desiring for-sale single-family vs. multifamily<sup>5</sup></td> <td style="text-align: center;">x 70%</td> <td style="text-align: center;">30%</td> </tr> <tr> <td>(equals) Total demand potential for new single-family &amp; multifamily for-sale housing</td> <td style="text-align: center;">= 123</td> <td style="text-align: center;">53</td> </tr> <tr> <td>(minus) Units under construction or approved platted lots (undeveloped and developed lots)<sup>6</sup></td> <td style="text-align: center;">- 87</td> <td style="text-align: center;">0</td> </tr> <tr> <td>(equals) Excess demand for new general occupancy for-sale housing</td> <td style="text-align: center;">= 36</td> <td style="text-align: center;">53</td> </tr> <tr> <td>(times) Percent of Market Area demand capturable by Market Area</td> <td style="text-align: center;">x 65%</td> <td style="text-align: center;">85%</td> </tr> <tr> <td><b>(equals) number of units supportable by the Market Area</b></td> <td style="text-align: center;"><b>24</b></td> <td style="text-align: center;"><b>45</b></td> </tr> </tbody> </table>		Single Family	Multi-Family*	(times) Percent desiring for-sale single-family vs. multifamily <sup>5</sup>	x 70%	30%	(equals) Total demand potential for new single-family & multifamily for-sale housing	= 123	53	(minus) Units under construction or approved platted lots (undeveloped and developed lots) <sup>6</sup>	- 87	0	(equals) Excess demand for new general occupancy for-sale housing	= 36	53	(times) Percent of Market Area demand capturable by Market Area	x 65%	85%	<b>(equals) number of units supportable by the Market Area</b>	<b>24</b>	<b>45</b>	
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<sup>1</sup> Estimated household growth based on projections as adjusted by Maxfield Research and Consulting LLC <sup>2</sup> Pct. of owner households under the age of 65 (U.S. Census - 2019). <sup>3</sup> Estimate based on 2019 owner households (under age 65). <sup>4</sup> Based on on turnover from 2019 American Community Survey for households moving over a 10-year period. <sup>5</sup> Based on preference for housing type and land availability <sup>6</sup> 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 and Consulting LLC																								

### Estimated Demand for General-Occupancy Rental Housing

Table HD-2 presents our calculation of general-occupancy rental housing demand in the Waseca 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 the Waseca Market Area that want to upgrade their housing situations.

The 65 and older cohort is typically not a target market for new general occupancy rental housing, therefore, we limit demand from household growth to only those households under the age of 65. According to our projections, the Waseca Market Area is expected to decline for households under the age of 65 between 2021 and 2030, which produces no demand from new household growth.

Demand is forecast to emerge from existing Market Area householders through turnover. An estimated 1,297 renter-occupied households under age 65 are located in the Waseca Market Area in 2021. Based on mobility data from the Census Bureau, an estimated 92% of renter households will turnover in a ten-year period, resulting in 1,198 existing households projected to turnover. Finally, we estimate 15% of the existing renter households will seek new rental housing, resulting in demand for 180 rental units through 2030.

Next, we estimate that 25% of the total demand for new rental units in the Waseca Market Area will come from people currently living outside of the Market Area. Adding demand from outside the Waseca Market Area to the existing demand potential, results in a total estimated demand for 240 rental housing units by 2030.

Based on a review of rental household incomes and sizes and monthly rents at existing projects, we estimate that approximately 20% of the total demand will be for subsidized housing (30% AMI), 30% will be for affordable housing (40% to 60% AMI), and 50% will be for market rate housing (non-income restricted).

Next we subtract housing projects that are under construction or pending, since these projects will satisfy some of the calculated demand for general occupancy rental housing. However, there are no under construction or pending units at this time.

**Finally, we estimate that a site in Waseca can capture 80% to 95% of the total Market Area demand, resulting in demand for 46 subsidized units, 68 affordable units, and 88 market rate units in Waseca.**

## HOUSING DEMAND ANALYSIS

<b>TABLE HD-2 RENTAL HOUSING DEMAND WASECA MARKET AREA 2021 to 2030</b>			
<b>Demand from Projected Household Growth</b>			
Projected HH growth under age 65 in the Market Area 2021 to 2030 <sup>1</sup>			0
(times) Estimated % to be renting their housing <sup>2</sup>	x	27%	
(equals) Projected demand from new HH growth	=		<b>0</b>
<b>Demand from Existing Renter Households</b>			
Number of renter HHs (age 64 and younger) in the Market Area (2021) <sup>3</sup>			1,297
(times) Estimated percent of renter turnover <sup>4</sup>	x	92%	
(equals) Total existing households projected to turnover	=		1,198
(times) Estimated percent desiring new rental housing	x	15%	
(equals) Demand from existing households			180
<b>(equals) Total demand from HH growth and existing HHs 2021 to 2030</b>	<b>=</b>		<b>180</b>
(times) Demand from outside the Market Area			25%
<b>(equals) Total demand potential for rental housing, 2021 to 2030</b>			<b>240</b>
		<b>Subsidized</b>	<b>Affordable</b>
(times) Percent of rental demand by product type <sup>5</sup>	x	20%	30%
(equals) Total demand potential for general-occupancy rental housing units	=	48	72
(minus) Units under construction or pending <sup>6</sup>	-	0	10
(equals) Excess demand for new general occupancy rental housing	=	<b>48</b>	<b>72</b>
(times) Percent of Market Area demand capturable by the Market Area	x	95%	80%
<b>(equals) number of units supportable by the Market Area</b>		<b>46</b>	<b>68</b>
<sup>1</sup> Estimated household growth based on projections as adjusted by Maxfield Research and Consulting LLC <sup>2</sup> Pct. of renter households under the age of 65 (U.S. Census - 2019). <sup>3</sup> Estimate based on 2019 renter households (under age 65). <sup>4</sup> Based on on turnover from 2019 American Community Survey for households moving over 10-year period. <sup>5</sup> Based on the combination of current rental product and household incomes of area renters (non-senior households) <sup>6</sup> Pending/proposed/under construction at 95% occupancy.			
Source: Maxfield Research and Consulting LLC			

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. According to Table R-2, the current general-occupancy rental market had overall vacancy rate of 1.13%, indicating pent-up demand for rental housing units.

### Estimated Demand for Market Rate Active Adult Senior Housing

Table HD-3 presents our demand calculations for market rate active adult senior housing in the Waseca Market Area in 2021 and 2026.

In order to determine demand for active adult 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 active adult 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 Waseca Market Area in 2021 to be 2,007 households.

Adjusting to include appropriate long-term capture rates for each age cohort (1.5% of households age 55 to 64, about 8.5% of households age 65 to 74, and 15% of households age 75 and over) results in a market rate demand potential for 135 active adult senior rental units in 2021.

Some additional demand will come from outside of the Waseca Market Area. We estimate that 25% of the long-term demand for active adult senior housing will be generated by seniors currently residing outside the Waseca Market Area. This demand will consist primarily of parents of adult children living in the Waseca Market Area, individuals who live just outside of the Waseca Market Area and have an orientation to the area, as well as former residents who desire to return. Together, the demand from the Waseca Market Area seniors and demand from seniors who would relocate to the Waseca Market Area results in a demand for 180 market rate active adult units in 2021.

Active adult demand in the Waseca Market Area is apportioned between ownership and rental housing. Based on the age distribution, homeownership rates and current product available in the Waseca Market Area, we project that 40% of the Waseca Market Area's demand will be for adult ownership housing (72 units) and 60% will be for rental housing (108 units).

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. Subtracting the existing competitive market rate units results in total demand potential for 51 adult owner-occupied units and 108 active adult rental units.

Adjusting for inflation, we have estimated that households with incomes of \$40,000 or more and homeowners with incomes of \$30,000 to \$34,999 would income qualify for market rate independent senior housing in 2026. Considering the growth in the older adult base and the in-

## HOUSING DEMAND ANALYSIS

come distribution of the older adult population in 2026, the methodology projected that demand will be 56 adult owner-occupied units and 115 adult rental units in the Waseca Market Area.

TABLE HD-3 MARKET RATE ACTIVE ADULT HOUSING DEMAND WASECA MARKET AREA 2021 & 2026						
	2021			2026		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of >\$35,000 <sup>1</sup>	834	605	322	714	649	369
# of Households w/ Incomes of \$25,000 to \$34,999 <sup>1</sup>	+ 73	+ 89	+ 139	+ 59	+ 84	+ 137
(times) Homeownership Rate	x 89%	x 92%	x 72%	x 89%	x 92%	x 72%
(equals) Total Potential Market Base	= 899	= 686	= 422	= 767	= 726	= 467
(times) Potential Capture Rate	x 1.5%	x 8.5%	x 15.0%	x 1.5%	x 8.5%	x 15.0%
(equals) Demand Potential	= 13	= 58	= 63	= 11	= 62	= 70
<b>Potential Demand from Residents</b>	= 135			= 143		
(plus) Demand from Outside of the Market Area (25%)	+ 45			+ 48		
<b>(equals) Total Demand Potential</b>	= 180			= 191		
	<b>Owner-Occupied</b>	<b>Renter-Occupied</b>		<b>Owner-Occupied</b>	<b>Renter-Occupied</b>	
(times) % by Product Type	x 40%	x 60%		x 40%	x 60%	
(equals) Demand Potential by Product Type	= 72	= 108		= 76	= 115	
(minus) Existing and Pending MR Active Adult Units <sup>2</sup>	- 21	- 0		- 21	- 0	
<b>(equals) Excess Demand for MR Active Adult Units</b>	<b>= 51</b>	<b>= 108</b>		<b>= 56</b>	<b>= 115</b>	

<sup>1</sup> 2026 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.  
<sup>2</sup> Existing and pending are deducted at market equilibrium (95% occupancy).

Source: Maxfield Research & Consulting, LLC

### **Estimated Demand for Subsidized/Affordable Active Adult Senior Housing**

Table HD-4 presents our demand calculations for subsidized/affordable active adult senior housing in the Waseca Market Area in 2021 and 2026.

In order to arrive at the potential age and income qualified base for low income and affordable housing, we exclude all senior (65+) households with incomes more than \$35,000. We exclude homeowner households with incomes between \$30,000 and \$34,999, as these households would have additional equity that could be converted to monthly income following the sales of their single-family homes.

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 1.5% for households age 55 to 64, 10.0% for households age 65 to 74 and 20.0% for households age 75 and older.

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 151 total subsidized or affordable senior units. However, after being adjusted for household incomes demand results for 11 subsidized units and 83 affordable units.

Adjusting for inflation, we estimate that households with incomes up to \$40,000 would be candidates for financially-assisted independent housing in 2026. We reduce the potential market by homeowner households earning between \$35,000 and \$39,999 that would exceed income-restrictions once equity from their home sales is converted to monthly income.

Following the same methodology, we project demand in the Waseca Market Area for 30 subsidized units and 107 affordable units in 2026.



# HOUSING DEMAND ANALYSIS

**TABLE HD-4  
DEEP-SUBSIDY/SHALLOW SUBSIDY ACTIVE ADULT HOUSING DEMAND  
WASECA MARKET AREA  
2021 & 2026**

	2021			2026		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of <\$35,000 <sup>1</sup>	267	262	413	235	296	512
Less Households w/ Incomes of \$30,000 to \$34,999 <sup>1</sup>	- 36	44	69	- 22	32	42
(times ) Homeownership Rate	x 89%	92%	72%	x 89%	92%	72%
(equals) Total Potential Market Base	= 235	222	364	= 215	267	482
(times) Potential Capture Rate	x 1.5%	10.0%	20.0%	x 1.5%	10.0%	20.0%
(equals) Demand Potential	= 4	22	73	= 3	27	96
<b>(equals) Potential Demand from Residents</b>		= 98			= 126	
(plus) Demand from outside of the Market Area (35%)		+ 53			+ 68	
<b>(equals) Total Demand Potential</b>		= 151			= 194	
	<b>Deep-Subsidy</b>		<b>Shallow-Subsidy</b>	<b>Deep-Subsidy</b>		<b>Shallow-Subsidy</b>
(times) % by Product Type	x 45%		x 55%	x 45%		x 55%
(equals) Demand Potential by Product Type	= 68		= 83	= 87		= 107
(minus) Existing and Pending Sub./Aff. Active Adult Units <sup>2</sup>	- 57	-	0	- 57	-	0
<b>(equals) Excess Demand for Sub./Aff. Units</b>	<b>= 11</b>	<b>=</b>	<b>83</b>	<b>= 30</b>	<b>=</b>	<b>107</b>

<sup>1</sup> 2026 calculations define income-qualified households as all households with incomes less than \$40,000. Homeowner households with incomes between \$35,000 and \$39,999 are excluded from the market potential for financially-assisted housing.  
<sup>2</sup> Existing units are deducted at market equilibrium, or 97% occupancy.

Source: Maxfield Research & Consulting, LLC

### Estimated Demand for Independent Living Senior Housing

Table HD-5 presents our demand calculations for independent living housing in the Waseca Market Area in 2021 and 2026.

The potential age- and income-qualified base for independent living 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 2019 ACS homeownership rates of the Waseca Market Area seniors. The number of age, income, and asset-qualified households in the Waseca Market Area is estimated to be 1,017 households in 2021.

Demand for independent living is need-drive, 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 15.0% of households age 75 and older) results in a local demand potential for 65 independent living units in 2021.

We estimate that seniors currently residing outside of the Waseca Market Area will generate 25% of the demand for independent living senior housing. Together, the demand from the Waseca Market Area seniors and demand from seniors who are willing to locate to the Waseca Market Area totals 87 independent living units in 2021.

As of the second quarter 2021, there are no under construction or approved senior housing projects with independent living units, however there are currently 33 independent living units at 95% occupancy rate, which reduces the overall demand for 54 independent living units in 2021.

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 independent living housing in 2026. Following the same methodology, demand is calculated to increase to 60 units through 2026.

## HOUSING DEMAND ANALYSIS

TABLE HD-5 MARKET RATE INDEPENDENT LIVING RENTAL HOUSING DEMAND WASECA MARKET AREA 2021 & 2026				
	2021		2026	
	Age of Householder		Age of Householder	
	65-74	75+	65-74	75+
# of Households w/ Incomes of >\$35,000 <sup>1</sup>	605	322	649	369
# of Households w/ Incomes of \$30,000 to \$34,999 <sup>1</sup>	+ 44	69	+ 32	42
(times) Homeownership Rate	x 92%	72%	x 92%	72%
(equals) Total Potential Market Base	= 645	371	= 678	399
(times) Potential Capture Rate <sup>2</sup>	x 1.5%	15.0%	x 1.5%	15.0%
(equals) Potential Demand	= 10	+ 56	= 10	+ 60
<b>Potential Demand from Market Area Residents</b>	=	<b>65</b>	=	<b>70</b>
(plus) Demand from Outside of the Market Area (25%)	+ 22		+ 23	
<b>(equals) Total Demand Potential</b>	=	<b>87</b>	=	<b>93</b>
(minus) Existing and Pending Independent Living Units <sup>3</sup>	- 33		- 33	
<b>(equals) Total Independent Living Demand Potential</b>	=	<b>54</b>	=	<b>60</b>
<sup>1</sup> 2026 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. <sup>2</sup> The potential capture rate is derived from data from the Summary Health Statistics for the U.S. Population: National Health Interview Survey, 2018 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). <sup>3</sup> Competitive units include Independent Living units at 95% occupancy (market equilibrium). Source: Maxfield Research and Consulting LLC				

### Estimated Demand for Assisted Living Housing

Table HD-6 presents our demand calculations for assisted living senior housing in the Waseca Market Area in 2021 and 2026. 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 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 2021, there are a projected 983 seniors age 75 and older in the Waseca 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 361 seniors in the Waseca 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 Waseca 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 Waseca 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 \$40,000 or greater, there is a substantial base of senior households with lower incomes who income-qualify based on assets – their homes, in particular.

For each age group in Table HD-5, 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 200 units in 2021.

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 Waseca Market Area living alone. Based on 2019 ACS data, only 53% of age 75+ households in the Waseca Market Area lived alone. Applying this percentage results in a total base of 106 age/income-qualified singles. The 2009 Overview of Assisted Living found that 12% of residents in assisted living were couples. There is a total of 121 age/income-qualified seniors needing assistance in the Waseca 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. Applying this potential market penetration rate of 40% results in demand for 48 assisted living units in 2021.

## HOUSING DEMAND ANALYSIS

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We estimate that a portion of demand for assisted living units (25%) will come from outside of the Waseca Market Area. Applying this figure results in total potential demand for 64 market rate assisted living units in the Waseca Market Area.

There is a total of 34 market rate assisted living units in the Waseca Market Area. After deducting these competitive units (minus a 93% occupancy rate) from the total demand potential, we calculate that there is current demand for 33 assisted living units in the Waseca Market Area in 2021. After applying the aforementioned calculations to the age/income-qualified base in 2026, resulting in demand for 42 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 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 number of waivers accepted within the community to around roughly 10% to 20%. Some facilities accept higher amounts of residents on waivers and many newer facilities do not accept any waivers.

**HOUSING DEMAND ANALYSIS**

<b>TABLE HD-6                      MARKET RATE ASSISTED LIVING DEMAND                      WASECA MARKET AREA                      2021 and 2026</b>						
	2021			2026		
	People	Percent Needing Assistance <sup>1</sup>	Number Needing Assistance <sup>1</sup>	People	Percent Needing Assistance <sup>1</sup>	Number Needing Assistance <sup>1</sup>
Age group						
75 - 79	380	25.5%	97	526	25.5%	134
80 - 84	259	33.6%	87	316	33.6%	106
85+	344	51.6%	178	350	51.6%	181
<b>Total</b>	<b>983</b>		<b>361</b>	<b>1,192</b>		<b>421</b>
<b>Percent Income-Qualified<sup>2</sup></b>			<b>55%</b>			<b>54%</b>
Total potential market			200			227
(times) Percent living alone			x 53%			53%
(equals) Age/income-qualified singles needing assistance			= 106			121
(plus) Proportion of demand from couples (12%) <sup>3</sup>			+ 14			16
(equals) Total age/income-qualified market needing assistance			= 121			137
(times) Potential penetration rate <sup>4</sup>			x 40%			40%
(equals) Potential demand from MA residents			= 48			55
(plus) Proportion from outside MA (25%)			+ 16			18
(equals) Total potential assisted living demand			= 64			73
(minus) Existing market rate assisted living units <sup>5</sup>			- 32			32
<b>(equals) Total excess market rate assisted living demand</b>			<b>= 33</b>			<b>42</b>
<sup>1</sup> The percentage of seniors unable to perform or having difficulting with ADLs, based on the 2018 State of Aging in America published by the Centers for Disease Control and Prevention and the National Center for Health Statistics.						
<sup>2</sup> Includes households with incomes of \$40,000 or more, plus a portion of estimated owner households with incomes below \$40,000 (who will spend down assets, including home-equity, in order to live in assisted living housing). \$45,000+ in 2026.						
<sup>3</sup> The 2009 Overview of Assisted Living (a collaborative project of AAHSA, ASHA, ALFA, NCAL & NIC) found that 12% of assisted living residents are couples.						
<sup>4</sup> 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.						
<sup>5</sup> Existing and pending units at 93% occupancy.						
Source: Maxfield Research & Consulting, LLC						

### Estimated Demand for Memory Care Senior Housing

Table HD-7 presents our demand calculations for market rate memory care senior housing in the Waseca Market Area in 2021 and 2026.

Demand is calculated by starting with the estimated Waseca Market Area senior (age 65+) population in 2021 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 293 seniors in the Waseca Market Area in 2021.

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 to \$6,000 when including service packages. Based on our review of senior household incomes in the Waseca Market Area, homeownership rates and home sale data, we estimate that 46% of seniors in the Waseca 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 (293 seniors) by the income-qualified percentage results in a total of 135 age/income-qualified seniors in the Waseca Market Area in 2021.

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 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 34 seniors in the Waseca Market Area.

We estimate that 25% of the overall demand for memory care housing would come from outside of the Waseca Market Area. Together, demand totals 45 memory care units in 2021.

## HOUSING DEMAND ANALYSIS

TABLE HD-7 MARKET RATE MEMORY CARE DEMAND WASECA MARKET AREA 2021 & 2026		
	2021	2026
65 to 74 Population	1,376	1,573
(times) Dementia Incidence Rate <sup>1</sup>	x 2%	x 2%
(equals) Estimated Age 65 to 74 Pop. with Dementia	= 28	= 31
75 to 84 Population	639	842
(times) Dementia Incidence Rate <sup>1</sup>	x 19%	x 19%
(equals) Estimated Age 75 to 84 Pop. with Dementia	= 121	= 160
85+ Population	344	350
(times) Dementia Incidence Rate <sup>1</sup>	x 42%	x 42%
(equals) Estimated Age 85+ Pop. with Dementia	= 144	= 147
<b>(equals) Total Senior Population with Dementia</b>	<b>= 293</b>	<b>= 338</b>
(times) Percent Income/Asset-Qualified <sup>2</sup>	x 46%	x 46%
(equals) Total Income-Qualified Market Base	= 135	= 155
(times) Percent Needing Specialized Memory Care Assistance	x 25%	x 25%
(equals) Total Need for Dementia Care	= 34	= 39
(plus) Demand from Outside of the Market Area (25%)	+ 11	+ 13
Total Demand for Memory Care Units	= 45	= 52
(minus) Existing and Pending Memory Care Units <sup>3</sup>	- 27	- 27
<b>(equals) Excess Demand Potential</b>	<b>= 18</b>	<b>= 25</b>
<sup>1</sup> Alzheimer's Association: Alzheimer's Disease Facts & Figures (2007)		
<sup>2</sup> Includes seniors with income at \$60,000 or above (\$65,000 in 2026) plus a portion of homeowners with incomes below this threshold (who will spend down assets, including home-equity, in order to live in memory care housing).		
<sup>3</sup> Existing memory care units at 7% vacancy rate.		
Source: Maxfield Research & Consulting, LLC		

We reduce the demand potential by accounting for the existing memory care product in the Waseca Market Area. There is a total of 29 units; however, we reduce the competitive units to include memory care units at a 7% vacancy rate. Subtracting these competitive units results in a demand for 18 units.

The same calculations are applied to the age/income-qualified base in 2026. Following the same methodology, potential demand for market rate memory care units is expected to increase to 25 units in the Waseca Market Area through 2026.



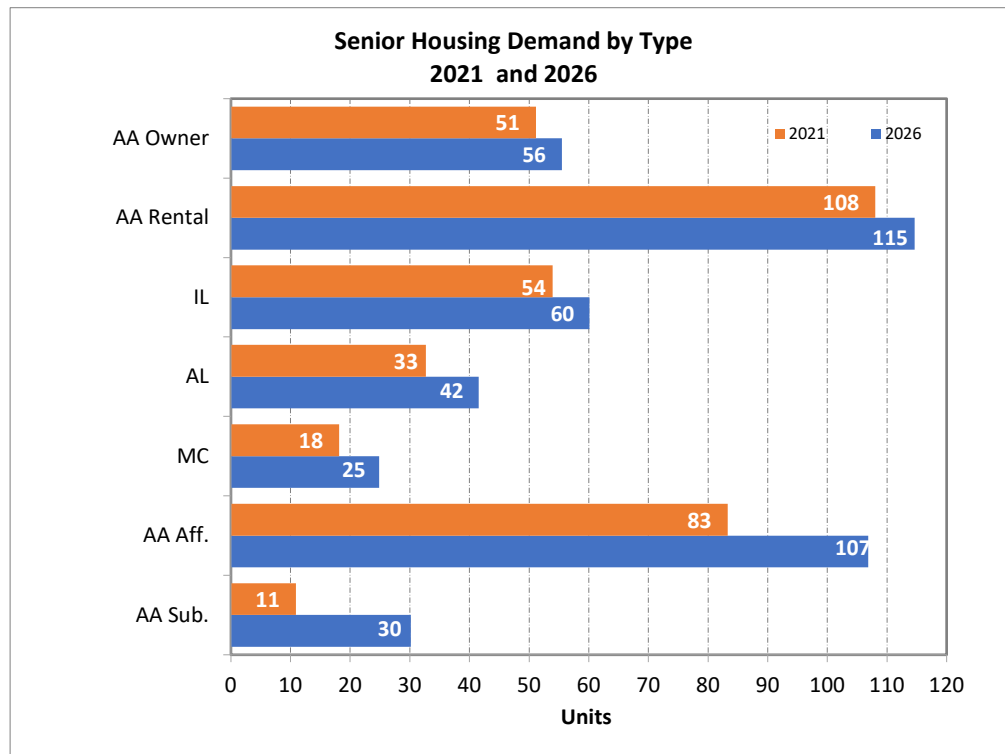
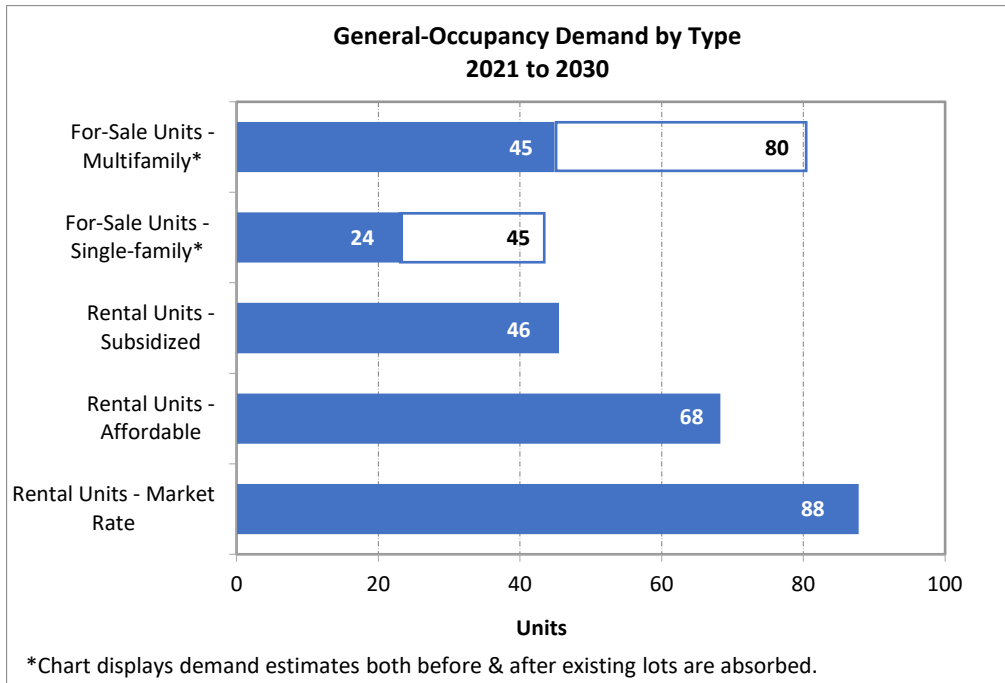
**Introduction/Overall Housing Recommendations**

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

<b>TABLE CR-1 SUMMARY OF HOUSING DEMAND WASECA MARKET AREA THIRD QUARTER 2021</b>		
<b>Type of Use</b>	<b>2021 - 2030</b>	
<b>General-Occupancy</b>		
Rental Units - Market Rate	88	
Rental Units - Affordable	68	
Rental Units - Subsidized	46	
For-Sale Units - Single-family*	24	
For-Sale Units - Multifamily*	45	
<b>Total General Occupancy Supportable</b>	<b>270</b>	
	<b>2021</b>	<b>2026</b>
<b>Age-Restricted (Senior)</b>		
<b>Market Rate</b>		
Active Adult	159	170
Ownership	51	56
Rental	108	115
Independent Living	54	60
Assisted Living	33	42
Memory Care	18	25
<b>Total Market Rate Senior Supportable</b>	<b>264</b>	<b>297</b>
<b>Affordable/Subsidized</b>		
Active Adult - Subsidized	11	30
Active Adult - Affordable	83	107
<b>Total Affordable Senior Supportable</b>	<b>94</b>	<b>137</b>
* Demand estimate after existing lots have been absorbed.		
Source: Maxfield Research and Consulting LLC		

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 Waseca. 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 Waseca. 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 WASECA MARKET AREA 2021 to 2026/2030				
		Purchase Price/ Monthly Rent Range <sup>1</sup>	No. of Units	Development Timing
<b>Owner-Occupied Homes (2021 to 2030)</b>				
<b>Single Family<sup>2</sup></b>				
	Move-up	\$200,000 - \$300,000	50 - 56	Ongoing
	Executive	\$300,000+	20 - 24	Ongoing
	<b>Total</b>		<b>70 - 80</b>	
<b>Townhomes/Twinhomes<sup>4</sup></b>				
	Entry-level	>\$200,000	20 - 24	2021+
	Move-up	\$200,000+	18 - 22	2021+
	<b>Total</b>		<b>38 - 46</b>	
<b>Total Owner-Occupied</b>			<b>108 - 126</b>	
<b>General Occupancy Rental Housing (2021 to 2030)</b>				
<b>Market Rate Rental Housing</b>				
	Apartment-style	\$800/1BR - \$1,200/3BR	55 - 60	2021+
	Townhomes	\$1,000/2BR - \$1,300/3BR	25 - 30	2021+
	<b>Total</b>		<b>80 - 90</b>	
<b>Affordable Rental Housing</b>				
	Apartment-style	Moderate Income <sup>3</sup>	40 - 50	2021+
	Townhomes	Moderate Income <sup>3</sup>	16 - 20	2021+
	Subsidized	30% of Income <sup>4</sup>	40 - 50	2021+
	<b>Total</b>		<b>96 - 120</b>	
<b>Total Renter-Occupied</b>			<b>176 - 210</b>	
<b>Senior Housing (i.e. Age Restricted) (2021 to 2026)</b>				
	Active Adult Ownership / Co-op <sup>5</sup>	\$150,000+	50 - 55	2021+
	Active Adult Rental	\$800/1BR - \$1,150/2BR	50 - 60	2023+
	Active Adult Affordable Rental	Moderate Income <sup>3</sup>	70 - 80	2021+
	Independent Living	\$1,600+ per month	50 - 60	2023+
	Assisted Living	\$3,000+ per month	30 - 40	2023+
	Memory Care	\$4,000+ per month	20 - 24	2022+
	<b>Total</b>		<b>270 - 319</b>	
<b>Total - All Units</b>			<b>554 - 655</b>	
<p><sup>1</sup> Pricing in 2021 dollars. Pricing can be adjusted to account for inflation.</p> <p><sup>2</sup> Recommendations include the absorption of existing previously platted lots. Most entry-level demand will be accommodated through the resale market.</p> <p><sup>3</sup> Affordability subject to income guidelines per Minnesota Housing Finance Agency (MHFA).</p> <p><sup>4</sup> Subsidized housing will be difficult to develop financially due to lack of federal funding from HUD</p> <p><sup>5</sup> Senior Cooperative assumption cost is based on share cost = 40% of its actual value.</p> <p><b>Note - Recommended development does not coincide with total demand. The City of Waseca may not be able to accommodate all recommended housing types based on a variety of factors (i.e. development constraints, land availability, etc.)</b></p>				
Source: Maxfield Research and Consulting LLC				

### Recommended Housing Product Types

#### *For-Sale Housing*

##### *Single-Family Housing*

Table HD-1 identified demand for about 125 single-family units in the Waseca Market Area through 2030. However, after accounting for the vacant lots in Waseca and the planned/pending lots (see Table FS-9 and P-1, new lot demand was reduced down to 36 new lots. Excluding the vacant lots that have yet to be developed, we find demand for about 80 single-family homes in Waseca this decade.

The lot supply benchmark for growing communities is a three- to five-year lot supply, which ensures adequate consumer choice without excessively prolonging developer-carrying costs. Given the number of existing platted lots in Waseca (i.e. *Pondview of Waseca, Woodville Meadows, Parkridge Estates, and Woods Edge*) and the number of homes constructed annually, the current lot supply is able to meet historical demand in the short-term. Although there are several scattered, infill lots throughout the City of Waseca, many of these lots are undesirable to today's buyers as they are unable to accommodate specific product types (i.e. ranch-style homes with large main-levels).

Due to the age and price of the existing housing stock in Waseca, most of the existing older housing stock appeals to entry-level buyers. Entry-level homes, which we generally classify as homes priced under \$200,000 will be mainly satisfied by existing single-family homes as residents of existing homes move into newer housing products built in the Waseca Area, such as move-up single-family homes, twinhomes, rental housing and senior housing. A move-up buyer or step-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. Based on our interviews with real estate professionals, move-up homes are generally priced from \$200,000 to \$300,000; however it will be difficult to construct new homes for much less than \$200,000 given today's development costs. Executive-level homes are loosely defined as those homes priced above \$300,000. Most of these homes would be build-to-suit new construction in one of the city's newer subdivisions are on larger acreages located outside or near city limits.

The new construction market has been rather quiet in Waseca over the past few years as about 7 homes have been constructed annually. Prior to the Great Recession and ensuing housing bust, new construction was strong averaging about 20 homes per year in the early 2000s. Three years back in 2018, 14 homes per permitted resulting in the most active year since 2006. Over the next decade, Maxfield Research is estimating demand for about 8 new homes on average.

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Much of the new single-family construction in Waseca and the surrounding townships has targeted move-up and executive buyers (pricing \$250,000+); in part because of the high infrastructure costs in developing new subdivisions and increasing construction, material, and labor costs. However, through our research and interviews we find demand for a variety of price points of new single-family homes.

Although there would be substantial demand for a new single-family housing product priced under \$150,000, financially it will be extremely difficult to develop even with public assistance due to infrastructure costs and rising labor and material costs. Based on land and building costs, it is very difficult to build new single-family homes for less than \$200,000 in most out-state Minnesota communities.

Because there are 55 vacant lots in the four active subdivisions identified in Table FS-9, there are nearly enough vacant lots to meet most of the demand over the next decade. Once those lots are taken new lots will need to be platted to meet the additional demand. Most of the existing lots are flat and lack the necessary topography for walk-outs; in addition some of the lots have little vegetation. Therefore, demand could be sooner if a newer subdivision offer distinctive lots that are not presently available in the Waseca market.

In the short-term, new construction could be curtailed given the ever increasing pricing of construction since the pandemic. Costs are up substantially while builders experience material shortages and labor challenges. Many builders are unable to quote pricing given the volatile market; hence many buyers are on the sidelines as pricing concerns are resulted in significant delays. In fact, many builders are delaying projects as they wait for price corrections and are pushing new home buyers back 1-2 years. Therefore, new construction could be constrained in until pricing levels out and inflation is under control.

### ***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.

Our analysis of the Waseca for-sale housing stock found very few maintenance-free products as historically buyers have preferred the single-family house. However, given the aging of the population and the growth rate in the 55+ population (especially 65-74 age cohorts), Waseca would benefit from a more diversified housing stock. Based on the changing demographics and the need for alternative housing types, demand was calculated for 45 new multifamily for-sale units

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in Waseca through 2030. Since 2003, there have been 26 new townhome/twinhome/quad units constructed in Waseca.; an average of about 1-2 annually for that timeframe.

These attached units could be developed as twinhomes, detached townhomes or villas, cottages, townhomes/row homes, or any combination. Because the main target market is empty-nesters and young seniors, the majority of townhomes should be one-level, or at least have a master suite on the main level if a unit is two-stories. The following provides greater detail into townhome and twinhome style housing.

- *Twinhomes*– By definition, a twinhome is basically two units with a shared wall with each owner owning half of the lot the home is on. Some one-level living units are designed in three-, four-, or even six-unit buildings in a variety of configurations. The swell of support for twinhome and one-level living units is generated by the aging baby boomer generation, which is increasing the numbers of older adults and seniors who desire low-maintenance housing alternatives to their single-family homes but are not ready to move to service-enhanced rental housing (i.e. downsizing or right sizing).

Traditionally most twinhome developments have been designed with the garage being the prominent feature of the home; however, today's newer twinhomes have much more architectural detail. Many higher-end twinhome developments feature designs where one garage faces the street and the other to the side yard. This design helps reduce the prominence of the garage domination with two separate entrances. Housing products designed to meet the needs of these aging Waseca residents, many of whom desire to stay in their current community if housing is available to meet their needs, will be needed into the foreseeable future.

Twinhomes are also a preferred for-sale product by builders as units can be developed as demand warrants. Because twinhomes bring higher density and economies of scale to the construction process, the price point can be lower than stand-alone single-family housing. We recommend a broad range of pricing for twinhomes; however pricing should start at around \$200,000.

Many older adults and seniors will move to this housing product with substantial equity in their existing single-family home and will be willing to purchase a maintenance-free home that is priced similar to their existing single-family home. The twinhomes should be association-maintained with 40'- to 50'-wide lots on average.

- *Detached Townhomes/Villas* – An alternative to the twinhome is the one-level villa product and/or rambler. This product also appeals mainly to baby boomers and empty nesters seeking a product similar to a single-family living on a smaller scale while receiving the benefits of maintenance-free living. Many of these units are designed with a walk-out or lookout lower level if the topography warrants. We recommend lot widths ranging from 45 to 55 feet with main-level living areas between 1,600 and 1,800 square feet. The main level living area usually features a master bedroom, great room, dining

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

Pricing for a detached townhome/villa will vary based on a slab-on-grade home versus a home with a basement. Base pricing should start at \$190,000 and will fluctuate based on custom finishes, upgrades, etc.

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

Because multifamily for-sale housing is mostly untested in Waseca, we recommend a four-plex concept that could be back-to-back with main-level master bedrooms that would cater to empty-nesters. If the product is successful, future phases could include row homes that would increase density and cater to a broader market. Units should have base prices from \$175,000 to \$200,000.

### ***General Occupancy Rental Housing***

Maxfield Research calculated demand for approximately 200 general-occupancy rental units in Waseca through 2030 (88 market rate, 68 affordable, and 46 subsidized units). Our competitive inventory identified among select general-occupancy found exceptionally low vacancy rates; indicating demand for new product. As identified in Table R-2, there are very few townhome style multifamily-style rental buildings in Waseca, and more traditional apartment style developments. 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 the older developments in Waseca.

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Because of the lower market rate monthly rents in Waseca, it will be financially difficult to develop an affordable housing project as the income-restricted rents would likely be higher than market rate rental developments (see table HA-1).

Because of the economies of scale when constructing multifamily rental housing, new construction requires density that can be difficult to achieve in smaller, rural communities given development costs and potential rents. However, demand is strong and traditional apartment style construction is supportable given the lack of product in the marketplace and the need for rental housing. The following rental product types are recommended through 2030:

- *Market Rate Rental* - As illustrated in Table R-2, there are few traditional style multifamily rental projects in Waseca. The inventoried existing rental housing stock is older and the single-family housing stock also plays a significant role in the overall rental housing market sector (30% of all rental product). Interviews with employers, Realtors, and property managers all indicated a severe shortage of market rate rentals in Waseca. Some employers indicated employees earn too much to qualify for affordable housing and there is no housing stock for workforce households. As such, rental housing production should be a top priority for development.

We recommend new market rental project(s) 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(s) with a unit mix consisting of one-bedroom units, one-bedroom plus den 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 2021 dollars) should range from \$800 for a one-bedroom unit to \$1,200 for a three-bedroom unit. Average rents in Waseca are average around \$0.79 per square foot, however monthly rents should range from upwards of \$1.05+ 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.

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.



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- Market Rate General Occupancy Rental Townhomes– In addition to the traditional multifamily structures, we find that demand exists for larger townhome units for families – including those who are new to the community and want to rent until they find a home for purchase. A portion of the overall market rate demand could be a townhome style development versus traditional multifamily design. We recommend a project with rents of approximately \$1,000 for two-bedroom units to \$1,300 for three-bedroom units. Units should feature contemporary amenities (i.e. in-unit washer/dryer, high ceilings, etc.) and an attached two car garage. Again, like traditional multifamily development, these rents are significantly higher than then existing rental product and a public-private partnership may be needed to bring down development and monthly rental costs.
- Affordable and 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 46 subsidized units over this decade, this product is very difficult to pencil out given the lack of funding available. As such, all of the income-restricted housing will fall under the “affordable” product through the tax credit program. We found strong demand for affordable rental housing (68 units); hence development could result from an apartment-style building and/or townhome style affordable units.

### ***Senior Housing***

As illustrated in Table CR-1, demand exists for all types of senior housing product types in Waseca through 2026. Due to the aging of Waseca’s population, senior housing product types show moderate to strong demand among all product types in the short-term. Collectively, senior housing shows demand for over 400 units across all service levels. Senior housing accounts for about 50% of all housing demand in the City of Waseca through 2026.

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 Waseca: older adult and senior residents are able to relocate to new age-restricted housing in Waseca, 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.

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- Active Adult Senior Cooperative – There is one senior age-restricted for-sale development in Waseca at this time – *Realife Cooperative* which has 22 units and no units available for purchase. Maxfield Research and Consulting, LLC projected demand for 56 active adult ownership units through 2026. Construction of a new larger stand-alone cooperative facility would satisfy most adult ownership demand through 2026. We also recommend exploring an addition or future phase to the existing cooperative product.

Maxfield Research & Consulting, LLC recommends a cooperative development with a mix of two- and three-bedroom units with share costs starting around \$75,000 (unit value started at about \$225,000). The cooperative model, in particular, appeals to a larger base of potential residents in that it has characteristics of both rental and ownership housing. Cooperative developments allow prospective residents an ownership option and homestead tax benefits without a substantial upfront investment as would be true in a condominium development or life care option. Maxfield Research & Consulting, LLC has found the cooperative model to be very well-accepted in rural communities across the Midwest.

- Active Adult Rental – We have projected demand for about 115 market rate active adult rental units in Waseca by 2026. Many of the seniors who would consider an active adult product are presently residing in their existing single-family home or general-occupancy rental housing. Development of this product could be in separate stand-alone facilities or in a mixed-income project. A mixed-income building could include a portion of units that would be affordable to seniors with incomes established by the Minnesota Housing Finance Agency.

Although we find strong demand for this product type; since this product is not need-driven and development costs are expected to be high; this product could be difficult to cash flow given the low rents in Waseca. We recommend a product with base rents from \$800 to \$1,150.

Because of the hot real estate market since the pandemic, seniors who decide to sell their home today will receive top dollar and can capitalize on the strong housing market and reallocate funds to maintenance-free housing products.

- Affordable and Subsidized Rental – Waseca demand for affordable senior housing is 108 units through 2026; however there are only 30 subsidized units in demand given the existing product in Waseca. Affordable 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. Although there is smaller demand for subsidized housing; it is still likely that subsidized housing would be in high demand given the low vacancy rates and large draw area they capture residents from. A new subsidized development

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would likely rely on a number of funding sources; from low-income tax credits (LIHTC), tax-exempt bonds, Section 202 program, USDA 515 program, among others to get financed today.

- *Independent Living* – Because there is demand for 60 independent living units, we recommend either a stand-alone independent living project or a combined development that includes other service levels to increase density to be financially feasible. Alternatively, the concept called “Catered Living” may be viable as it combines independent and assisted living residents and allows them to age in place in their unit versus moving to a separate assisted living facility. (See below for definition of Catered Living). Although we find demand; we recommend construction a few years down the road given the higher vacancy rates in the existing product coming out of the pandemic. Demand for light service senior housing will continue to increase with each passing years as the Baby Boomers age this decade.
- *Assisted Living and Memory Care Senior Housing* – Based on our analysis, we project demand to support an additional 42 assisted living units and 25 memory care units in Waseca through 2026.

We recommend assisted living units include a mix of studio, and one-bedroom, and a few two-bedroom units with base monthly rents ranging from \$3,000 to \$5,000. Memory care unit mix should be studios, one-bedroom units, and small two-bedroom units with base monthly rents ranging from \$4,000 to \$6,000. Memory care units should be located in a secured, self-contained wing located on the first floor of a building and should feature its own dining and common area amenities including a secured outdoor patio and wandering area.

The base monthly fees should include all utilities (except telephone and basic cable/satellite television) and the following services:

- Three meals per day;
- Weekly housekeeping and linen service;
- Two loads of laundry per week;
- Weekly health and wellness clinics;
- Meal assistance;
- Regularly scheduled transportation;
- Professional activity programs and scheduled outings;
- Nursing care management;
- I’m OK program;
- 24-hour on site staffing;
- Personal alert pendant with emergency response; and
- Nurse visit every other month.

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Additional personal care packages should also be available for an extra monthly charge above the required base care package. A care needs assessment is recommended to be conducted to determine the appropriate level of services for prospective residents.

Given the service-intensive nature of memory care housing and staffing ratios, typically most memory care facilities are attached to either an assisted living development or are a component of a skilled nursing facility. As a result, it will be very difficult to build a stand-alone memory care facility that can be financially feasible on its own. Therefore, new memory care units would be best suited if they were attached to an assisted living complex. Alternatively, memory care could also be associated with a skilled nursing facility; however we stress the residential approach to memory care versus the institutional feel from a nursing home.

The assisted living units could be incorporated into an existing senior housing facility or could be designed in a “Catered Living” concept outlined below.

- Service-Enhanced Senior Housing or “Catered Living” – As Table CR-1 showcased, demand exists for all senior housing service levels in Waseca. Due to economies of scale, it may be difficult to develop stand-alone facilities in Waseca for each of these service levels that are financially feasible (i.e. assisted living or memory care). Therefore, an alternative concept that allow seniors to “age in place” and remain in the same facility in the stages of later life could be explored. Catered living is a “hybrid” senior housing concept where demand will come from independent seniors interested in congregate housing as well as seniors in need of a higher level of care (assisted living). In essence, catered living provides a permeable boundary between congregate and assisted living care. The units and spatial allocations are undistinguishable between the two senior housing products, but residents will be able to select an appropriate service level upon entry to the facility and subsequently increase service levels over time. Additionally, catered living not only appeals to single seniors but also to couples; each resident is able to select a service level appropriate for his or her level of need, while still continuing to reside together. In addition, memory care can be incorporated into the facility in a separate secured wing.

The catered living concept is a newer concept but tends to be developed in more rural communities that cannot support stand-alone facilities for each product type. Monthly rents should include a base rent and service package with additional services provided either a la carte or within care packages. Monthly rents should start at about \$1,800 for independent living care and \$3,000 for assisted living care.

### Challenges and Opportunities

The following were identified as the greatest challenges and opportunities for developing the recommended housing types (in no particular order – sorted alphabetically).

- **Affordable Housing.** Table HA-1 identified Waseca County Area Median Incomes (“AMI”) and the fair market rents by bedroom type (i.e. \$560/one-bedroom unit). The average market rate rent averages for one-bedroom units is about \$508/month and the overall average rent per square foot is about \$0.79. Therefore, the established rents for affordable housing are close in pricing to most market rate rental developments in Waseca. As a result, the majority of rental housing units in Waseca are considered “affordable” and are mostly fulfilled by existing, older rental product in the marketplace. Furthermore, first-time homebuyers with good credit and a down payment can purchase an entry-level single-family home (less than \$150,000) that would have housing costs on-par with rental housing. As a result, it may be difficult to develop affordable housing should the project have significantly higher rents than unsubsidized rental projects.
- **Age of Rental Housing Stock.** The Rental Market Analysis section of the report identified the newest general occupancy housing product is the *Charter Oaks*, a subsidized housing project built in 2001. The overall rental housing stock in Waseca has a median year built of 1980. 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 included: community rooms with kitchens and big screen TV’s, 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 Waseca.
- **Aging Population.** As illustrated in Table D-2, there is growth in the Waseca Market Area senior population, especially among ages 75 plus (21% growth through 2026). In addition, Table D-7 shows the Waseca Market Area homeownership rates among seniors 65+ is approximately 81%. High homeownership 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.

- **COVID-19 Impacts.** The global COVID-19 pandemic is likely to have both direct and indirect effects on the housing industry for years to come. The following bullet points summarize high-level trends that have been occurring in the housing and real estate markets since the onset of the pandemic:

Mobility: The pandemic has changed how and where households live today. As workers shifted to remote work and telecommuting people stayed at home more and the home has become the focal point for live, work play, school, fitness, and entertaining. Many of these people are desiring more space; either in the unit or outdoor spaces. There has been a fundamental shift on location preferences as workers no longer need to live in close proximity to employers. This shift has resulted in mobility changes, such as high cost to low-cost housing markets, movement from urban to suburban and/or rural, and an emphasis on affordable housing and flexibility.

Many of these trends are expected to stay as the new work normal is expected to be a “hybrid” model for many employees that will empower persons to seek out alternative housing locations. As such, there has been a movement to rural Minnesota communities since the pandemic that otherwise may have not occurred. Communities such as Waseca have an opportunity to capitalize on increased population growth through mobility changes in the post pandemic world. Many moves are from previous residents who would like to relocate to be closer to family, desire for good schools, and take advantage of lower cost of living.

For-Sale Housing: At the onset of the pandemic, the for-sale market was quiet as sellers pulled their homes off the market and builders were worried about a potential recession like the Great Recession. However, as soon as late spring/early summer 2020 the housing market started to heat up and the for-sale market has taken off since. Supply remains at an all-time 50-year low and there are more buyers than sellers. The pandemic has changed buyer preferences; both internally and externally. Buyers have a greater desire for outdoor features, green space, more square footage, flexible spaces for home offices, and healthy living conditions. Buyers are also trading location for more square footage by locating further from their place of employment. There is also a preference toward new construction and the new home market has been especially strong and builders have not kept the pace with demand.

Most submarkets across the country are experiencing double digit appreciation over the past year, while wages are increasing at normal inflationary rates (minus lower paying jobs that are experiencing the strongest wage growth). Waseca home prices are “affordable” compared to other areas across Southeast Minnesota. However, due to the lack of supply there are few homes to purchase in Waseca which is keeping transaction volume down which otherwise would be substantially higher.

Rental Housing: Similar to the for-sale market; there was deep concern about rent collections due to lost jobs during the pandemic and shutdowns. However, the rental market has fared very well and been strong in 2021 as supplemental income from the federal government and an improving economy has resulted in strong demand for rental housing products. The rental market has also benefited from the strong for-sale market; since there are very few homes to purchase there are buyers on the sidelines that are forced to rent and they are being priced out of the market with double-digit appreciation.

Initially, social distancing had a major impact on amenity-rich apartments which tenants were unable to utilize. As such, demand for smaller units has been affected as tenants were expected to remain in their unit and not utilize social spaces. With telecommuting being the norm tenants are seeking a separation of work and live spaces as well as access to balconies and patios to provide fresh air and extra space. As such, demand has shifted away from small studio units and demand has increased for larger two-bedroom plus units where vacancies are the lowest. There has been strong demand for town-home-style rentals or a building that has been designed with a separate entrance.

Senior Housing: Although all real estate product types were impacted by the pandemic, senior housing was on the fore-front and impacted the most from the virus. The deadly virus undoubtedly affected seniors and older adults more so than any other demographic as the vast majority of deaths occurred among older adults. The pandemic has created headwinds for the industry; and lockdowns had major impacts on senior communities. Because of stay-at-home mandates and visitation limitations, senior housing communities experienced slow move-ins, increased move-outs and an overall decrease in occupancy. At the same time operator expenses increased substantially as facilities react and take precautions to mitigate the spread of the virus.

Like most areas across the country, senior facilities in Waseca experienced higher vacancy rates and many seniors have been aging-in-place as long as possible to avoid senior living shared spaces. However, as the vaccination rate continues to climb and the pandemic wanes, senior housing occupancies and demand should bounce back.

- **Economies of Scale.** Economies of scale refer to the increase in efficiency of production as the number of goods being produced is increased. Typically, companies or organizations achieving economies of scale lower the average cost per unit through increased production since fixed costs are shared over an increased number of goods. In the housing development industry, generally the more units that are constructed the greater the efficiency. For example, larger homebuilders negotiate volume discounts in materials and subcontractors, are more efficient in the land entitlement process, leverage the power of technology, and have greater access and lower costs of capital. In multifamily housing, typically the higher the number of units equates into a lower per unit costs. Because of this, construction costs in other larger communities such as in Mankato or Rochester can actually be lower than found in Waseca.

Although Table CR-1 showcased demand for many housing products in Waseca through 2030, many of the products will require some density for the project to be financially feasible. Because demand may not be high enough to support various stand-alone housing concepts new development may require private/public partnerships or the combination of multiple product types to ensure the project can be developed.

- **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 recovery.

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

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

- The Small Cities Development Program offers state grant funds in three general categories.
  - Housing grants provide funds to rehabilitate local housing stock. Local governments lend the funds to projects benefiting low- and moderate-



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

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

### Local/Regional Resources:

*The Minnesota Valley Action Council (MVAC)* – MVAC is a community action agency that assists people identify resources, and opportunities to secure affordable housing in the Minnesota Valley counties.

[http://www.mnvac.org/mvac\\_main/php](http://www.mnvac.org/mvac_main/php)

*South Central Minnesota Multi-County HRA (SCMMCHRA)* – SCMMCHRA administers the Section 8 housing voucher program Martin, Nicollet, Sibley, Waseca, and Watonwan Counties. The organization promotes affordable housing opportunities by providing rental assistance to households renting from private parties. The housing choice vouchers provide rental assistance to a landlord on behalf of low-income households.

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

*The Housing and Redevelopment authority of Waseca (HRAW)* – HRAW is responsible for the management and operation of the Maple Terrace a senior public housing project.

## CHALLENGES AND OPPORTUNITIES

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

- Construction Management Services: Assist homeowners regarding local building codes, reviewing contractor bids, etc. Typically provided as a service by the building department.
- Historic Preservation: Encourage residents to preserve historic housing stock in neighborhoods with homes with character through restoring and preserving architectural and building characteristics. Typically funded with low interest rates on loans for preservation construction costs.
- Home-Building Trades Partnerships – Partnership between local Technical Colleges or High Schools that offer building trades programs. Affordability is gained through reduced labor costs provided by the school. New housing production serves as the “classroom” for future trades people to gain experience in the construction industry.
- 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.

## CHALLENGES AND OPPORTUNITIES

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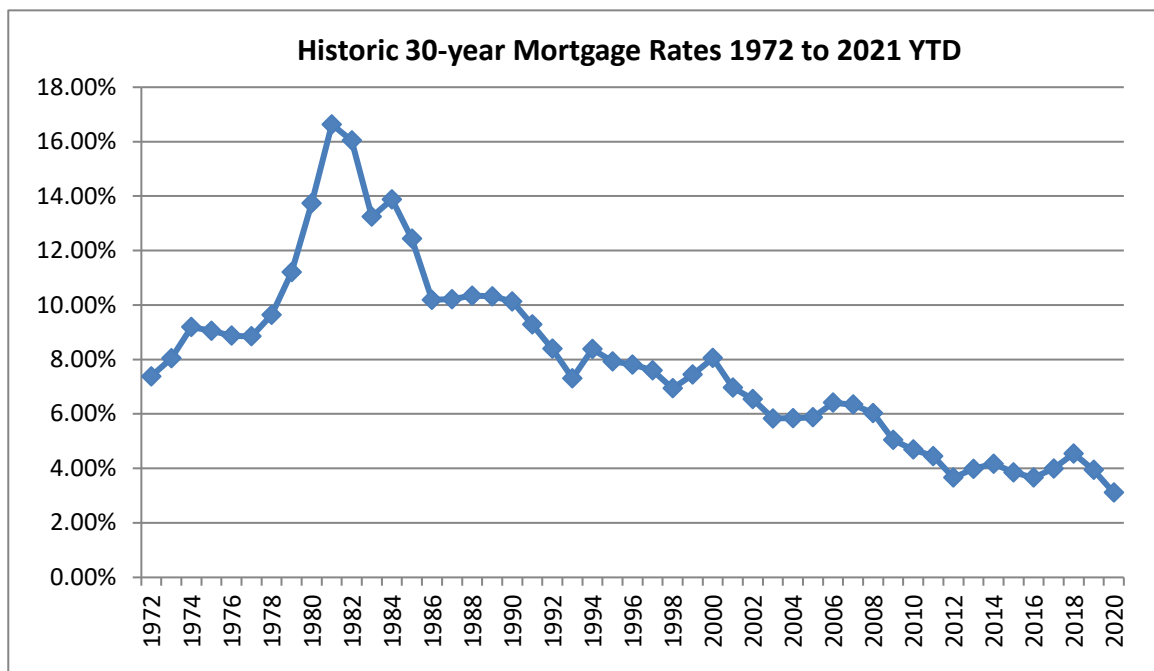
- Realtor Forum - Typically administered by City with partnership by local school board. Inform local Realtors about school district news, current development projects, and other marketing factors related to real estate in the community. In addition, Realtors usually receive CE credits.
  - Remodeling 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 Collaboration - City organizes regular meetings with owners, property managers, and other stakeholders operating in the rental housing industry. Collaborative, informational meetings that includes city staff, updates on economic development and real estate development, and updates from the local police, fire department, and building inspection departments.
  - Rent to Own - Income-eligible families rent for a specified length of time with the end-goal of buying a home. The HRA saves a portion of the monthly rent that will be allocated for a down payment on a future house.
  - Senior Housing Regeneration Program - Partnership between multiple organizations that assists seniors transitioning to alternative housing options such as senior housing, condominiums, townhomes, etc.
  - Tax Abatement: A temporary reduction in property taxes over a specific time period on new construction homes or home remodeling projects. Encourages new construction or rehabilitation through property tax incentives.
  - Tax Increment Financing (TIF): Program that offers communities a flexible financing tool to assist housing projects and related infrastructure. TIF enables communities to dedicate the incremental tax revenues from new housing development to help make the housing more affordable or pay for related costs. TIF funds can be used to provide a direct subsidy to a particular housing project or they can also be used to promote affordable housing by setting aside a portion of TIF proceeds into a dedicated fund from other developments receiving TIF.
  - Waiver or Reduction of Development Fees – There are several fees developers must pay including impact fees, utility and connection fees, park land dedication fees, etc. To help facilitate affordable housing, some fees could be waived or reduced to pass the cost savings onto the housing consumer.
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- **Job Growth/Employment.** Historically, low unemployment rates have driven both existing home purchases and new-home purchases. The unemployment rate rose substantially in 2020 as a result of the impacts of COVID-19 on businesses with shut downs, furloughs, and layoffs. Although the unemployment rate has dropped in 2021, the labor force has also dipped. Additionally, the lack of job growth leads to slow or diminishing household growth, which in-turn relates to reduced housing demand. Resident employment shows that the City of Waseca has an unemployment rate on only 4.3%; on par with Waseca County (4.0%), but is slightly higher than the State of Minnesota at 3.7%. Generally, a 4% to 5% unemployment rate is considered full employment. Although Waseca County's labor force is up over the past year; the labor force is down about 15%

## CHALLENGES AND OPPORTUNITIES

since 2011. Although additional job creation supports the need for housing, a lack of housing, and especially, affordable housing, can place pressure on attracting workers and new jobs.

- **Mortgage Rates.** Mortgage rates play a crucial part in housing affordability. Lower mortgage rates result in a lower monthly mortgage payment and buyers receiving more home for their dollar. Rising interest rates often require homebuyers to raise their down payment in order to maintain the same housing costs. Mortgage rates have remained at historic lows over the past decade coming out of the Great Recession. Although rates ticked-up in 2018 and early 2019, concerns about global growth pushed long-term interest rates. Due to the COVID-19 pandemic, rates plummeted and are at a new all-time low at the time low under 3% (30-year fixed). Most economists believe rates will remain low through 2021 as the Federal Reserve will keep benchmark rates low to help stimulate the economy. Because rates are at all-time lows; rates are likely to remain consistent as there is little movement to go from here.

The following charts illustrates historical mortgage rate averages as compiled by Freddie Mac. The Freddie Mac Market Survey (PMMS) has been tracking mortgage rates since 1972 and is the most relied upon benchmark for evaluating mortgage interest market conditions. The Freddie Mac survey is based on 30-year mortgages with a loan-to-value of 80%.



- **Multifamily Development Costs.** It will be challenging to construct new market rate multifamily product given achievable rents and development costs. As previously mentioned, the average rents in Waseca are low, averaging \$0.79 per square foot. We find in most rural communities the average rent per square foot can easily exceed \$1.00 for new construction. Construction costs for new multifamily housing have increased significantly since the pandemic and development costs for a small-to-midsized project will likely require rents per square foot significantly higher than the existing product in Waseca. Based on these costs, it will be difficult to develop stand-alone multifamily 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.
- **Population Decline.** Table D-1 showed Waseca's population between 2000 and 2030 peaked in the year 2010 with 9,418 persons. According to the U.S. Census American Community Survey, the Minnesota State Demographer, and Esri the Waseca population declined through the decade. Maxfield Research project the population to rebound slightly and increase by 2.2% between 2021 to 2030. Additionally, the 2020 Census data has not yet been released and may impact the figures and projections shown in this report. Detailed population and household data is not expected to be available until sometime in 2022.
- **Shadow Rental Inventory (i.e. Single Family Rentals).** Shadow rentals are generally considered nontraditional rentals that were previously owner-occupied single-family homes, townhomes, etc. A significant portion of the rental stock in Waseca is within the single-family housing market. Based on interviews with Realtors and property managers, there is demand for single family rentals throughout Waseca area. A large percentage of renters have sought out single-family homes versus traditional multifamily rental developments; in part because of the lack of newer rental housing developments in Waseca. Based on housing unit data outlined in Table HC-3, over 35% of all rental units in Waseca are located in single-family and mobile homes.

**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

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

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

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

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

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

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

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

**Demand** – The total number of households that would potentially move into a proposed new or renovated housing project. These households must be of appropriate age, income, tenure and



## APPENDIX

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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 Waseca County - 2021

	Fair Market Rent				
	EFF	1BR	2BR	3BR	4BR
Fair Market Rent	\$556	\$560	\$734	\$1,050	\$1,063

**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. Maximum Gross Rents are shown in the figure below.

**Gross Rent  
Waseca County – 2021**

	Maximum Gross Rent				
	EFF	1BR	2BR	3BR	4BR
30% of median	\$393	\$421	\$505	\$583	\$651
50% of median	\$655	\$701	\$842	\$972	\$1,085
60% of median	\$786	\$842	\$1,011	\$1,167	\$1,302
80% of median	\$1,048	\$1,123	\$1,348	\$1,556	\$1,736
100% of median	\$1,310	\$1,403	\$1,685	\$1,945	\$2,170
120% of median	\$1,572	\$1,684	\$2,022	\$2,334	\$2,604

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

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

**Housing Choice Voucher Program** – The federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. A family that is issued a housing voucher is responsible for finding a suitable housing unit of the family's choice where the owner agrees to rent under the program. Housing choice vouchers are administered locally by public housing agencies. They receive federal funds from the 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 household 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 housing 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. Mobility rate is often illustrated over a one-year time frame.

**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 Consulting, LLC. 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; however, some government agencies define workforce housing from 50% to 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.