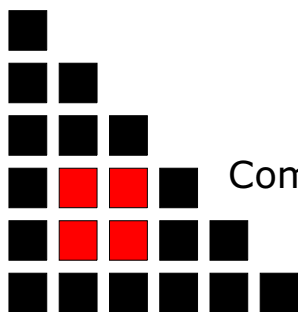


City of Eden Valley HOUSING STUDY

August 2016

An analysis of the overall housing needs
of the City of Eden Valley



Community Partners Research, Inc.
Lake Elmo, MN 55042

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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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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 Eden Valley 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.

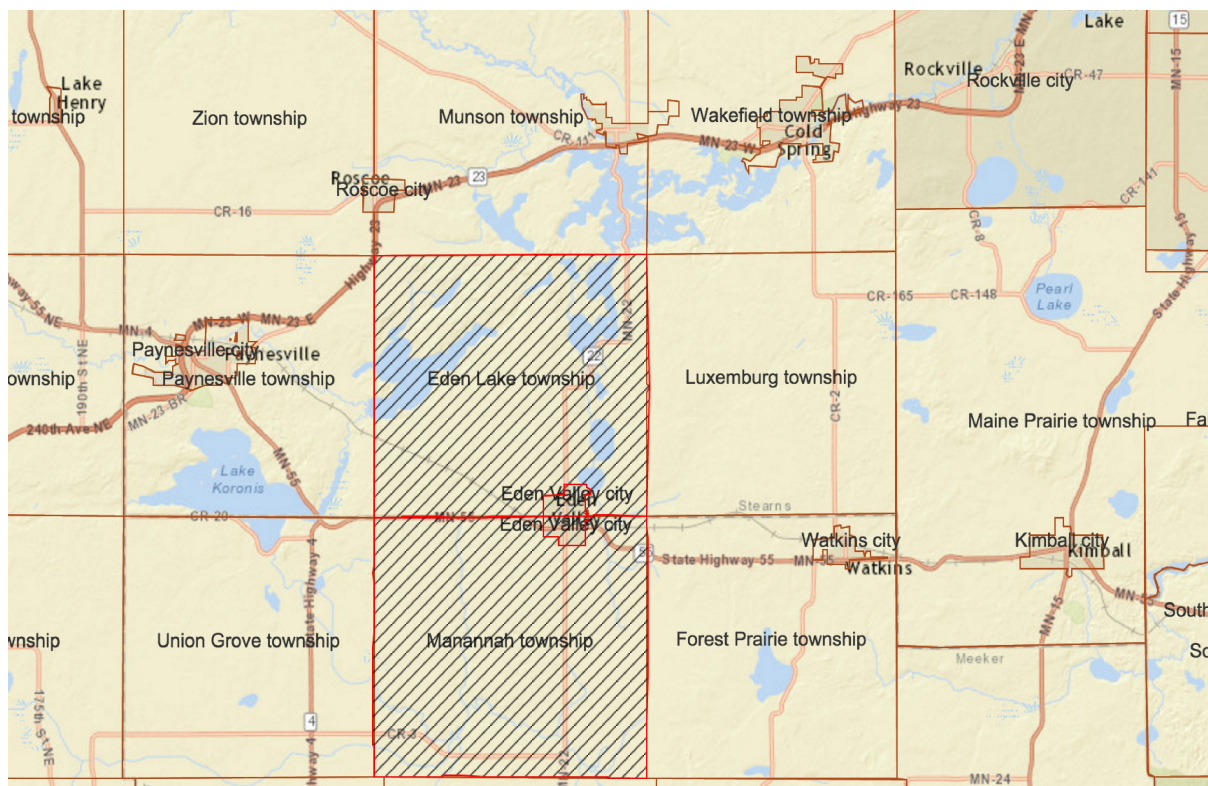
The frequency of American Community Survey estimates vary depending on the size of the jurisdiction. For the City of Eden Valley and for all of Meeker County, the 2014 estimates were the most current at the time of this Study. They were derived from sampling that was done over a five-year period, between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

Eden Valley Market Area Definition

The City of Eden Valley is located in close proximity to other, similar-sized or larger communities, including Watkins (7 miles), Paynesville (11 miles), Richmond (10 miles) and Litchfield (14 miles). As a result, only a limited primary market area surrounds the City that is not impacted by these other nearby communities.

To be consistent with previous housing studies completed for Eden Valley, a primary market area definition includes the City of Eden Valley, Eden Lake Township and Manannah Township. 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.

Table 1 Population Trends - 1990 to 2014						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2014 Estimate
Eden Valley	732	866	18.3%	1,042	20.3%	1,047
Market Area	2,573	3,002	16.7%	3,188	6.2%	3,175
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 Eden Valley has experienced a long-term pattern of population growth, as tracked by the decennial census. However, since 2010, the estimates show that population growth has slowed, with almost no increase over the past four or five years.

According to the Minnesota State Demographer's Office, the resident population in Eden Valley was 1,047 people in 2014, up by only five people from 2010. According to the Census Bureau's annual estimates, Eden Valley's population in 2015 was 1,036 people, down by six people from the 2010 Census.

The population estimate from Esri, a private data reporting service, showed the City's population at 1,074 people in 2015. Based on this estimate, the City has added 32 people between 2010 and 2015.

Although there is some variation, two of the population estimates show some population growth occurring. However, this growth has been limited. On an average basis, these sources show the City adding between two and six people per year since 2010.

Some differences also exist in the recent population trends for the larger Market Area. Esri shows 3,222 people living in the aggregated jurisdictions in 2015, compared to 3,188 in 2010, an increase of 34 people over the five-year time period. Nearly all of the Market Area growth would be located in the Eden Valley.

The State Demographer's 2014 estimate for the Market Area shows a loss of 13 people between 2010 and 2014. The Census Bureau's 2015 estimates show 3,249 people living in the Market Area, up by 61 people from 2010, and higher than Esri's 2015 estimate.

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

Eden Valley's population is primarily White and non-Hispanic. At the time of the 2010 Census, more than 98% of the City's residents identified themselves as White for race, and only 3.2% of City 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, Eden Valley had no group quarter's residents.

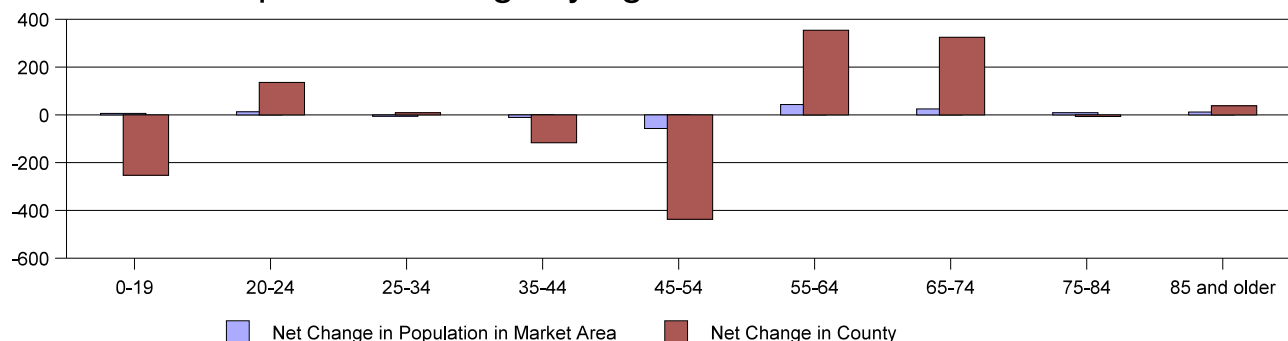
Population by Age Trends: 2010 to 2015

Although Esri's estimates for Eden Valley and the Market Area are somewhat higher than the State Demographer's, Esri does 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 Eden Valley Market Area and for all of Meeker County.

Table 2 Population by Age - 2010 to 2015						
Age	Eden Valley Market Area			Meeker County		
	2010	2015	Change	2010	2015	Change
0-19	911	917	+6	6,406	6,153	-253
20-24	152	165	+13	1,067	1,203	+136
25-34	370	364	-6	2,543	2,552	+9
35-44	402	391	-11	2,709	2,592	-117
45-54	490	433	-57	3,645	3,208	-437
55-64	381	424	+43	3,095	3,449	+354
65-74	285	310	+25	1,947	2,272	+325
75-84	154	163	+9	1,290	1,283	-7
85+	43	55	+12	598	636	+38
Total	3,188	3,222	+34	23,300	23,348	+48

Source: U.S. Census; Esri

Population Change by Age Between 2010 and 2015



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 Eden Valley area. Between 2010 and 2015, the Eden Valley Market Area had a net gain of only 34 people according to Esri, but added nearly 90 people in the age ranges 55 and older. This was then offset by a reduction of 55 people age 54 and younger.

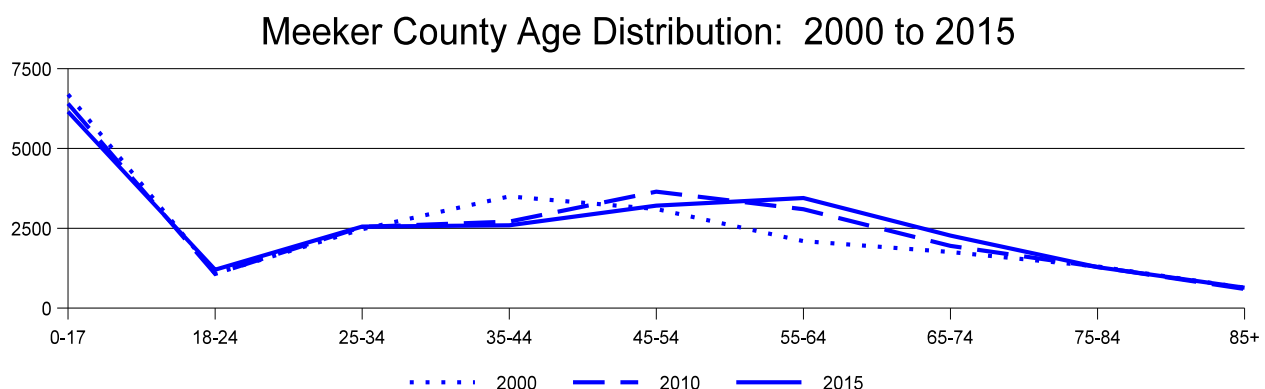
Within the younger age groups, Esri believes that the young adult age range between 20 to 24 years old increased in size between 2010 and 2015. Some additional growth occurred among children, age 19 and younger. Each of the other younger age ranges decreased in size.

In the older adult ranges, most of the growth has been in the 10-year group between 55 and 64 years old. In 2015, many of the baby boomers were within this age cohort.

Age progression patterns for all of Meeker County were often similar to the changes in the Eden Valley 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 15 years to see the advancing ‘wave’ created by the baby boom age ranges.



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.

Table 3 Household Trends - 1980 to 2014						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2014 Estimate
Eden Valley	306	360	17.6%	434	20.6%	437
Market Area	902	1,099	21.8%	1,227	11.6%	1,225
Meeker County	7,651	8,590	12.3%	9,176	6.8%	9,185

Source: U.S. Census; MN State Demographer

Eden Valley and the surrounding townships experienced significant household growth in recent decades. However, after 2010, the rate of growth has largely stopped, based on most of the recent estimates.

According to the State Demographer's estimate, the City has added only three households from 2010 to 2014. However, Esri believes that the City has added 17 resident households from 2010 to 2015.

While Esri's 2015 household estimate for Eden Valley may be accurate, growth in households would significantly exceed growth in the City's housing stock over the past five years. To reach this level of household growth, some formerly vacant units would now need to be occupied.

When the entire Eden Valley Market Area was analyzed, the Demographer tracked a loss of two households between 2010 and 2014. Esri estimates growth of 24 households from 2010 to 2015, with most of the net growth attributable to the City of Eden Valley.

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

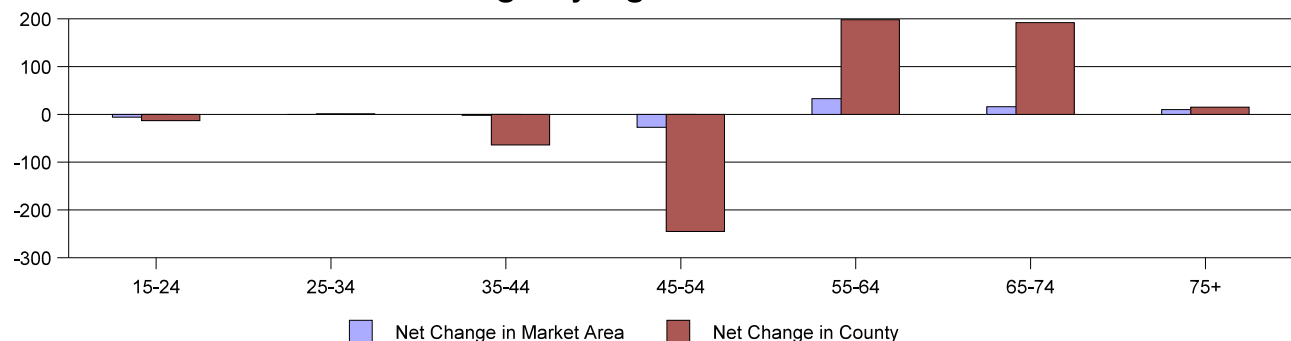
Esri has slightly higher household estimates than from the State Demographer's, but the Esri estimates also include a level of detail not available elsewhere. The following table uses the Esri data to compare households by age of householder in 2010 and 2015, along with the numeric changes.

Table 4 Households by Age - 2010 to 2015						
Age	Eden Valley Market Area			Meeker County		
	2010	2015	Change	2010	2015	Change
15-24	41	35	-6	309	296	-13
25-34	168	168	0	1,198	1,199	+1
35-44	224	222	-2	1,448	1,384	-64
45-54	267	240	-27	1,998	1,753	-245
55-64	223	256	+33	1,763	1,961	+198
65-74	164	180	+16	1,199	1,391	+192
75+	140	150	+10	1,261	1,276	+15
Total	1,227	1,251	+24	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 Eden Valley Market Area, the largest net growth in households occurred in the 10-year age group between 55 and 64 years old.

Household Change by Age Between 2010 and 2015



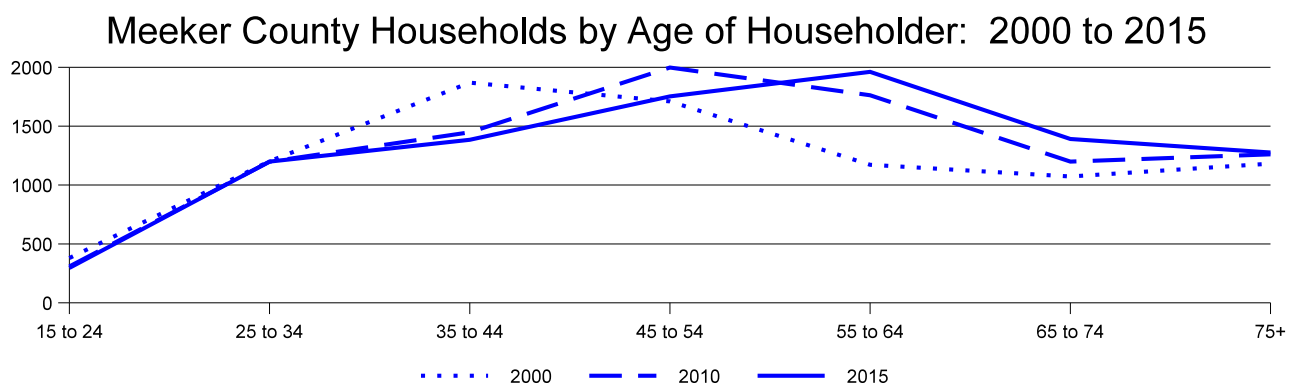
For the Eden Valley Market Area, each of the defined age ranges 55 and older added some households over the last five years according to Esri. However, none of the younger age ranges experienced any growth, and there was a reduction in the number of households age 54 and younger. The biggest decline occurred in the 45 to 54 year old range.

Overall, the estimates show that the Market Area had an increase of 59 households age 55 and older, but a reduction of 35 households age 54 and younger.

Patterns were generally similar Countywide, as increases occurred 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.

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.



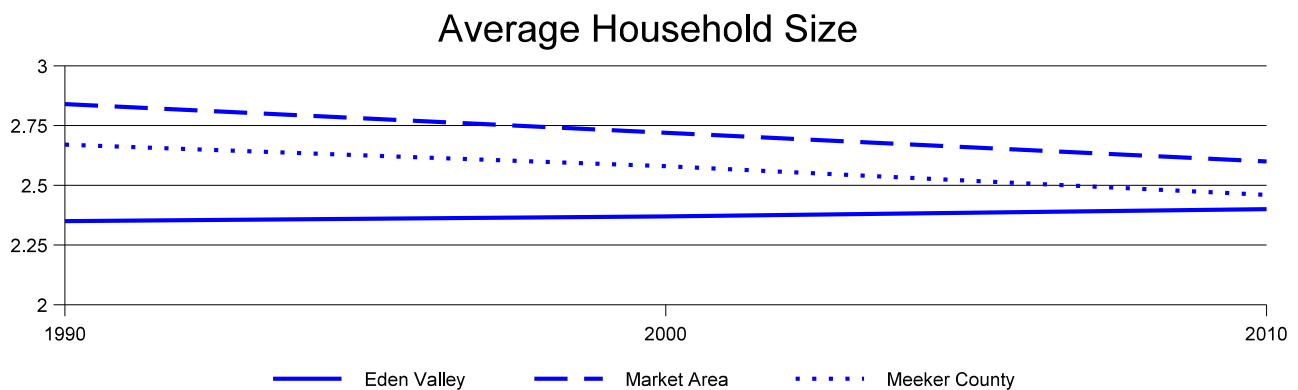
Average Household Size

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

Table 5 Average Number of Persons Per Household 1990 to 2014				
	1990 Census	2000 Census	2010 Census	2014 Estimate
Eden Valley	2.35	2.37	2.40	2.40
Market Area	2.84	2.72	2.60	2.59
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.



For the City of Eden Valley, the average household size has actually increased over time, from 2.35 persons per household in 1990, to 2.40 persons in 2014. During this same time, the average size for the entire Market Area has been steadily decreasing, but still remains large by comparative standards.

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

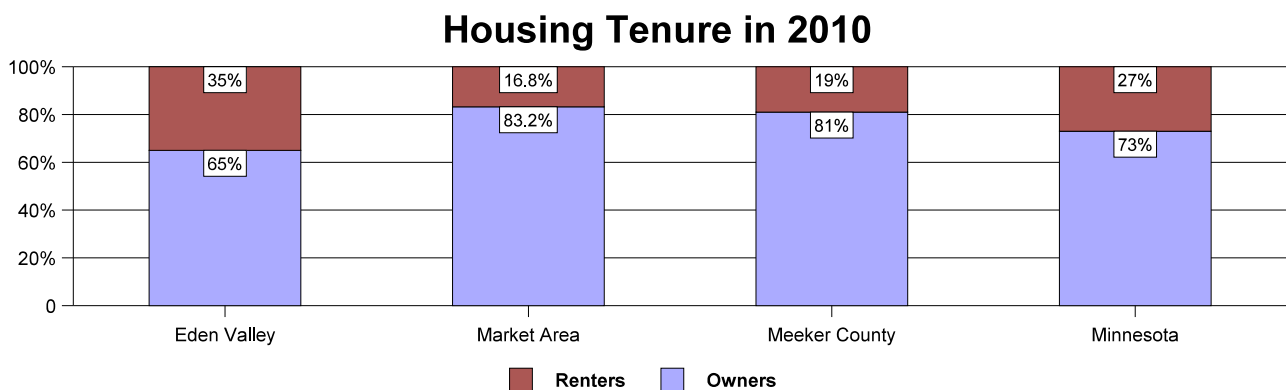
Housing Tenure

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.

Table 6 Household Tenure - 2010				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
City of Eden Valley	282	65.0%	152	35.0%
Market Area	1,021	83.2%	206	16.8%
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 Eden Valley was 65%, with the remaining 35% of households renting their unit. When the entire Eden Valley Market Area aggregation was reviewed, the home ownership rate increased substantially to more than 83%, 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	Eden Valley			Meeker County		
	2000	2010	Change	2000	2010	Change
Owners	252	282	+30	7,018	7,437	+419
Renters	108	152	+44	1,572	1,739	+167
Total	360	434	+74	8,590	9,176	+586

Source: U.S. Census

The rental tenure rate for Eden Valley increased over the last decade, as the City added more renters than owner-occupants. At the time of the 2000 Census, the City's rental tenure rate was 30%. By 2010, it had increased to 35%.

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

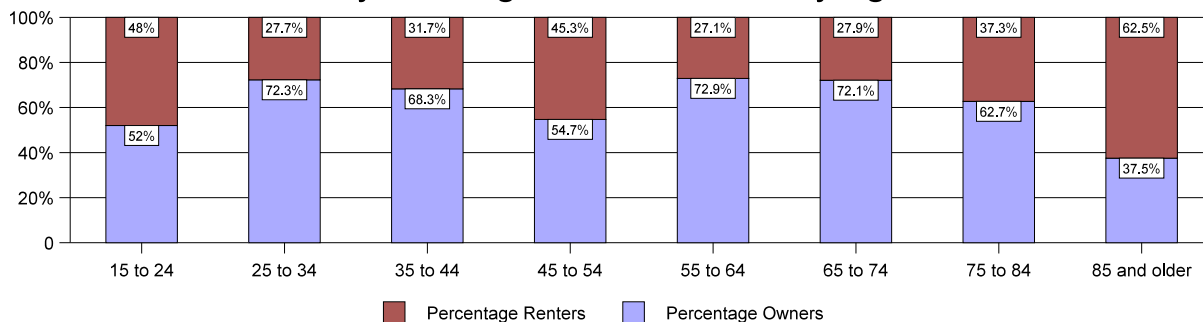
Tenure by Age of Householder

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 Eden Valley.

Table 8 Eden Valley Tenure by Age of Householder - 2010				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	13	52.0%	12	48.0%
25-34	60	72.3%	23	27.7%
35-44	56	68.3%	26	31.7%
45-54	41	54.7%	34	45.3%
55-64	43	72.9%	16	27.1%
65-74	31	72.1%	12	27.9%
75-84	32	62.7%	19	37.3%
85+	6	37.5%	10	62.5%
Total	282	65.0%	152	35.0%

Source: U.S. Census

Eden Valley Housing Tenure Patterns by Age in 2010



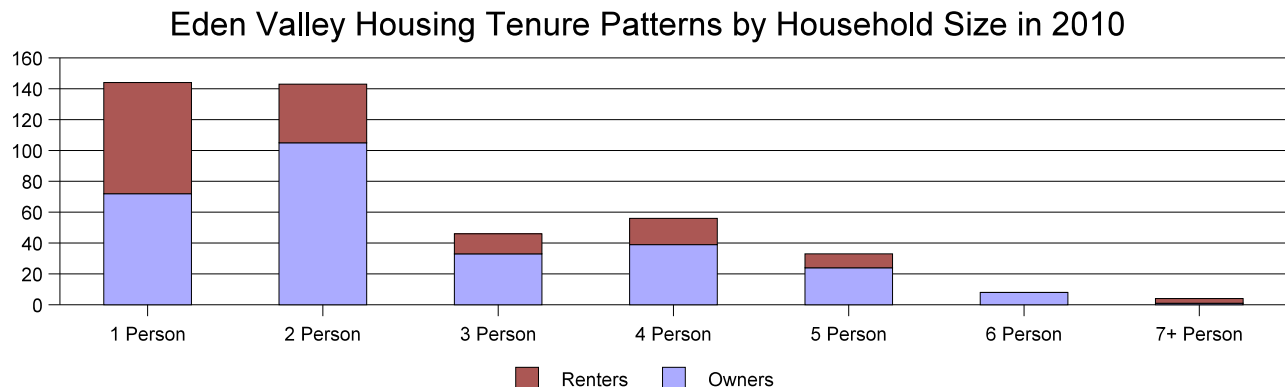
Within the defined age ranges, typical tenure patterns were generally present, with households at the lowest and highest ends of the age spectrum showing higher rates of renter-occupancy. The notable exception was the 45 to 54 year old range, where the home ownership rate was below 55%. For the other age ranges between 25 and 84 years old, the rates of home ownership were above 62%.

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 Eden Valley.

Table 9 Eden Valley Tenure by Household Size: 2000 to 2010						
Household Size	Owners			Renters		
	2000	2010	Change	2000	2010	Change
1-Person	63	72	+9	54	72	+18
2-Person	84	105	+21	38	38	0
3-Person	38	33	-5	7	13	+6
4-Person	39	39	0	5	17	+12
5-Person	11	24	+13	4	9	+5
6-Person	15	8	-7	0	0	0
7-Persons+	2	1	-1	0	3	+3
Total	252	282	+30	108	152	+44

Source: U.S. Census



Although most households in Eden Valley have only one or two members, there was some growth in the number of larger households with four or members in the prior decade. However, among both home owners, two person households had the largest numeric increase, while among renters, one person households had the most numeric growth.

At the time of the 2010 Census, nearly 63% of all home owners and more than 72% of all renter households 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 Eden Valley 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.

Table 10 Median Income - 2010 to 2014			
	2010 Median	2014 Median	% Change
Households			
Eden Valley	\$32,411	\$31,708	-2.2%
Meeker County	\$51,173	\$54,049	5.6%
Minnesota	\$57,243	\$60,828	6.3%
Families			
Eden Valley	\$52,404	\$49,405	-5.7%
Meeker County	\$59,495	\$65,247	9.7%
Minnesota	\$71,307	\$76,190	6.8%

Source: American Community Survey 5-year survey

Income information contained in the American Community Survey showed that the median household income within the City of Eden Valley has decreased slightly in recent years. When compared to the level estimated in 2010, the City's median household income decreased by more than 2%. The median family income decreased by nearly 6% over that time. The City's median household and family income levels remained well below the comparable countywide and statewide medians.

Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in Eden Valley could afford approximately \$795 per month for ownership or rental housing in 2014.

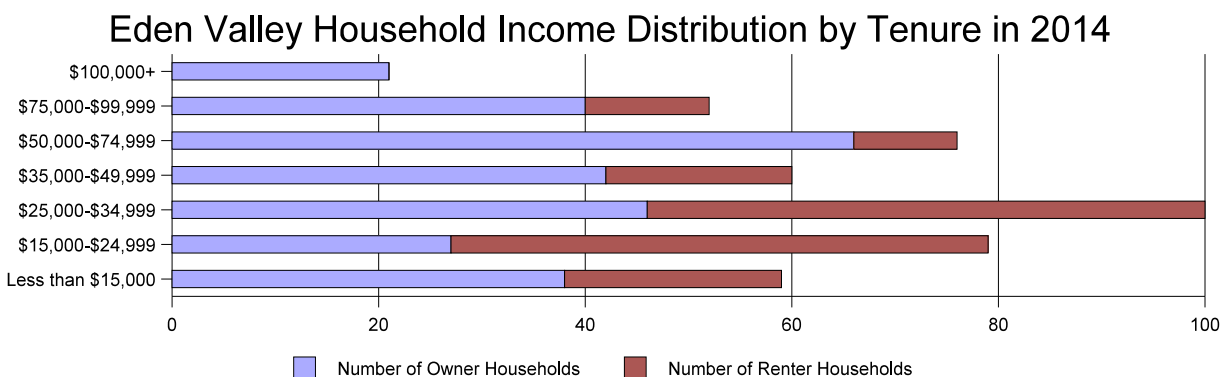
Eden Valley Income Distribution by Housing Tenure

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

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 Eden Valley, the American Community Survey estimate appears reasonably accurate. The ACS estimated that 447 households were present, while the State Demographer believed that 437 households were present. The ACS estimates also appear to be relatively accurate for both owner and renter households, when compared to the tenure distribution present at the time of the 2010 Census.

Table 11 Eden Valley Income Distribution by Tenure - 2014			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	38	21	59
\$15,000 - \$24,999	27	52	79
\$25,000 - \$34,999	46	54	100
\$35,000 - \$49,999	42	18	60
\$50,000 - \$74,999	66	10	76
\$75,000 - \$99,999	40	12	52
\$100,000+	21	0	21
Total	280	167	447

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.

In 2014, approximately 76% of renter households in Eden Valley had an annual income below \$35,000. At 30% of income, these low and moderate income renter households would have \$875, or less, that could be applied to monthly housing costs.

Owner households generally had a higher income level. More than 60% of owner households had an annual income of \$35,000 or more. However, nearly 40% of all owner households had an annual income below \$35,000, and had a limited amount that could be applied to housing costs.

According to the American Community Survey, the median household income level for all renters in 2014 was \$26,382, while the median income for home owners was \$45,227.

2014 Estimated Income and Housing Costs - Renters

The American Community Survey also collected information on housing costs. The following table provides data on the number of renter households that are paying different percentages of their gross household income for housing in the City of Eden Valley.

Table 12 Gross Rent as a Percentage of Household Income - Eden Valley		
Percent of Income for Housing	Number of Renter Households	Percent of all Renter Households
Less than 20%	55	32.9%
20% to 29.9%	27	16.2%
30% to 34.9%	4	2.4%
35% or more	78	46.7%
Not Computed	3	1.8%
Total	167	100%

Source: 2014 American Community Survey

Federal standards for rent subsidy programs generally identify 30% of household income as the maximum household contribution. When more than 30% of income is required, this is often called a “rent burden”. When more than 35% is required, this can be considered a “severe rent burden”.

According to the American Community Survey, more than 49% of all renters in the City were paying 30% or more of their income for rent. Nearly all of these households were actually paying 35% or more of their income for housing.

Although a housing cost burden could be caused by either high housing costs or low household income, in Eden Valley it was primarily due to lower income levels for renters. All of the renter households with a housing cost burden had an annual household income below \$35,000. To avoid a cost burden, these lower income households would have needed a unit with a gross monthly rent of \$875 or less, and many would have needed a monthly rent below \$500.

2014 Estimated Income and Housing Costs - Owners

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

Table 13 Ownership Costs as a Percentage of Income - Eden Valley		
Percentage of Household Income for Housing Costs	Number of Owner Households 2014	Percent of All Owner Households 2014
0% to 19.9%	108	38.6%
20% to 29.9%	56	20.0%
30% to 34.9%	27	9.6%
35% or more	89	31.8%
Not Computed	0	0%
Total	280	100%

Source: 2014 ACS

Most owner-occupants, which would include both households with and without a mortgage, reported paying less than 30% of their income for housing. However, nearly 38% 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. However, nearly 22% of owners reporting a cost burden had no mortgage. In these cases, it was generally a low annual income that has caused the cost burden, such as a retiree that lived on a fixed income.

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 year 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.

Table 14 Population Projections Through 2020				
	Esri Projection		State Demographer	
	2015 Estimate	2020 Projection	2014 Estimate	2020 Projection
Eden Valley	1,074	1,111	1,047	1,079
Market Area	3,222	3,287	3,175	N/A
Meeker County	23,348	23,523	23,122	24,185

Source: Esri, Inc.; MN State Demographer

As stated previously, Esri's 2015 population estimate for Eden Valley does show some minor population growth since 2010. Based on their current-year estimate, Esri also projects some limited population growth continuing through the year 2020. However, the annual expected growth would be an average of 7 to 8 people per year.

The 2020 projection from the State Demographer had also expected the City to have some minor population growth between 2010 and 2020. However, through 2014, the City has added only five people, according to the Demographer. To reach the original projection, the City would need to add more than five people per year for the remainder of the decade.

For the entire Eden Valley Market Area, Esri expects that 65 people will be added between 2015 and 2020, or an average of approximately 13 people per year. This projection would expect the population growth to occur both inside and outside of the Eden Valley city limits.

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.

Table 15 Household Projections Through 2020				
	Esri		State Demographer	
	2015 Estimate	2020 Projection	2014 Estimate	2020 Projection
Eden Valley	451	469	437	453*
Market Area	1,251	1,283	1,225	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 Eden Valley will add 18 households between 2015 and 2020. This is a continuation of the pattern of recent growth, as estimated by Esri, which shows that Eden Valley added 17 households from 2010 to 2015.

The State Demographer has not been tracking as much recent growth within the City of Eden Valley. However, their projection to the year 2020 did expect the addition of people and households. Over the course of the current decade, the extrapolated projections would yield average annual growth of approximately two households in a typical year. However, through 2014, less than one household per year had been added. To now reach the 2020 projection, the City would need to add approximately three to four households per year for the remainder of the decade.

For the entire Market Area, Esri projections show total growth of 32 households over a five-year period, or approximately six households in an average year. This growth would be expected primarily in Eden Valley with some additional households in the townships that border Eden Valley. No household projection for the Market Area 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

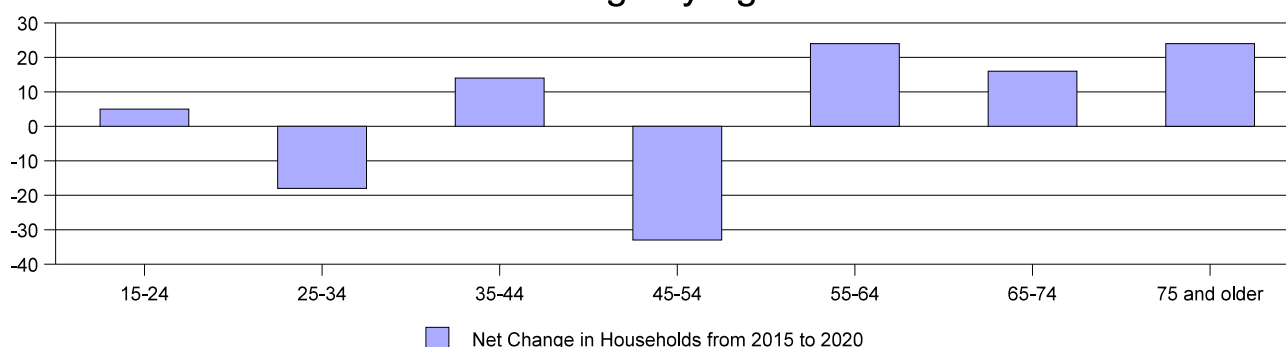
Esri has generated age-based projections for households to the year 2020. These projections can be compared to the data contained in the 2015 Esri estimate to examine the change projected over the next few years. These age-based forecasts are for the entire Eden Valley Market Area.

Table 16 Market Area Projected Households by Age - 2015 to 2020

Age	2015 Estimate	2020 Projection	Numeric Change
15-24	35	40	+5
25-34	168	150	-18
35-44	222	236	+14
45-54	240	207	-33
55-64	256	280	+24
65-74	180	196	+16
75+	150	174	+24
Total	1,251	1,283	+32

Source: Esri; Community Partners Research, Inc.

Market Area 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 two defined age groups. The largest net growth should occur among households age 55 to 64 years old and households age 75 and older. 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

Like many smaller communities in Minnesota, Eden Valley has had limited new housing construction activity over the past few years. In the early part of the previous decade, there had been a much higher level of housing construction, but after the housing market crash of the late 2000s, home building slowed significantly. The following table uses information from the U.S. Census Bureau on annual building permit issuance from 2000 through 2015.

Table 17 Eden Valley Housing Construction Activity: 2000 to 2015				
Year	Single Family	2 Unit Structure	Multifamily	Total Units
2015	1	0	0	1
2014	1	0	0	1
2013	1	0	0	1
2012	1	0	0	1
2011	2	0	0	2
2010	0	0	0	0
2010-2015 Total	6	0	0	6
2000-2009 Total	70	0	20	90

Source: U. S. Census Bureau; City of Eden Valley

Since 2010, only six new single family houses have been built in Eden Valley. In the prior decade, as many as 70 single family houses were constructed, primarily before 2008.

Two rental projects can be identified. In 2002, there were eight units constructed as part of the County EDA's market rate rental development project. A 12-unit market rate apartment project known as Premier Apartments, was constructed in 2003. Some additional multifamily rental development occurred in the late 1990s, including a City-owned project.

At the time of the 2000 Census, there were 376 housing units recorded in Eden Valley. By 2010, there were 485 housing units counted in the City. Based on this reconciliation, there were 109 total units added during the decade. This total is higher than the 90 units that can be tracked through annual building permit reports during the decade. However, it is possible that one multifamily project constructed in the late 1990s may not have been completed when the 2000 Census was conducted, and therefore may not have been counted at that time.

Between 2000 and 2010, the City added 30 home owners and 44 renter-occupancy households. This tenure change did not mirror the new construction activity, as most of the new housing that was built was in single family houses. At the same time, more renters were added than multifamily units. This would imply that some level of tenure conversion occurred, as houses that had once been used for owner-occupancy were changed to rental use.

Median Year of Construction

The 2014 American Community Survey included an estimate of the median year of construction for housing. In Eden Valley, the median year for owner-occupancy units was 1962. The median year of construction for rental housing was 1989.

The age of the owner-occupancy housing stock in Eden Valley 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, approximately 71% of the housing units in Eden Valley were identified as one-unit structures, such as single family detached houses or mobile homes.

The City does have a number of multifamily rental buildings, but each of these has fewer than 20 units. The American Community Survey estimated that nearly 29% of all housing options were in multiple unit structures with two or more units.

Mobile Homes

According to City staff, there is one mobile home park in Eden Valley. Approximately 33 mobile homes are present in 2016. There are as many as five vacant lots. At the time of the 2000 Census, when the last official unit count occurred, there were 48 mobile homes in the City, so over time, some mobile homes appear to have been removed.

Municipal Services

According to City staff, Eden Valley's municipal sewer and water systems are in good condition with adequate capacity to accommodate future growth.

Residential Lots

According to City staff, Eden Valley has two active subdivisions with available residential lots.

The largest subdivision is ***Sunny Meadows***, which was initially developed in the 2000s. This area has an estimated inventory of eight to ten lots. It is privately-owned.

The second subdivision is ***Jack's Addition***, with four or five remaining lots. This subdivision was also created in the 2000s, and went into default and tax forfeiture, when market conditions slowed. However, it is now back in private ownership.

Existing Home Sales

This section examines houses that have been sold within recent years in the City of Eden Valley. 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 Eden Valley, 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.

Table 18 Eden Valley Residential Sales Activity - 2010 to 2016*

Sales Year	Number of Sales	Median Price	Highest Sale	Lowest Sale
2016 (partial)	0	-	-	-
2015	9	\$99,000	\$215,000	\$65,000
2014	6	\$85,500	\$165,000	\$50,100
2013	5	\$141,000	\$190,000	\$99,900
2012	7	\$69,500	\$119,900	\$38,000
2011	1	\$109,000	-	-
2010	7	\$85,000	\$115,000	\$80,000

Source: Meeker County Assessor; Community Partners Research, Inc.

Home prices in Eden Valley are generally in a moderate price range, although few sales exist in any single 12-month time period. Over the past six full years, with the exception of 2013, the median price has typically been between \$85,000 and \$110,000.

Consistent with the moderate median sale price, there has only been one sale since 2010 for more than \$200,000, when a sale for \$215,000 was recorded in 2015.

Very few low valued sales also occur, as only one year had a sale for less than \$50,000.

An alternate home value estimate exists in the 2014 American Community Survey. Based on the sampling of home owners, the estimated median value was \$91,700, an amount that is similar to recent sales medians.

Recent Home Sales by Price Range

The following table looks at single family houses that sold in 2014 and 2015 in Eden Valley by defined price ranges. This information is from Meeker County's sales records.

Table 19 Eden Valley Home Sales by Price Range: 2014-2015		
Sale Price	Number of Sales	Percent of Sales
Less than \$75,000	4	26.7%
\$75,000 - \$99,999	6	40.0%
\$100,000 - \$124,999	1	6.7%
\$125,000 - \$149,999	1	6.7%
\$150,000 - \$174,999	2	13.3%
\$175,000 - \$199,999	0	0%
\$200,000 - \$224,999	1	6.7%
\$225,000+	0	0%
Total	15	100%

Source: Meeker County Assessor; Community Partners Research, Inc.

While there was a broad distribution for home sale prices in 2014 and 2015, 67% of the sales were below \$100,000. Only three recent sales were for \$150,000 or more.

Active Residential Listings

The website Realtor.com, maintained by the National Association of Realtors, was used to collect information on active residential real estate listings in Eden Valley. A review in May 2016 found 8 single family homes listed for sale. There were a few additional properties that appeared to be outside of the city limits but with an Eden Valley mailing address.

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 are other properties that are posted for sale in Eden Valley that would not be part of the MLS, including most homes being offered "for sale by owner".

The following table examines the MLS listings by listing price. It includes all types of homes as posted on Realtor.com, including the attached single family units. Some of the listings were identified as foreclosures.

Table 20 Eden Valley Active MLS Listings by Price - May 2016		
Asking Price	Number of Listings	Percent of Listings
Less than \$100,000	4	50%
\$100,000 - \$124,999	0	0%
\$125,000 - \$149,999	1	12.5%
\$150,000 - \$174,999	1	12.5%
\$175,000 - \$199,999	2	25%
\$200,000+	0	0%
Total	8	100%

Source: Realtor.com; Community Partners Research, Inc.

Based on the listings on Realtor.com, half of the houses being offered for sale were priced below \$100,000. There were three houses priced at \$150,000 or more.

One of the listed houses was identified as a foreclosure property. The two highest-priced houses were listed as 2015 construction, and may be speculative homes.

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.

Table 21 Meeker County Home Foreclosures - 2005 to 2013									
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 20th 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 single family/duplex houses and mobile homes in Eden Valley. Houses that appeared to contain three or more residential units were excluded from the survey.

The community was divided into three neighborhoods, as defined below. The newest portions of the City were not included in the survey.

Neighborhood #1: North border - Coleman Avenue East
 South border - Meeker Avenue
 East border - Bell Street North (not Sunny Meadows)
 West border - State Street North

Neighborhood #2: North border - Meeker Avenue
 South border - City limits
 East border - State Street South
 West border - City limits

Neighborhood #3: North border - Stearns Avenue
 South border - Meeker Avenue
 East border - State Street North
 West border - City limits

Structures were categorized in one of four levels of physical condition, Sound, Minor Repair, Major Repair, and Dilapidated, as defined below. The 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.

Table 22 Windshield Survey Condition Estimate - 2016

Neighborhood	Sound	Minor Repair	Major Repair	Dilapidated	Total
#1	15/28.81%	24/46.2%	10/19.2%	3/5.8%	52
#2	21/42.9%	20/40.8%	7/14.3%	1/2.0%	49
#3	17/35.4%	14/29.2%	15/31.2%	2/4.2%	48
Total	53/35.6%	58/38.9%	32/21.5%	6/4.0%	149

Source: Community Partners Research, Inc.

In total, 149 single family-style houses were viewed and rated in Eden Valley.

Nearly 75% of all rated houses were in the top two condition categories, with nearly 36% rated as sound, and nearly 39% rated as needing only minor repair. It should be noted that the percentage of sound houses would be higher if the newest areas of the City were included.

There were 32 houses that were rated as needing major repair. Depending on the actual value of these houses, they may not be economically feasible to rehabilitate.

There were six houses rated as dilapidated, the lowest rating used. After a more detailed analysis, these structures may be suitable for clearance.

There were also 33 mobile homes in Eden Terrace Park in Watkins that were also viewed and rated.

Table 23 Mobile Home Survey Condition Estimate - 2016

	Sound	Minor Repair	Major Repair	Dilapidated	Total
Mobile Homes	13/39.4%	13/39.4%	5/15.1%	2/6.1%	33

Source: Community Partners Research, Inc.

Nearly 79% of the mobile homes in Eden Valley were rated as sound or minor repair, the two highest condition categories.

There were five mobile homes rated as needing major repair, and two mobile homes rated as dilapidated.

Rental Housing Data

According to the 2010 Census, the City of Eden Valley had 152 occupied rental housing units, and at least 21 unoccupied rental units, for a total estimated rental inventory of 173 units. The City's rental tenure rate was 35% in 2010, above the Statewide rental rate of 27%.

At the time of 2000 Census, Eden Valley had 108 occupied rental units, and at least eight vacant units, for a total rental housing inventory of 116 units. The City's percentage of occupied rental units in 2000, at 30%, was also above the Statewide rate of 25.4%.

Based on a reconciliation of Census data, the City added 44 renter-occupancy households, and at least 57 rental housing units over the previous decade. During the decade there was some limited development of new rental housing in Eden Valley, as the eight EDA units and the 12-unit Premier Apartments were constructed. No other multifamily construction can be identified from building permit reports. There were some additional rental projects in the late 1990s, but these should have been counted in the 2000 Census.

Based on the net gain in renter households and units as counted by the Census, it is probable that a significant level of unit conversion occurred, as units that had formerly been owner-occupied were changed to rental use. The belief that units changed from owner to renter-occupancy is supported by statistics on home ownership. Between 2000 and 2009, there were approximately 70 single family houses that were issued a building permit in Eden Valley. All of these houses should have been available for occupancy when the Census was conducted in April 2010.

However, during the decade from 2000 to 2010, the City had an increase of only 30 owner-occupancy households, approximately 40 lower than the estimated level of new single family construction. This would imply that much of the net gain of 57 rental units in Eden Valley was the result of single family housing/mobile homes being converted into rental use. While new houses were built, older homes were being acquired for use as rental housing.

Construction After 2010

Since the 2010 Census was completed, no new traditional rental housing construction has occurred, based on building permit reports. While it is possible that some minor unit conversion/unit removal has occurred since 2010, it is assumed that the City's total rental inventory in 2016 is generally similar to the level that existed at the time of the 2010 Census.

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. The table that follows presents information for market rate, tax credit and subsidized projects separately.

There were 87 housing units of all types that were contacted in the survey. This represents approximately 50% of the City's estimated total of rental housing.

The units that were successfully contacted include:

- ▶ 74 market rate units
- ▶ 5 moderate rent tax credit units
- ▶ 8 subsidized units

The findings of the survey for different market segments are provided below.

Market Rate Summary

Usable information was available from nine different market rate properties with a combined total of 74 market rate units. All of the individual properties contained three or more rental units.

One of the projects, Brookview Apartments, is senior-designated, but does provide market rate housing.

Another project, Eden Place Apartments, is a mixed-income project, with seven market rate units, and five units that are income-restricted through the tax credit program.

Unit Mix

Specific unit mix information was available for most of the market rate units. However, in Eden Place, the market rate units are not specifically defined. Excluding Eden Place, the bedroom mix is as follows:

- ▶ One-bedroom - 34 units (50.7%)
- ▶ Two-bedroom - 33 units (49.3%)

Occupancy / Vacancy

Within the market rate multifamily segment there were three units reported as vacant on the date of the survey. There were an additional five units that were intentionally kept vacant to allow for repairs. The intentionally vacant units have not been used in the calculation. As a result, the estimated vacancy rate was 4.9%.

It should be noted that some of the vacancies were identified as units that had recently turned over. Most of the owners/managers reported good demand, with a high annual occupancy rate.

Rental Rates

Rental units may include the primary utility payments within the contract rent, or the tenant may be required to pay some utilities separately, in addition to the contract rent. In the following summary, Community Partners Research has attempted to estimate the gross rents inclusive of the tenant-paid utilities.

The lowest and highest gross rents have been listed, as reported to the telephone survey.

<u>Unit Type</u>	<u>Lowest/Highest Gross Rents</u>
1-bedroom	\$335-\$665
2-bedroom	\$430-\$875
3-bedroom	\$680

It is important to note that there can be significant variation in the age and style of units reflected in the rent ranges above.

Tax Credit Summary

Since the late 1980s, the primary federal incentive program for the production of affordable rental housing has been through federal low income housing tax credits, also referred to as Section 42 housing. In Minnesota, tax credits are awarded annually on a competitive basis.

There has only been one tax credit project that was funded in all of Meeker County, the Terraceview Townhomes project in Litchfield in 1997.

However, there is a tax credit project in the Stearns County portion of Eden Valley. Eden Place Apartments was awarded credits in 1997, and offers mixed income housing, with seven market rate units, and five units subject to the restrictions of the tax credit program.

In 2013, Eden Place entered its extended compliance phase as tax credit housing. Due to a poor occupancy history, the building was allowed to convert to a mixed-income project, with seven market rate units and only five units under the tax credit restrictions. During the extended compliance period, rent restrictions still apply to the five remaining tax credit units, and new tenants must be income-certified, but some requirements are eased for existing tenants.

Unit Mix

All of the units in Eden Place have two or three bedrooms. The bedroom distribution between tax credit and market rate tenants is not defined, but changes depending upon the income level.

Occupancy / Vacancy

At the time of the rental survey, all of the tax credit units were occupied. However, poor occupancy in the past had resulted in seven units being converted from income-restricted to market rate housing. According to the property manager, finding tenants that are income-qualified can be a challenge, as many applicants are over the income limits while others do not have an income that is sufficiently high to afford the monthly rent.

Rental Rates

The monthly contract rent in Eden Place includes heat, water, sewer and garbage, with tenants paying electricity. The estimated gross monthly rent would be approximately \$575 for a two-bedroom, and \$660 for a three-bedroom. These monthly rents are well below the maximums established for Stearns County in the tax credit program. This is probably in response to market forces, as the units need to remain competitive with other rental options in the community.

Subsidized Summary

Eden Valley has two rental projects that provide subsidized rental housing for lower income people. Eden Brook Apartments offers subsidized housing for senior and/or disabled tenants, and has eight one-bedroom units. Hillside Apartments is currently subsidized through HUD, and offers general occupancy housing. Hillside had originally been constructed for senior/disabled occupancy, and all units have only one bedroom.

Unit Mix

All 16 subsidized units in Eden Valley have only one bedroom. Both projects were originally designed for senior/disabled tenants, but Hillside later converted to general occupancy housing.

Occupancy / Vacancy

The rental survey found no vacant units in either Eden Valley or Hillside. However, neither project had an existing waiting list, and the managers indicated that vacancies can occur at unit turnover due to limited demand.

Rental Rates

All 16 of the subsidized units in Eden Valley can access project-based rent assistance, allowing rent based on 30% of income.

Tenant-based Rent Assistance Vouchers

In addition to the subsidized projects with project-based rent subsidies, Eden Valley also has two households being assisted with HUD Housing Choice Vouchers in 2016. Since this rent assistance is tenant-based, and moves with the household, the actual number of participating households within the City can vary from month to month.

Voucher assistance is issued to income-eligible households for use in suitable, private market rental housing units. With the assistance, a household pays approximately 30% of their income for their rent, with the program subsidy paying any additional rent amounts. The rent assistance is administered by the Meeker County HRA, which is based in Dassel.

In all of Meeker County, approximately 50 Vouchers are typically in use, primarily in Litchfield. The HRA maintains a waiting list of households looking to secure a rent assistance Voucher. In May 2016, the waiting list had 112 names, and due to its length, was closed to new applicants.

Subsidized Housing Total Inventory

When tenant-based rent assistance is combined with the units in the subsidized projects, there are as many as 18 households with access to some form of subsidized housing. This represents approximately 10% to 12% of all renter households that are estimated to be present in the City in 2016.

Table 24 Eden Valley Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Occupancy Type	Comments
Market Rate					
Bill's Bargain Store	3 - 1 Bedroom 3 - 2 Bedroom 6 Total Units	\$275-\$400 \$365-\$450 +heat, electric	1 vacant unit	Mix of tenants	Older downtown commercial building that was converted into apartments many years ago. Tenants pay electric and electric heat in addition to rent. One unit was vacant at time of survey. Project serves a wide variety of tenants, but most are singles, including people that work locally.
Brookview Apartments 150 Coleman Ave	13 - 1 Bedroom 4 - 2 Bedroom 17 Total Units	\$550-\$625 \$690-\$810 +electric	1 vacant unit, waiting list	Senior- designated	Publicly developed apartment project in 1998 offering senior-designated market rate housing. Rent includes heat, water, sewer and garbage, with tenant paying electric. Attached parking structure for 8 cars at \$50/month. Amenities include stove, refrigerator and wall AC. Building has activity room and free community laundry. One-bedrooms range from 631-721 sq ft and 2-bedrooms from 796-873 sq ft; all have 1 bathroom. Building has good occupancy history with a short waiting list but vacancies can occur especially in winter months when seniors do not want to move.
Eden Place Apartments 150 Hutchinson Ave NE	8 - 2 Bedroom 4 - 3 Bedroom 12 Total Units with 7 market rate and 5 tax credit	\$560 \$635 +electric	No vacant units	Primarily working-age renters	Two-level walkup apartment building constructed in 1997 using low income housing tax credits - due to poor occupancy, the building was recently converted to mixed-income, with 7 market rate and 5 tax credit units, which are reported separately. Located in the Stearns County portion of Eden Valley. Rent includes heat, water, sewer and garbage, with tenant paying electric. Unit amenities include stove, refrigerator, dishwasher and AC. Project amenities include controlled entrance, off-street parking with plug-ins, community laundry and playground. Two-bedrooms have 922 sq ft and 1 bathroom and 2-bedrooms have 1189 sq ft and 2 bathrooms. Full occupancy at time of survey in market rate units. Most tenants are younger, and some work locally while others commute greater distances.

Table 24 Eden Valley Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Occupancy Type	Comments
Market Rate					
Getzkow Apartments	<u>8 - 2 Bedroom</u> 8 Total Units	\$575-\$600 +electric	No vacant units	Mix of tenants	Split-level apartment building constructed in 1970. Rent includes heat, hot water, water sewer and garbage, wit tenant paying electric. Amenities include stove, refrigerator, wall AC and detached garage or storage available for extra fee. No sq ft available but all units have 1 bathroom. Owner reports full occupancy and strong demand, although tenant screening results in rejection of some applicants. Most current tenants are working age, and a mix of working locally and commuting.
Main St Apartments	<u>1 - 1 bedroom</u> <u>2 - 2 Bedroom</u> 3 Total Units	\$430 \$600	1 open unit for repairs	Mix of tenants	Older house that was converted into apartments many years ago. Rent includes utilities. One unit is unoccupied to allow for repairs. Project serves a wide variety of tenants including people that work locally.
364 N Maple St	<u>5 - 2 Bedroom</u> 5 Total Units	\$500-\$800 +heat, electric	4 open units for repairs	Mix of tenants	Older Victorian house that was converted into apartments many years ago - unique units and floor plans. Tenants pay electric and electric heat in addition to rent. A number of tenants were recently evicted, and caused damage - 4 units are unoccupied to allow for repairs. Project serves a wide variety of tenants including people that work locally.
Meeker County Rentals Stearns Ave	<u>8 - 2 Bedroom</u> 8 Total Units	\$660 +utilities	No vacant units, waiting list	Primarily seniors	Publicly-owned market rate rental units constructed in 2002. Units are 1-level townhouse-style with attached garage. Amenities include stove, refrigerator, dishwasher, water softener, and in-unit laundry hookup. Each unit has a furnace and central air unit, with tenant paying all utilities in addition to rent. Two-bedrooms have approx. 1100 sq ft and 1 bathroom. Full occupancy reported and 2-name waiting list. Nearly all current tenants are seniors.

Table 24 Eden Valley Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Occupancy Type	Comments
Market Rate					
Premier Apartments	7 - 1 Bedroom 2 - 1 Bdrm large <u>3 - 2 Bedroom</u> 12 Total Units	\$600 \$700 \$725 +electric	1 vacant unit 1 - 2 Bdrm	9 units are senior- designated age 55+	One-level fully accessible apartment building constructed in 2003. Project is designated for senior/disabled occupancy, but 3 units can be leased to younger tenants. Rent includes all utilities except electricity. Amenities include stove, refrigerator, disposal, custom cabinets, AC and detached garage available for extra fee. Community laundry room onsite. TIF assistance requires most tenants to meet income test, but seniors generally meet these limits. Most 1-bedrooms have 720 sq ft and 2-bedrooms have 880 sq ft; all units have 1 bathroom. High rate of annual occupancy and good demand - 1 unit vacant at time of survey due to recent turnover. Plans exist for a second 12-unit building.
Tax Credit					
Eden Place Apartments 150 Hutchinson Ave NE	8 - 2 Bedroom <u>4 - 3 Bedroom</u> 12 Total Units with 5 tax credit and 7 market rate	\$535 \$610 +electric	No vacant units	Primarily working-age renters	Two-level walkup apartment building constructed in 1997 using low income housing tax credits - due to poor occupancy, the building was recently converted to mixed-income, with 7 market rate and 5 tax credit units, which are reported separately. Project entered extended compliance in 2013. Located in the Stearns County portion of Eden Valley. Rent includes heat, water, sewer and garbage, with tenant paying electric. Unit amenities include stove, refrigerator, dishwasher and AC. Project amenities include controlled entrance, off-street parking with plug-ins, community laundry and playground. Two-bedrooms have 922 sq ft and 1 bathroom and 2-bedrooms have 1189 sq ft and 2 bathrooms. Full occupancy at time of survey in tax credit units - but finding income-qualified people can be difficult. Prior to conversion to mixed-income, persistent vacancy problems had existed. Most tenants are younger, and some work locally while others commute greater distances.

Table 24 Eden Valley Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Occupancy Type	Comments
Subsidized					
Edenbrook Apartments 169 Hambroer St	<u>8 - 1 Bedroom</u> 8 Total Units	30% of income	No vacant units	Senior (55+) /disabled occupancy	Rural Development subsidized apartments for senior/disabled occupancy in one-level building constructed in the early 1980s. All units have project-based rent assistance so all tenants pay at least the basic rent but not more than market rent set for property. Rent calculation includes utilities allowance for tenant-paid electric. Unit amenities include stove, refrigerator. Building amenities include coin laundry and off-street parking. All units have 1 bathroom and 1-bedroom, no sq ft available. No vacant units at time of survey but no waiting list.
Hillside Apartments 349 Coleman Ave	<u>8 - 1 Bedroom</u> 8 Total Units	30% of income	No vacant units	General occupancy	Originally a Rural Development subsidized apartments for senior/disabled occupancy, this project ended its contract with RD and was converted to a HUD subsidized project, with project-based rent assistance for all units. It was also changed to general occupancy housing. Units are in one-level building. Tenants pay rent based on 30% of income, with utility allowance calculated for tenant-paid heat and electric. Amenities include community laundry. All units have one bedroom and one bathroom; no sq ft available. Manager reported full occupancy but no waiting list - vacancies can occur at time of turnover due to limited demand. Most tenants are younger.
Section 8 Housing Choice Vouchers	2 households in Eden Valley	30% of income	N/A	N/A	HUD Housing Choice Vouchers provide tenant-based rent assistance that can be used in any suitable rental unit. Tenant rent contribution is based on 30% of income, with the assistance program paying additional subsidy. In May 2016, there were 2 households in Eden Valley participating in the Meeker County program, with 50 households countywide. Waiting list is closed due to length of 112 names.

Source: Community Partners Research, Inc.

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 Eden Valley. The following table looks at information for the County since 2010.

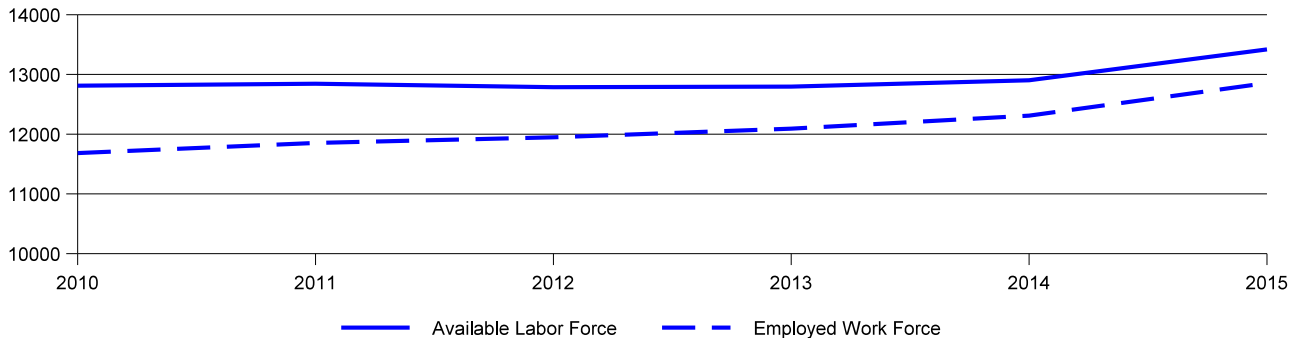
Table 25 Meeker County Labor Statistics: 2010 to 2015						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - MN	Unemployment Rate - US
2010	12,811	11,684	1,127	8.8%	7.4%	9.6%
2011	12,844	11,853	991	7.7%	6.5%	8.9%
2012	12,786	11,948	838	6.6%	5.6%	8.1%
2013	12,797	12,093	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.

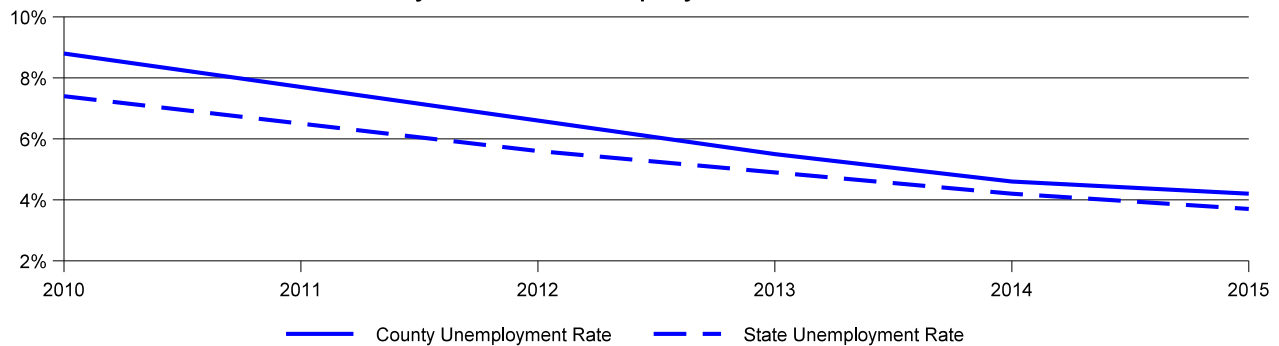
Since 2010, there has been growth in the size of the County's available labor force. If 2015 is compared to the year 2010, the County's resident labor force had increased by 609 people, or 4.8%. However, most of this reported growth occurred between 2014 and 2015. It is possible that some revisions may 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 increased 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, although the County continues to move closer to the Minnesota unemployment rate.

Employment and Wages by Industry

The following table shows the annual employment and average annual wages by major industry sector for jobs within the City of Eden Valley in 2014, the last full year of data. It is important to note that the major employment sectors listed do not represent all employment in the City. Some groups, including self-employment, are not represented.

The table only provides information for the City. The previous table, which provided information on the County's labor force, represents the location of the worker by their home residence, while the following table, represents the location of the job.

Table 26 Eden Valley Average Annual Wages by Industry - 2014		
Industry	Employment	Average Annual Wage
Total All Industry	570	\$29,692
Manufacturing	114	\$39,468
Trade, Transportation, Utilities	92	\$24,752
Professional and Business Services	84	\$42,900
Leisure and Hospitality	67	\$9,776
Public Administration	34	\$8,112

Source: MN Department of Employment and Economic Development

The average annual wage in Eden Valley for all industry in 2014 was \$29,692. This assumes full-time employment for 52 weeks at the average weekly wage rate.

The highest paying wage sectors in Eden Valley were Professional and Business Services and Manufacturing. Both of these sectors had an annual average wage that was greater than \$39,000. Manufacturing was also the largest industry sector for average employment in the City.

The lowest paying wage sectors were Public Administration and Leisure and Hospitality, both with an average annual wage below \$10,000 at full-time employment.

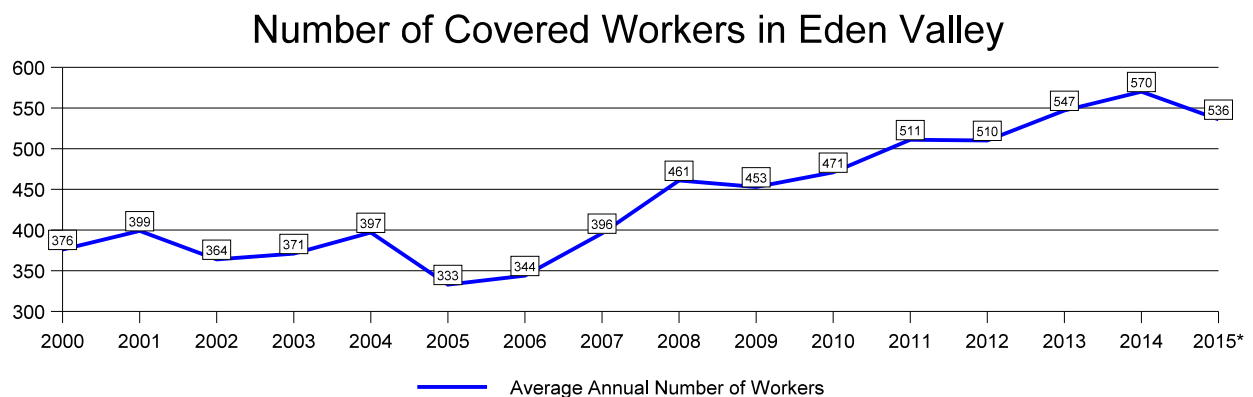
Eden Valley Annual Covered Employment

Since the Quarterly Census of Covered Workers (QCEW) tracks employees covered by unemployment insurance by location of the worker, it is possible to examine longer-term patterns in the employment level. The following table displays the total number of workers reported in Eden Valley to the year 2000.

Table 27 Eden Valley Average Annual Employment			
Year	Total Covered Employment	Year	Total Covered Employment
2000	376	2008	461
2001	399	2009	453
2002	364	2010	471
2003	371	2011	511
2004	397	2012	510
2005	333	2013	547
2006	344	2014	570
2007	396	2015*	536

Source: QCEW - MN Dept. of Employment and Economic Development

* 2015 reflects first three quarters only



There has been long-term growth in the level of employment in Eden Valley, as tracked by reporting for unemployment compensation. If employment in 2014 (the last full year of data) is compared to the year 2000, there had been an increase of 194 workers, or growth of 51.6% over this longer period. There has been some minor year-to-year fluctuation, but in general, the community has been consistently adding jobs.

Commuting Patterns of Area Workers

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

Table 28 Commuting Times for Eden Valley Residents - 2014		
Travel Time	Number	Percent
Less than 10 minutes	78	20.1%
10 to 19 minutes	99	25.5%
20 to 29 minutes	71	18.3%
30 minutes +	140	36.1%
Total	388	100%

Source: 2014 American Community Survey 5-year estimates

The large majority of Eden Valley residents were leaving the City for employment in 2014. Given the City's size, a travel time of 9 minutes or less would be required to reach the job options that exist within the community. However, approximately 80% of the City's residents were traveling 10 minutes or more for employment.

More than 36% of the City's residents were traveling 30 minutes or more for employment. While these workers could potentially be going in different directions, this could reflect workers traveling northward toward St. Cloud, or eastward toward the Twin Cities Metropolitan Area.

The American Community Survey also identifies travel time by location of employment. For people that worked in Eden Valley, the following travel times were identified.

Table 29 Commuting Times for Eden Valley Employees - 2014		
Travel Time	Number	Percent
Less than 10 minutes	177	28.1%
10 to 19 minutes	212	33.6%
20 to 29 minutes	68	10.8%
30 minutes +	174	27.6%
Total	631	100%

Source: 2014 American Community Survey 5-year estimates

More than half of the people that worked in Eden Valley lived within the surrounding area, as nearly 62% had a travel time of less than 20 minutes. This total would include people that both lived and worked within the City.

However, nearly 28% of people employed in Eden Valley had a commute time of 30 minutes or more.

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 Eden Valley, there were 425 people that were employed within the city limits in 2014. This estimate is lower than other statistical sources, including worker compensation data. Only 31 of these Eden Valley-based employees actually lived within the City. The remaining 394 employees lived outside the City limits. The percentage of City-based workers that were also residents was only 7.3%.

The **On the Map** reporting service can be used to make comparisons between communities in the County. The following table presents information for other cities 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.

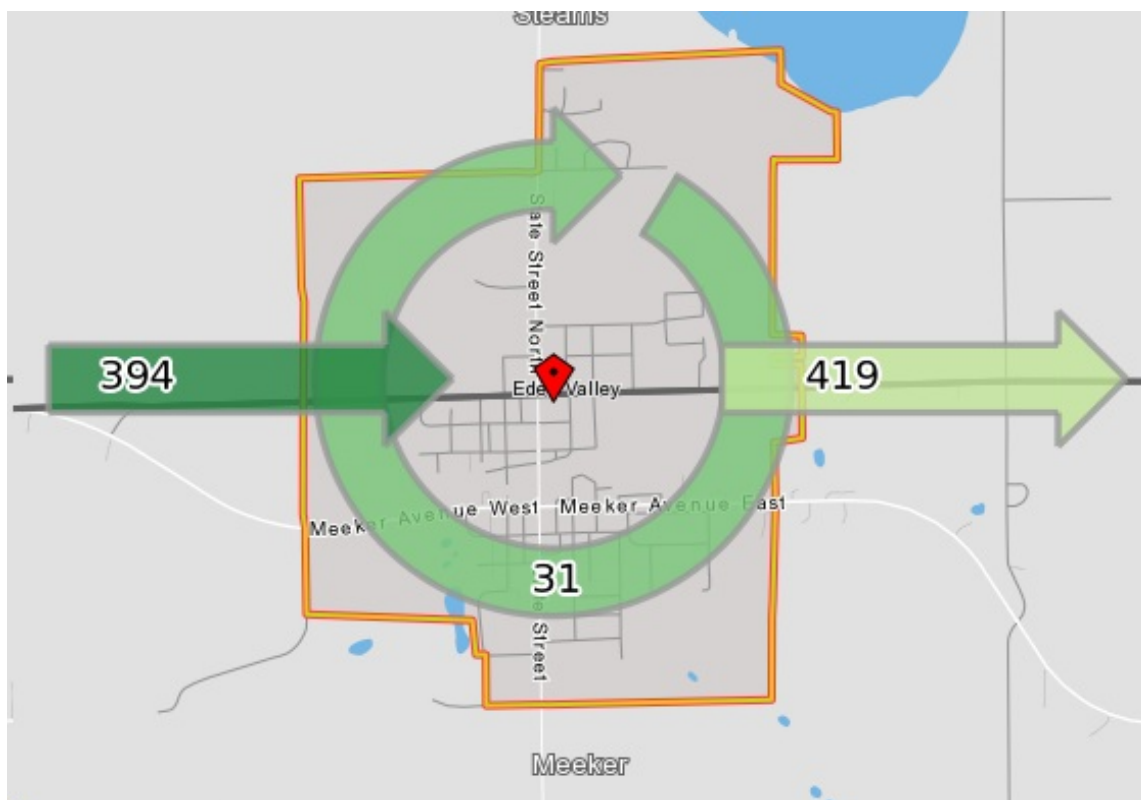
Table 30 Employee Inflow/Outflow Analysis - 2014				
City	Number of People Employed in the City	Percent Employees that Reside in the City	Percent Employees that Live Outside of the City	Number Employees that Live Outside of the City
Eden Valley	425	7.3%	92.7%	394
Litchfield	3,014	40.8%	59.2%	1,784
Cedar Mills	7	0%	100%	7
Cosmos	75	1.3%	98.7%	74
Darwin	45	2.2%	97.8%	44
Dassel	825	9.7%	90.3%	745
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

As indicated in the table above, a very small percentage of the jobs based in Eden Valley were actually filled by people that live within the City. In 2014, nearly 93% of the people working within the City actually lived outside of the city limits.

While most Eden Valley-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.

Most Eden Valley residents were reportedly leaving the City each day to commute for their primary job. According to this data source, more than 93% of Eden Valley 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 Eden Valley and a small surrounding market area, 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:

Eden Valley Growth Potential

This Study has used the assumption that the Eden Valley area has the potential to add between five and six households per year in an average year through the remainder of this decade. But it is important to recognize this as potential growth. Most recent estimates, including those by the Minnesota State Demographer's Office, indicate that the City and Market Area have not realized any real growth in recent years. If some recent household growth has been happening in Eden Valley, it would largely be due to the availability of vacant housing, as few new units have been constructed.

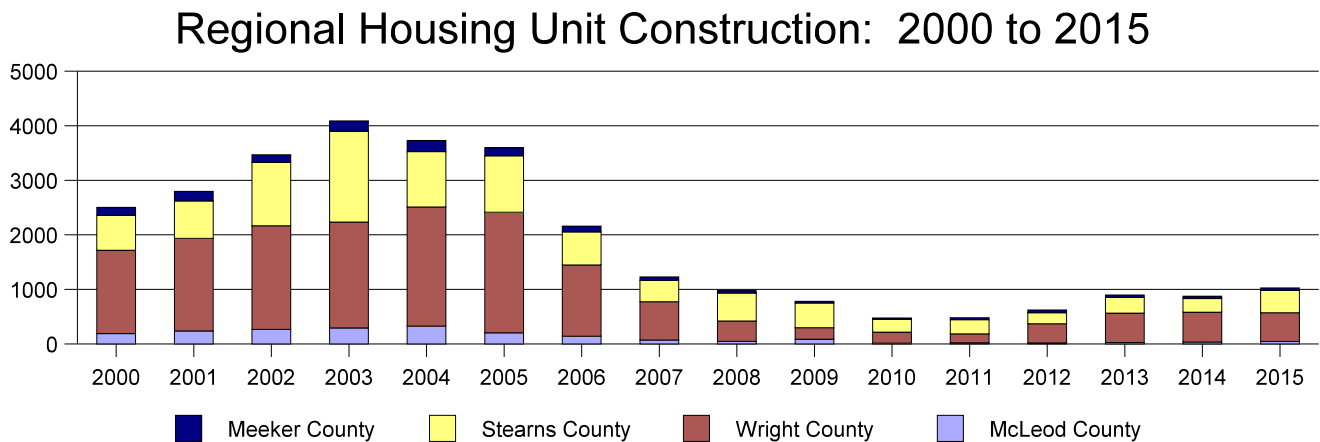
After experiencing some growth in the housing stock in the early 2000s, new housing construction has largely stopped in Eden Valley. Over the past six years, only six new houses have been constructed. While some vacant existing may still exist, any future household growth will generally require a commensurate level of housing unit construction.

Annual building permit reports from the Census Bureau indicate that the City was averaging approximately nine units per year for the 10-year period from 2000 to 2009. This was primarily in the form of single family houses, as the City averaged seven new houses per year in the prior decade.

However, most of the new construction occurred at a time when regional and national housing activity was also very strong. Starting in 2007, new construction activity slowed significantly, and since 2008, the City has averaged only one new single family house per year.

Although the projections contained in this Study do not expect a return of the growth conditions that were present prior to 2007, they do expect much greater growth and construction activity than has been occurring over the last 10 years.

To put the housing construction slowdown that has occurred in Eden Valley and other cities in Meeker County, the following chart has been assembled. It tracks annual housing unit construction activity of all types, for the four Counties of Meeker, Stearns, Wright and McLeod. The annual unit permitting totals were obtained from the Census Bureau's building permit website.



To reach a level of new unit construction that is required to add five or six households annually will require efforts that are not typically associated with the private market, such as potential development subsidies, recruitment of developers and community promotional efforts that encourage new households to locate within the City.

It is important to note that the annual growth potential would include both ownership and rental housing opportunities. Historically, as many as 35% of the households in Eden Valley have rented their unit, and this Study has recommended that some limited rental production should also occur.

Home Ownership Recommendations

Overview: Housing constructed for owner-occupants was the strength of Eden Valley's new construction market in the previous decade. Between 2000 and 2009, the City may have added as many as 70 single family houses built. However, there was substantially less growth in the number of home owners, as net growth of only 33 owner-occupancy households occurred during this same time period.

This may have been due in part to the foreclosure problems that developed late in the last decade. Although no specific foreclosure records were obtained for Eden Valley, it is probable that some former home owners had lost their homes by the time the 2010 Census was conducted.

As the City added more renter households than home owners, the rate of home ownership decreased somewhat in Eden Valley between 2000 and 2010. Since only limited multifamily rental housing construction occurred, much of the growth in renter households is attributed to tenure conversion, as a number of single family homes may have changed tenure, and converted from owner-occupancy to rental use over time.

In the City of Eden Valley, the peak years for single family construction were from 2004 to 2006, when 44 single family house permits were issued within a three-year period.

The houses boom that occurred in Eden Valley and other communities in the region prior to 2007 can be attributed to a number of factors. In hindsight, one of the factors was probably "over exuberance" among potential home owners. This was evident in the home foreclosure period that followed, as some buyers could simply not afford the house that they had purchased.

Another factor that probably influenced the region's housing boom was the demographic pattern that existed at the time. In the year 2000, all members of the baby boom generation were in the age ranges from 35 to 55 years old. Baby boomer households at the younger end of this range probably accounted for much of the out-migration that was occurring from both the St. Cloud and the Twin Cities metropolitan areas. By the year 2010, all of the baby boomer households were in the age ranges between 45 and 64 years old. Between 2000 and 2010, the large majority of the net household growth in all of Meeker County was in the prime baby boomer age ranges.

As the baby boomers advance through the aging cycle, they should begin to gravitate toward reduced maintenance housing options. In their older years, an increased preference for rental housing should appear.

Behind the baby boomers came a smaller demographic segment. The projections used for this Study point to a decreasing number of younger households in Eden Valley area, age 54 and under, through the remainder of this decade. The demographic factors that were helping to contribute to demand for detached single family houses in the early 2000s will be much less pronounced by the year 2020.

However, even if the construction boom years of the past are unlikely to return, the City does have the potential to grow and add households. Much of this can be attributed to the strong local economy, and the multiple employment opportunities that exist both in the City and within a reasonable commuting distance.

The growth projections for the Eden Valley area expect annual average growth potential of between five and six households in a typical year over the next five years. Most of these would be expected to locate within the City of Eden Valley, although some growth in the neighboring townships is also possible. With the expectation that between two and three of these households will be looking for rental opportunities, this results in potential home ownership demand from three to four households annually, due to projected growth.

Some additional minor production can be justified for unit replacement and pent-up demand for under-served market segments. In the past, it is evident that actual unit construction has exceeded growth-generated demand, as some houses will be replaced over time. With some upward adjustment for factors other than household growth, an additional one to two owner-occupancy units per year can be justified, yield total demand potential of four to six units per year, or 20 to 30 total units over a five-year projection period.

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

1. Potential Demand for 2 to 4 moderate to higher priced houses annually

Findings: The research for this Study has indicated that the potential annual demand for new owner-occupancy housing construction will be approximately four to six units in a typical year. Demographic patterns strongly support that most of this demand will be from moderate to higher-priced housing. The aging patterns for the Eden Valley area continue to show growth in the number of older adult households, primarily in the 55 and older age ranges. At the same time, trend-based projections would point to a declining number of younger adult households, age 54 and younger.

People age 55 and older have historically shown a strong preference for home ownership. Older adult households tend to represent market potential for housing that is age-appropriate and contains amenities typical of the trade-up segment of the market.

At the time of the 2000 Census, households in the age groups 55 and older represented approximately 43% of all Eden Valley market area households. By 2010, these older adult age groups represented nearly 47% of all households. Trend-based projections to the year 2020 point to nearly 51% of all households in these older adult age ranges.

Existing home values tend to be relatively moderate. In most recent years, the median home sale price has been within a range from approximately \$85,000 to \$110,000. Since most of the people that look to move into a newly constructed house already own their housing, they should have some equity available from the sale of their previous home.

While there are positive market trends that should point to an increased level of construction, it should be noted that they have been gradually evolving over the past few years, and they have not necessarily resulted in increased demand for trade-up and/or age-appropriate housing. Over the past five years, only one house per year has been built in Eden Valley.

In the past, there is very little evidence that any ownership construction was occurring in the form of attached units, such a twin home or town house configurations. Despite the advancing aging patterns in the area, nearly all past construction has been in more traditional, single family homes.

Recommendation: Even though Eden Valley has not achieved much recent success, moderate to higher-priced single family housing should represent most of the future demand. Based on the construction forecasts, this would yield potential for approximately two to four units in an average year.

Newly constructed units in the moderate to higher price ranges should continue to appeal to mature households as they age. While attached housing units would be well-matched to life-cycle needs, it is likely that this segment of the market will remain somewhat suppressed until people regain full confidence in the strength of the home ownership market.

Since households age 55 and older will typically already own a house, the decision to purchase a different 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. Eden Valley has some opportunities for entry-level new construction

Findings: There were various reasons for the large-scale growth that occurred in many of the smaller Meeker County communities in the 1990s and early 2000s. One of the primary drivers was the outward movement of some households from both the St. Cloud area and from the western Twin Cities area. This can often be linked to a search for more affordable home ownership options.

When compared to communities located closer to St. Cloud to the north or the Twin Cities Metropolitan Area to the east, Eden Valley and other communities along Highway 55 were often viewed as a location to find a lower price for a quality house. While higher-priced homes were also built, more affordable housing was a primary concern for many families.

The growth forecasts used for this Study do anticipate some improved demand for new single family housing construction in Eden Valley over the next five years. The City may be in a position to be competitive in the lower priced, entry level segment of the new home construction market. This is largely due

to the existence of lots in two subdivisions that were created a number of years ago. One of these subdivisions went through foreclosure, and now has a new owner. Even though these subdivisions were probably created in the 2000s, and are relatively new, it is assumed that these lots will sell for less than the cost of newly developed lots. This makes them attractive to people looking for lower cost options.

However, it should be noted that significant competition will also exist within the affordable market segment, as many area communities have lot inventories that remain from the boom years. In some case, these have reverted to bank ownership and are being sold at below-market prices.

There have been communities in the region, including Watertown in Carver County and Maple Lake in Wright County, that have demonstrated a willingness to offer significant financial incentives to lower the cost of new construction and attract a greater share of area market activity.

In addition to the competition that exists within the surrounding communities, it should also be noted that Eden Valley tends to have moderate prices for existing houses. With affordable options in the used home market, there can be less incentive to look at new construction alternatives for entry-level buyers.

Recommendation: There will always be some demand that exists for lower-priced, entry level homes. If lower-priced lots can be made available in Eden Valley, the potential exists for one to two affordable houses per year in the community.

Later in this section, there are examples provided of community efforts that have been taken to attract a greater share of new home construction. Public involvement can more often be justified when tied to first-time home buyer efforts.

3. Attached single family housing should achieve some market share

Findings: Prior to the housing market downturn of the late 2000s, there had been some construction of attached single family housing units in many communities, although this was less evident in Eden Valley. In neighboring community of Watkins, a larger-scale Planned Unit Development (PUD) was developed, and the first phase involved the construction of 12 town house units, intended for owner-occupancy.

One contributing factor to interest in attached housing was cost savings, as reduced land, infrastructure and construction costs per unit resulted in a lower sale price. Another factor was lifestyle preference, as no/low maintenance housing appealed to the area's growing number of empty-nester and senior citizen households.

However, as national economic and housing market conditions began to change, construction activity slowed significantly. As the national housing markets retreated in the late 2000s, alternative housing products, such as attached single family, often suffered the greatest hit.

In Watkins, additional phases of town house construction that had been planned never proceeded. There are also reports that some of the units that were built could not be sold, and were instead offered as rental housing. Eventually, the project went into foreclosure and is now bank-owned. While specific details are lacking, there are second-hand reports that some of the units have been resold over time, at below-market prices.

When people became concerned about owning or investing in new construction, they became even more concerned about less traditional products. Although recovery within this market segment generally remains slow in most communities, there is some evidence of twin home and town house construction gaining in popularity in other communities.

The age-based projections used for this Study continue to show strong overall net household growth through the year 2020 in the age groups 55 and older. By the year 2020, all members of the baby boom generation will be age 55 or older. These age cohorts have historically had very high rates of owner-occupancy. They also represent primary target markets for attached single family housing that offers no maintenance or low maintenance living.

Recommendation: The demand calculations used for this Update expect that overall demand for single family housing should improve to an annual average level of four to six units per year. Within the owner-occupancy segment, approximately one to two per year could potentially be met through attached single family housing, such as twin homes. As consumer confidence returns, it would not be surprising if an even greater level of activity returns to this housing segment. Since attached housing projects occur in clustered phases, it is very possible that the volume of units constructed in a single year will be above or below this annual average.

The current development in Watkins will provide the best market evidence within this housing segment. If demand returns, it is possible that the next phase of construction will proceed in the PUD. Absorption and resale of the existing units should also be monitored.

Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes. These existing homes then become available for younger families. It is important for the community to offer a range of life-cycle housing options.

Most communities experiencing a rebound in attached housing construction have found the greatest success in the more moderate price ranges, with units up to \$250,000. Design features conducive to older adult households, such as one-level living, are well-suited to the growing target population.

One issue that did emerge after the national housing market difficulties of the late 2000s relates to attached housing projects that offer resident associations. As unit sales slowed, projects that had associations were sometimes unable to get the monthly payments out of unsold or foreclosed units. As a result, people that had bought into the project were required to pay extra amounts to support the association. In response, some lenders may now require attached housing projects that offer association management to demonstrate a certain percentage of pre-sale activity as a condition of securing financing.

4. Promote affordable existing home ownership options

Findings: This Study tracked the sales activity in Eden Valley back to the year 2010. Although only a limited number of home sales occur within any 12-month period, the annual median home sale price in the City has generally been between \$85,000 and \$110,000. Of the 15 good sales that were recorded in 2014 and 2015, the median price was less than \$100,000.

These moderately priced homes can represent a very attractive ownership option for potential home buyers in the larger region.

Recommendation: The cities in Meeker County have a goal to offer work force housing to help attract and retain a stable labor force. Promotion of the affordable ownership options can help achieve this goal. Some communities have developed financial incentives for home buyers, which could also be offered to buyers of existing homes.

There is some evidence that over time, some of the City's existing single family homes have been converted to or purchased for use as rental housing. While this expands rental options, it is probably in the City's best long-term interest to attract home owners, and increase the rate of home ownership. Efforts to promote affordable home ownership can help to limit the conversion of houses to rental use.

5. Consider the creation of home ownership incentives using available resources

Findings: After the large drop in home building that occurred Statewide in the last years of the previous decade, many communities were left with large inventories of unsold lots, and significant investment in public infrastructure. In an effort to spur a higher level of new home construction, it has become more common to see special municipal incentives being offered.

In 2014, the City of Watertown in northern Carver County started a program that waived connection fees for sewer/water/storm sewer for the first 15 single family units that were permitted. The approximate value of the waived fees was \$9,500. In the first two months of the program, 10 single family permits had been issued. In 2012 and 2013, the City had a cumulative two-year total of only six new single family homes. While the incentive program cannot be directly linked to increased home building, 2014 did represent a substantial improvement over the recent past. However, the incentives were discontinued in 2015 due to the high price tag for the program.

Maple Lake in Wright County also started some incentives in 2014 to encourage home construction. The City dropped the escrow deposit requirement for home builders that had required \$3,500 to be deposited for proper landscaping and site grading. This deposit was refundable to the builder after successful completion of the project, but did increase the initial investment for builders. Maple Lake has also allowed \$2,000 in home owner connection fees to be assessed against the property, once again lowering the initial costs for new houses.

These examples have been compiled from research completed for other projects, and are not intended to represent all of the different approaches being used in the surrounding area. However, they do provide an indication of some of the proactive efforts that are being utilized as communities attempt to restart a higher volume of new home construction

Some Minnesota communities have also worked with local employers to create employer-assisted housing programs. The Greater Minnesota Housing Fund (GMHF) may still be able to match employer contributions to expand the available resources. Meeker County has a number of large employers that have an incentive to attract and retain a local quality work force. Employer financial contributions matched with GMHF funds could be a financial resource in the future.

Recommendation: New home construction has not been occurring naturally in Eden Valley in recent years. To reach the projected level of four to six new houses per year may require the community to become actively involved in providing financial assistance and/or development subsidies.

Communities that have taken proactive steps, such as Watertown, have seen some increase in the level of new home construction. However, direct public involvement will limit the City's ability to generate this type of housing. Due to the substantial costs involved, the financial incentives in Watertown were only offered for one year, and were limited to 15 houses.

It should be noted that in the examples identified above, city involvement appears to have been caused in part by troubled subdivisions. This is not viewed as a significant issue in Eden Valley. Although one subdivision did change owners, it did not revert back to public ownership.

One final consideration that may impact the discussion of construction incentives is based on the legal power to waive fees. As part of the research on this issue, the League of Minnesota Cities was consulted concerning other examples of municipal efforts. Staff cautioned that the City Attorney may need to be consulted before any incentives are offered to be sure that they meet a "public purpose" test.

Rental Housing Recommendations

Overview: According to the 2010 Census, approximately 35% of all households in Eden Valley rented their housing. Grove City and Eden Valley had the highest rental tenure rate of all cities in the County in 2010. Both Cities had also added more renter households than owner-occupancy households during the growth years between 2000 and 2010.

Eden Valley offers a mix of rental opportunities, in conventional, market rate projects, to income-restricted subsidized housing. The City also has a range of unit types, from single family houses that are renter-occupied, to a number of traditional multifamily apartment buildings.

While only limited construction has occurred in the small cities in Meeker County in recent decades, Eden Valley is one of the more successful communities in adding multifamily units. Between 2000 and 2010, the City added at least 20 multifamily units through new construction, in the County EDA and Premier Apartments projects.

Although no new traditional rental housing has been built in more than 10 years, it is possible that Eden Valley has continued to add some renter households. Between 2000 and 2010, the Census recorded a net gain of 44 renter households, more than double the number of multifamily units constructed. It appears that some single family houses were converted to rental use in the prior decade, and tenure conversion may be continuing.

Going forward, this Study has continued to allocate up to 35% of the annual household growth potential in Eden Valley to rental housing. Based on the projected annual growth of five to six total households per year, this would yield rental demand of approximately nine to 11 rental housing units over a five-year period, due to anticipated growth.

While attracting long-distance commuters to live in Eden Valley is less likely, there is locally-generated demand, especially given the number of job opportunities that exist at Eden Valley-based employers, or in nearby communities.

The following findings recommendations are made concerning rental housing issues:

6. Develop 8 to 10 additional units of rent market rate housing

Findings: Eden Valley was a participating city in the County EDA's rental development projects in the late 1990s and early 2000s. However, only 8 market rate EDA units were built in the City. The neighboring community of Watkins has 16 units, which have been successful over time.

In addition to Eden Valley and Watkins, publicly-owned projects also exist in Litchfield, Dassel, Grove City and Cosmos. These have been very successful, with a high rate of annual occupancy. In most of the communities, unmet demand has been present in the form of waiting lists. In Eden Valley, the waiting list had two names at the time of the research for this Study.

The County EDA has used a skewed rent structure which varies by community. Watkins and Eden Valley have the same contract rent amount for a two-bedroom unit, but this amount is \$40 less per month than charged in Litchfield, and \$105 per month less than in Dassel. With the inclusion of tenant-paid utilities and garage parking, the gross monthly rent would be above \$850 per month in Watkins and Eden Valley.

While this gross rent is relatively high when compared to other options in the City, it does represent a "below-market" rate, based on the size and quality of the units. If reduced to a gross rent per square foot calculation, the EDA units would generally charge between \$0.75 and \$0.80 per foot.

Eden Valley also has a newer apartment building, Premier Apartments which serves senior renters. There are 12 units in this one-level building, which was constructed in 2003. This is actually the newest multifamily rental construction project that can be identified in the small cities in Meeker County, which is specifically targeted at independent, market rate housing.

The rent structure in Premier is lower than in the EDA units, with a two-bedroom gross rent of approximately \$800 per month, including garage parking. However, the floor plans are smaller in these apartment units, and the estimated gross rent is approximately \$0.90 to \$0.95/sq ft.

If new units are constructed in the future to serve the market rate segment, it is probable that a gross rent per square foot amount of approximately \$1.00/sq ft would be required. To achieve a rent structure that is somewhat similar to the existing projects, it is probable that a smaller unit size would be needed.

Additional demand would exist in Eden Valley for very affordable rental housing, but for market rate units, an assumption was made that qualifying households would need an annual income of \$35,000 or more. This limits the potential for additional market rate housing in the City.

It is possible that a larger number of market rate units could be developed, especially from potential commuters willing to live in Eden Valley while working elsewhere. Commuter information for cities in the County tends to show that most households do not live in the community where they work. To the extent that households are attracted from Litchfield or other cities in Stearns or Wright Counties, even more units could potentially be absorbed in Eden Valley. However, the analysts assume that additional rental construction will also occur within these other cities, and the unit recommendation in Eden Valley is primarily based on serving local-generated demand.

Recommendation: Based on the success of the last market rate rental projects, including Premier Apartments and the County EDA's market rate housing in Eden Valley, Community Partners Research would recommend that 8 to 10 additional market rate units be developed.

These could be based on the style and design that have been used in the EDA project, with cottage-style units with attached garage parking. This type of unit can appeal to independent renter households, including senior citizens.

A second phase of development at Premier Apartments could also be advanced. In the first phase, nine of the 12 units are senior designated. This may have been due in part to the TIF income requirements that applied to the project.

Due the age of the market rate projects, it is unlikely that any newly-built units in Eden Valley could replicate the current rent structure being used, especially in the EDA units which have large floor plans. The following gross rent ranges are generally comparable to other moderate rent market rate projects that have been built in other small communities in Greater Minnesota in recent years.

- ▶ Two-bedroom, one bathroom with 850 sq. ft. \$800-\$850
- ▶ Three-bedroom, two bathrooms with 1000 sq. ft. \$950-\$1000

This discussion of gross rental rates is provided as an indicator of potential market rents that have been achieved, but actual rents would need to be altered based on the actual size of proposed units and the particular amenities and features that would be offered. While this rent structure has been identified

as possible for developers to achieve, it should be noted that some recent projects have been reaching an even lower rent structure, which increases the potential target market.

Due to the affordable rent structure that would be needed, any future rental housing creation will probably require some level of public participation. At the City level, this may involve Tax Increment Financing, land donations or other cost write-downs, such as a waiver of fees and charges. In the past, rental development occurred as publicly-owned rental housing through the County EDA, as private, for-profit developers can have a difficult time producing units with a below-market rent structure.

8. Promote the development of additional affordable market rate rental housing when possible

Findings: Like most of the other small cities in Meeker County, Eden Valley would benefit from the addition of rental units in the future, provided these are affordable to the typical renter household. However, the economics of new housing construction will generally require substantially higher gross rental rates than otherwise exist in independent rental housing in the community. The higher housing costs therefore serve to limit the number of new units that can be feasibly absorbed in a smaller community.

In Eden Valley, the median household income for all renters in 2014 was approximately \$26,400. If a median income household were to apply 30% of income to housing costs, this would yield the need for a very affordable gross monthly rent of less than \$700 per month. Countywide median for renters was higher, at \$28,844, but half of all renter households in the County would ideally have needed a unit at or below \$720 per month.

Creating rental housing units at or below an affordable rent level will generally require a significant financial subsidy. These types of development resources are not typically available to small communities, unless they come from locally-generated sources. As a result, expanding the supply of affordable rental housing has not been occurring in most small cities.

The shortage of affordable units becomes magnified when some lower income households are able to access tenant-based rent subsidies. The Housing Voucher Program has maximum rent levels that apply to the use of this assistance. The current payment standard for a two-bedroom rental unit is \$724. Voucher holders may have a difficult time locating a unit that is vacant,

below this payment standard, and able to pass the basic housing quality standards inspection. Once again, creating new units below this rent limit is extremely difficult.

Since adding affordable units can generally not happen through new construction, in the smaller cities in the County, the supply of units has remained fixed, unless tenure conversion has occurred.

Recommendation: In the opinion of the analysts, demand would exist in Eden Valley for more affordable rental housing creation. This would help attract residents to the community and could expand the available labor force. However, there is no easy way to address the financial gap between affordable rental housing and the costs associated with building new units. Although no specific unit recommendation is made, due to the difficulty of building affordable rental housing, a goal of eight to 10 units over the next five years would help the City expand the rental options available to most renter households.

This Study would encourage the City to look for ways to add to the rental supply, through better utilizing existing structures, such as downtown buildings with unused space, or by securing grant assistance that is intended for affordable rental housing. Target rents for affordable units should be at or below the levels allowed by the Housing Voucher Program. In 2016, this two-bedroom target rent would be \$724 or less.

In a number of the small cities in the County, including Eden Valley, it appears that some older houses that had once been owner-occupied have shifted to rental use in recent years. While this does effectively create some additional rental options, it reduces the affordable home ownership opportunities. It can also negatively impact community stability, as fewer home owners often result in more household turnover and fewer residents with long-term ties to the city. Ideally, the expansion of affordable rental housing would not result in a reduction of affordable ownership housing.

9. Monitor opportunities for income-restricted housing development

Findings: Eden Valley has two rental projects that provide subsidized rental housing for lower income people. Eden Brook Apartments offers subsidized housing for senior and/or disabled tenants, and has eight one-bedroom units. Hillside Apartments is currently subsidized through HUD, and offers general occupancy housing. Hillside had originally been constructed for senior/disabled occupancy, and all units have only one bedroom.

Eden Valley also has a moderate rent, income-restricted project constructed with the use of federal low income housing tax credits. Eden Place Apartments was awarded credits in 1997, offering two and three-bedroom rental options.

In 2013, Eden Place entered its extended compliance phase as tax credit housing. Due to a poor occupancy history, the building was allowed to convert to a mixed-income project, with seven market rate units and only five units under the tax credit restrictions. During the extended compliance period, rent restrictions still apply to the five remaining tax credit units, and new tenants must be income-certified, but some requirements are eased for existing tenants.

The rental survey found no vacant units in either Eden Valley or Hillside. However, neither project had an existing waiting list, and the managers indicated that vacancies can occur at unit turnover due to limited demand. All 16 subsidized units in Eden Valley have only one bedroom.

At the time of the rental survey, all of the tax credit units in Eden Place were occupied. However, poor occupancy in the past had resulted in seven units being converted from income-restricted to market rate housing. According to the property manager, finding tenants that are income-qualified can be a challenge, as many applicants are over the income limits while others do not have an income that is sufficiently high to afford the monthly rent.

In addition to the subsidized projects, Eden Valley residents also have access to tenant-based rent assistance Vouchers. In May 2016, there were two households in Eden Valley participating in the Meeker County program, with 50 households countywide. The waiting list is closed due to its length of 112 names.

When all of the subsidized options and moderate rent tax credit options are combined, approximately 23 renter households in the City have access to some type of subsidy, including 18 households that can pay rent based on 30% of household income. When compared to the estimated number of renter households in Eden Valley, between 15% and 17% of all renters in Eden Valley have access to some form of income-restricted housing.

Recommendation: The rental demand calculations presented in an earlier section of this document indicated that approximately 44% of existing renter households in Eden Valley had an annual income below \$25,000 in 2014. Most of these households would be candidates for income-based rental projects.

The percentage of lower income renters is significantly greater than the percentage of income-restricted units available. According to the American Community Survey, more than 49% of all renters in the City were paying 30% or more of their income for rent. Nearly all of these households were actually paying 35% or more of their income for housing.

Demand does exist for affordable rental units to serve households with an annual income below \$25,000. These low income renters that would generally need a very affordable unit. There are no subsidized rental options with two or more bedrooms in Eden Valley.

The City should look for opportunities to create income-based housing with two or more bedrooms. However, resources for subsidized rental construction have not existed in many years. A more realistic option would be to look to expand the use of the tenant-based rent assistance program. In 2016, only two Eden Valley household had a Voucher. With a Voucher, a lower-income household can rent any suitable private unit in the community that meets the program standards.

Another community strategy concerning income-based housing is to prevent the loss of any units, through contract termination or opt-out. In 2016, neither of the subsidized projects in Eden Valley was identified as being “at risk” of leaving its subsidy program. However, other projects in Meeker County, including a Rural Development project in Dassel, was listed on the State’s opt-out log.

The moderate rent tax credit project has downsized the number of income-restricted units, but the five remaining units will have income and rent restrictions in place for more than 10 years.

10. Monitor demand for specialized senior housing

Findings: Although Eden Valley has some independent rental housing that is senior-designated, there are no specialized care options available in the City. In the neighboring City of Watkins, a specialized senior campus has been developed over time, serving senior residents as they move through the aging cycle. These senior facilities include a 50-bed skilled nursing home, Hilltop Health Care Center, and Garden View at Hilltop, a 34-unit apartment building, which can offer a wide range of care options, from completely independent living to assisted living.

In 2016, Garden View is still in its initial occupancy phase, with 30 of the 34 units filled when the research for this Study was conducted. According to the Administrator of Hilltop and Garden View, most residents come from the immediate Watkins and Eden Valley areas. Most of the surrounding communities, including Kimball, Cold Spring, Richmond, Paynesville and Litchfield all have specialized care options for seniors, limiting the size of the primary market area.

The distribution of specialized care units in Watkins is relatively large, when compared to the older senior population that lives in the immediate Eden Valley/Watkins area. The success achieved in the existing units in Watkins is based on attracting older seniors from Eden Valley and the townships that adjoin the City.

Recommendation: The need for any specialized care units in Eden Valley should be monitored. In 2016, seniors in Eden Valley are served by a range of specialized care options that exist in neighboring Watkins. In the opinion of the analysts, Watkins has a competitive advantage due to the existing facilities already in place, including the skilled nursing home, which requires extensive staffing.

While some growth in the number of older senior citizens will continue to occur, through the year 2020 the numeric increase in the Eden Valley/Watkins area will be limited. The companion document for the City of Watkins includes a greater level of detail on the demographic information for senior citizens in the area. Readers are encouraged to consult this Watkins document for a better understanding on the distribution of specialized units that exist.

Housing Rehabilitation Recommendations

Overview: Eden Valley has a significant asset in its existing housing stock. Older units, both now and into the future, will represent the majority of the most 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 critical to offering affordable housing opportunities and in preventing the deterioration of neighborhoods. As this existing stock ages, more maintenance and repair are 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.

11. Promote owner-occupied housing rehabilitation programs

Findings: The older housing stock represents the most affordable home ownership option in the community. Investment in owner-occupied housing rehabilitation activities will be important to ongoing efforts to provide affordable housing opportunities.

According to the American Community Survey, the median year of construction for owner-occupied houses in Eden Valley is 1962, so the community does have a stock of older than average single family houses. Countywide, the median year of construction is 1974.

As part of the research for this Study, a visual inspection was made of the single family housing stock in Eden Valley. The older parts of the community were divided into two neighborhoods. This “windshield” survey looked at the exterior conditions of each house and rated the structure on a four-point scale, from Sound to Dilapidated. In the combined neighborhoods there were 101 single family structures that were viewed and rated.

There were 17 houses that were rated as needing major repair. There were also 44 houses rated as needing minor repair. There were 36 houses that were rated as sound, with no observable repair needs. Four houses were rated as dilapidated, and probably beyond the point of feasible repair.

Since the newer portions of the City were not surveyed, there would be more houses in better condition categories. There were also some mobile homes surveyed, that will be reported later in this section.

While the actual owner versus renter tenure pattern could not be determined from an exterior viewing, most of the single family units in the City are owner-occupied, although there has been some level of tenure conversion over time.

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). According to City officials, Eden Valley has not participated in a SCDP-funded housing program since the early 2000s, when a joint project with Watkins included some rehabilitation.

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 neighborhood projects more achievable. Additional resources for owner-occupied housing rehabilitation are available from the Minnesota Housing Finance Agency.

12. Promote rental housing rehabilitation programs

Findings: Most of the rental housing in Eden Valley is in multifamily projects. These projects range in age, and some are properties that were converted to rental housing over time. The City also has some relatively new rental projects constructed with the past 20 years. For all rental housing in Eden Valley, the estimated median year of construction was 1989, reflecting the impact of the multifamily units.

With the exception of the EDA rentals, and the Premier Apartments, most of the market rate rental stock would exist in smaller structures, including single family houses, mobile homes and buildings with four or fewer rental units. According to the American Community Survey, only a limited amount of this housing is in older buildings. However, approximately 25% of the rental housing was built before 1960. This includes some single family houses that may have converted to rental use.

The rehabilitation of older rental units can help to produce or maintain a supply of affordable housing. However, it is often difficult for rental property owners to rehabilitate and maintain their rental properties while keeping the rents affordable for the tenants.

Recommendation: The rehabilitation of older units can be a cost-effective way to maintain a supply of decent, safe and sanitary housing that is affordable for low and moderate income households. In addition to the SCDP-funded activities, other resources are available for rental rehab include programs through the Minnesota Housing Finance Agency.

13. Promote mobile home park improvements

Findings: Community Partners Research did a visual condition survey of the mobile homes in a park in Eden Valley. There were 33 mobile homes that were viewed and rated. While most of the mobile homes were in good condition, there were two rated as dilapidated, and probably beyond repair. Five additional mobile homes were judged to need major repair. Because mobile homes tend to decrease in value as they age, it is possible that repairing a deteriorated mobile home in Eden Valley is not financially feasible.

There were 13 mobile homes rated as sound and 13 mobile homes rated as needing only minor repair.

Recommendation: Although most of the mobile homes in Eden Valley are in good condition, there are also some deteriorated units. Addressing the issues created by substandard mobile homes is not easily solved. Some communities have rehabilitated older units, but this is difficult to accomplish because of the type of construction of mobile homes, and it is rarely cost effective. Some communities have established programs that provide for the purchase and removal of substandard mobile home units, provided a newer unit is purchased to replace the acquired dwelling. While this approach can work well in upgrading the stock, it can be expensive, especially if there are a large number of homes in poor condition.

Several communities have initiated innovative programs that address mobile home conditions and mobile home park issues. We recommend that the City or area housing agencies consider the following ideas:

- ▶ ***Operation Safe Mobile Home Park*** - Owners of substandard mobile homes are given the option of voluntarily selling their substandard mobile home to the City or an area housing agency for a fixed minimum price. The mobile homes are then removed from the park and demolished or salvaged. The owner could then use the funds from the sale to help purchase a new home. In some cases, housing agencies have provided funding for down payment assistance or gap financing programs to purchase new mobile homes. Also, mobile home dealerships have participated with buying the salvaged homes.
- ▶ ***Time of Sale Inspection Program*** - This inspection program is designed to provide safe living conditions to community residents through the identification and elimination of basic life/safety hazards in older mobile homes. Mobile homes are subject to inspection prior to their sale. All identified safety hazards must be corrected before the unit is sold and/or occupied.
- ▶ ***Cooperative/Land Trust*** - Some mobile home parks have created a cooperative or a land trust which enables the home owners to own the mobile home park land and facilities. This ownership often creates pride which results in a clean, safe atmosphere.

14. Demolish and clear substandard structures

Findings: This Housing Study included a visual housing condition survey of single family houses in two of the City's older neighborhoods, and mobile homes in a park. This evaluation identified four houses and two mobile homes in Eden Valley that were very deteriorated, and possible candidates for demolition and clearance.

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.