

Comprehensive Housing Needs Assessment For Houston County, Minnesota

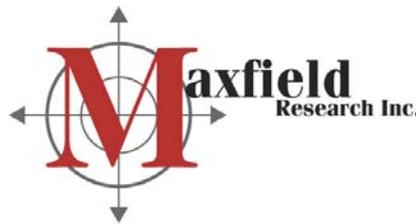
Prepared for:

**Bluff Country Multi-County Housing and
Redevelopment Authority**
Rushford, Minnesota

January 2009



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January 13, 2009

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

Dear Mr. Falbo:

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

The Comprehensive Housing Needs Assessment finds that household growth and changes in demographic characteristics and housing preferences will create demand for nearly 840 housing units in Houston County from 2008 to 2020. Included in this total is demand for about 610 ownership units and 230 rental and senior units. In total, we find demand for about 90 additional housing units from low- and moderate-income households. Assistance by the Bluff Country HRA and other government agencies may be necessary to ensure that the housing needs of these lower and moderate income households is provided. Detailed information regarding housing demand by community and recommended housing types can be found in the *Conclusions and Recommendations* section at the end of the report.

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

Sincerely,

MAXFIELD RESEARCH INC.

A handwritten signature in black ink that reads 'Jay Thompson'. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Jay Thompson
Vice President

Attachment

ACKNOWLEDGMENT

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

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Introduction

Maxfield Research Inc. was engaged by the Bluff Country Minnesota Multi-County Housing and Redevelopment Authority to conduct a comprehensive housing needs assessment for Houston County.

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

The following are key highlights from the comprehensive housing needs assessment.

Key Findings

1. Houston County has been experiencing slow but steady population and household growth. By 2020, Houston County is projected to have a population of about 21,650 people, up from an estimated 20,525 people in 2008 and 19,718 people in 2000.
2. Demand is projected for about 840 new housing units in Houston County during the 12-year period between 2008 and 2020.
3. Total projected housing demand by community from 2008 to 2020 is as follows (demand factors household growth and replacement need of older, obsolete homes):

• La Crescent	=	280 units	(33% of the County's housing demand)
• Caledonia	=	110 units	(13%)
• Spring Grove	=	55 units	(6.5%)
• Houston	=	30 units	(3.5%)
• Brownsville	=	25 units	(3%)
• Hokah	=	12 units	(1.5%)
• Eitzen	=	8 units	(1%)
• Townships	=	320 units	(38%)
4. About 80% of the demand for housing in Houston County will be driven by household growth. Household growth projections in this report were made by Maxfield Research Inc., based on Minnesota Demographic Center projections that were adjusted to reflect interviews with city representatives as well as recent building trends. It should be noted that because households are mobile and are willing to seek out various housing products in adjacent communities, the demand figures shown for each community may experience fluctuations based on local development trends.
5. Between 2008 and 2020, about 73% of the housing demand in the County is projected to be for owned housing and 27% for rental housing (including senior rental). When excluding housing demand in the townships, which is entirely for owned housing, the remaining demand in the seven communities is for 295 owned units (57%) and 225 rental/senior units (43%)

6. The projected demand for 840 housing units in Houston County from 2008 to 2020 is shown by type of housing below.
- Single-family = 530 units (63% of total demand)
 - Senior housing = 180 units (21%)
 - For-sale multifamily = 80 units (10%)
 - Rental housing = 50 units (6%)
7. There is an adequate supply of lots for single-family homes in the County and private developers will likely meet the demand for new homes from higher-income buyers. The existing housing stock will meet most of the demand for modestly-priced single-family homes and rental units. Public assistance in the form of home rehabilitation loans for low- and moderate-income homeowners and affordable rental units will be needed to help maintain the quality of the affordable housing stock. This will be important to meet future housing needs, since most communities do not have enough growth to justify developing new apartment or senior buildings. Thus, maintaining the quality of the existing housing stock for future generations should be a high priority.
8. Over half of the rental demand in Houston County between 2008 and 2020 will be in La Crescent (30 units). Most of the new rental units should have monthly rents below the payment standard for Housing Choice Vouchers in the County (currently \$466 for 1BR units, \$613 for 2BR units, and \$813 for 3BR units). It may be necessary for assistance through a program such as the Low Income Housing Tax Credit program to develop an apartment with rents that are affordable to moderate-income renters. Demand for new rental units in the remaining communities will be limited to a duplex or four-plex at most, with the exception of Caledonia, which could support up to 12 more units.
9. About 21% of total housing demand in Houston County between 2008 and 2020 is expected to be for senior housing. The following is senior housing demand in the County by service level. Almost all of this demand should be met by new developments or expansions of existing facilities in La Crescent, Caledonia, Houston, and Spring Grove. La Crescent has the greatest unmet need.
- Adult rental (no services) = 50 units
 - Congregate = 55 units
 - Assisted living = 45 units
 - Memory care = 30 units
10. In addition to senior housing products that are age-restricted, almost all of the demand for for-sale townhomes will be from empty-nesters and retirees seeking to downsize from their single-family homes. Townhomes should be one-level units with attached garages that are priced below \$200,000.

Study Impetus

Maxfield Research Inc. was engaged by the Bluff Country Minnesota Multi-County Housing and Redevelopment Authority to conduct a comprehensive housing needs assessment for Houston County.

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

Scope of Work

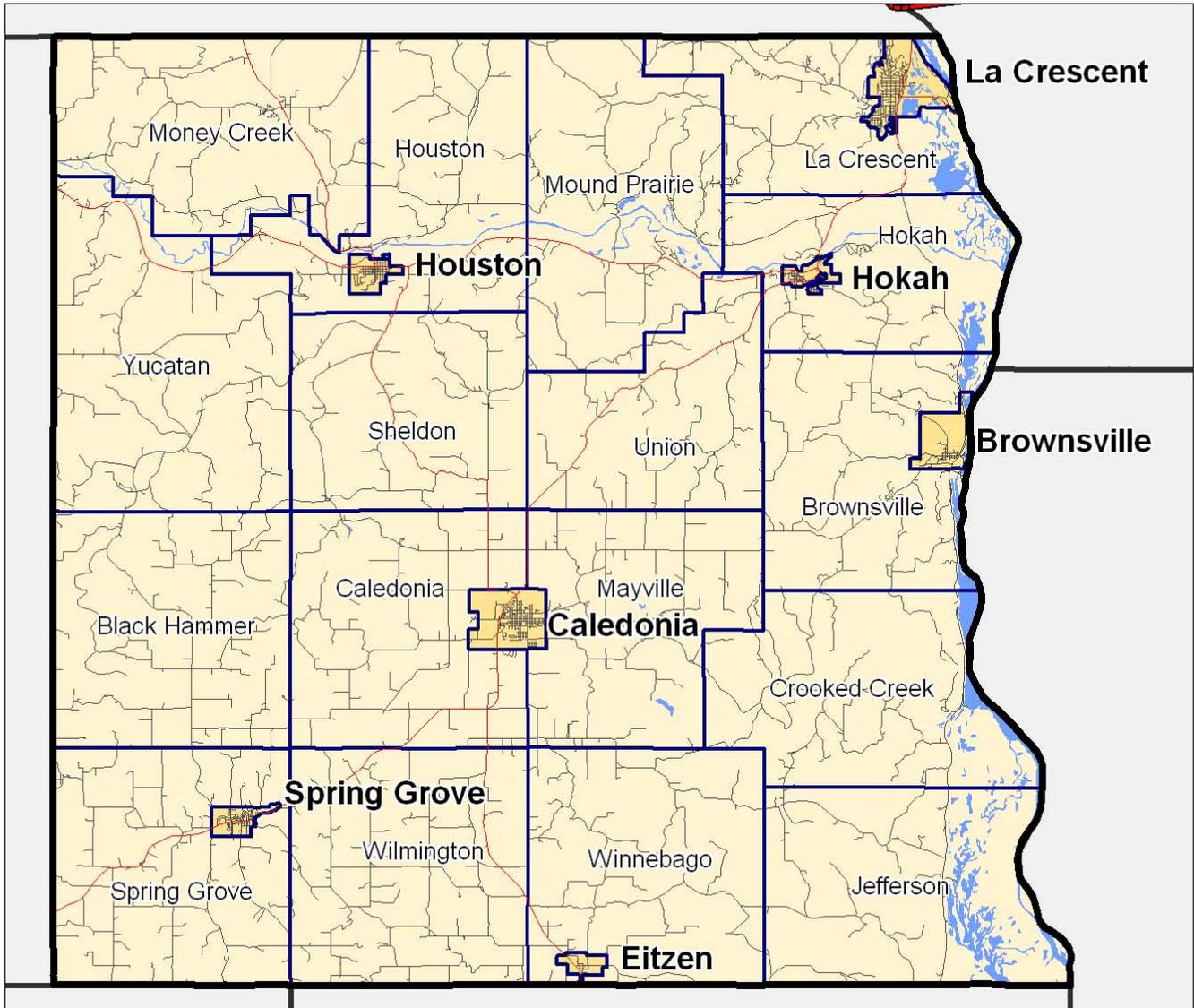
The scope of this study includes:

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

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

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

Houston County



Demographic Analysis

Introduction

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

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

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

Population and Household Growth Trends and Projections

Tables 1 and 2 on Pages 7 and 8 present population and household growth trends and projections for Houston County from 1990 projected to 2020. The data from 1990 and 2000 is from the U.S. Census, while the 2008 estimates and 2010 and 2020 projections were made by Maxfield Research Inc. based on Minnesota Demographic Center projections and recent housing development trends.

Key findings of Tables 1 and 2 are:

- ▶ Houston County's population is projected to increase from 19,718 people in 2000 to about 20,600 people in 2010. Between 2010 and 2020, the population is projected to increase by another 1,000 people.
- ▶ Houston County added about 1,200 people during the 1990s. Growth has slowed this decade – particularly during the past couple of years as the national and state economies have slowed considerably.
- ▶ La Crescent is the largest community in Houston County, with about 5,200 people in 2008. La Crescent is separated from La Crosse, Wisconsin by the Mississippi River. La Crosse and the surrounding communities of Onalaska and Holmen combine for a population of about 70,000 people.
- ▶ After La Crescent, the next largest community is Caledonia, the County Seat, with a population of about 3,000. The other five communities range in size from 225 people (Eitzen) to 1,380 people (Spring Grove).
- ▶ Houston County is projected to add 680 households between 2008 and 2020. Since households represent occupied housing units, this growth translates into the need for roughly 680 housing units in the County over the 30-year period.
- ▶ About 65% of the projected household growth in Houston County from 2008 to 2020 will be in the seven communities. The townships are projected to see growth of about 250 households, or 35% of the overall growth. Most new housing in the townships has been, and will continue to be, single-family homes on farms or larger estates.
- ▶ La Crescent is projected to have the greatest household growth in the County between 2008 and 2020, adding about 260 new households, or 20 to 25 households annually. La Crescent's growth is somewhat limited by the availability of land (the City is surrounded by the Mississippi River and bluffs), particularly land zoned for higher-density housing. Some of the growth is now occurring on the north side of town located in Winona County.
- ▶ Spring Grove's population and household growth will be affected in the short-term with the closing in February 2009 of Northern Engraving, the community's largest employer. Provided that another industry will reuse the former Northern Engraving facility, Spring Grove is projected to resume its slow, but steady growth rate over the long-term.

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

						Change					
	Census		Estimate 2008	Projection		1990 - 2000		2000-2010		2010-2020	
	1990	2000		2010	2020	No.	Pct.	No.	Pct.	No.	Pct.
Cities											
Brownsville	415	517	520	525	530	102	24.6	8	1.5	5	1.0
Caledonia	2,846	2,965	3,015	3,020	3,115	119	4.2	55	1.9	95	3.1
Eitzen	221	229	225	225	225	8	3.6	-4	-1.7	0	0.0
Hokah	687	614	590	580	565	-73	-10.6	-34	-5.5	-15	-2.6
Houston	1,013	1,020	1,030	1,035	1,050	7	0.7	15	1.5	15	1.4
La Crescent	4,311	4,923	5,245	5,270	5,740	612	14.2	347	7.0	470	8.9
Spring Grove	1,153	1,304	1,380	1,360	1,430	151	13.1	56	4.3	70	5.1
Subtotal	10,646	11,572	12,005	12,015	12,655	926	8.7	443	3.7	640	5.3
Townships	7,851	8,146	8,520	8,570	9,000	295	3.8	219	2.6	360	4.2
Houston County	18,497	19,718	20,525	20,585	21,655	1,221	6.6	867	4.4	1,070	5.4
Minnesota	4,375,099	4,919,479	5,320,000	5,445,000	5,940,000	544,380	12.4	525,521	10.7	495,000	9.1

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

**TABLE 2
HOUSEHOLD GROWTH TRENDS AND PROJECTIONS
HOUSTON COUNTY
1990 - 2020**

						Change					
	Census		Estimate 2008	Projection		1990 - 2000		2000-2010		2010-2020	
	1990	2000		2010	2020	No.	Pct.	No.	Pct.	No.	Pct.
Cities											
Brownsville	154	216	235	240	255	62	40.3	24	11.1	15	6.3
Caledonia	1,140	1,223	1,290	1,300	1,370	83	7.3	77	6.3	70	5.4
Eitzen	99	108	110	110	115	9	9.1	2	1.9	5	4.5
Hokah	273	271	280	280	285	-2	-0.7	9	3.3	5	1.8
Houston	421	434	450	455	470	13	3.1	21	4.8	15	3.3
La Crescent	1,630	1,940	2,140	2,160	2,400	310	19.0	220	11.3	240	11.1
Spring Grove	532	581	630	625	670	49	9.2	44	7.6	45	7.2
Subtotal	4,249	4,773	5,135	5,170	5,565	524	12.3	397	8.3	395	7.6
Townships	2,595	2,860	3,100	3,130	3,350	265	10.2	270	9.4	220	7.0
Houston County	6,844	7,633	8,235	8,300	8,915	789	11.5	667	8.7	615	7.4
Minnesota	1,647,853	1,895,127	2,078,000	2,141,800	2,374,000	247,274	15.0	246,673	13.0	232,200	10.8

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

- ▶ The higher rate of household growth compared to population growth in the County can be attributed declining household sizes (2.70 people per household in 1990 to 2.58 in 2000 and a projected 2.48 in 2010). These rates are declining because of several factors, including the aging of the population, couples' decisions to have fewer children than their parents or no children at all, as well as an increase in single-person households.

Population Age Distribution Trends

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

- ▶ With the aging of the baby boom generation, the greatest growth in Houston County from 2010 to 2020 will among people age 55 to 74, as their population is projected to increase by 37% – or a total of about 1,500 people. This growth will increase the demand for maintenance-free living, such as townhomes.
- ▶ With an increasing proportion of the population becoming empty-nesters, the number of children age 17 and under is project to remain stable or declining slightly. The younger adult population is projected to grow, however, adding 240 people between the ages of 25 and 44 between 2010 and 2020. However, the 45 to 54 age group is projected to decline by over 750 people.
- ▶ When the first baby boomers begin turning age 75 shortly after 2020, demand for senior housing will rise dramatically. Until then, most demand from baby boomers will continue to be for single-family homes and, increasingly, townhomes.

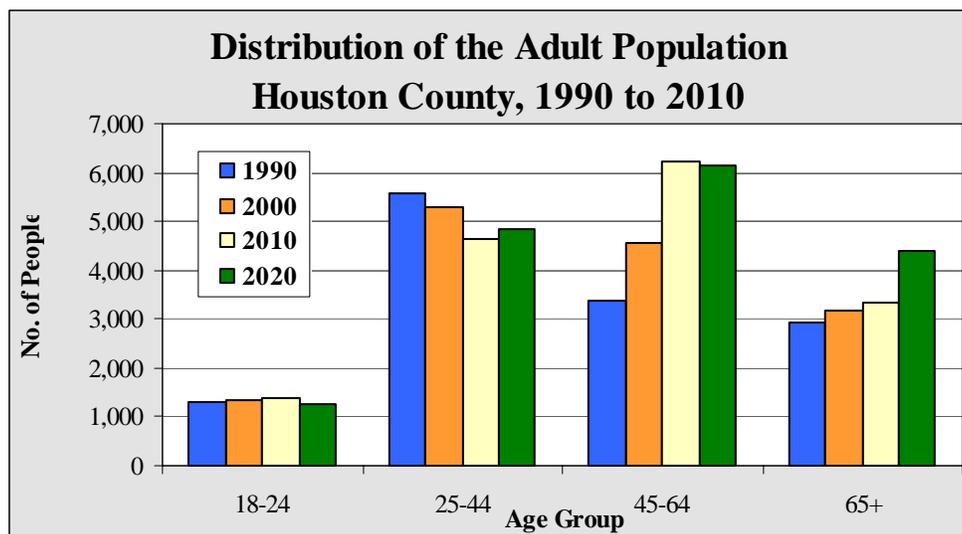


TABLE 3
POPULATION AGE DISTRIBUTION
HOUSTON COUNTY
1990 to 2020

	Population				Change					
					1990-2000		2000-2010		2010-2020	
	1990	2000	2010	2020	No.	Pct.	No.	Pct.	No.	Pct.
Houston County Total										
17 & under	5,312	5,360	5,050	5,035	48	0.9	-310	-5.8	-15	-0.3
18-24	1,318	1,350	1,370	1,250	32	2.4	20	1.5	-120	-8.8
25-34	2,854	2,060	2,175	2,255	-794	-27.8	115	5.6	80	3.7
35-44	2,722	3,230	2,445	2,600	508	18.7	-785	-24.3	155	6.3
45-54	1,693	2,858	3,450	2,690	1,165	68.8	592	20.7	-760	-22.0
55-64	1,667	1,701	2,790	3,435	34	2.0	1,089	64.0	645	23.1
65-74	1,511	1,502	1,505	2,430	-9	-0.6	3	0.2	925	61.5
75+	1,420	1,657	1,820	1,960	237	16.7	163	9.8	140	7.7
Total	18,497	19,718	20,605	21,655	1,221	6.6	887	4.5	1,050	5.1
Brownsville										
17 & under	126	120	110	105	-6	-4.8	-10	-8.3	-5	-4.5
18-24	30	34	30	25	4	13.3	-4	-11.8	-5	-16.7
25-34	71	53	55	55	-18	-25.4	2	3.8	0	0.0
35-44	64	99	70	75	35	54.7	-29	-29.3	5	7.1
45-54	32	93	105	80	61	190.6	12	12.9	-25	-23.8
55-64	34	47	75	90	13	38.2	28	59.6	15	20.0
65-74	30	33	35	55	3	10.0	2	6.1	20	57.1
75+	28	38	45	45	10	35.7	7	18.4	0	0.0
Total	415	517	525	530	102	24.6	8	1.5	5	1.0
Caledonia										
17 & under	750	760	685	675	10	1.3	-75	-9.9	-10	-1.5
18-24	208	217	210	180	9	4.3	-7	-3.2	-30	-14.3
25-34	406	329	335	335	-77	-19.0	6	1.8	0	0.0
35-44	337	399	280	280	62	18.4	-119	-29.8	0	0.0
45-54	241	348	410	295	107	44.4	62	17.8	-115	-28.0
55-64	269	263	420	495	-6	-2.2	157	59.7	75	17.9
65-74	285	271	270	425	-14	-4.9	-1	-0.4	155	57.4
75+	350	378	410	430	28	8.0	32	8.5	20	4.9
Total	2,846	2,965	3,020	3,115	119	4.2	55	1.9	95	3.1

TABLE 3
POPULATION AGE DISTRIBUTION
HOUSTON COUNTY
1990 to 2020
(Continued)

	Population				Change					
	1990	2000	2010	2020	1990-2000		2000-2010		2010-2020	
					No.	Pct.	No.	Pct.	No.	Pct.
Eitzen										
17 & under	52	51	45	40	-1	-1.9	-6	-11.8	-5	-11.1
18-24	12	7	5	5	-5	-41.7	-2	-28.6	0	0.0
25-34	35	22	20	20	-13	-37.1	-2	-9.1	0	0.0
35-44	12	39	25	20	27	225.0	-14	-35.9	-5	-20.0
45-54	21	15	20	15	-8	-34.8	5	33.3	-5	-25.0
55-64	23	27	35	40	-6	-18.2	8	29.6	5	14.3
65-74	33	29	30	40	-4	-12.1	1	3.4	10	33.3
75+	33	39	45	45	6	18.2	6	15.4	0	0.0
Total	221	229	225	225	-4	-1.8	-4	-1.7	0	0.0
Hokah										
17 & under	217	171	150	140	-46	-21.2	-21	-12.3	-10	-6.7
18-24	68	51	45	40	-17	-25.0	-6	-11.8	-5	-11.1
25-34	113	82	80	75	-31	-27.4	-2	-2.4	-5	-6.3
35-44	99	109	80	85	10	10.1	-29	-26.6	5	6.3
45-54	41	93	105	80	52	126.8	12	12.9	-25	-23.8
55-64	41	27	40	45	-14	-34.1	13	48.1	5	12.5
65-74	62	32	30	45	-30	-48.4	-2	-6.3	15	50.0
75+	46	49	50	55	3	6.5	1	2.0	5	10.0
Total	687	614	580	565	-73	-10.6	-34	-5.5	-15	-2.6
Houston										
17 & under	226	232	210	200	6	2.7	-22	-9.5	-10	-4.8
18-24	86	65	65	60	-21	-24.4	0	0.0	-5	-7.7
25-34	115	127	105	110	12	10.4	-22	-17.3	5	4.8
35-44	107	101	110	90	-6	-5.6	9	8.9	-20	-18.2
45-54	85	114	120	115	29	34.1	6	5.3	-5	-4.2
55-64	104	88	125	130	-16	-15.4	37	42.0	5	4.0
65-74	92	106	100	135	14	15.2	-6	-5.7	35	35.0
75+	198	187	200	210	-11	-5.6	13	7.0	10	5.0
Total	1,013	1,020	1,035	1,050	7	0.7	15	1.5	15	1.4

**TABLE 3
POPULATION AGE DISTRIBUTION
HOUSTON COUNTY
1990 to 2020
(Continued)**

	Population				Change					
	1990	2000	2010	2020	1990-2000		2000-2010		2010-2020	
					No.	Pct.	No.	Pct.	No.	Pct.
La Crescent										
17 & under	1,214	1,343	1,335	1,370	129	10.6	-8	-0.6	35	2.6
18-24	289	349	370	350	60	20.8	21	6.0	-20	-5.4
25-34	808	540	600	645	-268	-33.2	60	11.1	45	7.5
35-44	651	870	660	725	219	33.6	-210	-24.1	65	9.8
45-54	386	647	800	635	261	67.6	153	23.6	-165	-20.6
55-64	409	396	665	840	-13	-3.2	269	67.9	175	26.3
65-74	320	397	405	690	77	24.1	8	2.0	285	70.4
75+	234	381	435	485	147	62.8	54	14.2	50	11.5
Total	4,311	4,923	5,270	5,740	612	14.2	347	7.0	470	8.9
Spring Grove										
17 & under	246	283	275	270	37	15.0	-8	-2.8	-5	-1.8
18-24	74	85	85	75	11	14.9	0	0.0	-10	-11.8
25-34	137	152	165	160	15	10.9	13	8.6	-5	-3.0
35-44	153	170	155	155	17	11.1	-15	-8.8	0	0.0
45-54	88	159	180	140	71	80.7	21	13.2	-40	-22.2
55-64	120	77	140	170	-43	-35.8	63	81.8	30	21.4
65-74	159	129	115	175	-30	-18.9	-14	-10.9	60	52.2
75+	176	249	265	285	73	41.5	16	6.4	20	7.5
Total	1,153	1,304	1,380	1,430	151	13.1	76	5.8	50	3.6
Townships										
17 & under	2,481	2,400	2,240	2,235	-81	-3.3	-160	-6.7	-5	-0.2
18-24	551	542	560	515	-9	-1.6	18	3.3	-45	-8.0
25-34	1,169	755	815	855	-414	-35.4	60	7.9	40	4.9
35-44	1,299	1,443	1,065	1,170	144	11.1	-378	-26.2	105	9.9
45-54	799	1,389	1,710	1,330	590	73.8	321	23.1	-380	-22.2
55-64	667	776	1,290	1,625	109	16.3	514	66.2	335	26.0
65-74	530	505	520	865	-25	-4.7	15	3.0	345	66.3
75+	355	336	370	405	-19	-5.4	34	10.1	35	9.5
Total	7,851	8,146	8,570	9,000	295	3.8	424	5.2	430	5.0
Sources: Census Bureau; MN Demographic Center; Maxfield Research Inc.										

Household Tenure

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

- ▶ In 1990, about 80% of all households in Houston County owned their housing. By 2000, that percentage increased slightly to 81%, and as of 2008 we estimate it to be 82%. Contributing to the increase in the homeownership rate are the aging of the baby boomers into peak homeownership years, increased development of single-family homes, and easier financing that made homeownership more obtainable for younger households earlier this decade.
- ▶ Table 4 shows that renter growth in Houston County over the past 18 years has been concentrated in the seven communities (particularly La Crescent and Caledonia). However, the townships lost a total of 95 renters last decade and 34 renters so far this decade. The loss of renters in the townships is due primarily to fewer homes being available for rent, while renter growth in the communities is due to new apartment developments (senior and general-occupancy), as well as single-family homes being rented. These trends are projected to continue through 2020.
- ▶ As households progress through their life cycle, housing needs change. The chart below shows that the proportion of renter households decreases significantly as households age out of their young-adult years. However, by the time households reach their senior years, rental housing often becomes a more viable option than homeownership, as seniors look for more maintenance-free housing options.

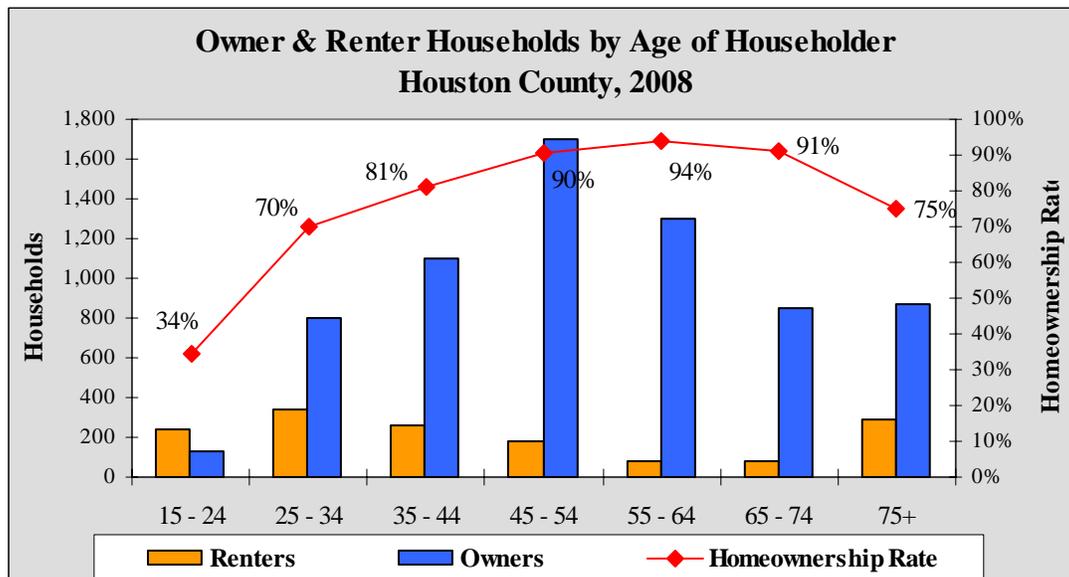


TABLE 4
HOUSEHOLD TENURE TRENDS
HOUSTON COUNTY
1990 to 2008

	Households						Change, 2000 to 2008		
	1990		2000		2008		Own	Rent	Pct. Owner
	Own	Rent	Own	Rent	Own	Rent			
Cities									
Brownsville	136	18	181	35	195	40	14	5	73.7%
Caledonia	868	272	909	314	960	330	51	16	76.1%
Eitzen	92	7	103	5	102	8	-1	3	-50.0%
Hokah	189	84	184	87	192	88	8	1	88.9%
Houston	308	113	297	137	309	141	12	4	75.0%
La Crescent	1,248	382	1,505	435	1,675	465	170	30	85.0%
Spring Grove	409	123	442	139	470	160	28	21	57.1%
Subtotal	3,250	999	3,621	1,152	3,903	1,232	653	233	73.7%
Townships									
Black Hammer Twp.	74	30	92	19	110	8	18	-11	257.1%
Brownsville Twp.	126	15	151	14	164	13	13	-1	104.2%
Caledonia Twp.	136	33	173	21	205	11	32	-10	148.0%
Crooked Creek Twp.	90	17	97	18	104	19	7	1	87.5%
Hokah Twp.	166	17	171	18	181	18	10	0	100.0%
Houston Twp.	130	21	138	24	144	25	6	1	86.0%
Jefferson Twp.	41	6	44	2	50	1	6	-1	120.0%
La Crescent Twp.	429	60	497	21	532	13	35	-8	129.6%
Mayville Twp.	101	21	110	24	123	28	13	4	75.0%
Money Creek Twp.	133	21	188	15	227	11	39	-4	112.2%
Mound Prairie Twp.	162	28	202	26	223	25	21	-1	105.3%
Sheldon Twp.	82	17	99	10	110	6	11	-4	170.0%
Spring Grove Twp.	127	30	132	24	147	17	15	-7	188.1%
Union Twp.	91	14	120	14	133	14	13	0	100.0%
Wilmington Twp.	147	18	149	20	155	26	6	6	50.0%
Winnebago Twp.	78	17	82	12	99	9	17	-3	122.2%
Yucatan Twp.	88	29	116	17	141	9	25	-8	147.9%
Total	2,201	394	2,561	299	2,848	253	287	-46	119.3%
Houston County Total	5,451	1,393	6,182	1,451	6,751	1,485	940	187	83.4%
Homeownership Rate	79.6%		81.0%		82.0%				
MN Homeownership Rate	71.8%		74.6%		75.8%				
Sources: U.S. Census; Maxfield Research Inc.									

DEMOGRAPHIC ANALYSIS

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

	Age 15 - 24		Age 25 - 34		Age 35 - 44		Age 45 - 54		Age 55 - 64		Age 65 - 74		Age 75+		Total	
	Own	Rent	Own	Rent	Own	Rent	Own	Rent	Own	Rent	Own	Rent	Own	Rent	Own	Rent
Cities																
Brownsville	4	3	16	6	37	4	56	6	39	5	17	4	26	12	195	40
Caledonia	18	54	103	68	126	51	189	50	188	21	146	22	190	64	960	330
Eitzen	0	2	7	1	15	2	11	0	15	0	19	1	35	2	102	8
Hokah	6	13	30	24	31	17	55	14	20	5	20	1	30	14	192	88
Houston	6	13	37	16	52	21	55	14	52	8	56	12	51	57	309	141
La Crescent	33	92	212	113	272	91	389	61	325	25	230	22	214	61	1,675	465
Spring Grove	10	26	62	25	74	15	96	11	64	4	67	11	97	68	470	160
Subtotal	77	203	467	253	607	201	851	156	703	68	555	73	643	278	3,903	1,232
<i>% ownership</i>	<i>27.5%</i>		<i>64.9%</i>		<i>75.1%</i>		<i>84.5%</i>		<i>91.2%</i>		<i>88.4%</i>		<i>69.8%</i>		<i>76.0%</i>	
Townships	51	41	329	86	492	56	854	26	600	16	294	12	227	16	2,847	253
Houston County	128	244	796	339	1,099	257	1,705	182	1,303	84	849	85	870	294	6,750	1,485
<i>% ownership</i>	<i>34.4%</i>		<i>70.1%</i>		<i>81.0%</i>		<i>90.4%</i>		<i>93.9%</i>		<i>90.9%</i>		<i>74.7%</i>		<i>82.0%</i>	
<i>MN % ownership</i>	<i>27.0%</i>		<i>63.0%</i>		<i>79.7%</i>		<i>84.4%</i>		<i>87.1%</i>		<i>85.8%</i>		<i>71.2%</i>		<i>75.8%</i>	

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

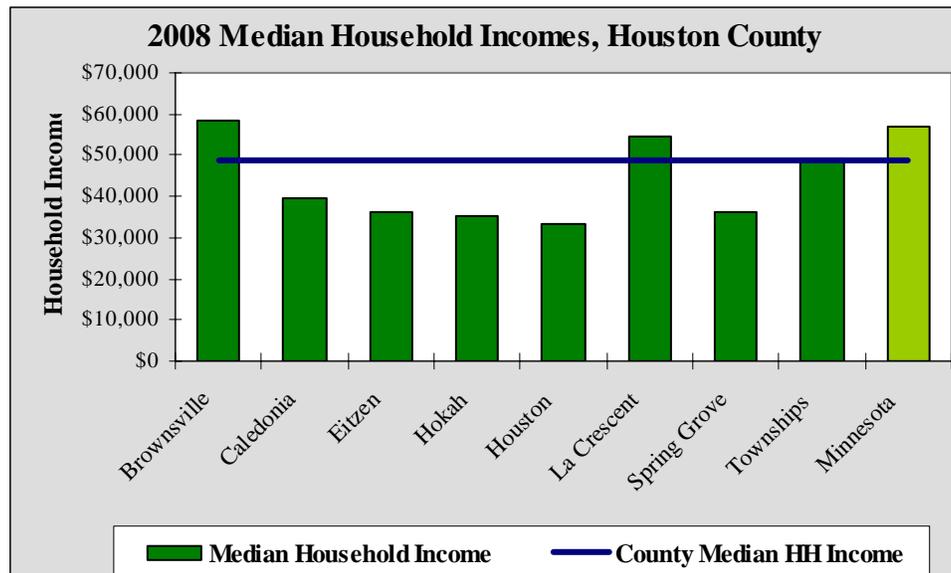
Household Income

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

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

The following are key points from Table 6:

- ▶ The overall median household income in the County is estimated at about \$48,800 in 2008. This is lower than the state median of \$56,800. However, the state median is boosted by much higher incomes in the Twin Cities Metro Area, which had a median household income of \$62,850 in 2008.
- ▶ As the chart below shows, median incomes in most communities is lower than the County average. This is mostly because the communities contain the bulk of the County's rental stock – including low-income and senior rental housing. La Crescent's high median income is the result of subdivisions of upper-end homes drawing professionals from the greater La Crosse Metro Area.



- As shown in Table 6, Houston County's median income peaks in the 45-to-54-year-old age group at about \$62,000, as these householders are generally in their peak earning years. Seniors over age 75 had the lowest median income at about \$21,500. While their incomes are lower, most seniors also have fewer expenses and often own their home out-right.

TABLE 6								
HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER								
HOUSTON COUNTY								
(Number of Households)								
2008								
	Age of Householder							
	Total	15-24	25-34	35-44	45-54	55-64	65-74	
Communities								
Less than \$15,000	560	36	31	35	63	45	91	259
\$15,000 to \$24,999	575	42	69	50	72	64	69	209
\$25,000 to \$34,999	649	57	110	99	125	79	91	88
\$35,000 to \$49,999	851	66	131	125	159	140	127	102
\$50,000 to \$74,999	1,194	48	210	256	301	213	100	67
\$75,000 to \$99,999	677	3	115	145	200	154	49	11
\$100,000 or more	630	2	67	132	209	139	63	19
Total	5,135	255	732	842	1,128	834	590	754
<i>Median Income</i>	<i>\$48,828</i>	<i>\$33,653</i>	<i>\$53,076</i>	<i>\$60,890</i>	<i>\$62,043</i>	<i>\$60,438</i>	<i>\$40,172</i>	<i>\$20,657</i>
Townships								
Less than \$15,000	318	18	23	30	43	47	37	119
\$15,000 to \$24,999	332	19	38	30	50	50	42	102
\$25,000 to \$34,999	367	29	46	51	73	51	61	55
\$35,000 to \$49,999	556	30	89	97	112	95	72	62
\$50,000 to \$74,999	751	13	124	161	210	148	60	35
\$75,000 to \$99,999	393	4	56	84	137	68	30	13
\$100,000 or more	378	4	28	58	132	93	40	23
Total	3,095	117	403	513	758	552	343	409
<i>Median Income</i>	<i>\$49,298</i>	<i>\$32,220</i>	<i>\$51,254</i>	<i>\$57,316</i>	<i>\$61,902</i>	<i>\$55,547</i>	<i>\$41,477</i>	<i>\$23,380</i>
Houston County								
Less than \$15,000	878	55	54	65	106	92	128	378
\$15,000 to \$24,999	907	61	107	81	123	113	111	311
\$25,000 to \$34,999	1,015	86	155	150	198	130	152	143
\$35,000 to \$49,999	1,407	96	219	223	271	235	200	164
\$50,000 to \$74,999	1,945	61	334	417	510	361	160	102
\$75,000 to \$99,999	1,070	7	171	229	337	222	80	24
\$100,000 or more	1,008	6	95	190	340	232	103	42
Total	8,230	372	1,135	1,355	1,886	1,386	933	1,163
<i>Median Income</i>	<i>\$49,014</i>	<i>\$33,170</i>	<i>\$52,398</i>	<i>\$59,508</i>	<i>\$61,985</i>	<i>\$58,430</i>	<i>\$40,644</i>	<i>\$21,553</i>
Sources: Claritas, Inc. Maxfield Research Inc.								

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

	Age of Householder							
	Total	15-24	25-34	35-44	45-54	55-64	65-74	
Communities								
Less than \$15,000	507	28	30	25	54	48	97	225
\$15,000 to \$24,999	503	37	54	46	49	64	58	195
\$25,000 to \$34,999	617	41	106	77	110	77	102	103
\$35,000 to \$49,999	801	68	156	92	118	150	99	119
\$50,000 to \$74,999	1,212	59	199	214	273	241	146	80
\$75,000 to \$99,999	738	12	148	136	177	192	56	18
\$100,000 or more	921	6	130	160	253	242	94	36
Total	5,300	252	823	749	1,034	1,014	652	775
<i>Median Income</i>	<i>\$54,563</i>	<i>\$39,303</i>	<i>\$58,216</i>	<i>\$65,772</i>	<i>\$67,059</i>	<i>\$67,383</i>	<i>\$45,397</i>	<i>\$23,333</i>
Townships								
Less than \$15,000	292	14	30	24	36	50	41	98
\$15,000 to \$24,999	301	13	35	32	41	56	36	87
\$25,000 to \$34,999	331	25	40	35	54	70	52	55
\$35,000 to \$49,999	528	23	94	65	95	92	76	84
\$50,000 to \$74,999	735	20	143	117	157	160	82	57
\$75,000 to \$99,999	461	7	78	81	139	102	35	19
\$100,000 or more	551	10	67	64	165	136	76	32
Total	3,200	112	488	418	687	667	399	430
<i>Median Income</i>	<i>\$55,002</i>	<i>\$37,620</i>	<i>\$57,776</i>	<i>\$61,328</i>	<i>\$68,748</i>	<i>\$60,174</i>	<i>\$48,778</i>	<i>\$30,565</i>
Houston County								
Less than \$15,000	800	42	60	48	90	99	138	323
\$15,000 to \$24,999	804	50	89	78	90	120	94	282
\$25,000 to \$34,999	949	66	147	113	164	147	154	158
\$35,000 to \$49,999	1,329	91	250	157	212	242	175	203
\$50,000 to \$74,999	1,947	79	342	331	430	401	227	136
\$75,000 to \$99,999	1,200	19	226	217	316	294	91	36
\$100,000 or more	1,472	16	197	224	418	378	170	68
Total	8,500	364	1,311	1,167	1,721	1,681	1,051	1,205
<i>Median Income</i>	<i>\$54,729</i>	<i>\$38,882</i>	<i>\$58,033</i>	<i>\$64,198</i>	<i>\$67,674</i>	<i>\$64,505</i>	<i>\$46,870</i>	<i>\$24,923</i>
Sources: Claritas, Inc. Maxfield Research Inc.								

Household Income by Tenure

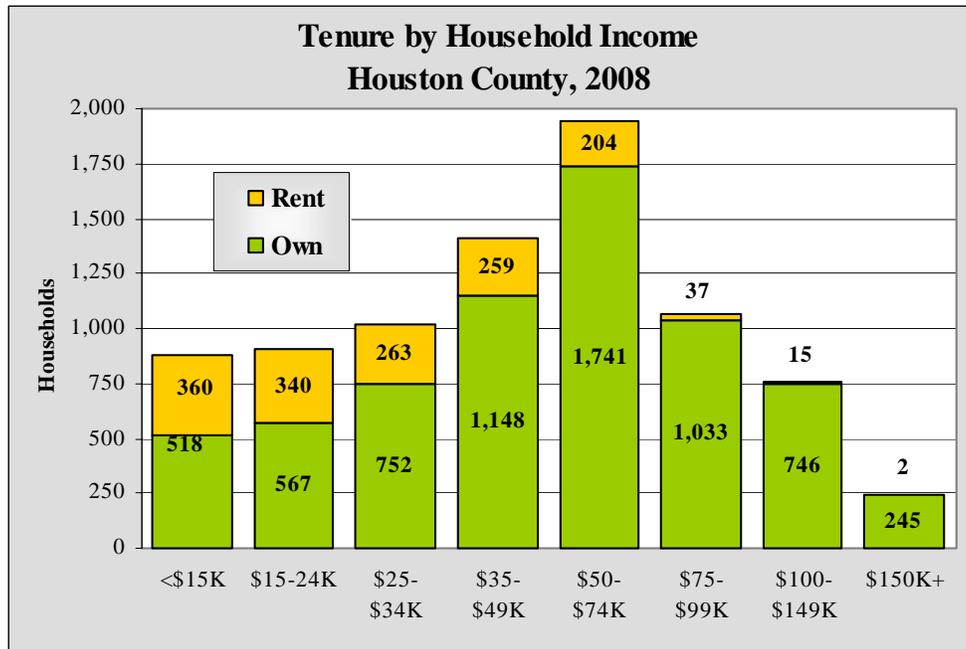
Table 8 shows the estimated number of owner and renter households within 11 income ranges in Houston County as of 2000. This information was estimated by Maxfield Research based on data from the U.S. Census and Clartias, Inc. It offers insight on the impact of income on housing choice.

Key points derived from the table are:

- ▶ There is a positive relationship between income and homeownership, as the percentage of households that own their housing increases with income (from 59% among those with incomes below \$15,000 to 98% among those with incomes of \$100,000 or more).
- ▶ Almost half of the County's renters in 2008 have incomes below \$25,000 and may have needed some type of subsidy to afford their housing.
- ▶ About 520 renters in Houston County have incomes greater than \$35,000. Should these households allocate 25% of their income on housing, they could afford net monthly rents of about \$625 per month (not including utilities). Most rental units in the County have monthly rents below this \$625.

	Own		Rent	
	No.	Pct.	No.	Pct.
Less than \$15,000	518	59.0	360	41.0
\$15,000 to \$24,999	567	62.5	340	37.5
\$25,000 to \$34,999	752	74.1	263	25.9
\$35,000 to \$49,999	1,148	81.6	259	18.4
\$50,000 to \$74,999	1,741	89.5	204	10.5
\$75,000 to \$99,999	1,033	96.5	37	3.5
\$100,000 to \$149,999	746	98.0	15	2.0
\$150,000 or more	245	99.2	2	0.8
<i>Total</i>	<i>6,750</i>	<i>82.0</i>	<i>1,480</i>	<i>18.0</i>
Median Income	\$55,600		\$26,520	
Source: US Census Bureau; Maxfield Research Inc.				

- ▶ It is likely that most of the 1,085 owner households with incomes below \$25,000 are seniors. Most own their homes outright, and thus their monthly housing expense is still low since they do not have a mortgage. Otherwise, most buyers of single-family homes need incomes well above \$25,000 to afford the monthly cost.



Household Type

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

- ▶ Since 1990, Houston County has continued to see a decrease in the proportion of married couples with and an increase in the proportion of all other types of households. This shift has occurred throughout Minnesota and is due to several factors, including couples waiting longer to have children, baby boomers aging into their empty nester years, an increase in single parents, and the societal trend of unmarried couples living together.
- ▶ Overall, the communities in Houston County have a much greater proportion of persons living alone and a lower proportion of married couples with children. This largely due to the number of seniors living in apartments or single-family homes. This is a trend that is likely to continue through 2020, as single seniors often move from rural areas into communities and many families seek housing on larger estates in rural areas.

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

	Total Households			Non - Family						Family								
				Persons Living Alone			Other (Roommates)			Married With Children			Married w/o Children			Other Family		
	1990	2000	2008	1990	2000	2008	1990	2000	2008	1990	2000	2008	1990	2000	2008	1990	2000	2008
Number of Households																		
Brownsville	154	216	235	36	55	63	3	12	12	52	54	55	48	74	81	15	21	24
Caledonia	1,140	1,223	1,290	381	418	457	28	50	46	291	261	254	333	339	367	107	155	166
Eitzen	99	108	110	38	43	45	2	5	5	22	17	15	32	37	39	5	6	6
Hokah	273	271	280	71	95	101	8	17	20	78	54	47	62	52	55	54	53	57
Houston	421	434	450	134	164	176	11	15	15	83	72	67	140	126	132	53	57	60
La Crescent	1,630	1,940	2,140	368	505	591	62	67	57	502	530	545	519	616	709	179	222	238
Spring Grove	532	581	630	195	211	238	16	21	18	98	101	97	183	181	202	40	67	75
Subtotal	4,249	4,773	5,135	1,223	1,491	1,671	130	187	173	1,126	1,089	1,080	1,317	1,425	1,585	453	581	626
Rem. of County	2,595	2,860	3,100	381	445	539	57	102	94	1,054	983	987	885	1,083	1,204	218	247	276
Houston County	6,844	7,633	8,235	1,604	1,936	2,210	187	289	267	2,180	2,072	2,067	2,202	2,508	2,789	671	828	902
Percent of All Households																		
Brownsville	100.0	100.0	100.0	23.4	35.7	26.8	1.9	7.8	5.1	33.8	35.1	23.4	31.2	48.1	34.5	9.7	13.6	10.2
Caledonia	100.0	100.0	100.0	33.4	36.7	35.4	2.5	4.4	3.6	25.5	22.9	19.7	29.2	29.7	28.4	9.4	13.6	12.9
Eitzen	100.0	100.0	100.0	38.4	43.4	40.9	2.0	5.1	4.5	22.2	17.2	13.6	32.3	37.4	35.5	5.1	6.1	5.5
Hokah	100.0	100.0	100.0	26.0	34.8	36.1	2.9	6.2	7.1	28.6	19.8	16.8	22.7	19.0	19.6	19.8	19.4	20.4
Houston	100.0	100.0	100.0	31.8	39.0	39.1	2.6	3.6	3.3	19.7	17.1	14.9	33.3	29.9	29.3	12.6	13.5	13.3
La Crescent	100.0	100.0	100.0	22.6	31.0	27.6	3.8	4.1	2.7	30.8	32.5	25.5	31.8	37.8	33.1	11.0	13.6	11.1
Spring Grove	100.0	100.0	100.0	36.7	39.7	37.8	3.0	3.9	2.9	18.4	19.0	15.4	34.4	34.0	32.1	7.5	12.6	11.9
Subtotal	100.0	100.0	100.0	28.8	35.1	32.5	3.1	4.4	3.4	26.5	25.6	21.0	31.0	33.5	30.9	10.7	13.7	12.2
Rem. of County	100.0	100.0	100.0	14.7	17.1	17.4	2.2	3.9	3.0	40.6	37.9	31.8	34.1	41.7	38.8	8.4	9.5	8.9
Houston County	100.0	100.0	100.0	23.4	25.4	26.8	2.7	3.8	3.2	31.9	27.1	25.1	32.2	32.9	33.9	9.8	10.8	11.0
Minnesota	100.0	100.0	100.0	25.1	26.9	27.8	6.3	6.9	6.7	28.4	25.2	22.8	28.8	28.5	29.4	11.4	12.5	13.2

Sources: U.S. Census Bureau (1990 & 2000); Claritas Inc. (2008)
Maxfield Research Inc.

Employment Growth Trends

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

Jobs Located in Houston County

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

- ▶ The number of jobs in Houston County remained relatively steady at about 5,050 from 2000 to 2007. With little job growth, most housing demand will be generated from people commuting to jobs located elsewhere, replacement of obsolete housing, or seniors moving into alternatives from their single-family homes.
- ▶ Between 2000 and 2007, goods-producing jobs (mining, manufacturing, and construction) and government jobs increased while service jobs decreased in Houston County. This is opposite what has happened in most locations around the Nation, in which manufacturing jobs declined and service jobs increased, largely due to the expanding medical field.
- ▶ The average annual wage of jobs in the County increased by 22% between 2000 and 2007, to \$25,800. Although dependant on household size, most households with an income of about \$25,800 would qualify for housing that is income-restricted. It should be noted, however, that most households with two people earning the average annual wage would be able to afford market rate rental or for-sale housing.

Employed People Living in Houston County

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

- ▶ While Table 10 showed that there were about 5,000 jobs in Houston County in 2007, Table 11 shows that there were over 10,600 employed people in the County. This indicates that a large portion of all Houston County residents are commuting to jobs located outside of the County (some are farmers/small business owners not covered by unemployment insurance). This is further highlighted by the worker commuting pattern data shown in Table 12.

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

	2000		2007		Change			
	Employment	Avg. Wage	Employment	Avg. Wage	No.	Pct.		
Goods Producing Industries	1,006	19.9%	\$25,220	1,093	21.6%	\$28,236	87	8.6%
Natural Resources & Mining	81	1.6%	\$19,552	94	1.9%	\$20,384	13	16.0%
Construction	210	4.1%	\$29,952	256	5.1%	\$32,864	46	21.9%
Manufacturing	714	14.1%	\$24,440	743	14.7%	\$27,612	29	4.1%
Service Providing Domain	3,029	80.1%	\$18,824	2,779	55.0%	\$23,660	-250	-8.3%
Retail Trade	608	12.0%	\$14,144	491	9.7%	\$15,392	-117	-19.2%
TWU** & Wholesale Trade	486	9.6%	\$27,412	457	9.0%	\$36,695	-29	-6.0%
Information	364	7.2%	\$29,172	221	4.4%	\$45,344	-143	-39.3%
Financial Activities	189	3.7%	\$23,660	160	3.2%	\$35,412	-29	-15.3%
Professional and Business Services	151	3.0%	\$21,216	148	2.9%	\$23,244	-3	-2.0%
Education & Health Services	n.a.	--	--	826	16.4%	\$21,892	--	--
Leisure and Hospitality	312	6.2%	\$6,188	307	6.1%	\$8,060	-5	-1.6%
Other Services	919	18.1%	\$16,182	169	3.3%	\$10,244	-750	-81.6%
Government	1,030	20.3%	\$24,024	1,178	23.3%	\$28,548	148	14.4%
Total	5,065	100%	\$21,164	5,050	98%	\$25,792	-15	-0.3%
** Transportation, warehousing, & utilities								
Sources: MN Dept. of Employment and Economic Development; Maxfield Research Inc.								

- ▶ In 2007, there were about 745 manufacturing jobs in Houston County. This will decrease with the closing of the Northern Engraving facility in Spring Grove. Northern Engraving employs about 250 people at its Spring Grove facility. There is always the possibility that at least some of these jobs will be regained if another business reuses the closed facility.
- ▶ The labor force in Houston County grew rapidly from 1990 to 1995 – adding 1,200 people. It remained flat during the second half of the 1990s and then had a short burst in 2001 and has been flat since then, at about 11,300 people.
- ▶ While the size of the labor force has remained steady since 2001, unemployment has been rising (from 4.4% in 2001 to 5.6% in 2008). The current unemployment rate is the highest this decade, and parallels what has been happening around the Nation.

Year	Labor Force	Employment	Unemployment	Unemployment Rate	
				Houston County	MN
1990	9,730	9,392	338	3.5%	4.8%
1995	10,944	10,556	388	3.5%	3.7%
2000	10,938	10,499	439	4.0%	3.1%
2001	11,207	10,709	498	4.4%	3.8%
2002	11,291	10,739	552	4.9%	4.5%
2003	11,274	10,676	598	5.3%	4.9%
2004	11,331	10,753	578	5.1%	4.6%
2005	11,221	10,710	511	4.6%	4.2%
2006	11,320	10,834	486	4.3%	4.0%
2007	11,418	10,853	565	4.9%	4.6%
2008*	11,320	10,681	639	5.6%	5.3%
Change 1990-2000					
Number	1,208	1,107	101	---	---
Percent	12.4	11.8	29.9	---	---
Change 2000-2008					
Number	382	182	200	---	---
Percent	3.5	1.7	45.6	---	---
* 2008 through September					
Sources: MN Dept. of Employment and Economic Development; Maxfield Research Inc.					

- ▶ As illustrated in the Table 12 and in the map on Page 27, there is a large out migration of workers from Houston County. In 2000, only half of Houston County residents also worked in Houston County, while 38% of the residents commuted to jobs in La Crosse County, Wisconsin.
- ▶ There was less in-migration of people to jobs in Houston County in 2000. Over three-quarters of the County's jobs were filled by people living in the County. This is largely due to Houston County being mostly rural with fewer jobs than in surrounding counties that have larger regional centers, such as La Crosse, Rochester, Winona, and Austin.

TABLE 12			
HOUSTON COUNTY COMMUTING PATTERNS			
2000			
Place of Residence	Employment	Count	Percent
Place of Employment for Houston County Residents			
Houston	Houston	4,952	49.5%
Houston	La Crosse, WI	3,762	37.6%
Houston	Winona	435	4.3%
Houston	Fillmore	295	2.9%
Houston	Olmsted	90	0.9%
Houston	Winneshiek, IA	74	0.7%
Houston	Allamakee, IA	60	0.6%
Houston	Other	341	3.4%
		10,009	100.0%
Place of Residence for Workers Commuting to Houston County			
Houston	Houston	4,952	77.4%
La Crosse, WI	Houston	582	9.1%
Winona	Houston	206	3.2%
Fillmore	Houston	154	2.4%
Allamakee, IA	Houston	123	1.9%
Winneshiek, IA	Houston	77	1.2%
Other	Houston	301	4.7%
		6,395	100.0%
Sources: US Census Bureau Maxfield Research Inc.			

- ▶ Growth trends in the number of jobs located in surrounding counties is shown below. Job growth in La Crosse County, Wisconsin has the greatest impact on housing demand in Houston County, as that is where 38% of the County's residents work. Between 2000 and 2007, La Crosse County added about 2,300 jobs, or a 3.7% increase. The unemployment rate in La Crosse County is also low – at 3.7% in September 2008, well below the national average and Houston County.
- ▶ Job growth in Winona and Fillmore Counties has been flat this decade, and thus they are not likely contributing much to Houston County's housing demand. Olmstead County has seen strong growth this decade – adding over 8,000 jobs. Because it is a little more distant, only about 1.0% of Houston County's residents worked there in 2000. Thus, this strong job growth likely does not have much impact on Houston County's housing demand.

Covered Employment Trends, Surrounding Counties

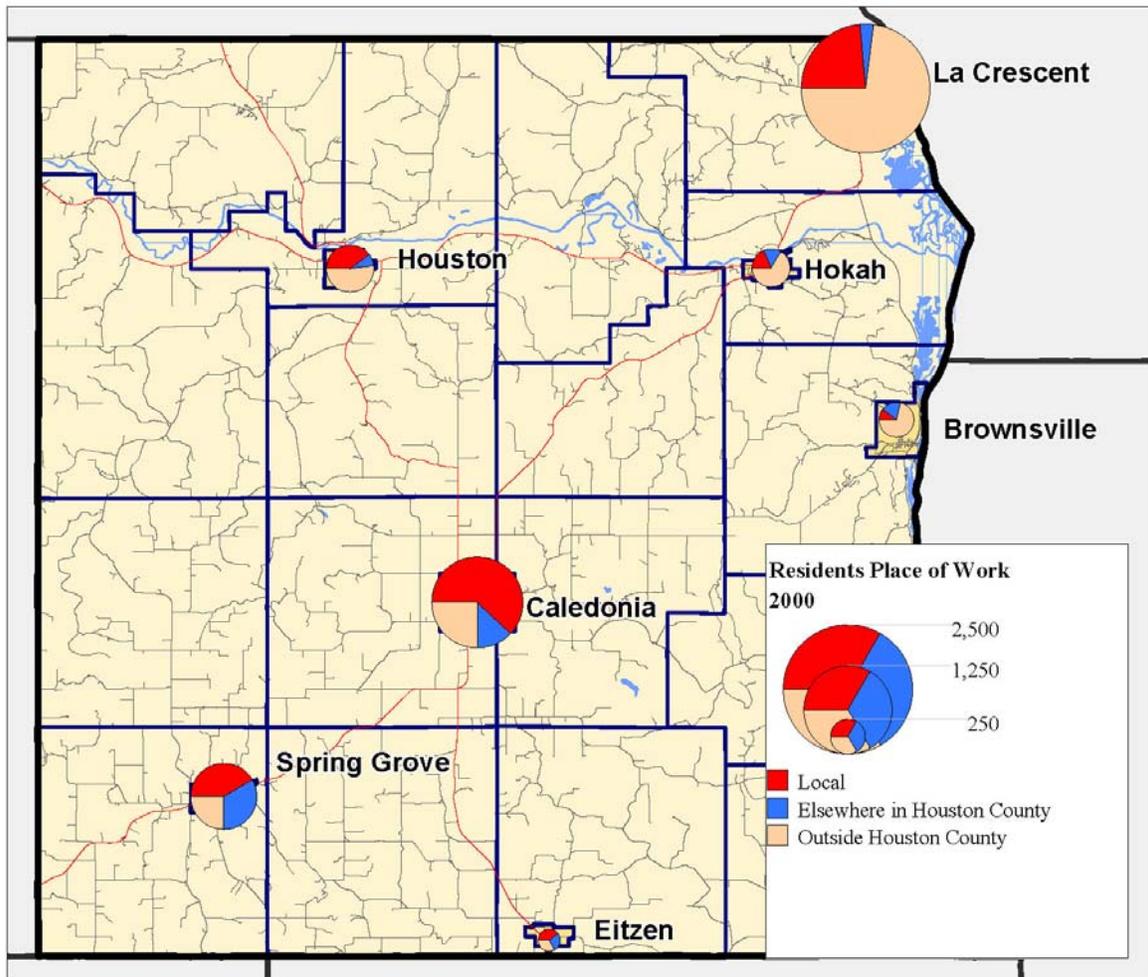
County	Total Jobs		
	2000	2005	2007
Olmstead	82,659	88,789	90,851
Fillmore	6,784	6,511	6,381
Winona	25,060	24,579	25,036
La Crosse, WI	63,616	64,697	65,943
Subtotal	178,119	184,576	188,211

Sources: MN Dept. of Economic Security; WI Dept. of Workforce Development

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

- ▶ Almost three-quarters of La Crescent workers commuted to jobs in La Crosse, Wisconsin. Brownsville and Hokah also had nearly three-quarters of their residents commuting to La Crosse.
- ▶ Caledonia had the greatest percentage of residents that worked locally – at about two-thirds. Spring Grove, Houston, and Eitzen all had about a third of their residents working locally.

Houston County Resident Commuting Patterns



Major Employers

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

- ▶ Caledonia has the highest employment base in Houston County. Twelve major employers were identified in Caledonia with over 1,000 total employees. The county government office in Caledonia is a major employer, along with the local school district and several manufacturers.
- ▶ La Crescent has the highest population in the county but a modest employment base. Many of La Crescent's residents work in La Crosse. La Crescent's largest employer is the school district, followed by the La Crescent Health Care Center. Apple growers have high seasonal employment.

TABLE 13
MAJOR EMPLOYERS
HOUSTON COUNTY
2008

Employer	City	Products/Services	Employees
A.B.L.E., Inc.	Caledonia	Personal Care Services	215
Houston County	Caledonia	Government	160
Caledonia Public Schools	Caledonia	Schools	150
Caledonia Haulers	Caledonia	Trucking	136
Caledonia Care & Rehab	Caledonia	Nursing Care Facilities	115
Miken Sports	Caledonia	Manufacturing	79
Quillin's Foods	Caledonia	Grocery Stores	52
Woodland Industries	Caledonia	Vocational Rehabilitation Services	49
Fastenal Company	Caledonia	Facilities Support Services	40
APN, Inc.	Caledonia	Manufacturing	35
Sno Pac Foods, Inc	Caledonia	Manufacturing	30
E.F. Library Services	Caledonia	Professional Services	11
Ace Communications Group	Houston	Wired Telecommunications Carriers	109
Valley View Nursing Home	Houston	Nursing Care Facilities	75
Houston Public Schools	Houston	Schools	70
La Crescent School Dist #300	La Crescent	Schools	193
La Crescent Health Care Center	La Crescent	Nursing Care Facilities	70
Truss Specialists Inc	La Crescent	Building Material & Supplies	100
Houston County Group Homes	La Crescent	Other Residential Care Facilities	80
Ready Bus Line Company	La Crescent	Charter Bus Industry	55
Apple Growers	La Crescent	Fruit and Tree Nut Farming	N/A
<i>Northern Engraving Co.*</i>	<i>Spring Grove</i>	<i>Manufacturing</i>	<i>250</i>
Tweeten/Lutheran Health Care Ctr	Spring Grove	Nursing Care Facilities	85
Spring Grove Public Schools	Spring Grove	Schools	63
LaX Fabricating LTD	Spring Grove	Manufacturing	25
* Northern Engraving is closing its facility in Spring Grove in February 2009.			
Sources: MN Dept. of Employment and Economic Development; Maxfield Research Inc.			

- ▶ Public schools are among the largest employers in most communities. In total, the public schools in the County employ a total of 476 people. Only Eitzen and Brownsville do not have public schools.
- ▶ Northern Engraving is currently the largest employer in Spring Grove – and the county – with about 250 employees. However, the manufacturer is closing its Spring Grove facility in February 2009. Thus, the county will be losing its largest employer, which certainly will have an impact on the local housing market. About 30% of the employees were nearing retirement and many also commuted from outside the County. Thus, while the number of local residents who will move away from the community is unknown, it will be far smaller than 250. Plus, there is the possibility that the facility could be purchased and reopened by some other business.

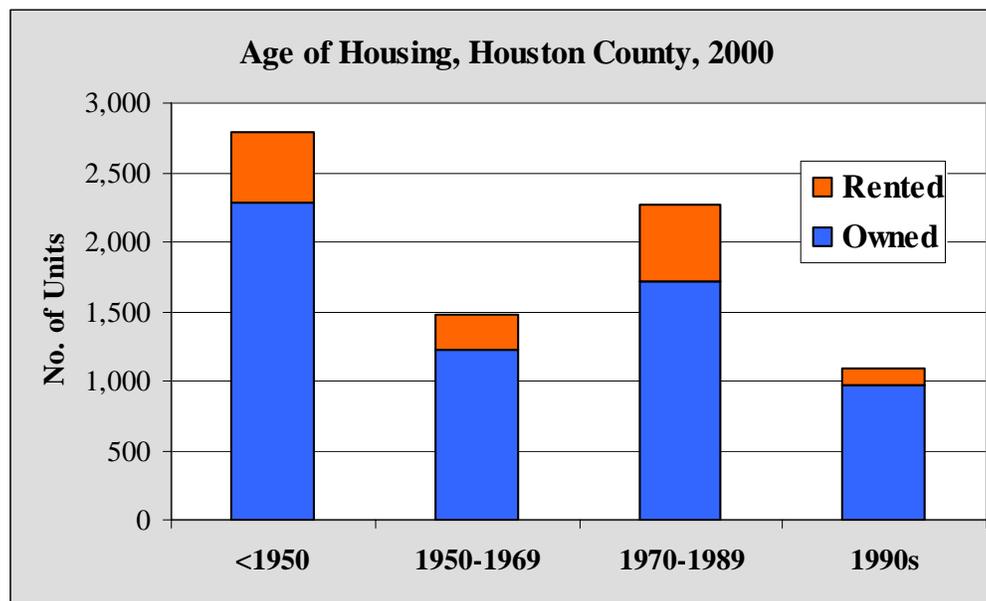
Age of Housing Stock

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

- ▶ Overall, Houston County has an older housing stock. Of the owner-occupied homes, 24% were built before 1950 and a portion of these may be in some disrepair because of their older age.
- ▶ Like most rural counties, the townships have an older housing stock since most homesteads were founded before the communities began to grow. While many communities also have a high proportion of their homes built before 1950, almost half of the rental housing stock in the communities has been added since 1970.
- ▶ La Crescent has the newest housing stock in the County. Only 16% of La Crescent's homes were built prior to 1950, and 60% of its housing stock has been built since 1970. La Crescent has seen greater growth in recent decades because of its close proximity to La Crosse.
- ▶ Rental housing development peaked in Houston County during the 1970s and 1980s. About 38% of the rental housing stock was built during these two decades. It should be noted that a large portion of the rentals built before 1970 are single-family homes, while most of the rentals built since 1970 are multifamily buildings.

	Owner Occupied					Renter Occupied				
	< 1950	1950-69	1970-89	1990-00	2000-07	< 1950	1950-69	1970-89	1990-00	2000-07
Cities										
Brownsville	72	28	38	38	19	15	3	3	19	0
Caledonia	391	186	215	104	64	112	69	86	61	2
Eitzen	46	21	25	6	4	3	1	0	0	4
Hokah	110	22	35	17	8	36	14	37	1	0
Houston	157	89	38	11	14	55	24	46	16	0
La Crescent	257	434	535	268	191	89	71	278	13	4
Spring Grove	208	127	77	26	32	50	29	56	8	17
Subtotal	1,241	907	963	470	332	360	211	506	118	27
Townships	730	255	724	503	635	149	44	51	9	0
Houston County	2,018	1,186	1,712	973	967	509	255	557	127	27
<i>Pct. of Housing Stock</i>	<i>24%</i>	<i>14%</i>	<i>21%</i>	<i>12%</i>	<i>12%</i>	<i>6%</i>	<i>3%</i>	<i>7%</i>	<i>2%</i>	<i>0%</i>

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



Residential Construction Trends 2000 through 2007

The number of homes built each year in Houston County was estimated based on data obtained from the Houston County GIS. These estimates, presented for each community and the townships as a whole is presented in Table 15. The following are key points from the Table.

- ▶ Houston County added an estimated 667 homes between 2000 and 2007, for an annual average of 83 new homes per year. The majority (626) were single-family homes.
- ▶ Slightly more homes were built in the communities (367) than in the townships (300). La Crescent led the way with about 200 new homes (25 per year). Caledonia added the second most with about 70 new homes, followed by Spring Grove with about 55 new homes.
- ▶ The only multifamily housing added in the County was Spring Grove Assisted Living (20 units) in 2005, Applegate Townhomes (12 units) in La Crescent, and townhomes in the Spring Ponds development north of Brownsville.
- ▶ Countywide, new home development is slowing. In La Crescent, an annual average of 30 single-family homes were built through 2004. Since then the number steadily declined to eight new homes in 2007. So far in 2008, only five single-family homes have been built in La Crescent. In the townships, the number of new homes peaked in 2004 at 48 homes and has since declined to 27 new homes in 2007.
- ▶ Excluding La Crescent and Caledonia, most communities added only a few homes per year and the decline in new construction has not been as severe.

**TABLE 15
NEW HOME CONSTRUCTION
HOUSTON COUNTY
2000 to 2007**

	Single-Family								Multifamily								8-Year Total
	2000	2001	2002	2003	2004	2005	2006	2007	2000	2001	2002	2003	2004	2005	2006	2007	
Cities																	
Brownsville	1	4	2	3	4	0	4	3	0	0	0	0	0	0	0	0	21
Caledonia	5	7	7	13	14	9	5	8	0	0	0	0	0	0	0	0	68
Eitzen	2	0	1	0	0	1	0	0	0	0	0	0	0	0	0	0	4
Hokah	0	1	0	3	1	2	1	1	0	0	0	0	0	0	0	0	9
Houston	1	3	1	2	3	3	1	0	0	0	0	0	0	0	0	0	14
La Crescent	26	23	28	33	39	16	12	8	0	0	0	12	0	0	0	0	197
Spring Grove	5	4	5	2	3	6	5	4	0	0	0	0	0	20	0	0	54
Subtotals	40	42	44	56	64	37	28	24	0	0	0	12	0	20	0	0	367
Townships	28	42	37	39	48	36	34	27	0	0	0	0	4	2	3	0	300
Carver County Total	68	84	81	95	112	73	62	51	0	0	0	12	4	22	3	0	667

Sources: Houston County GIS; Maxfield Research Inc.

Market Conditions General-Occupancy Rental Housing

Introduction

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

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

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

Houston County Rental Housing

Maxfield Research Inc. surveyed rental developments in Houston County to analyze current market conditions for rental housing in the County. The survey was conducted in November and December 2008 and focused on buildings with 12 or more units. However, because most of the rental stock is located in smaller buildings, attempts were made to survey buildings with four to 12 units as well. In all, about 275 units were surveyed, including market rate, affordable, and subsidized units.

Most of the County's rental stock is older. No rental properties built this decade were identified, and only four built during the 1990s were identified. Most of the rental buildings surveyed were built during the 1970s, generally in buildings with about eight or fewer units.

Information on the surveyed rental buildings is shown in Table 16. Altogether, 18 market rate properties were surveyed, as were one affordable property (where income-qualified residents pay a reduced rent) and two deep-subsidy properties (where income-qualified residents pay 30% of their income for rent). The following are key points about rental conditions in the County.

Market Rate Rental Housing

- ▶ Houston County's supply of market rate rental housing consists mostly of small buildings of at least 30 years old. Excluding Lancer Apartments in La Crescent, which has 96 units, the average size of the rental property surveyed was seven units. In addition, all but three were building prior to 1980.
- ▶ The vacancy rate for market rate rental units in January 2007 was 3.3% –lower than the stabilized vacancy rate of 5.0%. Of the 215 units surveyed that were available for occupancy, only seven were vacant. Landlords stated that their buildings are usually full, but that units that become available in the winter take longer to lease. Overall, the low vacancy rate indicates that there is less demand for more units.
- ▶ About 85% of the units surveyed were two-bedroom units. All of the other units were either one-bedroom or efficiency units with the exception of four, three-bedroom units at one property in Caledonia. Families in need of units with more bedrooms typically seek single-family homes that are rented. One person interviewed in La Crescent stated that there is a need for larger units for families.
- ▶ Rents at the market rate buildings in Houston County are modest. In La Crescent, monthly rents average \$420 for one-bedroom units and \$575 for two-bedroom units. In the other communities, monthly rents average less than \$300 for one-bedroom units and \$450 for two-bedroom units. La Crescent achieves higher rents since there is greater demand from people commuting to jobs in La Crosse, Wisconsin. Rents tend to decrease the greater the distance from La Crescent, and the tenant profile tends to become more seniors versus younger working people.

TABLE 16
GENERAL OCCUPANCY RENTAL HOUSING
HOUSTON COUNTY
November 2008

Project Name/ Address	Year Built	Total Units	Vacant	Unit Mix	Rent Range	Unit Size	Comments
<i>Market Rate</i>							
408 Clay St. Brownsville	1996/ 1998	8	0	3 - 1BR 5 - 2BR	\$400 \$595	N/A	One-story building. Most residents work in La Crosse or La Crescent.
Kirch Hau Apts. Caledonia	1975	6	N/A	N/A	N/A	N/A	Converted church building
Sprague Apartments Caledonia	N/A	8	0	6 - 1BR 2 - 2BR	\$250 \$275	N/A	Units are located above downtown business. Resident profile: Mostly younger singles.
Tim Murphy Apts. Caledonia	N/A	6	0	6 - 2BR	\$350	N/A	Located in two buildings: a four-plex and a duplex.
The Crest Inn & Apts. Caledonia	N/A	7	1	N/A	\$375 - \$600	N/A	7 apartments on first-floor below 20 motel rooms.
219 Decorah Caledonia	1994	4	0	4 - 3BR	N/A	N/A	Two-story units in 4-plex building. Detached garages.
Townline Apartments Eitzen	2003	4	1	4 - 2BR	N/A	N/A	4-plex building with two units on main floor and two in walk-out basement. Detached garages.
Village Apartments Hokah	1970s	8	0	8 - 2BR	\$425	800	Two 4-plex buildings. Surface parking. Mostly younger residents.
51-53 Main St. Hokah	1895	6	1	6 - EFF-3BR	\$500 - \$600	N/A	In downtown building. Half of the residents work in La Crosse.
Colonial Manor Houston	1978	8	0	8 - 2BR	\$425	N/A	Remodeled in 2005. Surface parking. Mostly elderly residents.
407 E. Cedar Houston	N/A	6	2	2 - 1BR 4 - 2BR	\$500±	N/A	Two units are vacant because of remodeling. Fewer young tenants than in Hokah.
704 Cedar Dr La Crescent	1977- 1986	10	0	10 - 2BR	\$650	1,000	Five twinhomes. 1,000 sq. ft. main floor with full unfinished basements.
Lancer Apts. & Townhomes 1315 Lancer Blvd La Crescent	1977	96	0	6 - 1BR 42 - 2BR Apt. 48 - 2BR T.H.	\$360 - \$420 \$550 - \$585 \$620	N/A 875 960	Complex includes apartment and 2-story townhome buildings. T.H. units have full unfinished basements. New owner has renovated units. Resident profile is working singles and

TABLE 16
GENERAL OCCUPANCY RENTAL HOUSING
HOUSTON COUNTY
November 2008
(continued)

Project Name/ Address	Year Built	Total Units	Vacant	Unit Mix	Rent Range	Unit Size	Comments
<i>Market Rate, cont.</i>							
Walnut Street Apts. La Crescent	1970	12	1	1 - 1BR 11 - 2BR	\$450 \$525		Three-story building with detached garages. Usually fully-occupied. Many seniors (1/2)
619 Welshire Dr. La Crescent	1976	16	0	4 - Eff 12 - 2BR	\$380 - \$390 \$455 - \$495	275 650	3-story building. Resident profile: mostly younger people.
611 Welshire Dr. La Crescent	1974	4	1	4 - 2BR	\$475	N/A	Resident profile: Mostly younger people, many who work in La Crosse.
1016 Spruce Dr. La Crescent	1960	2	1	2 - 2BR	\$600	N/A	Duplex. Has hard time filling vacancies in the winter months.
105-107 4th Ave. NW Spring Grove	1968	8	2	8 - 2BR	\$475 - \$495	N/A	Two 4-plex buildings. Buildings
119 Main St. Spring Grove	1926	4	4	2 - STU 1 - 1BR 1 - 2BR	\$200 - \$325 \$275 \$350	N/A	Apartments above downtown businesses. Vacancies were due to the units being temporarily unavailable. They are being marketed again.
Market Rate Sub-Totals		223	13 (7 when excluding units not ready for occupancy)				3.3%
<i>Affordable</i>							
West Main Terrace T. H. 103 N. Gjere Ave. Caledonia	1998	24	0	12 - 2BR 12 - 3BR	\$425 \$525		Three buildings. Attached garages, heat included in rent.
<i>Subsidized</i>							
Como Falls Estates 87 Fall St. Hokah	1981	12	1	12 - 1BR	\$410 - \$615	559	Rural Development. 2-story building. 9 Rental Assistance available. 1 person pays market rent.
Tweeten Apts. Spring Grove	1988	16	0	8 - 1BR 6 - 2BR 2 - 3BR	30% of AGI	N/A	HUD project based. Almost all elderly (only 1 child). Difficult to rent 3BR units because of limited demand from families.
Source: Maxfield Research Inc.							

- ▶ Of the 215 market rate units surveyed, 136 were located in La Crescent (over 60%). The majority of these were in Lancer Apartments & Townhomes, the largest rental development in the County. Lancer has 96 units located in 18 separate buildings. A new owner has remodeled all of the units within the past year and the development is now at full occupancy for the first time since 2004.



Townhome building at Lancer Apartments & Townhomes

- ▶ To be eligible for use with the *Housing Choice Voucher* program (discussed on Page 37), units must have rents below the Payment Standard which ranges from \$466 for one-bedroom units to \$613 for two-bedroom units and \$813 for three-bedroom units. Our survey of the rental housing properties revealed that most units in the County are below the Payment Standard.
- ▶ La Crescent lost 20 apartment units when fire destroyed an apartment building at 706 Cedar Drive in April 2008. The apartment building will not be rebuilt.
- ▶ A portion of La Crescent's rental demand is from Minnesota natives who become employed in La Crosse but want to maintain their Minnesota residency.

Affordable Rental Housing

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

West Main Terrace was built in 1998 and consists of three 8-unit buildings. Each unit has attached garage parking. Income-qualified residents pay monthly rents of \$425 for two-bedroom units and \$525 for three-bedroom units. Currently, no units are available for occupancy.



West Main Terrace Townhomes

Subsidized Rental Housing

There are two rental developments in Houston County that offer “deep” subsidies in which the monthly rents are based on 30% of a qualified household’s adjusted gross income. These are Como Falls Estates in Hokah and Tweeten Apartments in Spring Grove. Both buildings were built during the 1980s and are subsidized through the Rural Development 515 program.

Currently, one unit between the two buildings is vacant. However, Tweeten Apartments often has some vacancies because most of the demand is from single seniors, but half of its units are two- and three-bedroom units for which singles do not qualify.

Housing Choice Voucher Program

The Housing Choice Voucher Program (also known as Section 8) utilizes the existing private rental market in Houston County to provide decent, safe and sanitary housing opportunities for low-income families, elderly, handicapped and disabled persons at an affordable cost. The Southeast Minnesota Multi-County Housing and Redevelopment Authority (SEMMCHRA) administers this federal program for six counties, including Houston County. Currently, the SEMMCHRA assists 77 households in Houston County through this program.

To be eligible for a voucher, households must have incomes at or below 50% of median. The assistance the household is eligible to receive is equal to the difference between 30% of a household’s monthly adjusted income and the unit’s monthly rent, which is capped by the Voucher

Payment Standard. Houston County's Voucher Payment Standard ranges from \$47 for one-bedroom units to \$613 for two-bedroom units and \$813 for three-bedroom units.

Because Housing Choice Vouchers are mobile, utilization by community could vary from year to year depending on where voucher holders choose to live. As shown below, most Housing Choice Vouchers are currently being utilized in La Crescent and Caledonia – also the location where the majority of the County's rental housing stock exists.

Use of Housing Choice Vouchers by City, November 2008

La Crescent	32
Caledonia	25
Hokah	7
Spring Grove	6
Houston	4
Brownsville	3

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

Pending Rental Developments

Interviews were conducted with representatives of communities in the County to reveal planned and pending general-occupancy rental developments that may come on-line in the near future. There were no general-occupancy apartments under construction or planned.

Market Conditions Senior Housing

Introduction

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

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

Senior Housing Defined

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

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

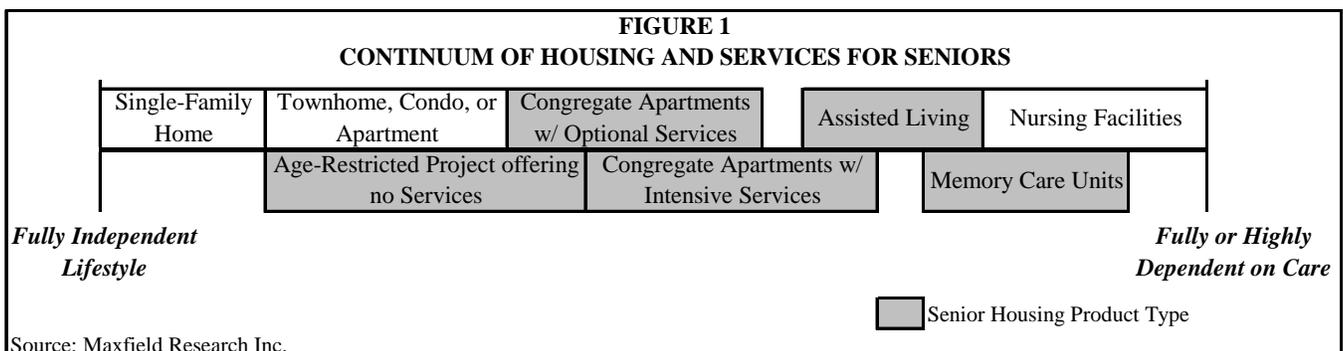
Congregate; where support services such as meals and light housekeeping are provided, either on an optional basis for an additional fee (optional-service) or included in the monthly fee (service-intensive).

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

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

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

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



Market Rate Senior Developments in Houston County

Maxfield surveyed senior housing developments in Houston County to analyze current market conditions. Six market rate developments with a total of 89 units were identified as were six subsidized buildings with a total of 168 units. These surveyed developments are listed in Table 17 by service level, along with information on location, year built, total units and vacant units, unit mix and rents, building features, and resident profile. The following are key findings.

Market Rate Senior Housing

- ▶ Like most of Minnesota, market rate senior housing is a relatively new concept in Houston County. No market rate senior developments existed in the County before Buckley Apartments opened on the Caledonia Care and Rehab Center in 1988. The other five market rate senior buildings have all opened since 1992.
- ▶ There are no market rate adult rental buildings in Houston County. The service-level of the senior housing supply consists of two congregate, three assisted living, and one memory care building.
- ▶ With the exception of Kentucky Place in La Crescent, all of the market rate senior buildings are on campuses with skilled care facilities. This arrangement allows for a continuum of care in one location and also provides efficiency in the delivery of services, since there is already a nursing staff and commercial kitchen at the skilled care facilities that can be shared with the senior housing buildings.
- ▶ The market rate senior buildings exist in the County's four largest communities. Eitzen, Hokah, and Brownsville all have smaller populations that may not be sufficient to support a market rate building offering specialized senior housing.
- ▶ Overall, the market rate senior buildings in Houston County are performing very well. Out of the 89 units, there are only a few vacancies, which are mostly due to normal turnover. Spring Grove Assisted Living opened in 2005 with 20 units and currently has two openings, which has been fairly consistent since its opening.
- ▶ Seniors with greater care needs can allocate a greater portion of their income toward housing because they have fewer other expenses. Typically, seniors are able and willing to allocate 30% of their income for adult units, 50% for congregate and 85% for assisted living. In addition, most seniors allocate the equity from their single-family homes and other savings to pay for senior housing with services. Thus, seniors with lower incomes can often afford market rate senior housing. This is particularly true for assisted living where many seniors are willing to spend down assets to avoid placement in a nursing home.
- ▶ According to interviews with Realtors and other housing professionals, La Crescent is losing some senior residents to La Crosse, where more senior housing alternatives are available. Most of these seniors would choose to stay in La Crescent if alternatives were available.

**TABLE 17
MARKET RATE & SUBSIDIZED SENIOR HOUSING
HOUSTON COUNTY
November 2008**

Project Name/City	Year Built	No. of Units	No. Vacant	Unit Mix/Sizes/Rents		Comments
				No.	Type	
<i>Market Rate - Congregate</i>						
Heritage Court Apt. 110 S. Henderson St. Houston	1996	18	0	14 - 1BR 4 - 2BR	\$1,000 \$1,200	One-story building attached to Valley View Health Center & Gunderson Medical Clinic. Noon meal & weekly housekeeping included in rent. Emergency call. Support services available. 23 names on waiting list.
Buckley Apt. 425 N. Badgear St. Caledonia	1988	16	2	8 - 1BR 8 - 2BR	\$819 \$1,025	2-story building on Caledonia Care & Rehab Center. Rent includes 3 meals/day and 24 hour supervision. Housekeeping and some assisted living services are available for \$493/month. Four residents are couples.
<i>Market Rate - Assisted Living</i>						
Kentucky Place 333 S. 2nd St. La Crescent	1992	19	0	19 - EFF	N/A	One-story building. Fully occupied with a waiting list.
Roseview Court 425 N. Badter St. Caledonia	1992	9	0	N/A - single room N/A - double room	\$1,269 \$1,340	On campus of Caledonia Care & Rehab Center. Rent includes 3 meals daily, housekeeping, 24 hour supervision, medication management, emergency call. Additional services provided based on need.
Spring Grove A. L. 150 5th Ave. SE Spring Grove	2005	20	2	N/A - Studio N/A - 1BR	\$1,800 - \$1,950 \$2,150	One-story building across street from Hospital/N.H. Rent includes 3 meals/day, housekeeping, 24 hour supervision, & utilities.
<i>Market Rate - Memory Care</i>						
Roseview Court 425 N. Badter St. Caledonia	1992	7	1	7 - single room	\$1,269	Secured second floor of Roseview Court. Residents pay additional fee for services needed above the base care (top fee is about \$4,000). On campus of Caledonia Care & Rehab Center.

TABLE 17
MARKET RATE & SUBSIDIZED SENIOR HOUSING
HOUSTON COUNTY
November 2008
(Continued)

Project Name/City	Year Built	No. of Units	No. Vacant	Unit Mix/Sizes/Rents		Comments
				No.	Type	
<i>Subsidized</i>						
Crestview Apartments 308 N. 2nd St. La Crescent	1970	34	0	34 - 1BR	30% of AGI	Two-story building. Features common laundry, community room, & off-street parking. Small waiting list.
Bluffview Manor 104 N. 7th St. Brownsville	1996	12	0	12 - 1BR	\$430	Brownsville HRA. One-story building purchased by Brownsville HRA five years ago. Rent includes all utilities. Currently has 2 names on waiting list, but has had vacancies in the past.
Loretto Heritage Haven 312 S. Decorah Caledonia	1986	23	0	21 - 1BR 2 - 2BR	30% of AGI	Rural Development. 3-story brick building. 19 Rental Assistance available. 3 residents pay market rent.
Whispering Pines 306 S. East St. Caledonia	1978	37	3	36 - 1BR 1 - 2BR	30% of AGI	3-story building. Rent includes water, sewer, and garbage. Building features community room, lounge, emergency call, common laundry, and surface parking. Avg. age = 76.
Spring Grove Manor 129 Maple Dr. Spring Grove	1980	31	0	30 - 1BR 1 - 2BR	30% of AGI	Average age = 80s. First time full in two years - there is no waiting list.
Valley View Manor 200 S. Erickson St. Houston	1980	31	0	30 - 1BR 1 - 2BR	30% of AGI	HUD, 2-story building. Inc. limit = \$22,200/1P & \$25,350/2P. Features balconies/patios, detached garages, common laundry. Meals-on-Wheels delivers. Short waiting list (<10 names). Avg. age = 86.

Source: Maxfield Research Inc.

Subsidized and Affordable Senior Housing

- ▶ Overall, the subsidized senior buildings are older than the market rate buildings. Excluding Bluffview Manor in Brownsville (built in 1996), all of the buildings were added between 1970 (Crestview Apartments in La Crescent) and 1986 (Loretto Heritage Haven (Caledonia).
- ▶ The only communities without a subsidized senior building are Eitzen and Hokah, the County's two smallest communities. Hokah, however, has Como Falls Estates, a 12-unit subsidized general-occupancy apartment that has many senior residents. Caledonia contains two subsidized senior buildings – Loretto Heritage Haven and Whispering Pines.
- ▶ Since the target market for subsidized senior housing is singles instead of couples, all but five of the units in the buildings are one-bedroom.
- ▶ The monthly rents at Crestview Apartments are \$493 and those at Bluffview Manor are \$430. Residents at all of the other subsidized senior developments pay monthly rents that are based solely on 30% of their Adjusted Gross Income. It should be noted that many residents at Crestview Apartments and Bluffview Manor receive Housing Choice Vouchers from the SEMMCHRA, and therefore also pay 30% of their adjusted gross income for rent.
- ▶ Only three units in the subsidized senior developments (all at Whispering Pines in Caledonia) were identified as vacant (for an overall vacancy rate of 1.9%). While the vacancy rate is very low, managers of Bluffview Manor and Spring Grove Manor stated that their buildings have historically had some vacancies and that their buildings are meeting most of the community need.

Pending Senior Housing Developments

Our interviews with representatives of communities in the County revealed that there is one senior housing development in the late planning stages. There is an eight-unit townhome restricted to residents ages 55+ that is planned to be built in La Crescent. All eight one-level units will be located in one building. Each unit will have two bedrooms, attached garages, and monthly rents of \$600.

Caledonia Care Center in Caledonia, Valley View Health Center in Houston, Spring Grove Assisted Living all have land available on their campuses to accommodate additional senior housing. As we understand, all have explored the potential of expanding their buildings in the future. While nothing is planned in the short-term, there is strong likelihood that all will add senior housing in the future if current occupancies remain high and there are waiting lists.

Market Conditions For-Sale Housing

Introduction

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

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

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

Home Resales

Tables 18 and 19 show resale price trends of single-family homes in Houston County from 2004 through October 2008. The resale data is from the Houston County Assessors Office. The following are key findings about the resale housing market.

- ▶ The total number of home resales declined in 2007 from the previous years and is again lower in 2008 so far. Much of this slowdown in sales activity is related to the nationwide housing slowdown that is affecting Houston County as well.
- ▶ The average resale price of single-family homes in Houston County increased from \$132,700 in 2004 to \$150,300 in 2007. Through October 2008, the median has remained at this level, avoiding the decline that has happened in many other parts of the State and Nation. This is very positive for the local housing market, as it is likely that a much lower percentage of homeowners in Houston County will be saddled with mortgages greater than their home value than in other areas.
- ▶ Over each of the past five years, the most home sales occurred in the \$100,000 to \$150,000 price range (between 30% and 35% of all sales). However, the number of homes sold below \$100,000 fell from 37% in 2004 to 28% in 2008. Meanwhile, the number of homes sold for more than \$200,000 increased from 14% to about 18%.
- ▶ Table 19 shows that the median resale price of single-family homes sold in each community in the County and the townships as a whole from 2004 through October 2008. The townships had the highest average resale price (\$180,000 in 2007), followed by the City of La Crescent (\$149,000). The median resale price fluctuates wildly in each of the remaining communities because of the low volume of sales. Even so, the median resale price has generally been under \$100,000 in these communities over the past five years.
- ▶ La Crescent has a higher median value than the remaining communities because its close proximity to La Crosse has spurred greater development of higher-end homes over the past few decades. Most of the housing stock in the smaller communities, as shown in Table 14, is older.
- ▶ Home resale trend data in Tables 18 and 19 indicate that most of the existing housing stock would be affordable to low- and moderate income households seeking entry-level housing. Using an industry standard that a household can afford a home priced at 2.5 to 3.5 times their income, not including savings or debt that they may have, a household earning about \$30,000 to \$40,000 could afford a home priced at \$100,000. At least half of the homes in all of the communities except La Crescent are priced under \$100,000.

TABLE 18
HOMES SOLD BY PRICE RANGE
HOUSTON COUNTY
2004 through October 2008

Price Range	2004		2005		2006		2007		2008 (YTD)	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
<\$100,000	97	37.9%	69	30.8%	66	28.0%	58	32.0%	36	27.7%
\$100,000 to \$149,999	78	30.5%	74	33.0%	75	31.8%	64	35.4%	38	29.2%
\$150,000 to \$199,999	45	17.6%	47	21.0%	48	20.3%	29	16.0%	33	25.4%
\$200,000 to \$249,999	22	8.6%	17	7.6%	19	8.1%	12	6.6%	13	10.0%
\$250,000 to \$299,999	7	2.7%	10	4.5%	21	8.9%	9	5.0%	6	4.6%
\$300,000 and Over	7	2.7%	7	3.1%	7	3.0%	9	5.0%	4	3.1%
	256	100%	224	100%	236	100%	181	100%	130	100%
Min.	\$10,000		\$28,000		\$30,500		\$12,800		\$35,000	
Max.	\$705,000		\$486,000		\$410,000		\$1,195,000		\$810,000	
Med.	\$119,750		\$130,000		\$137,900		\$130,000		\$145,000	
Avg.	\$132,698		\$138,011		\$147,978		\$150,269		\$150,077	

Sources: Houston County Assessors' Office
 Maxfield Research Inc.

TABLE 19
VOLUME AND MEDIAN SALES PRICE OF HOMES SOLD
HOUSTON COUNTY
2003 through October 2008

Year	2004		2005		2006		2007		2008 (YTD)	
	No. Sold	Median Sales Price								
Brownsville	9	\$97,500	4	\$160,200	4	\$106,500	5	\$98,000	1	\$145,000
Caledonia	47	\$87,800	35	\$99,000	31	\$95,000	41	\$93,000	28	\$98,500
Eitzen	6	\$60,500	3	\$67,500	0	--	5	\$85,000	1	\$80,000
Hokah	2	\$79,200	5	\$78,000	5	\$92,000	4	\$122,500	0	--
Houston	24	\$75,000	22	\$78,500	16	\$82,450	10	\$89,950	8	\$88,500
La Crescent	107	\$145,000	86	\$147,650	95	\$158,000	74	\$148,950	53	\$152,200
Spring Grove	17	\$84,000	25	\$72,500	28	\$73,000	21	\$87,500	14	\$76,500
Subtotal	212	\$112,000	180	\$117,500	179	\$130,000	160	\$125,000	105	\$134,900
Townships	44	\$159,450	44	\$180,500	57	\$173,500	21	\$180,000	25	\$165,000
Houston County	256	\$119,750	224	\$130,000	236	\$137,900	181	\$130,000	130	\$145,000

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

Current Supply of Homes on the Market

Table 20 shows the number of homes currently listed for sale in five Houston County communities, distributed into six price ranges (Eitzen and Hokah each only had a couple listings and are not shown). The data was obtained from the Southeast Minnesota Realtors Association and Realtor.com websites. Key findings from our assessment of the actively listed homes in the County are:

- ▶ The average price of homes currently listed for sale in the five communities shown in Table 20 are much higher than the actual resales that have occurred over the past few years. The lower resale averages may be due in part to higher priced homes staying on the market longer than lower priced homes – such that at any given time, there is a more balanced supply of entry-level and upper-end homes available to purchase, but over the long-term more entry-level homes are actually sold.

Price Range	Brownsville		Caledonia		Houston		La Crescent		Spring Grove	
	No.	Pct.	No.	Pct.	No.	No.	Pct.	Pct.	No.	Pct.
<\$100,000	1	12.5%	3	25.0%	1	16.7%	0	0.0%	3	60.0%
\$100,000 to \$149,999	3	37.5%	2	16.7%	1	16.7%	2	9.1%	1	20.0%
\$150,000 to \$199,999	3	37.5%	3	25.0%	3	50.0%	7	31.8%	1	20.0%
\$200,000 to \$249,999	1	12.5%	2	16.7%	1	16.7%	4	18.2%	0	0.0%
\$250,000 and Over	0	0.0%	2	16.7%	0	0.0%	9	40.9%	0	0.0%
	8	100%	12	100%	6	100%	22	100%	5	100%
Min.	\$89,900		\$87,900		\$84,500		\$119,000		\$44,000	
Max.	\$225,000		\$349,000		\$225,000		\$799,900		\$174,900	
Med.	\$162,950		\$158,800		\$182,450		\$232,200		\$77,500	
Avg.	\$159,188		\$174,067		\$167,817		\$275,077		\$91,260	

* Eitzen and Hokah had fewer than three listings.

Sources: Southeast Minnesota Realtors Association; Realtor.com
Maxfield Research Inc.

- ▶ The median list price of homes for sale in La Crescent was about \$232,000. This median is lifted by nine homes listed at over \$250,000. As a reference, 11 homes priced over \$250,000 were sold in 2007 and five have sold so far in 2008.

New For-Sale Housing Subdivisions

Maxfield Research Inc. surveyed actively marketing subdivisions in Houston County in November and December 2008. In total, 16 subdivisions were surveyed, with a total of 405 lots. Almost all of the lots are for single-family homes, although some of the subdivisions also allow twinhomes. Spring Ponds, just north of Brownsville, is a subdivision entirely of twinhome lots. Table 21 summarizes information on each inventoried subdivision, including information on year platted, total lots, lots available, typical lot sizes and prices, and typical home prices.

Key points about the actively marketing subdivisions are listed below.

- ▶ Table 21 shows that all of the communities had active subdivisions except Hokah and Eitzen. Hokah is geographically challenged because it is bounded by bluffs and wetlands. There is a subdivision with a few lots left – Fox Shadow – just outside its city limits. Eitzen only had four homes built this decade.
- ▶ Through most of this decade, development had been brisk enough that all but one of the subdivisions were platted within about the past 10 years. The exception is Twaiten-Houlihan in Houston, which was platted over 20 years ago.
- ▶ Over 200 lots within the inventoried subdivisions were identified as vacant and available for a new home. La Crescent had the greatest inventory of available lots at 76, followed by Caledonia (56 lots), Houston (41 lots), Brownsville (28 lots), and Spring Grove (25 lots).
- ▶ About the beginning price for most new single-family homes in Houston County is \$200,000. Overall, we calculate that the average price for new homes in the County is \$280,000. This is skewed upward by La Crescent, which has an average price of about \$305,000 and also has seen the most new home construction. The remaining communities have an average price of about \$215,000 for new homes.
- ▶ Based on our estimates of pricing, a low percentage of newly-constructed single-family homes are affordable to modest income buyers. For a home priced at \$200,000, a buyer with a 15% down payment would need an income of at least \$55,000 to afford the monthly payments. Thus, very few households with incomes below \$55,000 would be able to afford new homes. However, with an average price of \$145,000 in 2008 for existing homes, there are adequate ownership options for modest income households.
- ▶ Most new single-family subdivisions in Houston County's communities are targeted toward move-up buyers, versus entry-level or executive buyers. With the exception of Harbor Lights in Brownsville, which is directly on the Mississippi River, and Apple Blossom Pointe and Horse Thief Ridge in La Crescent, most of the new subdivisions have home prices between \$200,000 and \$300,000.
- ▶ One factor leading to higher prices for new single-family homes in La Crescent is lot costs. With land at a premium, lots in La Crescent are about double on average than lots in the smaller communities in Houston County.

TABLE 21
ACTIVE SINGLE-FAMILY HOUSING DEVELOPMENTS
HOUSTON COUNTY
November & December 2008

<u>Subdivision Name</u>	<u>Year Platted</u>	<u>Lot Inventory</u>		<u>Typical Lot Sizes (Sq. Ft.)</u>	<u>Base Lot Price</u>	<u>Typical Home Price (incl. lot price)</u>
		<u>Total</u>	<u>Avail.</u>			
Brownsville						
Harbor Lights 2nd Add.	1998	16	6	8,500 - 11,000	\$60,000 - \$100,000	\$325,000 - \$375,000
Timber Springs	2007	20	16	26,000+	\$50,000	\$250,000+
Spring Ponds	2004	14	6	N/A	N/A	\$200,000 - \$250,000
		(Twinhome lots: Four lots have been developed with 8 total units)				
La Crescent						
Apple Blossom Acres Phase I		58	12	15,000+	\$39,900 - \$65,000	\$215,000 - \$300,000
Apple Blossom Acres* Phase II	2008	26	22	15	\$44,900 - \$74,900	\$225,000+
Apple Blossom Pointe*	2008	25	25	1/2 acre+	\$65,000 - \$200,000	N/A
West Bank Addition	1997	50	3	1/2 acre+	\$35,000 - \$70,000	\$275,000+
Horse Thief Ridge	2004	21	14	1 acre+	\$50,000 - \$75,000	\$325,000 - \$800,000
Spring Grove						
Bender 3rd Addition	2003	9	1	17,160 - 18,750	\$14,000 - \$15,600	\$125,000 - \$175,000
Bender 4th Addition	2009	11	11	16,000	\$14,000	N/A
Four Season Acres	2008	17	13	10,400 - 16,700	\$22,500 - \$23,000	
Houston						
Prairie Meadows	2004	36	26	11,500 - 15,000	\$29,900	\$160,000
Twaiten-Houlihan	1980s	17	15	9,000 - 23,000	N/A	N/A
Caledonia						
Doering Estates (Phase I)	2004	42	27	13,000 - 20,000	\$30,000 - \$33,500	\$175,000 - \$245,000
Pine Estates		19	15	10,000	\$25,900	N/A
Green Acres 2nd & 3rd Add.	2003	24	14	1/2 acre lots	\$30,000 - \$70,000	** \$200,000 - \$375,000
Total		405	226			
* Subdivision is located in Winona County						
** Not including septic system						
Source: Maxfield Research Inc.						

- ▶ A three-year lot supply is an industry standard to allow for adequate consumer choice but not prolonged developer carrying costs. Given the average of about 40 new homes built per year in Houston County's communities over the past few years, the current supply of about 230 lots would constitute nearly a six-year supply. However, given the downturn in the housing market this year, the current lot supply may last longer.
- ▶ Almost all of the new homes being added in the subdivisions inventoried in Table 10 are single-family homes. Only Spring Pond, just outside of Brownsville, is entirely twinhomes. Spring Pond was platted in 2004 and four twinhomes have been built (eight units). The one-level units have two-bedrooms on the 1,600 square foot main floor and feature unfinished walk-out basements and attached two-car garages. One twinhome (two units) has been marketed in the Benders Addition in Spring Grove and in the Prairie Meadows subdivision in Houston. Neither of these twinhomes are association maintained, however, and interest from potential buyers has been limited. About six twinhome buildings have been built in the Apple Blossom subdivisions in northern La Crescent. Most of these units were built earlier this decade and have main levels with about 1,500 to 1,700 square feet and prices of under \$200,000.
- ▶ The townhomes developments in Houston County are all one-level units. These one-level units are typically marketed toward empty-nesters downsizing from single-family homes. With the first baby boomers reaching their 60s this decade, the proportion of townhome buyers seeking one-level units will increase over the coming decades. Two-story units are typically built in larger urban areas as an affordable alternative to single-family homes and are marketed toward younger buyers who are often first-time buyers. Because existing single-family homes are affordable in Houston County, there would be very little demand for affordable two-story townhome units.

Pending Subdivisions

We identified one pending subdivision in Houston County. In La Crescent, the Crow Ready Mix site has been cleared for an association-maintained community called Wildwood. The community is to feature 10 twinhomes (20 units) and one single-family home. There is an adjacent six-acre parcel to expand this community in the future.

Conclusions and Recommendations

Introduction

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

This section includes:

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

Demographic Profile and Housing Demand

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

1. *Entry-level householders*
 - Often prefer to rent basic, inexpensive apartments
 - Usually singles or couples in their early 20's without children
 - Will often “double-up” with roommates in apartment setting
2. *First-time homebuyers and move-up renters*
 - Often prefer to purchase modestly-priced single-family homes and townhomes or rent more upscale apartments
 - Usually married or cohabiting couples, some with children, in their mid-20's or 30's
3. *Move-up homebuyers*
 - Typically prefer to purchase newer, larger, and therefore more expensive single-family homes
 - Typically families with children where householders are in their late 30's to 40's
4. *Empty-nesters (persons whose children have grown and left home) and never-nesters (persons who never have children)*
 - Prefer owning and some will move to alternative lower-maintenance housing products
 - Generally couples in their 50's or 60's
5. *Younger independent seniors*
 - Prefer owning but will consider renting their housing
 - Some will move to alternative lower-maintenance housing products
 - Will often move (at least part of the year) to retirement havens in the Sunbelt and desire to reduce their responsibilities for upkeep and maintenance
 - Generally in their late 60's or 70's
6. *Older seniors*
 - May need to move out of their single-family home due to physical and/or health constraints or a desire to reduce their responsibilities for upkeep and maintenance
 - Generally single females (widows) in their mid-70's or older

Demand for housing can come from several sources including: household growth, changes in housing preferences, and replacement need. Household growth necessitates building new housing unless there is enough desirable vacant housing available to absorb the increase in 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 needs is required, even in the absence of household growth, when existing units no longer meet the needs of the population and when renovation is not feasible because the structure is physically or functionally obsolete.

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

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

Between 2008 and 2020, Houston County is projected to see an increase of approximately 680 households. Since each household equates to an occupied housing unit, the County will need to build an equal number of housing units to support this growth. Because of the older age of the County's housing stock, demand for housing in Houston County will be driven not only by household growth, but also by replacement need. About 2,800 of the County's homes were built before 1950 (37% of the total housing stock). While we observed that the overall housing stock is in good condition, we estimate that half a percent of these homes built before 1950 should be replaced annually, creating the need another 160 replacement homes. Most of the homes that should be replaced are small, functionally obsolete, and no longer meet the expectation of today's households. With household growth and replacement need combined, we find demand for about 840 new housing units in Houston County from 2008 to 2020.

Rental and Senior Housing Demand

Table 22 shows demand calculations for rental housing, including senior rental, in Houston County between 2008 and 2020. The table displays demand for general-occupancy housing by "subsidized" (affordable to households with incomes at or below 80% of median) and market rate. Senior housing is also displayed by subsidized as well as market rate by service level.

The demand calculations in Tables 22 are shown by community, as well as the townships as a whole. It should be noted that to the extent that households are mobile and different market segments are willing to seek out various housing products in adjacent communities, or even out-

side the County, the demand figures in the tables may experience fluctuations between communities.

The following are key points from Table 22.

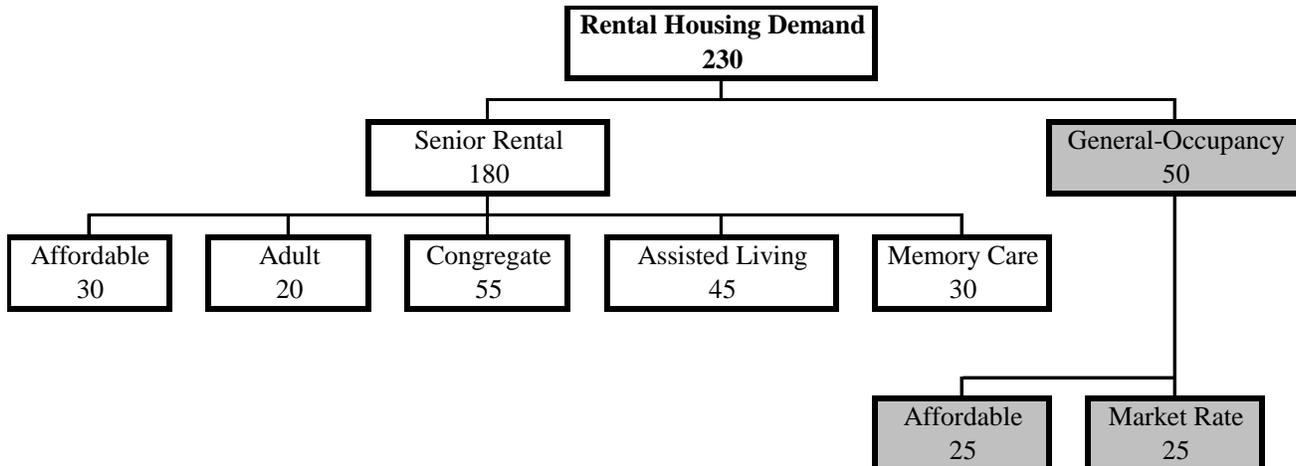
- ▶ Houston County is projected to need 840 housing units to accommodate household growth and replacement need between 2008 and 2020. Overall, we project that between 25% and 30% of the new housing units added will need to be rental to satisfy renter and senior demand. This is higher than the County's rental rate of 19% in 2000. The primary factor for the increase in the rental rate is growing demand for senior rental housing – including assisted living.
- ▶ Based on the growth of younger and older age groups and current market conditions, we project that about 80% of the County's renter demand between 2008 and 2020 will be for age-restricted (senior) units and the remainder will be for general-occupancy units. This equates to demand for approximately 50 general-occupancy units and 180 senior rental units. (Between 2008 and 2020, the 65+ population is projected to grow by 1,100 people while the age 18 to 34 group is not projected to experience any growth.)
- ▶ Between 2008 and 2020, about 15% of the senior rental demand (30 units) and 50% of the general-occupancy rental demand (25 units) will be from low- and moderate-income households who could not afford market rents, and therefore would need subsidized/affordable housing.
- ▶ Demand for general-occupancy rental housing will be concentrated in Le Crescent, Houston County's largest community. Rental demand is more limited in the remaining communities, primarily because limited job growth is creating limited housing demand, the younger population is not growing significantly, if at all, and the affordability of existing single-family homes allows a greater proportion of younger people with modest incomes to become homeowners than in larger communities.
- ▶ Market rate senior housing is a relatively new concept in the County, as well as the State. There were only 79 market rate units in 2000. Combining those units with the 20 units added in the County so far this decade (Spring Grove Assisted Living) and the projected demand for 150 units between 2008 and 2020 would result in a supply of about 250 units in 2020. The overall ratio of market rate senior units to the senior (65+) population in 2020 would be about 1:18 (one senior unit for every 18 seniors) up from about 1:40 in 2000. In comparison, the Twin Cities Metro Area has a ratio of about 1:12 in 2008.
- ▶ There will be seniors from the smaller communities in the County, such as Eitzen and Hokah, who will need/desire senior housing. However, demand in these communities will be too small to support a development. Thus, demand from the seniors in these communities will be met by developments in larger communities in the County, such as La Crescent, Caledonia, and Houston.

TABLE 22
DEMAND FOR ADDITIONAL RENTAL HOUSING
HOUSTON COUNTY
2008 to 2020

	Brownsville	Caledonia	Eitzen	Hokah	Houston	La Crescent	Spring Grove	Townships	Houston County
Projected Household Growth+Replacement Need	25	110	8	12	30	280	55	320	840
Estimated percent renters	0%	47%	0%	0%	50%	51%	33%	0%	27%
Total New Renters	0	52	0	0	15	142	18	0	227
Proportion General-Occupancy/Senior	0 / 0	23 / 77	0 / 0	0 / 0	0 / 100	21 / 79	33 / 67	0 / 0	21 / 79
No. of Units (G-O/Senior)	0 / 0	12 / 40	0 / 0	0 / 0	0 / 15	30 / 112	6 / 12	0 / 0	48 / 179
General Occupancy									
Percent Subsidized	--	50%	--	--	--	47%	50%	--	48%
<i>Shallow Subsidy (50-80% of Median)</i>	0	6	0	0	0	14	3	0	23
<i>Deep Subsidy (50% of Median)</i>	0	0	0	0	0	0	0	0	0
Number (total)	0	6	0	0	0	14	3	0	23
Percent Market Rate	--	50%	--	--	--	53%	50%	--	52%
Number	0	6	0	0	0	16	3	0	25
Senior Rental Housing									
Percent Subsidized Adult	--	0%	--	--	0%	27%	0%	--	17%
Number	0	0	0	0	0	30	0	0	30
Percent Market Rate	--	100%	--	--	100%	73%	100%	--	83%
Adult	0	0	0	0	0	20	0	0	20
Congregate	0	18	0	0	6	22	8	0	54
Assisted Living	0	14	0	0	5	26	0	0	45
Memory Care	0	8	0	0	4	14	4	0	30
Number (total)	0	40	0	0	15	82	12	0	149
Source: Maxfield Research Inc.									

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

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



For-Sale Housing Demand

Table 23 shows for-sale demand calculations in Houston County from 2008 to 2020. The table displays for-sale demand by single-family and multifamily (twinhomes, townhomes and condominiums). Single-family demand is calculated for modest homes (<\$200,000), move-up homes (\$200,000 to \$300,000) and executive homes (\$300,000+). Multifamily housing is calculated by modest homes (<\$200,000) and move-up homes (\$200,000+). The price ranges for these housing products are quoted in 2008 dollars.

As with rental housing, it should be noted that to the extent that households are mobile and different market segments are willing to seek out various housing products in adjacent communities, or even outside the County, the demand figures in Table 23 may experience fluctuations between communities.

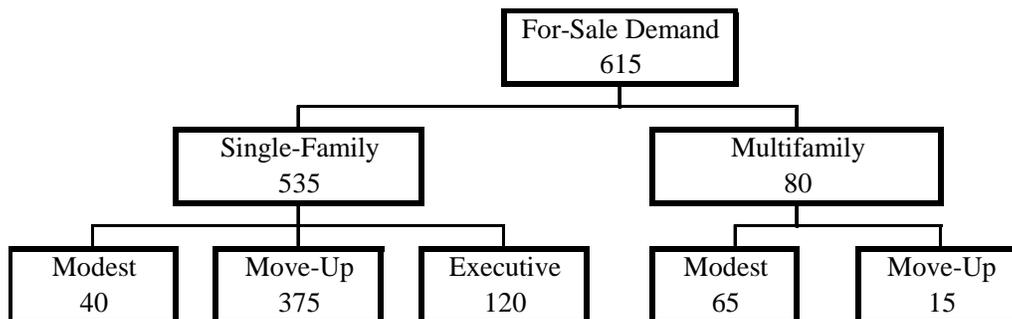
The following are key points from Table 23.

- ▶ Overall, between 70% and 75% of the housing demand in Houston County between 2008 and 2020 will be for ownership housing, or about 615 homes. This equates to just over 50 new homes annually. This is down considerably from the 80+ new homes added annually earlier this decade. Over the next couple of decades, the aging of the population will cause a shift in housing demand to include more senior housing and fewer single-family homes. In addition, the early-2000s was a period of robust development that likely will go unmatched over the next decade or longer.

- ▶ Until recently, nearly all of the for-sale homes developed in Houston County were single-family homes. However, with an increasing proportion of buyers being older adults and seniors, demand for twinhomes and townhomes is increasing, especially for those that would be association maintained. Twinhomes and townhomes appeal to empty nesters because they offer a more maintenance-free environment (allowing more time for travel or other activities) compared to a single-family home. Between 2008 and 2020, we project that about one-quarter of the for-sale demand in the communities will be for townhomes and twinhomes (and a slightly higher percentage in La Crescent) – or a total of 85 multifamily units. All of the for-sale demand in the townships will be for single-family homes.
- ▶ In Houston County, demand for multifamily owned housing will be almost exclusively generated by older adults and seniors (mostly empty nesters). Younger households are generally attracted to townhomes if they are more affordable than single-family homes. Because the supply of existing single-family homes in the County is affordable (and generally less than the price for a new townhome), we believe that almost all younger households will prefer single-family homes.
- ▶ Overall, we project that less than 10% of the demand for new single-family homes will be for modest homes priced under \$200,000 (40 homes between 2008 and 2020). While a greater percentage of the overall demand for housing will be for modest homes, the existing supply will meet most of this demand. This is particularly true closer to 2020 when a greater number of seniors are projected to downsize from their single-family homes and move into either senior housing or for-sale townhomes.
- ▶ Three-quarters of the new single-family homes built in Houston County between 2008 and 2020 are projected to be move-up (\$200,000 to \$300,000) or executive homes (\$300,000+). The demand for executive homes will primarily be in La Crescent, where demand is generated from job growth in La Crosse, and in the townships, where people seek too build homes on larger acreages.

Figure 4 displays a summary of demand calculations for various for-sale housing products in Houston County from 2008 to 2020.

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

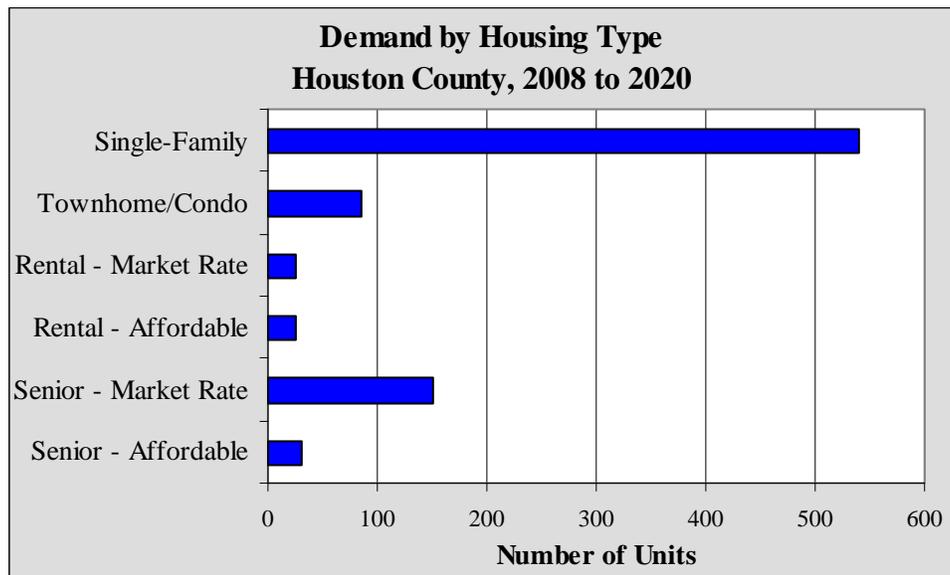


**TABLE 23
DEMAND FOR ADDITIONAL FOR-SALE HOUSING
HOUSTON COUNTY
2008 to 2020**

	Brownsville	Caledonia	Eitzen	Hokah	Houston	La Crescent	Spring Grove	Townships	Houston County
Projected Household Growth+Replacement Need	25	110	8	12	30	280	55	320	840
Estimated homeownership Rate	100%	53%	100%	100%	50%	49%	67%	100%	73%
Total New Homeowners	25	58	8	12	15	138	37	320	613
Proportion Single-Family/Multifamily	75 / 25	75 / 25	75 / 25	75 / 25	75 / 25	70 / 30	75 / 25	100 / 0	87 / 13
No. of Units (Single-Family/Multifamily)	19 / 6	44 / 15	6 / 2	9 / 3	11 / 4	97 / 41	28 / 9	320 / 0	533 / 80
Single-Family									
Percent Modest (<\$200,000)	25%	10%	20%	20%	20%	0%	20%	5%	7%
<i>Number</i>	5	4	1	2	2	0	6	16	36
Percent Move-up (\$200,000-\$300,000)	65%	75%	80%	80%	80%	50%	80%	75%	71%
<i>Number</i>	12	33	5	7	9	48	22	240	376
Percent Executive (\$300,000+)	10%	15%	0%	0%	0%	50%	0%	20%	23%
<i>Number</i>	2	7	0	0	0	48	0	64	121
Multifamily - General-Occupancy									
Percent Modest (<\$200,000)	100%	80%	100%	100%	100%	75%	100%	--	75%
<i>Number</i>	6	12	2	3	4	31	9	--	67
Percent Move-Up (\$200,000+)	0%	20%	0%	0%	0%	25%	0%	--	25%
<i>Number</i>	0	3	0	0	0	10	0	--	13
Source: Maxfield Research Inc.									

Houston County Housing Recommendations

The housing demand calculations in Tables 22 and 23 indicate that between 2008 and 2020, about 850 housing units will be needed in Houston County to satisfy the housing demand of current and future residents. The chart below displays demand by type of housing. The majority of housing demand through 2020 will be for owned housing, particularly single-family homes (about 540 homes). Following demand for single-family homes will be demand for market-rate senior housing (180 units). Overall, about 55 new affordable housing units will be needed to accommodate demand from low- and moderate-income renters and seniors. The Bluff Country HRA or another governmental agency will likely need to assist in development of these units to meet this affordable demand.



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

Additional senior developments will be needed to meet the demand from the growing senior population in Houston County over the next decade. This includes both independent rental developments as well as market rate service-intensive developments (i.e., congregate, assisted living, and memory care). Care centers in Caledonia and Houston have preliminary plans to expand their service-intensive housing options, which will accommodate most of the County's

needs. New independent and service-intensive senior buildings in La Crescent would satisfy most of the remaining senior demand in the County.

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

Brownsville - Summary of Demographic and Housing Findings

Brownsville is a Mississippi River town with just over 500 people. Recent population growth has been greater in Brownsville than many other smaller communities as a new development along the River – Harbor Lights – attracted residents to the area. Between 2008 and 2020, 20 new households are projected to be added to the community, resulting in a need for new housing. Combined with an estimated replacement need of five housing units over the 12-year-period, we project total demand for 25 new housing units in Brownsville by 2020.

Key demographic trends affecting housing needs over the next 12 years are shown below. The greatest demographic trend impacting housing demand will be the aging of the population. While the younger populations are not projected to see any growth, the 65+ age group is projected to grow by 25%.

Population & Household Growth Trends & Projections

	1990	2000	2010	2020
Population	415	517	525	530
Households	154	216	240	255

Adult Population Growth by Age Group, 2010 to 2020

	Number	Percent
Age 18 to 44	0	0.0%
Age 45 to 64	-10	-5.5%
Age 65+	20	25.0%

Household Mix in 2008

Homeowners	195	(82.9%)
Renters	40	

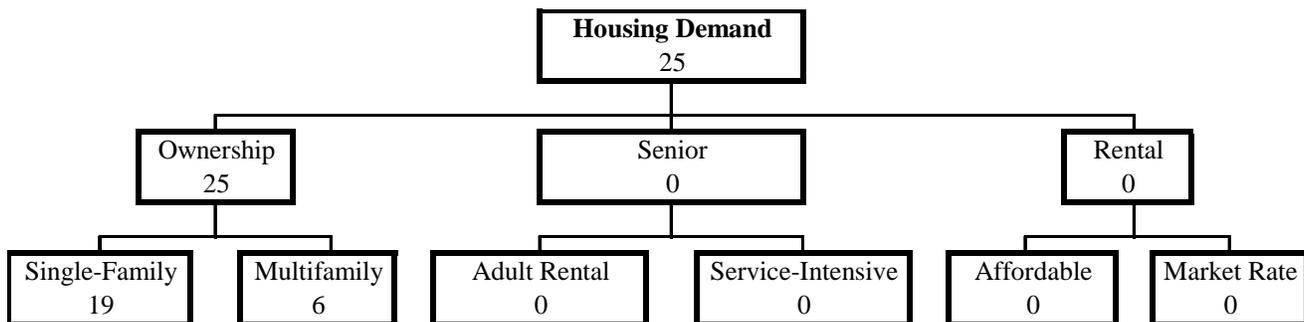
Being a small town, the vast majority of Brownsville's housing stock is single-family homes. Many of the renters (only 35 total in 2000) also live in single-family homes as opposed to apartment buildings. Only two apartments were identified in Brownsville – Bluffview Manor (a 12-unit subsidized senior building) and an 8-unit market rate development built in the late-1990s. Overall, our research indicates that these buildings are meeting current rental housing needs.

Due to the age of housing and the limited need for new housing, maintaining the quality of the existing housing stock will be one of Brownsville's greatest housing needs over the next decade.

Brownsville Recommendations

Rental demand in Brownsville is limited because of the limited job base and the fact that existing homes are affordable to younger households with modest incomes, who are the typical market for rental housing. Our research revealed that Bluffview Manor is meeting the needs of seniors seeking independent rental housing, and that the local senior population is not large enough to support a service-intensive building, such as assisted living. Thus, we find that all of the demand for new housing will be for owned housing, including about 20 single-family homes and six townhome units.

Houston Projected Housing Demand, 2008 to 2020



Note: Because households are mobile and are willing to seek out various housing products in adjacent communities, these demand figures may experience fluctuations. Detailed demand calculations can be found in Tables 22 and 23 of this report.

The Timber Springs subdivision was platted in 2007 with 20 lots. With only four homes built, this subdivision will meet the lot-supply needs in Brownsville for the next several years, but an additional subdivision may be needed closer to 2020 to maintain a constant supply of about 10 available lots to allow adequate consumer choice. Most of the demand for multifamily units will be for one-level twinhomes marketed toward empty-nesters. Remaining lots at the Spring Pond subdivision, just north of Brownsville, will meet most of this multifamily demand.

Caledonia - Summary of Demographic and Housing Findings

Caledonia is centrally located in Houston County and is the County's second largest community with about 3,000 people. Until this past year, growth has been steady in Caledonia with an average of almost 10 new households annually since 1990. Between 2008 and 2020, Caledonia is projected to grow by another 80 households. Combined with an estimated replacement need of 30 housing units over the 12-year-period, we project total demand for 110 new housing units by 2020.

Key demographic trends affecting housing needs in Caledonia over the next 12 years are shown below. The greatest demographic trend impacting housing demand will be the aging of the population. While the younger populations are projected to see slight declines, the 65+ age group is projected to grow by 25%. While most of these seniors will remain in their single-family homes, many will also seek other types of housing, such as townhomes, apartments, and senior housing.

Population & Household Growth Trends & Projections

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>
Population	2,846	2,965	3,020	3,115
Households	1,140	1,223	1,300	1,370

Adult Population Growth by Age Group, 2010 to 2020

	<u>Number</u>	<u>Percent</u>
Age 18 to 44	-30	-3.6%
Age 45 to 64	-40	-4.8%
Age 65+	175	25.7%

Household Mix in 2008

Homeowners	960	(74.4%)
Renters	330	

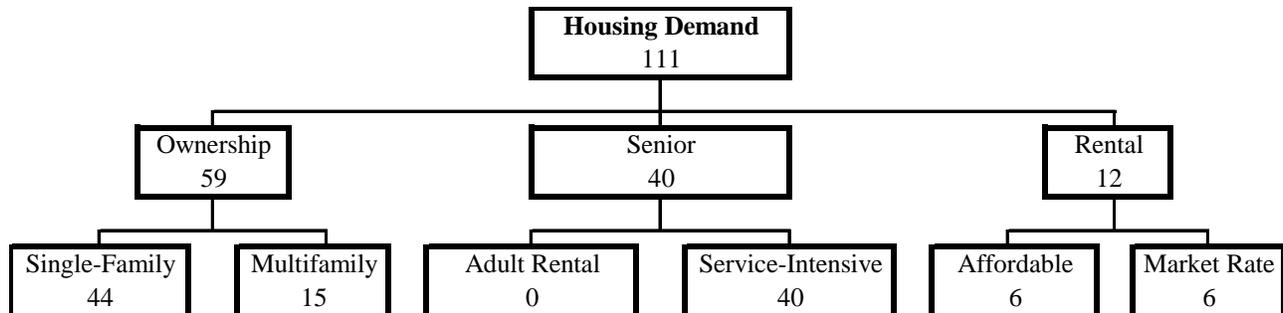
Caledonia has a housing stock that overall is in good condition – with most of the housing being single-family homes. So far this decade, all of the housing added has been single-family homes (68 homes). The most recent rental development added is West Main Terrace Townhomes (an affordable rental development) added in 1998. The Caledonia Care Center added senior housing to its campus in the 1990s as well. Overall, there are very few vacancies among Caledonia's rental and senior housing supply. Also, there are very few for-sale multifamily units in Caledonia, such as townhomes or twinhomes.

Doering Estates is a single-family subdivision platted in 2004 adjacent to the new high school north of Highway 16. Including the 27 available lots at Doering Estates, there are an estimated 60 single-family lots available for new home construction in Caledonia.

Caledonia Recommendations

Housing demand in Caledonia is more balanced between ownership, rental, and senior than in most other communities in the County. This is because Caledonia has the largest employment base and also has goods and services (including health care) that are attractive to area seniors as they get older. Between 2008 and 2020, we project demand for about 60 owned homes, 40 senior housing units, and 12 rental units.

Caledonia Projected Housing Demand, 2008 to 2020



Note: Because households are mobile and are willing to seek out various housing products in adjacent communities, these demand figures may experience fluctuations. Detailed demand calculations can be found in Tables 22 and 23 of this report.

The demand for 60 owned homes, including about 45 single-family homes and 15 twinhomes/townhomes, is less than the pace of development earlier this decade. However, the development of more congregate and assisted living housing in the community will indirectly satisfy some of the new ownership demand as existing single-family homes become available for younger singles and families as seniors transition into senior housing.

We calculate demand for about 40 senior housing units with services – including congregate, assisted living, and memory care. As we understand, the Caledonia Care Center has land available on their campus that could support additional senior housing. We recommend that the Care Center or another organization add a senior housing facility that offers support services to meet the growing demand.

About 10% of the overall housing need in Caledonia between 2008 and 2020 is for rental housing, or about 12 units. This relatively low percentage of overall demand is largely because the 18-to-24-age group is projected to see little or no growth over the next 12 years. Most of the rental need will be to provide newer, contemporary units to maintain the overall quality and appeal of Caledonia's rental stock. The target market will be retiree's as well as younger people moving to the community. These markets could be served by a market rate development consisting of townhomes with rents of about \$650 for two-bedroom units.

Eitzen - Summary of Demographic and Housing Findings

Eitzen is Houston County's smallest community with about 225 people. It is located almost on the Iowa border and local businesses primarily service the surrounding farming community. While the community's population and household base is holding steady, the limited growth means there is limited new housing need. Between projected household growth and replacement need, we project demand for eight housing units over the 12-year-period, or less than one new home each year.

Key demographic trends affecting housing needs over the next 12 years are shown below. Like many other communities in the County and across the State, Eitzen's population is aging. However, the numerical growth of seniors is small enough (10 seniors) that demand for new alternative housing would still be minimal.

Population & Household Growth Trends & Projections

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>
Population	221	229	225	225
Households	99	108	110	115

Adult Population Growth by Age Group, 2010 to 2020

	<u>Number</u>	<u>Percent</u>
Age 18 to 44	-5	-10.0%
Age 45 to 64	0	0.0%
Age 65+	10	13.3%

Household Mix in 2008

Homeowners	102	(92.7%)
Renters	8	

Eitzen's housing stock consists almost entirely of single-family homes owned by their occupants. As of 2000, 95% of its households owned their home. Home prices are modest, with most homes priced at well under \$100,000. Turnover is limited as well, as there was only one home resale in 2008 (for \$80,000).

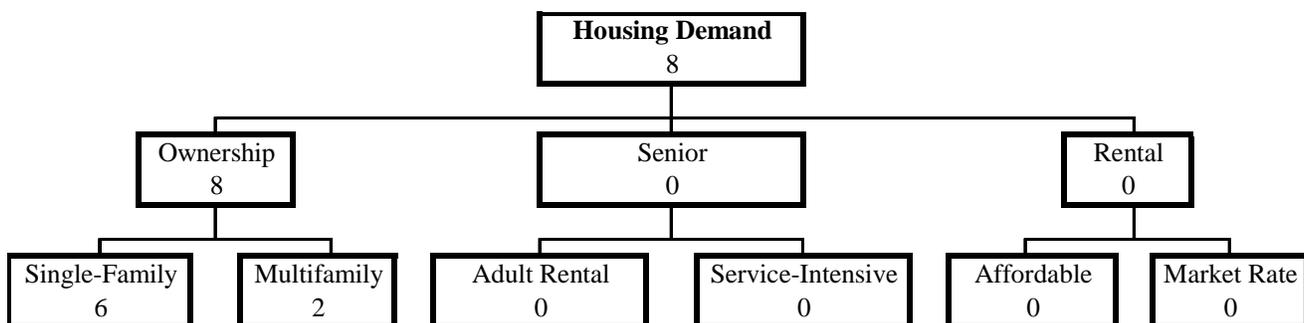
A rental four-plex (Townline Apartments) was added in 2003 and currently, one unit is available. There are no senior apartments in Eitzen.

Eitzen Recommendations

All of the housing demand in Eitzen will be for single-family homes and twinhomes. The primary market for these homes will be retiring farmers from the surrounding countryside. Eitzen does not have a sufficient number of seniors to support the development of a senior housing facility. Local seniors in need of housing with support services will need to relocate to housing in Caledonia, Spring Grove, or other communities. Rental housing will also be limited, because of the small local job base. Rental demand will most likely be accommodated by existing single-family homes that are rented.

There remain a few lots available on Pine Street in Eitzen to accommodate some of the demand for new homes over the next 12 years. However, we estimate that about six lots will need to be created by 2020 in order to meet the potential demand for new single-family homes and twinhomes.

Eitzen Projected Housing Demand, 2008 to 2020



Note: Because households are mobile and are willing to seek out various housing products in adjacent communities, these demand figures may experience fluctuations. Detailed demand calculations can be found in Tables 22 and 23 of this report.

Hokah - Summary of Demographic and Housing Findings

Hokah is a community of about 600 people located on the Root River, about five miles from La Crescent. Recent population growth has been flat; however, the community is geographically constrained by bluffs and wetlands. Thus, it is difficult for the community to expand its housing supply. Between 2008 and 2020, five new households are projected to be added to the community, resulting in a need for new housing. Combined with an estimated replacement need of seven housing units over the 12-year-period, we project total demand for 12 new housing units in Hokah by 2020, or one new home annually.

Key demographic trends affecting housing needs over the next 12 years are shown below. The greatest demographic trend impacting housing demand will be the aging of the population. While growth of the younger populations is limited, the 65+ age group is projected to grow by 25%. This will increase the number of residents desiring alternatives to their single-family homes, but the numerical increase may be too small to support a larger senior housing apartment. There is potential for a few townhome buildings to meet this demand.

Population & Household Growth Trends & Projections

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>
Population	687	614	580	565
Households	273	271	280	285

Adult Population Growth by Age Group, 2010 to 2020

	<u>Number</u>	<u>Percent</u>
Age 18 to 44	5	2.4%
Age 45 to 64	-20	-13.8%
Age 65+	20	25.0%

Household Mix in 2008

Homeowners	192	(68.5%)
Renters	88	

Hokah's housing stock is in good condition, but is older (over half the homes are at least 50 years old). With little room to add new homes, maintaining the quality of the existing stock for future generations will be important. Most of the housing stock consists of single-family homes with modest prices (most are priced under \$100,000). Four apartments were identified, including three market rate and one subsidized. The three apartment buildings surveyed are all performing well. According to owners, there is demand from people working in La Crosse, Wisconsin, which is only about 10 miles away.

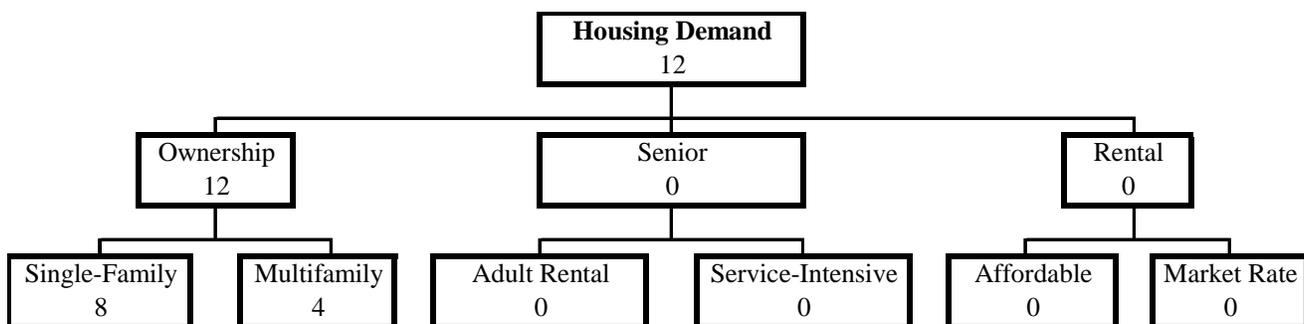
Hokah Recommendations

We calculate that all of the demand for new housing in Hokah will be for single-family homes and twinhomes. Land will need to be made available for a new subdivision in order to meet this demand, as there are very few available lots remaining in the community. Finding suitable land will be a hurdle, since the wetlands and bluffs surrounding Hokah make development a challenge.

Because the local job base is small and the young adult population is not projected to grow over the next 12 years, the need for rental housing is limited. However, there is the potential to add a small apartment building (six or fewer units) that would draw residents who are working in La Crescent, La Crosse, or other nearby communities.

While growth is projected in the senior population, it is still too small to sufficiently support the development of a senior housing facility. Local seniors in need of housing with support services will need to find that housing in La Crescent, Houston, Caledonia, or other communities.

Hokah Projected Housing Demand, 2008 to 2020



Note: Because households are mobile and are willing to seek out various housing products in adjacent communities, these demand figures may experience fluctuations. Detailed demand calculations can be found in Tables 22 and 23 of this report.

Houston - Summary of Demographic and Housing Findings

Houston is a community of just over 1,000 people located in the Root River Valley. Houston's population and household base has been stable over the past 20 years. We project Houston to be stable through 2020 as well, with the need for 30 new housing units to satisfy projected household growth (20 households) and to replace older, obsolete housing (10 units).

Key demographic trends affecting housing needs over the next 12 years are shown below. The greatest demographic trend impacting housing demand will be the aging of the population. While the younger populations are not projected to see any growth, the 65+ age group is projected to grow by 15%. It's likely that senior growth could easily exceed 15% if additional senior housing is added onto the Valley View Health Center, drawing seniors from the surrounding area.

Population & Household Growth Trends & Projections

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>
Population	1,013	1,020	1,035	1,050
Households	421	434	455	470

Adult Population Growth by Age Group, 2010 to 2020

	<u>Number</u>	<u>Percent</u>
Age 18 to 44	-20	-7.1%
Age 45 to 64	0	0.0%
Age 65+	45	15.0%

Household Mix in 2008

Homeowners	309	(68.6%)
Renters	141	

Houston's housing stock consists primarily of single-family homes, about half of which were built prior to 1950. While the overall housing stock is in good condition, there are some homes that could benefit from rehabilitation loan programs to help moderate-income residents with needed improvements. To satisfy new home construction, the Prairie Meadow's subdivision was platted in 2004 and has 26 lots available to accommodate both single-family and twinhomes.

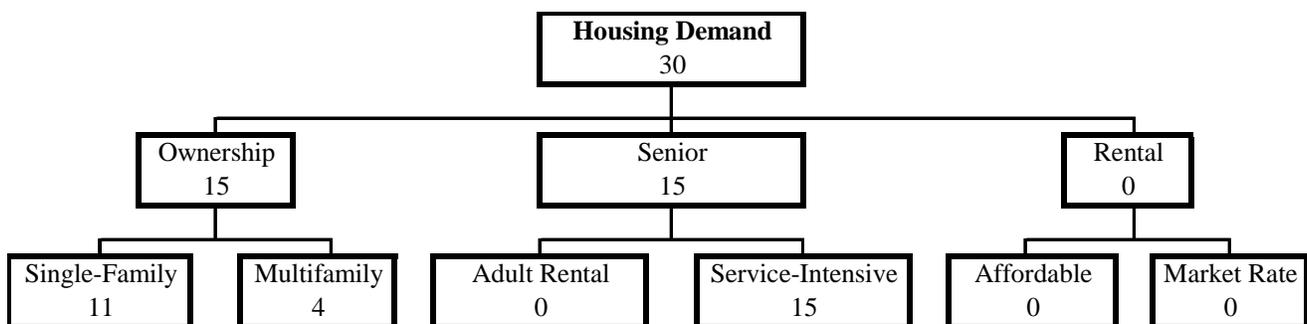
There are two senior buildings in Houston – Valley View Manor (31-unit subsidized building) and Heritage Court Apartments (18-unit market rate attached to the Valley View Health Center). General-occupancy rental apartments in Houston are limited. Two buildings were surveyed with a total of 14 units, all of which were occupied but two units that were being remodeled. Most of the tenants in these buildings are seniors.

Houston Recommendations

Housing demand in Caledonia will be split between ownership and senior housing. Based on senior growth trends and the performance of Heritage Court, we project demand for another 15 market-rate service-intensive housing units. We do not find sufficient demand to support an independent senior facility, since most seniors in rural communities prolong the move from their single-family homes until they need support services. Younger, more active seniors seeking to reduce home maintenance responsibilities but stay in the community often gravitate to for-sale townhomes. This demand can be met through new twinhomes added in the Prairie Meadows subdivision.

The Prairie Meadows subdivision has 26 lots remaining in its first phase. This subdivision, along with the Twaiten-Houlihan subdivision, should satisfy the lot demand through 2020 for single-family homes and townhomes or twinhomes. To maintain the quality of the existing housing stock, we recommend that Houston pursue loan rehabilitation programs over the next 12 years for rental units and moderate-income homeowners.

Houston Projected Housing Demand, 2008 to 2020



Note: Because households are mobile and are willing to seek out various housing products in adjacent communities, these demand figures may experience fluctuations. Detailed demand calculations can be found in Tables 22 and 23 of this report.

La Crescent - Summary of Demographic and Housing Findings

La Crescent is Houston County's largest community with about 5,000 residents. It is located across the Mississippi River from La Crosse, Wisconsin, where about three-quarters of its residents work. So far this decade, La Crescent has experienced strong growth – adding about 200 households (25 per year). Between 2008 and 2020, we project a need for 280 new housing units (about 20 per year) to satisfy projected household growth and to replace older, obsolete housing. A limited supply of available land for new development will impact La Crescent's ability to add this housing, however.

Key demographic trends affecting housing needs over the next 12 years are shown below. The greatest demographic trend impacting housing demand will be the aging of the population. The projected strong growth of the 65+ age group (about 40%) will create demand for townhomes, independent apartments, and other senior housing with services. Because of La Crescent's desirable location next to La Crosse, growth of the younger populations will also occur, creating demand for new housing in general, including for the homes of existing senior residents who would move into alternative housing if it were built.

Population & Household Growth Trends & Projections

	1990	2000	2010	2020
Population	4,311	4,923	5,270	5,740
Households	1,630	1,940	2,160	2,400

Adult Population Growth by Age Group, 2010 to 2020

	Number	Percent
Age 18 to 44	90	5.7%
Age 45 to 64	10	0.7%
Age 65+	335	39.9%

Household Mix in 2008

Homeowners	1,675	(78.2%)
Renters	465	

La Crescent's unique location adjacent to La Crosse, WI, creates a housing market that is different than the remaining communities in the County. The overall housing stock is younger, since housing construction has been greater in recent decades, and overall prices are higher (\$152,000 average resale price in 2008). Housing affordability is a greater issue, since most new homes are priced well above \$200,000, at a price that is out-of-reach of moderate-income households. Limited land for new housing contributes to high land costs, which in turn contributes to higher home prices. Most of the remaining lots in La Crescent (about 76 total) are in the Apple Blossom subdivisions in the northern part of the community that extends into Winona County.

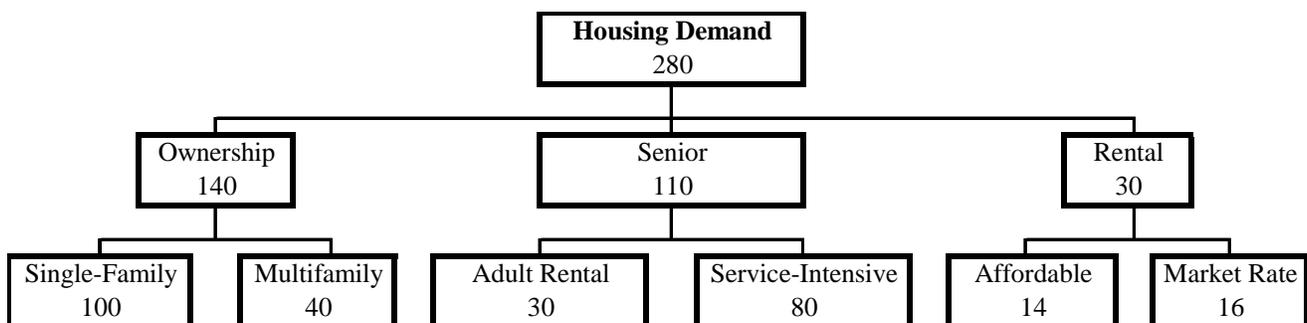
While there are a sizeable number of rental units in La Crescent, most are in smaller buildings that are at least 30 years old. Lancer Apartments and Townhomes is the largest rental property in La Crescent, with 96 units. Overall, the rental market is performing well and there are few units vacant. The rental market tightened when 20 units were lost in the apartment fire at 706 Cedar Avenue in April 2008.

La Crescent has one subsidized senior building (31-unit Crestview) and one small market rate senior building with 19 units. Interviews indicate that there is a need for more senior housing in La Crescent, particularly independent seniors housing for active retirees who simply want to shed the maintenance responsibility of their single-family home. An indirect benefit of adding more senior housing is that many modestly-priced single-family homes will become available to young families when seniors sell their home to move into senior housing.

La Crescent Recommendations

We project that about half of La Crescent's housing demand will be for ownership housing (single-family homes and townhomes/condominiums). Most of the remaining demand will be for senior housing (110 units), with about 10% of the total demand (30 units) being for general-occupancy rental housing. The senior demand will come from active seniors simply seeking to shed the maintenance responsibility of their single-family homes (about 30 units) and the remainder (80 units) will be from frailer seniors needing supportive services.

La Crescent Projected Housing Demand, 2008 to 2020



Note: Because households are mobile and are willing to seek out various housing products in adjacent communities, these demand figures may experience fluctuations. Detailed demand calculations can be found in Tables 22 and 23 of this report.

To meet the projected single-family homes and townhomes demand through 2020, La Crescent will need to maintain a supply of about 35 lots to allow adequate consumer choice. The Apple Blossom subdivisions are supplying nearly all of these needed lots, which is sufficient given the current slowdown in the housing market. However, more lots in another subdivision will likely be needed in a few years to maintain an adequate lot supply.

Given higher land costs and strong demand generated by employment in La Crosse, nearly all of the demand for new single-family homes is from higher-income households seeking move-up (\$200,000 to \$300,000) and executive homes (\$300,000+). Demand for modest homes (<\$200,000) would be met primarily by existing single-family homes that become available when seniors move to new senior housing or new townhomes or when existing households purchase the aforementioned new single-family homes.

One-level townhomes marketed to empty-nesters and retirees was identified as one of La Crescent's greatest housing needs. The development of Wildwood on the Crow Ready Mix site will meet some of this demand. Wildwood is to feature 10 twinhomes (20 units) and one single-family home. There is an adjacent six-acre parcel to expand this community in the future. We understand that another developer is proposing to build an age-restricted (55+) eight-plex consisting of two-bedroom units renting for about \$600. These units would also meet some of this demand.

Currently, La Crescent has only 29 units of service-intensive senior housing. We project demand for another 80 units by 2020 to meet the needs of existing and future seniors. We recommend a facility that combines congregate, assisted living, and memory care units in a single building to allow aging in place. Creating land zoned for multifamily housing to accommodate this type of housing will be necessary.

Demand was calculated for about 30 rental units in La Crescent by 2020, including about 14 affordable units and 16 market rate units. A market rate building with modest rents that would be affordable to households with modest incomes could accommodate most of this demand. However, it may be necessary for assistance through a program such as the Low Income Housing Tax Credit program to develop an apartment with rents that are affordable to moderate-income renters. Any new rental units in La Crescent should have monthly rents below the payment standard for Housing Choice Vouchers in the County (currently \$466 for 1BR units, \$613 for 2BR units, and \$813 for 3BR units). The greatest need is for one-bedroom units for singles and three-bedroom units for families. The vast majority of rental units in La Crescent are two bedroom units.

Spring Grove - Summary of Demographic and Housing Findings

Spring Grove is a community of just over 1,000 people located in the southwest portion of the County. It has experienced steady growth, adding 50 households during the 1990s and an estimated 50 households so far this decade. Between 2008 and 2020, 40 new households are projected to be added to the community. However, demand will likely be limited in the short-term with the announcement that Northern Engraving, the community's largest employer with about 250 employees, will be closing in February 2009. Assuming that the facility will reopen in the future by some other business, even with less employees, we project that Spring Grove can meet its 2020 household projections. Combined with an estimated replacement need of 15 housing units over the 12-year period, we project total demand for 55 new housing units in Spring Grove by 2020.

Key demographic trends affecting housing needs over the next 12 years are shown below. The greatest demographic trend impacting housing demand will be the aging of the population. While the younger populations are projected to decline slightly, the 65+ age group is projected to grow by over 20%. This growth will strengthen demand for Spring Grove's existing senior housing products, and will create demand for more alternatives to single-family homes, such as townhomes.

Population & Household Growth Trends & Projections

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>
Population	1,153	1,304	1,380	1,430
Households	532	581	635	670

Adult Population Growth by Age Group, 2010 to 2020

	<u>Number</u>	<u>Percent</u>
Age 18 to 44	-15	-3.7%
Age 45 to 64	-10	-3.1%
Age 65+	80	21.1%

Household Mix in 2008

Homeowners	470	(74.6%)
Renters	160	

Spring Grove's housing stock is mostly single-family homes, of which most are in good condition. Like the other communities in the County, the housing stock is aging (about 45% of Spring Grove's homes were built before 1950). Thus, maintaining the quality of the existing housing stock should be a housing priority. About 45 lots are available in Spring Grove to accommodate future single-family homes and townhomes, including 13 lots in Four Season Acres.

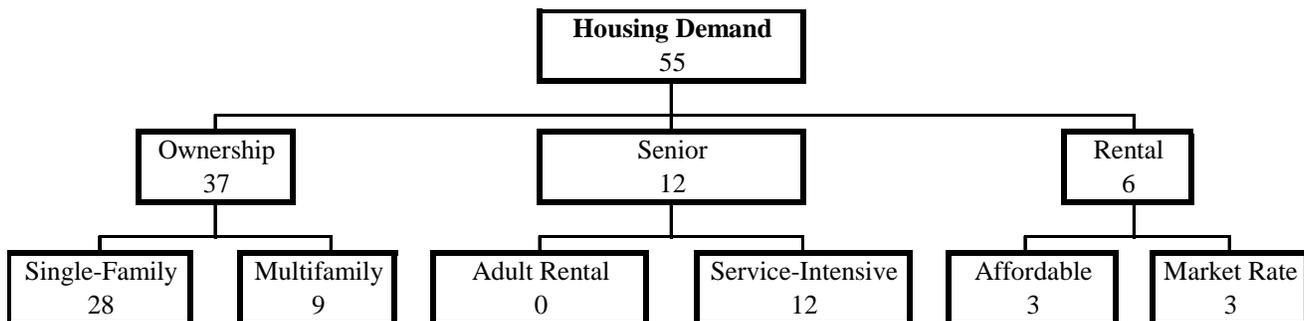
An assisted living facility was added in 2005 (Spring Grove Assisted Living) adjacent to the Tweeten Lutheran Health Care Center. This facility, along with Tweeten Apartments (subsidized senior housing), is meeting most of the housing needs for seniors.

Most of the rental units in Spring Grove in single-family homes utilized as rental. Besides Spring Grove Manor (31-unit subsidized rental), only two four-plex buildings plus rental units above downtown businesses were identified. Despite the lack of newer, larger apartment properties, research revealed that there is little demand for additional apartment units in Spring Grove.

Spring Grove Recommendations

We project that about two-thirds of Spring Grove's housing demand will be for single-family homes and townhomes/twinhomes. The remaining demand will be for senior housing with services and rental housing. In the short-term, we find that Spring Grove Assisted Living is meeting the need for senior housing with services, but by the middle of next decade, senior population growth will create the need for about another dozen units.

Spring Grove Projected Housing Demand, 2008 to 2020



Note: Because households are mobile and are willing to seek out various housing products in adjacent communities, these demand figures may experience fluctuations. Detailed demand calculations can be found in Tables 22 and 23 of this report.

Demand was found for about 28 single-family homes and nine twinhomes/townhomes by 2020. Most of this demand will be accommodated by lots in existing subdivisions, including Benders Fourth Addition and the Four Season Acres. Thirteen of the 17 lots at Four Season Acres are reserved for income-qualified buyers (\$68,200 for a family of two and \$78,430 for a family of three).

While the demand for rental housing is limited, we find support for about six units. Most of these units are needed to provide newer, more contemporary choices in the community. New rental units in Spring Grove should have monthly rents below the payment standard for Housing Choice Vouchers (currently \$466 for 1BR units, \$613 for 2BR units, and \$813 for 3BR units).

Townships - Summary of Demographic and Housing Findings

There are 17 townships in Houston County which combine to account for the vast majority of the County's geographic area. There are about 8,500 people living in the townships as of 2008, or about 42% of the County's total population. Being rural, the housing stock consists almost entirely of single-family homes.

Rural homesteads have been a popular housing choice among many people. About 260 households were added in the townships during the 1990s and about an equal number are projected to be added this decade. Between 2008 and 2020, 250 new households are projected to be added in the townships. Combined with an estimated replacement need of 70 housing units over the 12-year period, we project total demand for 320 new housing units in the townships by 2020.

Key demographic trends affecting housing needs over the next 12 years are shown below. Like the communities in the County, the townships have an aging population. Most of the seniors will remain in their single-family homes, and those that desire alternatives to their single-family homes will move to communities where townhomes, apartments, and senior housing are available. Because larger homesteads in the townships are appealing to many younger households, growth of the under 45 age group is projected to be greater than in any of the communities in Houston County with the exception of La Crescent.

Population & Household Growth Trends & Projections

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>
Population	7,851	8,146	8,570	9,000
Households	2,595	2,860	3,130	3,350

Adult Population Growth by Age Group, 2010 to 2020

	<u>Number</u>	<u>Percent</u>
Age 18 to 44	100	4.1%
Age 45 to 64	-45	-1.5%
Age 65+	380	42.7%

Household Mix in 2008

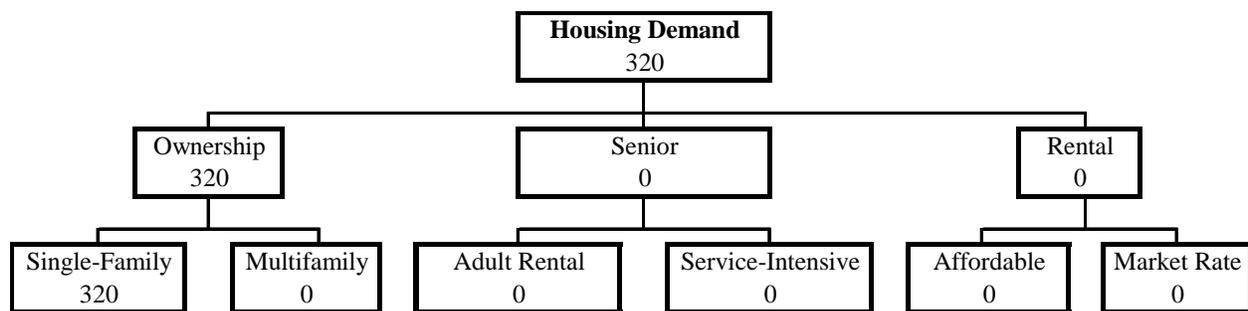
Homeowners	2,847	(91.8%)
Renters	253	

Townships Recommendations

Overall, the townships are projected to add about 320 households between 2008 and 2020. Because the land is not serviced by municipal water and sewer and is also zoned for lower density housing, all of the new housing units will be single-family homes, with the exception of a few twinhomes. Existing residents of the townships seeking senior or rental housing will move to adjacent communities where multifamily housing can be supported.

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

Townships Projected Housing Demand, 2008 to 2020



Note: Because households are mobile and are willing to seek out various housing products in adjacent communities, these demand figures may experience fluctuations. Detailed demand calculations can be found in Tables 22 and 23 of this report.