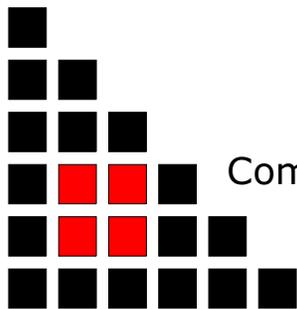


# Cities of Cedar Mills HOUSING STUDY

August 2016

An analysis of the overall housing needs  
of the City of Cedar Mills



Community Partners Research, Inc.

Lake Elmo, MN 55042

## **List of Sections**

	<b><u>Page</u></b>
<b>Introduction</b>	<b>2</b>
<b>Demographic and Income Data</b>	<b>4</b>
<b>Projection Data</b>	<b>24</b>
<b>Existing Housing Data</b>	<b>29</b>
<b>Rental Housing Inventory</b>	<b>35</b>
<b>Employment and Local Economic Trends Analysis</b>	<b>36</b>
<b>Findings and Recommendations</b>	<b>41</b>
<b>Home Ownership Recommendations</b>	<b>42</b>
<b>Rental Housing Recommendations</b>	<b>44</b>
<b>Housing Rehabilitation and Other Issues</b>	<b>45</b>

# Introduction

## **Overview**

Community Partners Research, Inc., was hired by the Meeker Development Corporation to complete a comprehensive study of housing market conditions in each of the cities in Meeker County.

## **Methodology**

A variety of resources were utilized to obtain information for the Housing Study. Community Partners Research, Inc., collected and analyzed data from March to July 2016. Data sources included:

- U.S. Census Bureau
- Minnesota State Demographer
- Esri, Inc., a private data reporting service
- Records and data from each City
- Records and data maintained by Meeker County
- AdMark Resources Housing Market Demand Analysis 2005
- Data from the MN Dept. of Employment and Economic Development
- Data provided by HousingLink
- Data provided by the Multiple Listing Service
- Interviews with elected officials and staff from the City
- Interviews with community leaders
- Interviews with people familiar with the area's housing conditions including bankers, realtors, property managers, and developers
- Area housing agencies
- Rental property owner surveys

## **Limitations**

This Housing Study represents an analysis performed with the data available at the time of the research. Any findings are based upon current solutions and the best available information on future trends and projections. Significant changes in the area's economy, employment growth, Federal or State tax policy or other related factors could change the findings and conclusions contained in this Study.

In 2016, a number of issues continue to negatively impact local and national housing markets. Many of these issues represent a significant departure from conditions that were present prior to 2007, and have the potential to alter traditional supply and demand calculations for housing.

In most cases, this Study has not attempted to project future economic conditions, but instead has relied on past patterns and practices, with modifications that are appropriate for the current conditions. Among the issues impacting housing markets are the following:

- ▶ High Rates of Delinquency and Foreclosure - after 2007, many communities witnessed an above-average level in the number of delinquent mortgages and foreclosures. As a result, there has been an above-average level of housing turnover, caused by "short sales", bank-owned sales and foreclosures.
- ▶ Mortgage Market Liquidity - In response to rising delinquency and foreclosure rates, the mortgage market has been altered, with both primary and secondary mortgage lenders changing their standards and the availability of credit.
- ▶ Fannie Mae and Freddie Mac Bailout - The federal government was forced to take over these quasi-public agencies to help keep home mortgages available. Changes to the federal government's role in the home mortgage market continue to be debated in Washington.
- ▶ National Retreat in Home Prices - After many years of steady gains, the median value of single family homes dropped in some major markets in the late 2000s. This had multiple effects, including a retreat of potential home buyers out of the market. While these price trends have generally reversed in recent years, market activity remains below the previous level.
- ▶ Over Supply of Housing - Strong housing market conditions earlier in this decade resulted in above-average activity in the housing development markets, including both housing units and residential lots. In some areas, an oversupply of inventory exists, which further depresses prices.
- ▶ Economic Recession - The economy of the United States was in a period of sustained recession, and recovery occurred slowly. After multiple years of above-average national unemployment, reduced consumer demand has been present in many areas, including housing.

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## **Section Table of Contents**

	Page
Demographic Data Overview	5
Population Data and Trends	7
Population by Age Trends: 2000 to 2010	9
Household Data and Trends	11
Household by Age Trends: 2000 to 2010	12
Average Household Size	14
Household Tenure	15
Household Tenure by Age	17
Tenure by Household Size	18
2014 Median Income Data	19
Household Income Distribution by Tenure	20
Estimated Income and Housing Costs - Renters	22
Estimated Income and Housing Costs - Owners	23

# **Demographic Data Overview**

## **Sources of Data**

The following pages contain demographic data obtained from a variety of local, state and national sources. The Minnesota State Demographer's Office has released demographic estimates for the year 2014 for Cedar Mills and Meeker County. The Census Bureau has released annual estimates for 2015. However, these estimates are generally limited to basic counts, such as population and household levels.

For some detailed demographic variables, the 2010 Census is still viewed as the most reliable data source. To supplement the decennial Census, the Census Bureau has created the American Community Survey, an annual sampling of households. The American Community Survey does provide detailed demographic characteristics. However, because the American Community Survey is an estimate, based on sampling data, there is a margin of error that exists for each estimate. The following tables incorporate the American Community Survey data, when it is viewed as reliable.

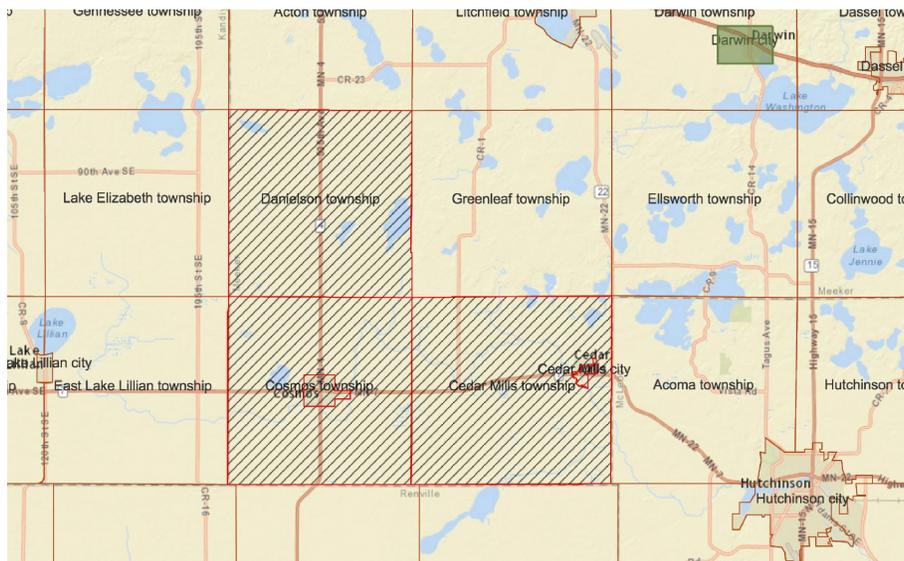
The frequency of American Community Survey estimates vary depending on the size of the jurisdiction. For the City of Cedar Mills and for all of Meeker County, the 2014 estimates were the most current at the time of this Study. They were derived from sampling that was done over a five-year period, between 2010 and 2014.

Community Partners Research also obtained some demographic estimates and projections from Esri, a private company that produces demographic reports. The Esri estimates are for the year 2015, and this company produces 5-year projections to the year 2020.

## Market Area Definition

The City of Cedar Mills is located in close proximity to larger communities, including Cosmos (9 miles), (Hutchinson (9 miles) and Litchfield (14 miles). As a very small community with few amenities, it has a very small potential primary market area.

To be consistent with previous housing studies completed for Cedar Mills, it has been included in a primary market area that also includes the City of Cosmos, and the Townships of Cedar Mills, Cosmos and Danielson. In this Study, this aggregated area is referred to as the Market Area.



## Population Data and Trends

The Minnesota State Demographer's most recent official population estimates for the year 2014, and these are included in the following table. The Census Bureau and Esri estimates for 2015 are contained in the text that follows.

<b>Table 1 Population Trends - 1990 to 2014</b>						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2014 Estimate
Cedar Mills	80	53	-33.8%	45	-15.9%	43
Market Area	1,817	1,690	-7.0%	1,501	-11.2%	1,435
Meeker County	20,846	22,664	8.7%	23,300	2.8%	23,122

Source: U.S. Census Bureau; MN State Demographer

The City of Cedar Mills has experienced a long-term pattern of population loss, as tracked by the decennial census. However, since 2010, some of the estimates show that the population has slowed when compared to the past.

The most optimistic recent population estimate is from the Minnesota State Demographer's Office, which showed the City with 43 residents in 2014, down by two people from the 2010 Census.

Esri, a private data reporting service, estimated the City's population at 45 people in 2015, unchanged from the level in 2010.

One other recent estimate that exists is from the Census Bureau. In their 2015 annual estimate, they believed there were 44 people living in Cedar Mills, an estimate that is between the other available sources, and again shows almost no change from 2010.

Only minor differences exist in the recent population trends for the larger Market Area. Esri show 1,466 people living in the aggregated jurisdictions in 2015, compared to 1,501 in 2010, a decrease of 36 people over the five-year time period. This recent loss would include 20 people in Cedar Mills, and 16 people in the other Market Area jurisdictions.

The State Demographer's 2014 estimate for the Market Area shows a loss of 66 people between 2010 and 2014. The Census Bureau's annual estimates for 2015 show 1,479 people living in the Market Area, down by only 22 people from 2010.

The available estimates for all of Meeker County reflect similar differences in recent trends. Esri estimates that there were 23,348 people countywide in 2015, compared to 23,122 from the State Demographer. While the difference is only 226 people, and a one-year difference also exists in the effective dates, they do reflect differing trends. Esri's estimate shows some minor growth in the County's population after 2010, while the Demographer shows a loss of population countywide after 2010.

The annual estimate from the Census Bureau for 2015 shows the lowest population level, at 23,102. However, it is one year forward from the State Demographer's most recent estimate.

In their estimates, the Census Bureau does identify contributing factors. For all of Meeker County, the Census Bureau attributes the declining population to an out-migration of residents. The County has had some natural increase due to births exceeding deaths, but this was not equal to the level of people that have moved out of the County.

### **Population by Race and Ethnicity**

Cedar Mills's population is primarily White and non-Hispanic. At the time of the 2010 Census, only three City residents identified themselves as a race other than White, and no residents identified themselves as Hispanic/Latino for ethnicity. Due to the City's limited diversity, no additional information has been provided in this Study.

### **Group Quarters Population**

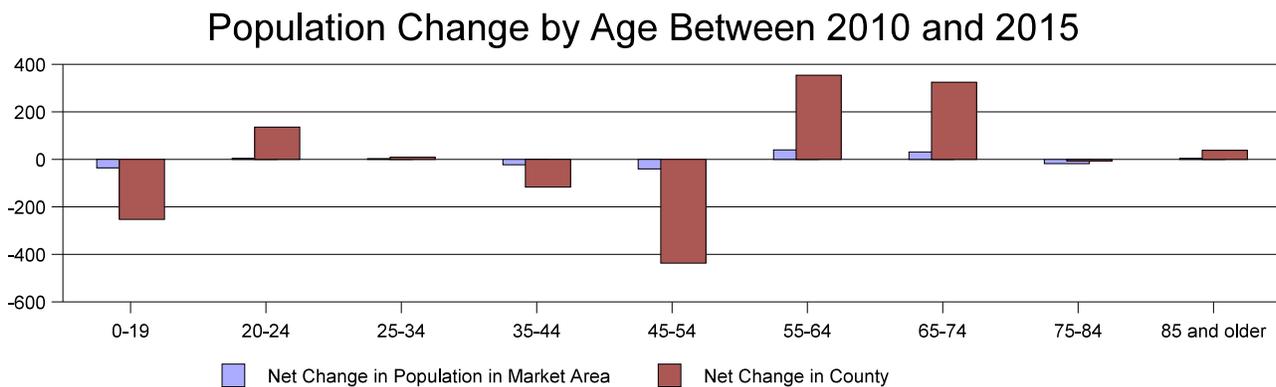
In 2010, there were no group quarter's residents in the City of Cedar Mills.

## Population by Age Trends: 2010 to 2015

Esri’s estimates for Cedar Mills and the Market Area provide some additional details on population characteristics, including an estimate of the area’s changing age patterns. The following table compares estimated population by age in 2010 and 2015, along with the numeric changes. Age changes are examined for the Market Area that includes Cedar Mills and for all of Meeker County.

Table 2 Population by Age - 2010 to 2015						
Age	Market Area			Meeker County		
	2010	2015	Change	2010	2015	Change
0-19	354	318	-36	6,406	6,153	-253
20-24	67	71	+4	1,067	1,203	+136
25-34	148	151	+3	2,543	2,552	+9
35-44	197	174	-23	2,709	2,592	-117
45-54	275	235	-40	3,645	3,208	-437
55-64	218	258	+40	3,095	3,449	+354
65-74	129	160	+31	1,947	2,272	+325
75-84	90	72	-18	1,290	1,283	-7
85+	23	27	+4	598	636	+38
Total	1,501	1,466	-35	23,300	23,348	+48

Source: U.S. Census; Esri



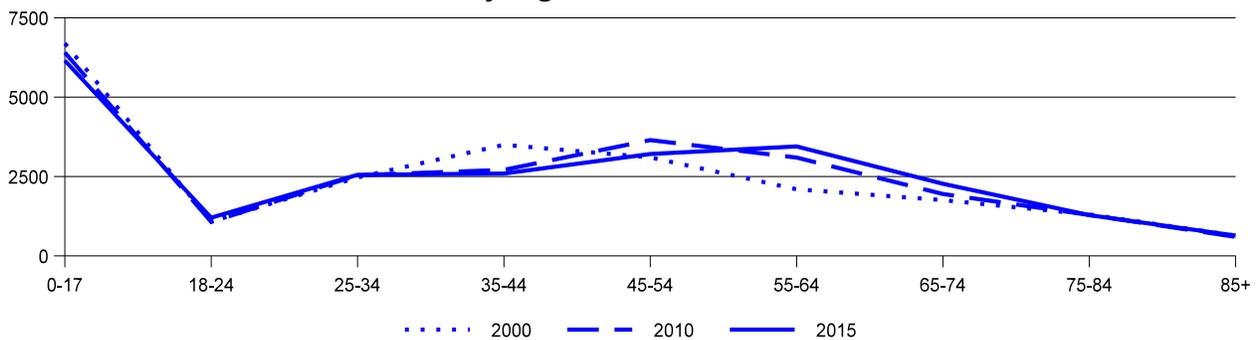
For many years, demographic analysts have been talking about the impact that is occurring as the large “baby boom” generation moves through the aging cycle. This trend has been very evident in the Cedar Mills area. Between 2010 and 2015, the Market Area had a net loss of 35 people according to Esri, but added 57 people in the age ranges 55 and older. This was then offset by a reduction of more than 90 people age 54 and younger.

Within the younger age groups, Esri believes that only the 20 to 34 year old ranges have increased in size between 2010 and 2015, and growth among these age groups was very limited. In the older adult ranges, most of the growth has been in the 20-year group between 55 and 74 years old. In 2015, most of the baby boomers were within these age groups.

Age progression patterns for all of Meeker County were often similar to the changes in the Cedar Mills area. Once again, growth was especially strong in the primary baby boomer age groups, between 55 and 74 years old. Countywide there was also a net reduction in the number of people age 54 and younger. Countywide, there was an increase in senior citizens, age 65 and older, but this was primarily due to strong growth in the youngest senior group, age 65 to 74.

The aging trends present in Meeker County can be traced back over the previous decades to see the movement of the baby boom generation. One notable trend that is evident in Meeker County is the advancing ‘wave’ created by the baby boom age ranges.

**Meeker County Age Distribution: 2000 to 2015**



## Household Data and Trends

The Minnesota State Demographer's Office has issued 2014 household estimates for individual jurisdictions, which are displayed in the following table, along with totals from previous Censuses. Esri estimates are discussed in the text that follows. The Census Bureau does not issue annual household estimates.

<b>Table 3 Household Trends - 1980 to 2014</b>						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2014 Estimate
Cedar Mills	26	26	0%	23	-3.8%	22
Market Area	633	647	2.2%	633	-2.2%	613
Meeker County	7,651	8,590	12.3%	9,176	6.8%	9,185

Source: U.S. Census; MN State Demographer

Despite a long-term pattern of population loss in Cedar Mills, the City's household level has remained more stable in recent decades. If the State Demographer's 2014 household estimate is compared to the 1990 Census, Cedar Mills has only lost four households over a 25-year period.

According to the State Demographer's most recent estimate, Cedar Mills lost only one household from 2010 to 2014. However, Esri's 2015 estimate showed still showed 23 households, unchanged from the 2010 Census.

A similar pattern exists for the entire Market Area, as the estimated number of households in 2014 is only 20 lower than in 1990. However, according to the Demographer, the Market Area has lost 20 households between 2010 and 2014. The number of households in the Market Area in 2010 was identical to the level that existed in 1990.

For the entire Market Area, Esri tracked a loss of 14 households between 2010 and 2015.

For all of Meeker County, the Demographer believes that nine households were added between 2010 and 2015, while Esri believes that 74 households were added between 2010 and 2015.

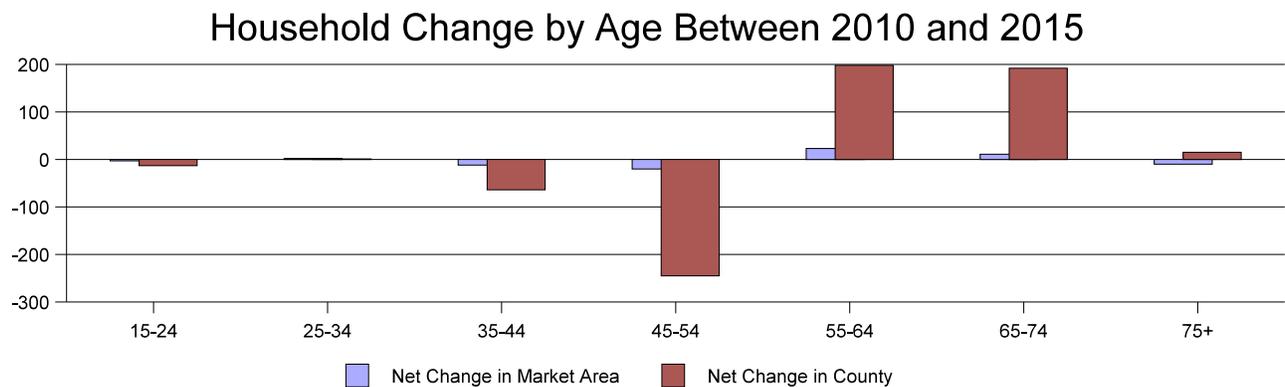
## Household by Age Trends: 2010 to 2015

Esri estimates also include a level of detail not available elsewhere. The following table uses the Esri data to compare households by age of householder in 2010 and 2015, along with the numeric changes.

Table 4 Households by Age - 2010 to 2015						
Age	Market Area			Meeker County		
	2010	2015	Change	2010	2015	Change
15-24	21	18	-3	309	296	-13
25-34	63	65	+2	1,198	1,199	+1
35-44	101	89	-12	1,448	1,384	-64
45-54	151	131	-20	1,998	1,753	-245
55-64	133	156	+23	1,763	1,961	+198
65-74	81	92	+11	1,199	1,391	+192
75+	83	73	-10	1,261	1,276	+15
Total	633	624	-9	9,176	9,260	+84

Source: U.S. Census; Esri

Consistent with the population by age data presented earlier, the household patterns show most of the net change occurring in the baby boomer age groups. For the Market Area, the largest net growth in households occurred in the 10-year age group between 65 and 64 years old.

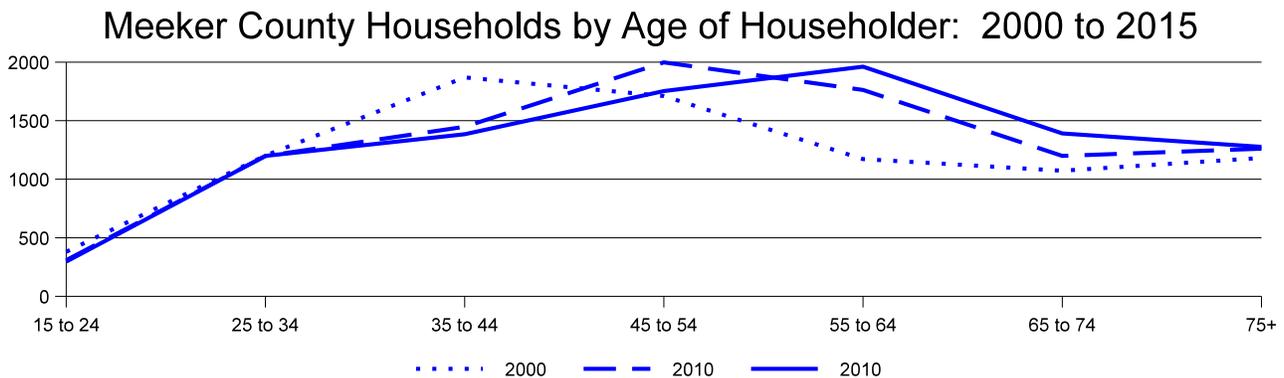


For the Market Area the aggregated age ranges 55 and older added 24 households over the last five years according to Esri. However, the combined younger age ranges, 54 and under, experienced a net reduction of 33 households. The biggest decline occurred in the 45 to 54 year old range, as the advancing baby boomers were not replaced by the succeeding generation.

Patterns were generally similar Countywide, with increases in all of the age groups 55 and older, while the number of young adult households, age 54 and younger, decreased during the last five years. Countywide, growth was especially strong in the 20-year range between 55 to 74 years old, as the baby boom generation increased in numbers in Meeker County.

There was an overall increase in the number of senior-headed households in Meeker County, but most of this was in the youngest senior range between 65 and 74 years old. In the Market Area, there was a slight decrease in the number of older senior households, age 75 and above.

As with the longer-term patterns for population, it is possible to track the progression of the baby boomer households over the past 15 years, using information for households by the age of householder.



## Average Household Size

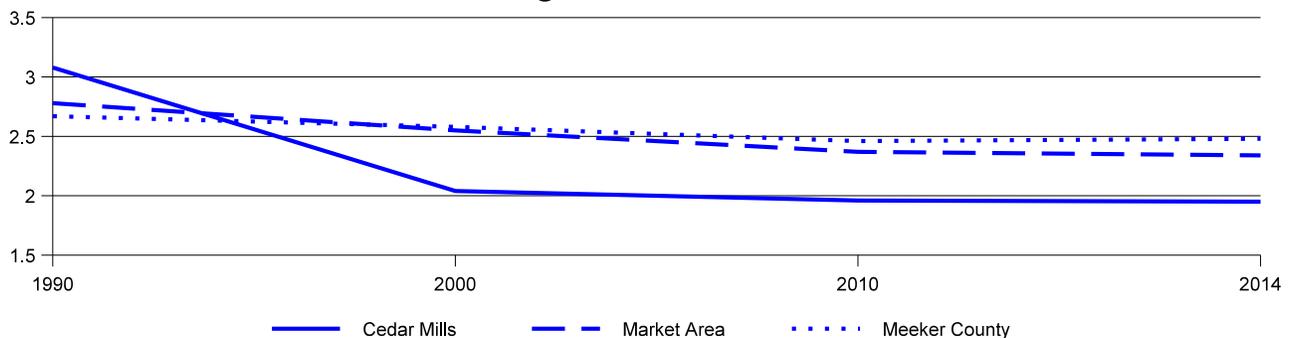
The following table provides Census information on average household size. The 2014 estimates from the State Demographer are also included.

<b>Table 5 Average Number of Persons Per Household 1990 to 2014</b>				
	1990 Census	2000 Census	2010 Census	2014 Estimate
Cedar Mills	3.08	2.04	1.96	1.95
Market Area	2.78	2.55	2.37	2.34
Meeker County	2.67	2.58	2.46	2.48

Source: U.S. Census; MN State Demographer

Household formation has been occurring at a different rate than population change in recent decades, generally due to a decrease in average household size. This has been caused by household composition changes, such as more single persons and single parent families, fewer children per family, and more senior households due to longer life spans.

### Average Household Size



For the City of Cedar Mills, the average household size has decreased significantly over time. In 1990, the City’s average household size was very large at 3.08 persons, but by 2000 it had decreased to only 2.04 persons per household. By 2010, the average household size was below 2.0, and is very small when compared to most other cities in the State.

During this same time, the average size for the entire Market Area has also been declining, due in part to the impact of Cedar Mills. But the average household in the Market Area remains substantially larger than in Cedar Mills.

The average household size for all of Meeker County has declined in recent decades, but still remains relatively large, by comparable standards.

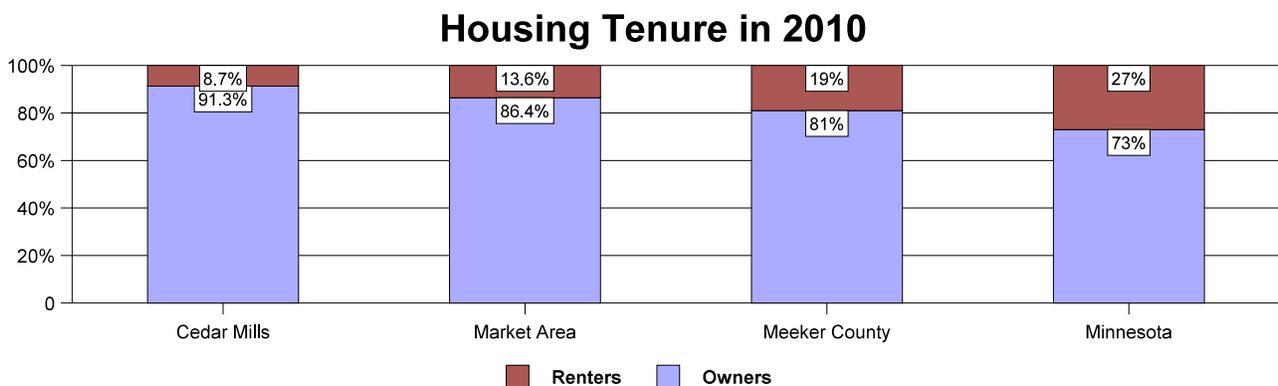
## Housing Tenure

The 2010 Census provided an updated look at ownership versus rental housing tenure patterns. The following tables examine overall tenure rates, along with the changes that have occurred since 2000.

<b>Table 6 Household Tenure - 2010</b>				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
City of Cedar Mills	21	91.3%	2	8.7%
Market Area	547	86.4%	86	13.6%
Meeker County	7,437	81.0%	1,739	19.0%
State	-	73.0%	-	27.0%

Source: U.S. Census

According to the 2010 Census, the ownership tenure rate in the City of Cedar Mills was high, at 91.3%, with only 8.7% of households renting their unit. When the entire Market Area aggregation was reviewed, the home ownership rate was more than 86%, well above the Statewide ownership tenure rate of 73% in 2010. For all of Meeker County, the home ownership rate was also high, at 81%.



Meeker County has experienced a significant amount of growth in recent decades. Much of the County’s growth has been oriented to owner-occupancy housing, as reflected in an ownership tenure rate that was well above the Statewide average in 2010.

**Table 7 Change in Households by Housing Tenure - 2000 to 2010**

Tenure	Cedar Mills			Meeker County		
	2000	2010	Change	2000	2010	Change
Owners	23	21	-2	7,018	7,437	+419
Renters	3	2	-1	1,572	1,739	+167
Total	26	23	-3	8,590	9,176	+586

Source: U.S. Census

The housing tenure rates for Cedar Mills did change over the last decade, as the City lost both renter than owner-occupancy households. At the time of the 2000 Census, the City’s rental tenure rate was 11.5%. By 2010, it was at 8.7%. However, there was only one less renter-occupancy household.

In 2000, the Meeker County rental tenure rate was at 18.3%. By 2010, it had increased to 19.0%.

## Tenure by Age of Householder

The 2010 Census provided information on the tenure distribution of households within defined age ranges. The following table examines renters and owners in each age group in the City of Cedar Mills.

<b>Table 8 Cedar Mills Tenure by Age of Householder - 2010</b>				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	0	-	0	-
25-34	1	100%	0	0%
35-44	4	100%	0	0%
45-54	6	100%	0	0%
55-64	4	80%	1	20%
65-74	3	100%	0	0%
75-84	3	100%	0	0%
85+	0	0%	1	100%
Total	21	91.3%	2	8.7%

Source: U.S. Census

**Cedar Mills Housing Tenure Patterns by Age in 2010**



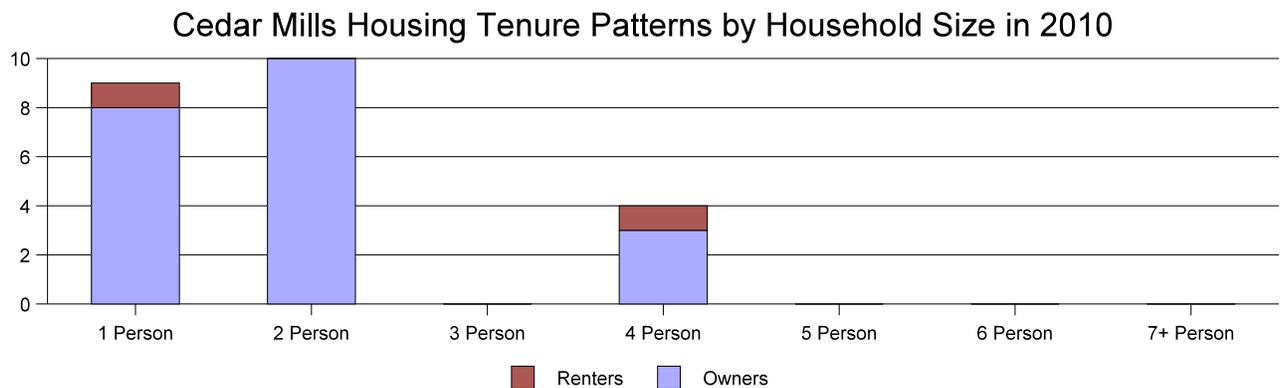
In 2010, there were only two renter-occupancy households living in Cedar Mills. As a result, home ownership rates were very high in most age ranges.

## Tenure by Household Size

The 2010 Census did provide information on housing tenure by household size. This can be compared to 2000 Census information to better understand trends for housing unit needs. This information is for the City of Cedar Mills.

Table 9 Cedar Mills Tenure by Household Size: 2000 to 2010						
Household Size	Owners			Renters		
	2000	2010	Change	2000	2010	Change
1-Person	9	8	-1	2	1	-1
2-Person	8	10	+2	1	0	-1
3-Person	1	0	-1	0	0	0
4-Person	4	3	-1	0	1	+1
5-Person	1	0	-1	0	0	0
6-Person	0	0	0	0	0	0
7-Persons+	0	0	0	0	0	0
Total	23	21	-2	3	2	-1

Source: U.S. Census



Most households in Cedar Mills had only one or two members, and no households had more than four members in 2010. Overall, nearly 86% of all home owners had two or fewer household members.

## 2014 Median Income Data

The 2010 Census did not collect information on household income. However, estimates are available at the City, Township and County level through the American Community Survey. No median income information was available for the jurisdictions that form the Market Area, since these are separate jurisdictions that have been aggregated for analysis in this Study. Income information from the 2014 American Community Survey can be compared to similar estimates from 2010 to track recent changes. Household income represents all independent households, including people living alone and unrelated individuals together in a housing unit. Families are two or more related individuals living in a household.

<b>Table 10 Median Income - 2010 to 2014</b>			
	2010 Median	2014 Median	% Change
Households			
Cedar Mills	\$51,042	\$39,375	-22.9%
Meeker County	\$51,173	\$54,049	5.6%
Minnesota	\$57,243	\$60,828	6.3%
Families			
Cedar Mills	\$53,750	\$81,250	51.2%
Meeker County	\$59,495	\$65,247	9.7%
Minnesota	\$71,307	\$76,190	6.8%

Source: American Community Survey 5-year survey

Due to the small size of the community, there is the potential that the income estimates for Cedar Mills are flawed, due to the limited sample. Income information contained in the American Community Survey showed that the median household income within the City of Cedar Mills has decreased in recent years. When compared to the level estimated in 2010, the City's median household income in 2014 was nearly 23% lower. This may be a reflection of the City's aging population, as more households may have moved to fixed retirement incomes. While the City's median household income may have decreased since 2010, the median family income has been increasing, and was above \$81,000 in 2014.

Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses, a median income household in Cedar Mills could afford approximately \$984 per month for ownership or rental housing in 2014.

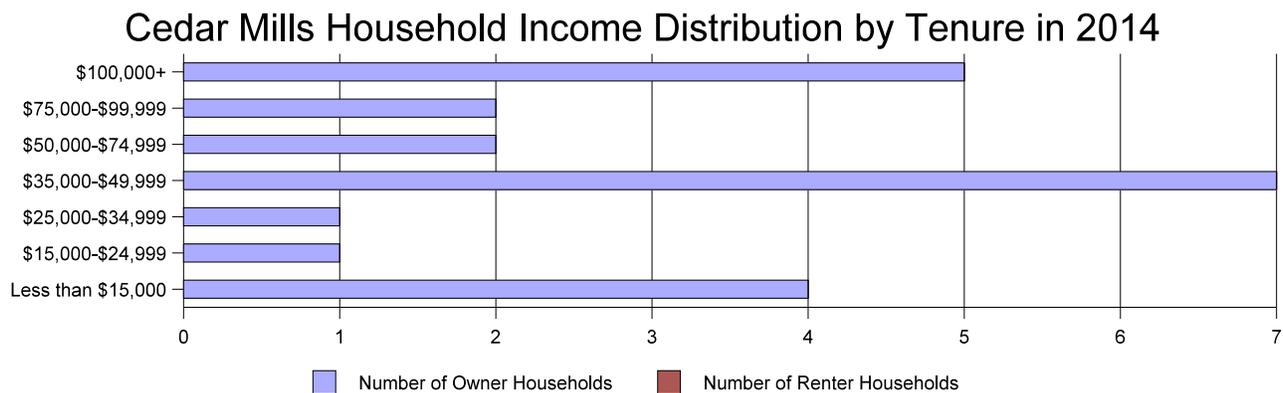
## Cedar Mills Income Distribution by Housing Tenure

The 2014 American Community Survey provides an estimate by owner and renter status. The following table examines income distribution within the City of Cedar Mills.

The American Community Survey is an estimate, based on limited sampling data, and a margin of error exists for each estimate. For total households in Cedar Mills, the American Community Survey estimate appears to be accurate. The ACS estimated that 22 households were present, consistent with the State Demographer’s 2014 household estimate. The ACS estimated that all households were home owners, and no renters were present in 2014. At the time of the 2010 Census, there were two renter households living in the City.

<b>Table 11 Cedar Mills Income Distribution by Tenure - 2014</b>			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	4	0	4
\$15,000 - \$24,999	1	0	1
\$25,000 - \$34,999	1	0	1
\$35,000 - \$49,999	7	0	7
\$50,000 - \$74,999	2	0	2
\$75,000 - \$99,999	2	0	2
\$100,000+	5	0	5
<b>Total</b>	<b>22</b>	<b>0</b>	<b>22</b>

Source: 2014 American Community Survey



Household income and housing tenure are often linked for most households, with home owners generally having higher annual income levels, and renters having lower incomes. With no renters in the City, according to the American Community Survey, most households in Cedar Mills were in the moderate to higher income ranges.

Nearly 41% of owner households had an annual income of \$50,000 or more. However, approximately 27% of all owner households had an annual income below \$35,000, and had a limited amount that could be applied to housing costs.

## **2014 Estimated Income and Housing Costs - Renters**

According to the 2014 American Community Survey, there were no renter-occupancy households in Cedar Mills.

## 2014 Estimated Income and Housing Costs - Owners

The American Community Survey provided housing cost estimates for owner-occupants. The following table provides estimates of the number of households in the City of Cedar Mills that are paying different percentages of their gross household income for housing costs.

<b>Table 12 Ownership Costs as a Percentage of Income - Cedar Mills</b>		
Percentage of Household Income for Housing Costs	Number of Owner Households 2014	Percent of All Owner Households 2014
0% to 19.9%	9	40.9%
20% to 29.9%	1	4.5%
30% to 34.9%	4	18.2%
35% or more	5	22.7%
Not Computed	3	13.6%
Total	22	100%

Source: 2014 ACS

Nearly 41% of all home owners reported that they paid 30% or more of their income for housing. Most of these households were paying more than 35% of income for housing costs.

As would be expected, the large majority of cost-burden home owners had a mortgage on their home.

## Population Projections

The following table presents population projections using two different sources. The first set of projections has been generated by Esri, a private data reporting service. Esri’s projections span the period from 2015 to 2020.

The second projection set is from the Minnesota State Demographer’s Office, which has generated population forecasts for individual jurisdictions and counties in the State. Projections are provided for the years 2015 and 2020. The State Demographer’s Office has actually issued three sets of county-level projections since the 2010 Census was released. The most recent projections tend to be substantially higher for most counties, and do not reflect the patterns that have emerged after 2010. As a result, the first projection set, which is also the lowest, has been presented for Meeker County.

<b>Table 13 Population Projections Through 2020</b>				
	Esri Projection		State Demographer	
	2015 Estimate	2020 Projection	2014 Estimate	2020 Projection
Cedar Mills	45	45	43	45
Market Area	1,466	1,446	1,435	N/A
Meeker County	23,348	23,523	23,122	24,185

Source: Esri, Inc.; MN State Demographer

As stated previously, Esri’s recent population estimate for Cedar Mills shows no change from the count at the time of the 2010 Census. Esri also expects no change going forward to the year 2020.

The State Demographer has also projected a stable population level in Cedar Mills, but the more recent estimate does show a minor loss of people since 2010.

For the entire Market Area, Esri expects some minor reduction in the population level between 2015 and 2020. This projection would expect the loss of 20 people for the remainder of the Market Area.

The MN State Demographer’s Office has no current projections available for individual townships that are part of the Market Area.

There is some variation in the projections for all of Meeker County. Esri projects that the County will add only 175 people from 2015 to 2020, or average annual growth of only 35 people per year.

The projections from the State Demographer's Office had expected the County to have a substantially larger population by the year 2020. However, the Demographer had expected that the County's population would also be larger by 2015, which is not accurate based on recent estimates. If only the projected incremental growth from the base 2015 and 2020 projections is reviewed, the Demographer had anticipated that the County would add an average of only 86 people per year.

## Household Projections

The following table presents household projections. As with population, Community Partners Research, Inc., has reviewed projections to the year 2020 from Esri, a private data reporting service.

The State Demographer’s Office has only issued household projections at the county level. At the city level, it is possible to extrapolate household forecasts from the population projections provided earlier in this section. In converting population to households, it is assumed that group quarter’s populations will remain largely unchanged, and that the average household size will decrease gradually.

<b>Table 14 Household Projections Through 2020</b>				
	Esri		State Demographer	
	2015 Estimate	2020 Projection	2014 Estimate	2020 Projection
Cedar Mills	23	23	22	23*
Market Area	622	619	613	N/A
Meeker County	9,250	9,360	9,185	9,782

Source: State Demographer; Esri

\* Extrapolated by Community Partners Research, Inc.

Esri believes that Cedar Mills will maintain a stable household level between 2015 and 2020. This is a continuation of the pattern of recent growth, as estimated by Esri, which shows that Cedar Mills has also maintained a stable number of households from 2010 to 2015.

The State Demographer’s population projection to the year 2020 had expected no change in the City from 2010. An extrapolated household projection would also yield a stable number of households during the decade.

For the entire Market Area, Esri projections show a minor reduction of only three households over a five-year period. No Market Area household projection can be derived from the State Demographer’s data.

There is a significant variation in the available forecasts for all of Meeker County. Esri has a conservative countywide projection. Over the five-year period from 2015 to 2020, Esri expects that Meeker County will add only 110 total households, or an average of approximately 22 households per year.

The projections from the State Demographer's Office are much higher, but appear to be unrealistic based on the most recent patterns. Over the course of the entire decade, the Demographer had expected that Meeker County would add more than 600 households. However, the most recent estimates from the Demographer show that this projected growth is not actually occurring. From 2010 through 2014, the Demographer believes that the County has only added an average of two households per year, well below the projected level of more than 60 households per year. As a result, the Demographer's 2020 projection is now viewed as unreliable.

## Household by Age Projections: 2015 to 2020

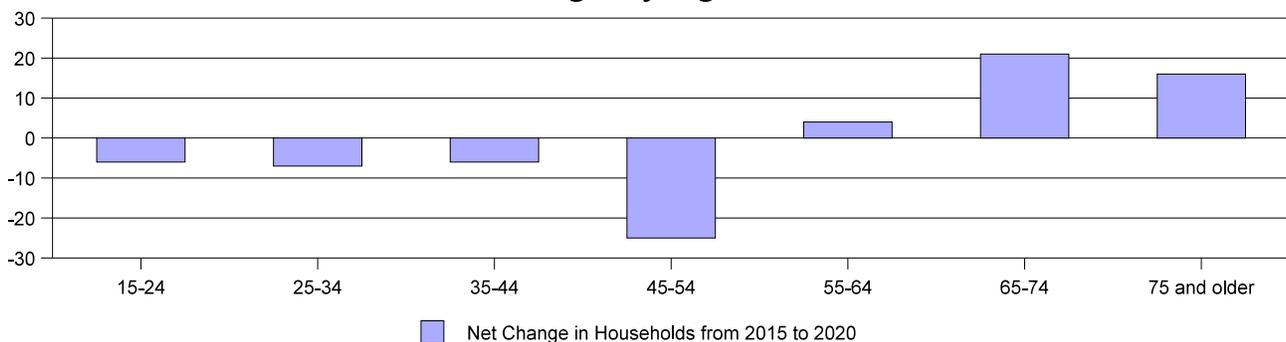
Esri has generated age-based projections for households to the year 2020. These projections can be compared to the data contained in the 2015 Esri estimate to examine the change projected over the next few years. These age-based forecasts are for the entire Market Area that includes Cedar Mills.

**Table 15 Market Area Projected Households by Age - 2015 to 2020**

Age	2015 Estimate	2020 Projection	Numeric Change
15-24	18	12	-6
25-34	65	58	-7
35-44	89	83	-6
45-54	130	105	-25
55-64	155	159	+4
65-74	92	113	+21
75+	73	89	+16
Total	622	619	-3

Source: Esri; Community Partners Research, Inc.

**Cosmos Household Change by Age Between 2015 and 2020**



According to Esri’s projections, most of the change in households by age of householder will occur within three defined age groups. The largest net growth should occur among households age 65 to 74 years old, followed by growth of households age 75 and older, as the baby boom generation advances through the aging cycle. Most of the net decrease will occur among households age 45 to 54 years old, as the age range behind the baby boomers was not as large. Overall, the Market Area should have a decrease of households age 54 and younger, but an increase in the number of households age 55 and older.

## **Building Permit Trends**

Attempts to contact City staff in Cedar Mills were unsuccessful. However, it is doubtful that any new houses had been constructed in several years.

A review of Census Bureau annual building permit reports does show that three single family houses were permitted between 2000 and 2004, but there is no record of any new home construction after 2004.

## **Census Housing Unit Reconciliation**

At the time of the 2000 Census, there were 27 total housing units counted in the City of Cedar Mills. This included 26 occupied units and one vacant unit. By 2010, the total count had dropped to 24 total units, with 23 occupied and one vacant.

The decrease in available housing derived from Census data occurred despite the fact that three houses may have been built in Cedar Mills between 2000 and 2004. This would indicate that some older housing was also removed during the last decade. The decrease in unit availability also resulted in a reduced number of households.

## **Median Year of Construction**

The 2014 American Community Survey included an estimate of the median year of construction for housing. In Cedar Mills, the median year for owner-occupancy units was 1967. No estimate was available for the median year of construction for rental housing.

The age of the owner-occupancy housing stock in Cedar Mills is older than the Countywide average. For all owner-occupied housing in Meeker County, the estimated median year of construction was 1974. The County's median year of construction was 1967 for rental units.

## **Units by Structure Type**

The 2010 Census did not collect information about structure types. However, according to the 2014 American Community Survey estimates, all of the housing units in Cedar Mills were identified as one-unit structures, such as single family detached houses or mobile homes.

### **Mobile Homes**

According to the American Community Survey, only one mobile home may be present in Cedar Mills. At the time of the 2000 Census, there were no mobile homes counted in Cedar Mills.

### **Municipal Services**

No information was available on the status of municipal infrastructure.

### **Residential Lots**

No information was available on residential lots in Cedar Mills. Some vacant infill lots may exist in the community.

## **Existing Home Sales**

This section examines houses that have been sold within recent years in the City of Cedar Mills. Information was obtained from the Meeker County Assessor's Office.

Meeker County collects and utilizes information from residential sales for the County's sales ratio study. The County compares the fair market sale price to the estimated taxable value for each home. As a result, the County information primarily reflects existing homes that have an established tax value. New construction sales activity would generally not be recorded in the data that was used for this analysis, unless the house had been constructed some time prior to the final sale and did have an established tax value.

The County sorts the sales data into "qualified" and "unqualified" groupings. Qualified sales are also referred to as good sales, because they are fair market transactions. Unqualified sales are rejected because they are not considered to be fair market transactions, and could include sales of "bank-owned" properties, foreclosures/short sales, transfers between related parties, or sales that were not conducted in the open market.

The sales reports obtained from the County did not differentiate between different styles of houses. All of the sales are for single family units, but may include attached housing units, such as twin homes, town houses or condominiums. However, in the small cities, including Cedar Mills, nearly all of the sales are believed to be in the form of detached single family houses.

Information was available for each calendar year, from 2010 to 2015. Sales activity for the first few months of 2016 was also available, but this partial-year data may not be an accurate indicator of full-year activity.

In Cedar Mills, only two good sales have been recorded since January 1, 2010. The most recent sale was in March of 2016, and the house sold for \$62,500. The other sale occurred in 2014, with a price of \$169,950. The higher price sale listed a land parcel of three acres.

An alternate home value estimate exists in the 2014 American Community Survey. Based on the sampling of home owners, the estimated median value was \$95,000. With so few sales, this estimate cannot be compared to the median sale price.

## **Active Residential Listings**

The website Realtor.com, maintained by the National Association of Realtors, was used to review information on active residential real estate listings in Cedar Mills. A review in May 2016 found no houses listed for sale. It is important to note that the active properties are those included in the Multiple Listing Service (MLS) and would generally be offered through a real estate agent. There may be other properties that are posted for sale in Cedar Mills that would not be part of the MLS, including most homes being offered "for sale by owner".

## Meeker County Home Foreclosure Activity

Starting in 2006, many national reports began to surface about the growing number of home foreclosures. Initially linked to the popularity of adjustable rate mortgages and the expansion of sub-prime mortgage lending, as many housing markets cooled and the national economy moved into a period of recession, the foreclosure crisis spread to broader segments of the housing market.

HousingLink and the Greater Minnesota Housing Fund have been tracking mortgage foreclosure activity across the State for the past few years. They produced annual foreclosure reports from 2007 to 2013. Their reports provide details on foreclosure activity at the County level back to the year 2005, as well as a comparison with other Counties in the State.

In addition to collecting information on the number of foreclosures, based on Sheriff's Sale data, HousingLink has also attempted to calculate a rate of foreclosure, by comparing the annual total to the number of residential parcels in each County. While this rate calculation does not yield a perfect number, it does allow for a standardized comparison measure among all of the Counties in the State. The following table presents the actual number of foreclosures, followed by the calculated rate of foreclosure, as calculated by HousingLink.

<b>Table 16 Meeker County Home Foreclosures - 2005 to 2013</b>									
Foreclosures	2005	2006	2007	2008	2009	2010	2011	2012	2013
Number	86	94	114	95	87	114	94	82	63
Rate	0.99%	1.07%	1.28%	1.06%	0.97%	1.27%	1.05%	0.92%	0.71%

Source: HousingLink; Community Partners Research

Based on the HousingLink data, Meeker County was significantly impacted by home foreclosures. This was especially true for the years 2007 and 2010. After 2010, the number of annual foreclosures dropped steadily through 2013.

HousingLink also attempts to put the rate of foreclosure in perspective, by comparing the number of foreclosures to the total number of residential parcels in the County. For comparative purposes, Meeker County still had the 20<sup>th</sup> highest rate of foreclosure among Minnesota's 87 Counties in 2013, the last full year of data.

## Housing Condition

Community Partners Research, Inc., representatives conducted a visual 'windshield' survey of 24 single family/duplex houses in Cedar Mills. This was believed to include all houses in the City. Houses that appeared to contain three or more residential units were excluded from the survey.

Houses were categorized in one of four levels of physical condition, Sound, Minor Repair, Major Repair, and Dilapidated as defined below. The visual survey analyzed only the physical condition of the visible exterior of each structure. Exterior condition is assumed to be a reasonable indicator of the structure's interior quality.

Dilapidated was the lowest rating used. These houses need major renovation to become decent, safe and sanitary housing. Some Dilapidated properties may be abandoned and may be candidates for demolition and clearance.

Major Rehabilitation is defined as a house needing multiple major improvements such as roof, windows, sidings, structural/foundation, etc. Houses in this condition category may or may not be economically feasible to rehabilitate.

Minor Repair houses are judged to be generally in good condition and require less extensive repair, such as one major improvement. Houses in this condition category will generally be good candidates for rehabilitation programs because they are in a salable price range and are economically feasible to repair.

Sound houses are judged to be in good, 'move-in' condition. Sound houses may contain minor code violations and still be considered Sound.

<b>Table 17 Windshield Survey Condition Estimate - 2016</b>					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Total	11/45.8%	7/29.2%	5/20.8%	1/4.2%	24

Source: Community Partners Research, Inc.

Although most of the houses in Cedar Mills were rated in one of the top two condition categories, there were five houses in need of major repair, and one house that received the lowest rating of dilapidated. The dilapidated structure may not be economically feasible to repair.

## **Rental Housing Data**

According to the 2010 Census, the City of Cedar Mills had two occupied rental housing units, and no unoccupied rental units, for a total estimated rental inventory of two units. The City's rental tenure rate was 8.7% in 2010, well below the Statewide rental rate of 27%.

At the time of 2000 Census, Cedar Mills had three occupied rental units, and no vacant units, for a total rental housing inventory of three units. The City's percentage of occupied rental units in 2000, at 11.5%, was also well below the Statewide rate of 25.4%.

Based on a reconciliation of Census data, the City lost one renter-occupancy household and one rental housing unit over the previous decade.

## **Rental Housing Survey**

From April to June 2016, a telephone survey was conducted of multifamily rental developments in Meeker County. The survey focused on rental properties with six or more units.

No multifamily rental properties could be identified in Cedar Mills, so no survey was completed.

## **Employment and Economy**

While many factors influence the need for housing, employment opportunities represent a predominant demand-generator. Without jobs and corresponding wages, the means to afford housing is severely limited. Employment opportunities are provided by a broad range of business sectors. Jobs are available in manufacturing, commercial services, agriculture, and other industries. The type of employment, wage level, and working conditions will each influence the kind of housing that is needed and at what price level.

## **Labor Force, Work Force and Unemployment**

The MN Department of Employment and Economic Development provides labor force and employment information for all of Meeker County. Due to the size of the community, similar information is not available specifically for Cedar Mills. The following table looks at information for the County since 2010.

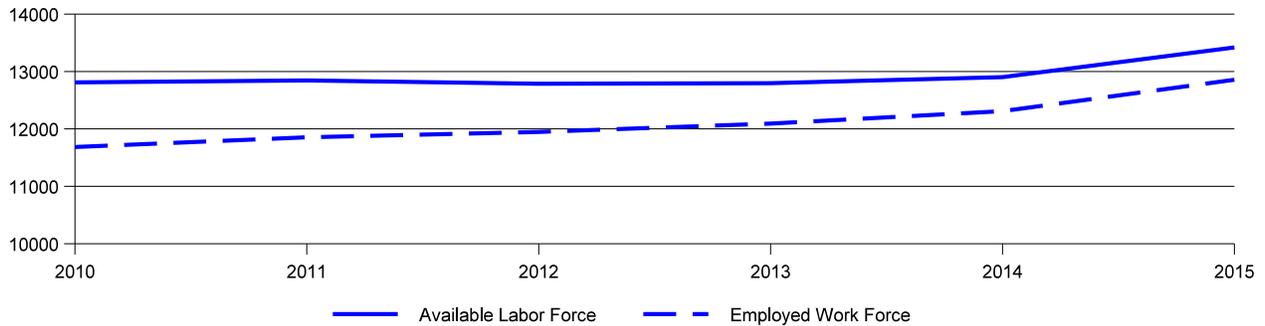
<b>Table 18 Meeker County Labor Statistics: 2010 to 2015</b>						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - MN	Unemployment Rate - US
2010	12,811	11,684	1,127	8.8%	7.4%	9.6%
2011	12,844	11,853	991	7.7%	6.5%	8.9%
2012	12,786	11,948	838	6.6%	5.6%	8.1%
2013	12,797	12,093	704	5.5%	4.9%	7.4%
2014	12,902	12,310	592	4.6%	4.2%	6.2%
2015	13,420	12,857	563	4.2%	3.7%	5.3%

Source: MN Department of Employment and Economic Development

The Local Area Unemployment Statistics data (LAUS) tracks employment by place of residence. It shows how many County residents are actively in the labor force and their employment status, regardless of where they work.

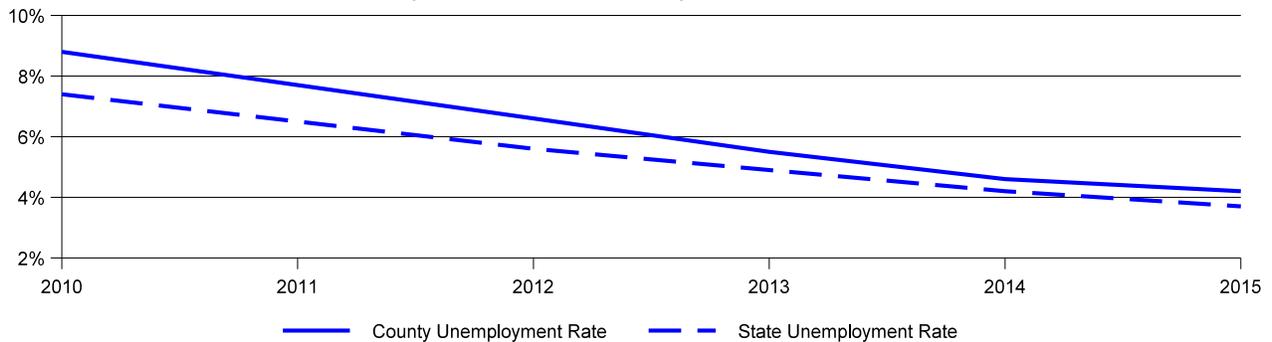
Since 2010, there has been growth in the size of the County’s available labor force. If 2015 is compared to the year 2010, the County’s resident labor force had actually increased by 609 people, or 4.8%. However, most of this reported growth occurred between 2014 and 2015. It is possible that some revisions may yet be made to the 2015 statistics as more information becomes available.

### Meeker County Labor Force and Employed Work Force



There has been even stronger growth in the employed resident work force. From 2010 to 2015, the number of employed County residents creased by more than 1,170 people, or 10%. Since the employed resident population increased at an even greater level than the available labor force, the County’s unemployment rate decreased over this time, from 8.8% in 2010 to 4.2% in 2015.

### Meeker County Annual Unemployment Rate: 2010 to 2015



The County’s unemployment has been steadily declining since 2010. However, the Meeker County unemployment rate has consistently been higher than the Statewide rate over the last six years.

## Employment and Wages by Industry

Due to the small size of Cedar Mills, there is no information available on employment and wages at the city level.

## Commuting Patterns of Area Workers

While some jobs may exist within Cedar Mills, most City residents commute for employment. The best information on commuting patterns is from the 2014 American Community Survey, and has been examined for the City of Cedar Mills. The first table only examines travel time for City residents, and excludes people that work at home.

<b>Table 19 Commuting Times for Cedar Mills Residents - 2014</b>		
Travel Time	Number	Percent
Less than 10 minutes	1	4.3%
10 to 19 minutes	8	34.8%
20 to 29 minutes	5	21.7%
30 minutes +	9	39.1%
Total	23	100%

Source: 2014 American Community Survey 5-year estimates

The large majority of Cedar Mills residents were leaving the City for employment in 2014. Given the City’s size, a travel time of 5 minutes or less would be required to reach the job options that exist within the community. However, approximately 96% of the City’s residents were traveling 5 minutes or more for employment.

Most residents had a travel time that was 20 minutes or more, and more than 39% of the City’s residents were traveling 30 minutes or more for employment. It is important to note that in a small city like Kingston, the number of surveys used to form the estimates would be limited, and a margin of error does exist.

The American Community Survey also includes an estimate of the travel time to work for city-based jobs. But due to the small size of Cedar Mills, no estimate was provided.

## Census On the Map

The Census Bureau also produces commuter reports through its Center for Economic Studies division. This information is based on reports for the year 2014, and provides a further breakdown of worker movement patterns.

According to the report for Cedar Mills, there were 7 people that were employed within the city limits in 2014. None of the city-based employees actually lived within Cedar Mills. All of these employees lived outside the City limits.

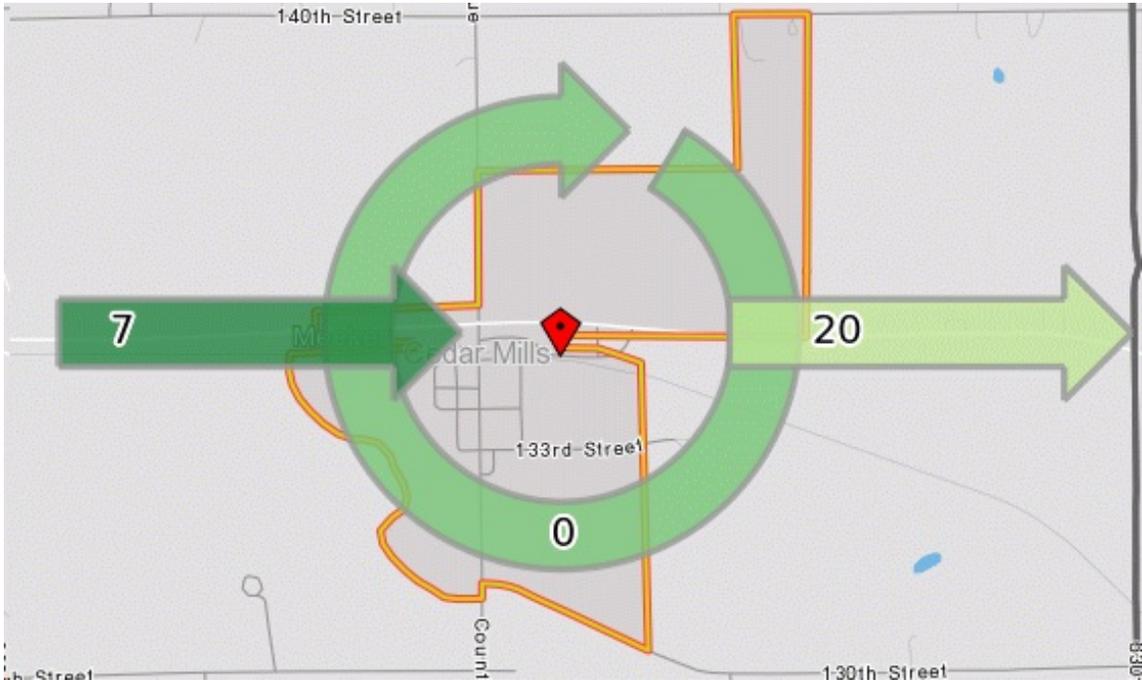
The **On the Map** reporting service can be used to make comparisons between communities in the County. The following table presents information for other communities in Meeker County. This table looks at the percentage of people in each community that both live and work in their home city, as well as the percentage of workers that come from outside of each city.

<b>Table 20 Employee Inflow/Outflow Analysis - 2014</b>				
City	Number of People Employed in the City	Percent Employees that also Reside in the City	Percent Employees that Live Outside of the City	Number Employees that Live Outside of the City
Cedar Mills	7	0%	100%	7
Litchfield	3,014	40.8%	59.2%	1,784
Cosmos	75	1.3%	98.7%	74
Darwin	45	2.2%	97.8%	44
Dassel	825	9.7%	90.3%	745
Eden Valley	425	7.3%	92.7%	394
Grove City	169	6.5%	93.5%	158
Kingston	N/A	N/A	N/A	N/A
Watkins	311	5.8%	94.2%	293

Source: Census Bureau, Center for Economic Studies

While most Cedar Mills-based workers were commuters, this pattern was not unique. With the exception of Litchfield, 90% or more of the jobs in each of the cities were filled by commuters. Even in Litchfield, more than 59% of the jobs were filled by people that did not live within the city limits.

All Cedar Mills residents were reportedly leaving the City each day to commute for their primary job. According to this data source, 20 residents were leaving the City for employment.



# **Findings and Recommendations**

## **Overview**

This Study has focused on the growth potential that exists for the City of Cedar Mills, and the resulting housing demand that could be created. To summarize much of the information that has been presented earlier in this document, the following general observations are made.

## **Cedar Mills Growth Potential**

This Study has used the assumption that the Cosmos Market Area, which includes the Cities of Cedar Mills and Cosmos, has limited growth potential over the next five years. While it is certainly possible that past patterns could reverse, both the City and the Market Area have been losing population and households since at least the year 2000. The population loss has been larger than the reduction in households, as the area ages, and fewer children are present but more senior citizens remain in the area jurisdictions.

At the time of the 2000 Census, nearly 47% of all households living in the Market Area had a head of household age 55 and older. By 2015, the percentage of households in these older ranges had increased to more than 51%, according to age-based estimates from Esri. The projections to 2020 expect that more than 58% of households will be age 55 and older.

With a large number of senior and near-seniors living in the area, the population has been growing smaller, but the number of households has been more stable. Going forward, it is probable that the City and Market Area will lose households, but the rate of loss is likely to be less than one household per year.

The change in households is generally consistent with past housing construction patterns, as almost no new housing has been added in Cedar Mills. Although official records and reports could not be obtained, there is no evidence that any new housing has been constructed in the City in more than 10 years.

Although growth-generated demand for new housing is unlikely, the City could have some demand based on unit replacement needs and for age-based changes that continue to occur.

## **Home Ownership Recommendations**

**Overview:** Between 2000 and 2010, the City of Cedar Mills had a reduction of three households, including two home owners and one renter household. The occupied housing unit count matched the total housing unit count, as there were three fewer units present by 2010. Despite the reduction in housing units and households, Cedar Mills did retain a high rate of owner-occupancy at more than 91% according to the 2010 Census.

The reduction in the number of home owners during the prior decade occurred despite the fact that some new home construction may have occurred. No city staff contact was made for Cedar Mills, but according to Census Bureau reports, as many as three houses were built in the City between 2000 and 2005. However, after 2005, there is no evidence that any additional home construction has occurred.

Even though no household growth or new home construction would be projected over the next five years in Cedar Mills, it is possible that one or two new houses may be built. However, this would tend to be customized construction, as an existing resident may elect to build a new house that is better suited to their needs. It is highly unlikely that more than one or two houses would be built.

The following specific findings and recommendations are made concerning home ownership issues:

### **1. Potential demand will exist for less than one house annually**

**Findings:** The research for this Study has indicated that the demand potential for new owner-occupancy housing construction in Cedar Mills will be limited, and is projected at less than one or two houses over a five-year projection period. If a new house is built, it is likely to be customized construction, targeted to the needs of the owner.

The aging patterns for the Market Area continue to show growth in the number of older adult households, primarily in the 65 to 74 year old age range. At the same time, trend-based projections would point to a declining number of middle-aged and younger adult households, age 54 and under.

**Recommendation:** Even though Cedar Mills has not had any new housing construction in the past 10 years, it is possible that one or more new houses could be constructed in the future. Countywide, housing construction has generally been suppressed after the housing market crash of the late 2000s, but some improved is expected going forward. Still, in Cedar Mills, this would still be projected at only one or two new single family houses over the next five years.

Since households age 55 and older will typically already own a house, the decision to build a new house will be based in part on economic conditions. The perceived strength of the local economy will have an impact on the confidence to invest in new housing in the community. They will also need to sell their existing home, typically of lower value. Continued improvement in existing home values will have a positive impact on the demand for trade-up housing.

## **2. Promote affordable existing home ownership options**

**Findings:** This Study tracked the sales activity in Cedar Mills back to the year 2010. During this time, only two good sales have occurred. The sales activity does not provide reliable information on home values in the City. However, the American Community Survey estimates indicate that most houses would be valued at less than \$100,000.

Lower priced homes can represent a very attractive ownership option for potential home buyers in the larger region. Of the cities in Meeker County, Cedar Mills represents one of the more affordable communities for a potential home buyer.

**Recommendation:** One of the community goals is to offer work force housing and attract a greater share of area workers to live in the County. Promotion of the affordable ownership options can help achieve this goal.

In other communities in the County, there is evidence that over time, that some of the existing single family homes have been converted to or purchased for use as rental housing. Tenure conversion has not been an issue in Cedar Mills, partly due to the fact that very few houses become available for sale in the community.

It is in the City's best long-term interest to attract home owners, and keep the high rate of home ownership. Efforts to promote affordable home ownership can help to limit the conversion of houses to rental use, or to limit the amount of vacant housing.

## **Rental Housing Recommendations**

**Overview:** At the time of the 2010 Census, fewer than 10% of all households living in Cedar Mills rented their housing. The community is very small, and has primarily been strong in offering owner-occupancy housing. In 2010, there were only two renter-occupancy households in the City.

Cedar Mills has no multifamily housing. Any rental housing would exist in a single family house. Unlike some of the other cities in the County, tenure conversion of single family houses in Cedar Mills has not been an issue.

Going forward, no household growth would be projected to occur in Cedar Mills. Very limited growth would be expected within the larger Market Area, which also includes the City of Cosmos. Almost no growth-generated rental demand would be expected in the area over the next five years.

In the opinion of the analysts, no rental housing construction would be recommended in Cedar Mills. If any new rental housing is constructed within the Market Area, the best location would be within the City of Cosmos.

## **Housing Rehabilitation Recommendations**

**Overview:** Cedar Mills has an asset in its existing housing stock. Older units, both now and into the future, will represent the majority of the affordable housing opportunities. Existing units generally sell at a discount to their replacement value. Units that are not maintained and improved may slip into disrepair and be lost from the housing stock.

Efforts and investment in housing rehabilitation activities will be important in offering affordable housing opportunities and in preventing the deterioration of the community. As this existing stock ages, more maintenance and repair are often required. Without rehabilitation assistance, the affordable stock will shrink, creating an even more difficult affordability situation.

The following specific recommendations are made to address the housing rehabilitation needs.

### **3. Promote owner-occupied housing rehabilitation programs**

**Findings:** The older housing stock will continue to represent the most affordable home ownership option in the community. Investment in owner-occupied housing rehabilitation activities will continue to make home ownership possible for low and moderate income households.

According to the American Community Survey, the median year of construction for owner-occupied houses in Cedar Mills is 1967, so the community does have an older than average stock of single family houses.

As part of the research for this Study, a visual inspection was made of the single family housing stock in Cedar Mills. This “windshield” survey looked at the exterior conditions of each house and rated the structure on a four-point scale, from Sound to Dilapidated. The City was divided into two neighborhoods and 168 single family structures that were viewed and rated.

In Cedar Mills, there were 5 houses that were rated as needing major repair. There were also 7 houses rated as needing minor repair. There were 11 houses that were rated as sound, with no observable repair needs. There was one house rated as dilapidated, and probably beyond the point of feasible repair.

While the actual owner versus renter tenure pattern could not be determined from an exterior viewing, nearly all of the single family houses in the City are believed to be owner-occupied.

**Recommendation:** The primary funding source for concentrated neighborhood rehabilitation programs is the Small Cities Development Program (SCDP), administered by the MN Department of Employment and Economic Development (DEED). Although no specific information was obtained from the City, it is probable that Cedar Mills has not participated in a SCDP-funded housing program in recent years.

For several years, the SCDP program had moved away from larger grant awards that were focused on larger-scale impact. Instead, smaller annual awards were made to support sustained rehabilitation approaches. The program has changed back, and larger awards are again being made, making targeted projects more achievable. Additional resources for owner-occupied housing rehabilitation are available from the Minnesota Housing Finance Agency.

#### **4. Demolish and clear any substandard structures**

**Findings:** This Housing Study included a visual housing condition survey of single family houses in Cedar Mills. This evaluation identified one house in Cedar Mills that was very deteriorated, and a possible candidate for demolition and clearance. However, there were also five houses identified as needing major repair, and it is possible that these structures may deteriorate further in the future.

**Recommendation:** Ongoing efforts to clear severely substandard structures are encouraged. This will help to enhance the appearance and appeal of the community as a residential location. Cleared lots could then be offered as sites for new home construction.