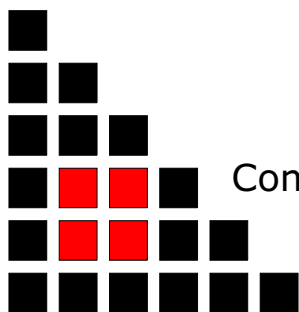


City of New London HOUSING STUDY

September 2015

An analysis of the overall housing needs
of the City of New London, MN



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Introduction

Overview

Local elected and public officials are often held responsible for conditions and circumstances over which they have limited control. This is particularly true of housing. Most of the housing units in Kandiyohi County cities are privately owned and were constructed with private funds. On an increasing scale, however, the public is demanding that public officials control what happens in this largely private housing market by eliminating blight, protecting individual investments, and generating new housing growth to meet economic development needs.

Community Partners Research, Inc., was hired by the Kandiyohi County Housing and Redevelopment Authority to conduct a study of the housing needs and conditions in Kandiyohi County cities.

Goals

The multiple goals of the study include:

- ▶ Provide updated demographic data including the 2010 Census
- ▶ Provide an analysis of the current housing stock and inventory
- ▶ Determine gaps or unmet housing needs
- ▶ Examine future housing trends that the area can expect to address in the coming years
- ▶ Provide a market analysis for housing development
- ▶ Provide housing recommendations and findings

Methodology

A variety of resources were utilized to obtain information for the Housing Study. Community Partners Research, Inc., collected and analyzed data from May to September, 2015. Data sources included:

- U.S. Census Bureau
- American Community Survey
- ESRI, a private data company
- Records and data from the cities
- Records and data maintained by Kandiyohi County
- Minnesota State Demographer

- Interviews with City officials and staff, community leaders, housing stakeholders, etc.
- Area, State and Federal housing agencies
- Rental property owner/manager surveys
- Housing condition survey

Limitations

This Housing Study represents an analysis performed with the data available at the time of the Study. The findings and recommendations 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 conclusions and recommendations contained in this Housing Study.

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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. At the time that research was completed for this Study, both the U.S. Census Bureau and the Minnesota State Demographer's Office had released basic demographic estimates for the year 2014. However, these annual estimates are generally limited to basic counts, such as population and household levels.

For more detailed demographic variables, the 2010 Census is viewed as the most reliable data source. While the last Census is an accurate benchmark for demographic data, it was more limited in scope than in the past. As a result, some of the demographic variables, such as income and housing cost information, are not available. 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 Survey is an estimate, based on sampling data, there is a margin of error that exists for each estimate. The following tables incorporate the 2010 Census data, when available, or 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 Kandiyohi County and Kandiyohi County cities, the 2013 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 2009 and 2013.

Additionally, Community Partners Research, Inc., has obtained information from ESRI, a private company that generates demographic and projection data. ESRI estimates and projections are included.

Population Data and Trends

Table 1 Population Trends - 1990 to 2015						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2015 ESRI Estimate
New London	971	1,066	9.8%	1,251	17.4%	1,303
Kandiyohi Co.	38,761	41,203	6.3%	42,239	2.5%	42,819

Source: U.S. Census; ESRI

- ▶ According to the 2010 U.S. Census, the City of New London and Kandiyohi County both had population gains from 2000 to 2010. New London’s population was 1,251 in 2010. This was a 185-person increase from 2000, which was a population gain of 17.4%. Kandiyohi County’s population was 42,239 in 2010. This was a 1,036-person increase from 2000, which was a population gain of 2.5%.
- ▶ New London and Kandiyohi County also experienced population gains in the 1990s. New London’s population increased by 95 people and Kandiyohi County’s population increased by 2,442 people.
- ▶ New London’s population is primarily White and non-Hispanic/Latino. At the time of the 2010 Census, 98.7% of the City’s residents identified their race as White, with the Asian population at 0.1% and the American Indian population at 0.2%. Additionally, 0.9% of the population identified themselves as some other race and 0.2% identified themselves as two or more races. Approximately 2.7% of the City’s residents were identified as Hispanic/Latino for ethnicity.
- ▶ The State Demographer, the Census Bureau and ESRI have all released population estimates following the 2010 Census. For New London, the State Demographer’s most recent estimate is effective on July 1, 2014. The State Demographer estimate shows the City’s population at 1,312 people, up 61 residents from the 2010 Census. The U.S. Census population estimate for New London in 2014 is 1,305, up 54 people from the 2010 Census.
- ▶ For all of Kandiyohi County, the State Demographer’s 2014 population estimate is 42,258, an increase of 19 people since the 2010 Census. The U.S. Census 2014 estimate for Kandiyohi County is 42,285 people, up 46 people since the 2010 Census.
- ▶ ESRI’s estimates are for 2015. ESRI’s 2015 estimate for the City of New London is 1,303, up 52 people from 2010. ESRI’s 2015 estimate for Kandiyohi County is 42,819, up 580 people from the 2010 Census.

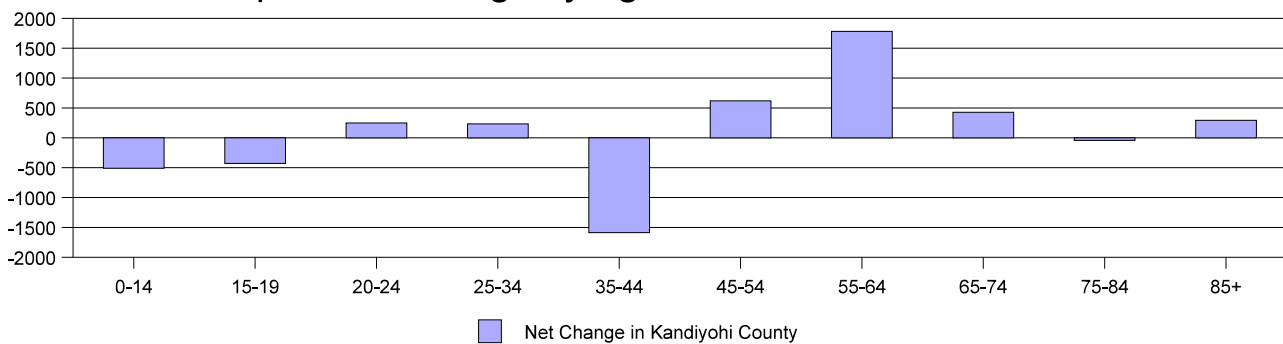
Population by Age Trends: 2000 to 2010

The release of demographic information from the 2010 Census allows for some analysis of the changing age patterns for New London and Kandiyohi County. The following table compares population by age in 2000 and 2010, along with the numeric changes.

Table 2 Population by Age - 2000 to 2010						
Age	New London			Kandiyohi County		
	2000	2010	Change	2000	2010	Change
0-14	218	270	52	8,828	8,318	-510
15-19	67	74	7	3,565	3,137	-428
20-24	42	60	18	2,481	2,729	248
25-34	136	151	15	4,677	4,910	233
35-44	132	142	10	6,230	4,643	-1,587
45-54	111	127	16	5,629	6,248	619
55-64	71	119	48	3,640	5,422	1,782
65-74	89	112	23	2,934	3,362	428
75-84	119	104	-15	2,289	2,247	-42
85+	81	92	11	930	1,223	293
Total	1,066	1,251	185	41,203	42,239	1,036

Source: U.S. Census

Population Change by Age Between 2000 and 2010



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 evident in New London and Kandiyohi County. From 2000 to 2010, the “baby boomers” were in the 45 to 64 age ranges.

Between 2000 and 2010, New London had a gain of 64 people in the 45 to 64 age range. Kandiyohi County had a gain of 2,401 people in the age ranges between 45 and 64 years old. In 2010, nearly all of the baby boomers were within these age ranges.

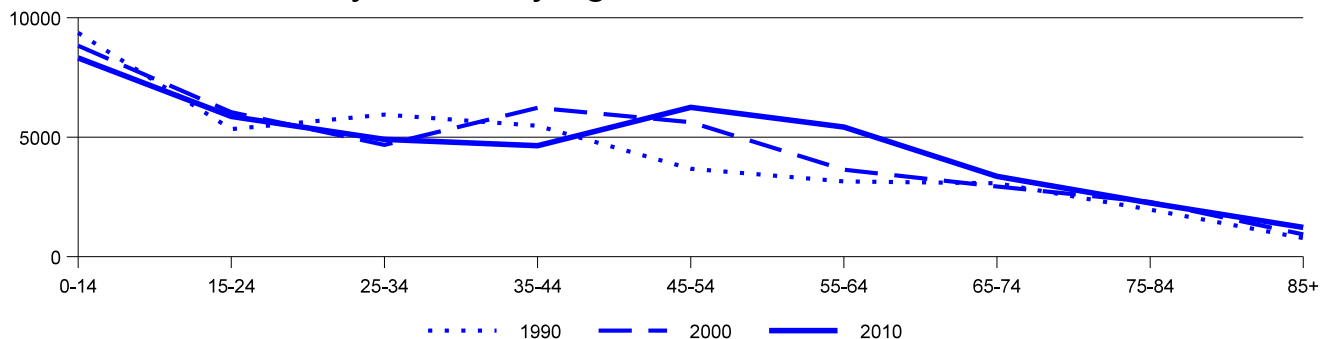
In addition to the population growth in the 45 to 64 age ranges, the City of New London also had an increase of 102 people in the 0 to 44 age ranges, a gain of 23 people in the 65 to 74 age range and a gain of 11 people in the 85 and older age range. New London had a population loss of 15 people in the 75 to 84 age range.

In addition to the population gains in the 45 to 64 age ranges, all of Kandiyohi County added 481 people in the 20 to 34 age range, 428 people in the 65 to 74 age range and 293 people in the 85 and older age range.

Kandiyohi County had a loss of 938 people in the 0 to 19 age ranges, 1,587 people in the 35 to 44 age range and 42 people in the 75 to 84 age range.

The aging trends present in 2010 can be traced back over the previous decades to see the movement of the baby boom generation over the last 20 years in Kandiyohi County.

Kandiyohi County Age Distribution: 2000 to 2015



Population Projections

The following table presents population projections using two different sources. The Minnesota State Demographer has issued population projections for Kandiyohi County and New London to the year 2020.

The other set of projections has been created by ESRI, and span the five-year period from 2015 to 2020. The ESRI projections are for New London and Kandiyohi County.

Table 3 Population Projections Through 2020					
	2010 Census	2015 Estimate ESRI	2020 Projection ESRI	2014 Estimate State Demographer	2020 Projection State Demographer
New London	1,251	1,303	1,344	1,312	1,275
Kandiyohi County	42,239	42,819	43,412	42,258	44,495

Source: U.S. Census; ESRI; State Demographer

- ▶ ESRI projects a gain of 41 people in New London from 2015 to 2020. ESRI’s total population projection for New London in 2020, at 1,344 people, is higher than the projection from the State Demographer’s Office, which expects the City to have 1,275 residents by the year 2020.
- ▶ ESRI’s population projections for Kandiyohi County forecast an increase of 593 people from 2015 to 2020.
- ▶ The State Demographer projects that Kandiyohi County’s population will be 44,495 people in 2020, 1,083 people higher than the ESRI forecast for 2020. When compared to the 2010 Census, these projections expect that Kandiyohi County will see an increase of 1,173 to 2,256 people during the current decade.

Household Data and Trends

Table 4 Household Trends - 1990 to 2015						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2015 ESRI Estimate
New London	389	415	6.7%	521	25.5%	550
Kandiyohi Co.	14,298	15,936	11.5%	16,732	5.0%	17,130

Source: U.S. Census; ESRI

- ▶ According to the 2010 U.S. Census, New London and Kandiyohi County experienced household gains from 2000 to 2010. New London had 521 households in 2010. This was a gain of 106 households from 2000, which was an increase of 25.5%.
- ▶ Kandiyohi County had 16,732 households in 2010. This was a gain of 796 households from 2000, which was a household increase of 5.0%.
- ▶ New London and Kandiyohi County both had household gains during the 1990s. New London gained 26 households and Kandiyohi County gained 1,638 households from 1990 to 2000.
- ▶ The State Demographer has released 2014 household estimates for New London and Kandiyohi County. The State Demographer estimates that New London had 549 households in 2014, which is an increase of 28 households from 2010. Kandiyohi County’s household estimate was 16,825, which is an increase of 93 households from 2010.
- ▶ ESRI’s estimates are for 2015. ESRI estimates that New London has 550 households in 2015, which is a gain of 29 households from 2010. ESRI’s 2015 households estimate for Kandiyohi County is 17,130, which is a gain of 398 households from 2010.

Household by Age Trends: 2000 to 2010

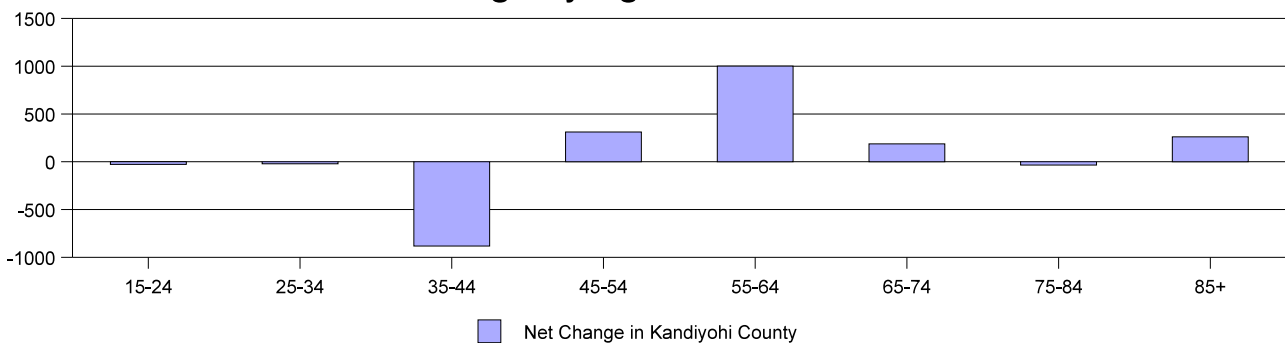
The 2010 Census allows for some analysis of New London and Kandiyohi County’s changing age patterns. The following table compares households by age of householder in 2000 and 2010, along with the numeric changes.

Table 5 Households by Age - 2000 - 2010						
Age	New London			Kandiyohi County		
	2000	2010	Change	2000	2010	Change
15-24	23	24	1	1,137	1,110	-27
25-34	74	76	2	2,342	2,321	-21
35-44	71	86	15	3,365	2,483	-882
45-54	72	73	1	3,125	3,437	312
55-64	40	70	30	2,079	3,080	1,001
65-74	53	74	21	1,814	2,001	187
75-84	59	67	8	1,528	1,493	-35
85+	23	51	28	546	807	261
Total	415	521	106	15,936	16,732	796

Source: U.S. Census

Consistent with the population by age data presented earlier, the household patterns show that a large increase occurring in the baby boomer age groups. For all of Kandiyohi County there was an increase of 1,313 households in the 45 to 64 year age ranges, and in the City of New London there was a gain of 31 households in the 45 to 64 year old age range.

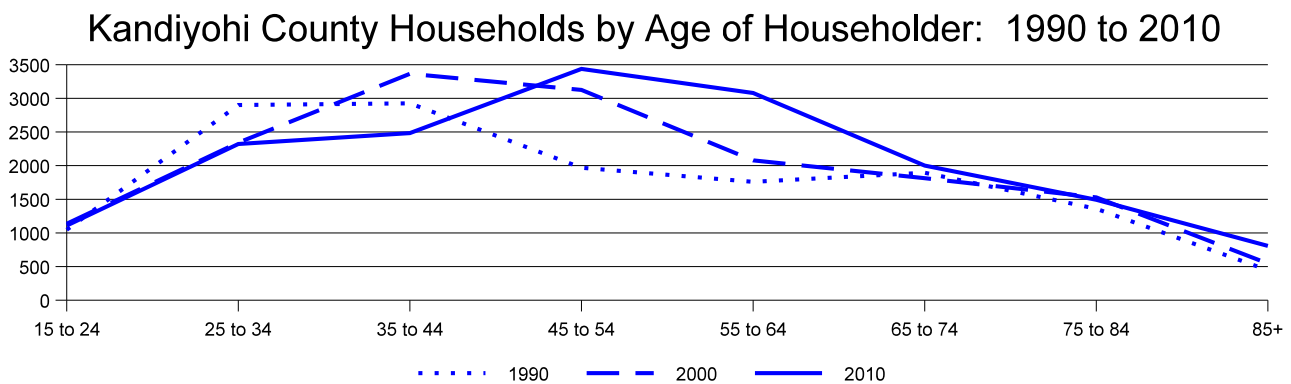
Household Change by Age Between 2000 and 2010



In addition to a gain of 31 households in the 45 to 64 age group, New London had a gain of 18 households in the 15 to 44 age ranges, and a gain of 57 households in the 65 and older age ranges. In addition to the household gains in the 45 to 64 age ranges, Kandiyohi County gained 187 households in the 65 to 74 age range, and 261 households in the 85 and older age range.

There were no losses in any of the age ranges in New London from 2000 to 2010. Kandiyohi County had a loss of 930 households in the 15 to 44 age ranges and a loss of 35 households in the 75 to 84 age range.

As with the longer-term patterns for population, it is possible to track the progression of the baby boomer households over the past 20 years in Kandiyohi County, using Census information for households by the age of householder.



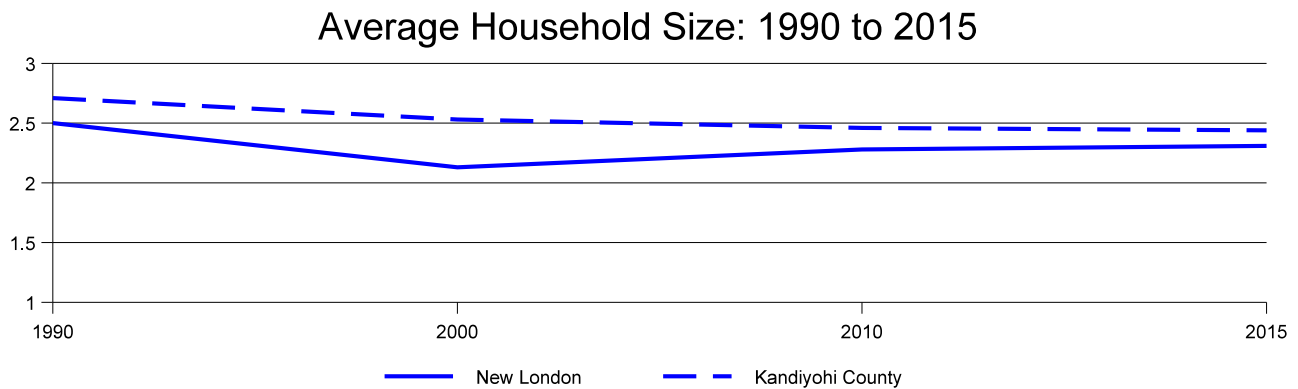
Average Household Size

The following table provides decennial Census information on average household size.

Table 6 Average Number of Persons Per Household: 1990 to 2015				
	1990 Census	2000 Census	2010 Census	2015 ESRI
New London	2.50	2.13	2.28	2.31
Kandiyohi County	2.71	2.53	2.46	2.44

Source: U.S. Census

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



There has been a pattern of smaller household sizes in New London and Kandiyohi County. The average household size in New London decreased from 2.50 in 1990 to 2.28 in 2010. However, ESRI estimates that New London’s average household size increased from 2.28 to 2.31 from 2010 to 2015. Kandiyohi County’s average household size decreased from 2.71 in 1990 to 2.44 in 2015.

Household Projections

The following table presents ESRI’s 2014 household estimates and 2020 household projections for New London and Kandiyohi County.

Table 7 Household Projections Through 2020					
	2010 Census	2015 Estimate ESRI	2020 Projection ESRI	Change 2015 to 2020	2020 Projection State Demographer
New London	521	550	571	21	533*
Kandiyohi Co.	16,732	17,130	17,429	299	17,904

Source: U.S. Census; ESRI * Extrapolated by Community Partners Research, Inc.

- ▶ The growth projections calculated by ESRI expect household gains in New London and Kandiyohi County from 2015 to 2020.
- ▶ ESRI estimates that New London had a gain of 29 households from 2010 to 2015 and will gain 21 households from 2015 to 2020.
- ▶ ESRI’s 2015 estimate for Kandiyohi County shows a gain of 398 households from 2010. ESRI projects that Kandiyohi County will add an additional 299 households from 2015 to 2020.
- ▶ The Minnesota State Demographer’s Office has not issued household projections at the city level. However, using their population projection for 2020, it is possible to extrapolate a household forecast, assuming only a slight future reduction in the average household size. For New London, this would yield a projection of approximately 533 households by 2020, up approximately one household per year between 2010 and 2020.
- ▶ The household projection issued by the State Demographer’s Office had expected a much larger number of households countywide by the year 2020. Based on more recently released estimates, this now appears to be an unreliable projection for all of Kandiyohi County. According to the State Demographer’s most recent annual estimate, the County has added fewer than 100 total households through the first four years of the current decade, while the Demographer’s projection to 2020 had expected more than 100 households per year.

Household by Age Projections: 2010 to 2020

In the following table, ESRI has generated age-based household projections for the City of New London to the year 2020.

Table 8 New London Projected Households by Age: 2010 to 2020			
Age Range	2010 Census	ESRI Projection	
		2020 Projection	Change from 2010
15-24	24	20	-4
25-34	76	70	-6
35-44	86	89	3
45-54	73	99	26
55-64	70	100	30
65-74	74	99	25
75+	118	94	-24
Total	521	571	50

Source: U.S. Census; Esri

The age-based household projections from Esri expect future household growth to occur in the 35 to 74 age ranges. From 2010 to 2020, the 35 to 74 age ranges are projected to gain 84 households.

The 15 to 34 age ranges are projected to lose 10 households, and the 75 and older age range is projected to lose 24 households from 2010 to 2020.

Households by Type

The 2010 Census can be compared to statistics from 2000 to examine changes in household composition. The following table looks at household trends within the City of New London.

Table 9 New London Household Composition - 2000 to 2010			
	2000 Census	2010 Census	Change
Family Households			
Married Couple with own children	97	109	12
Single Parent with own children	37	48	11
Married Couple without own children	108	136	28
Family Householder without spouse	19	25	6
Total Families	261	318	57
Non-Family Households			
Single Person	140	181	41
Two or more persons	14	22	8
Total Non-Families	154	203	49

Source: U.S. Census

Between 2000 and 2010, New London experienced a gain of 57 family households. All types of family households experienced household gains.

The City also had an increase of 49 “non-family” households. There was an increase of 41 single person households and an increase of eight households with unrelated individuals living together.

Housing Tenure

The 2010 Census provides data on housing tenure patterns. The following tables examine overall tenure rates, along with the changes that have occurred since 2000 for the City of New London and Kandiyohi County.

Table 10 Household Tenure - 2010				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
New London	361	69.3%	160	30.7%
Kandiyohi Co.	12,272	73.3%	4,460	26.7%
State	-	73.0%	-	27.0%

Source: U.S. Census

According to the 2010 Census, the ownership tenure rate in New London was 69.3%. Kandiyohi County’s ownership rate was 73.3%. New London’s rental rate of 30.7% was above the State of Minnesota’s rental rate of 27.0%.

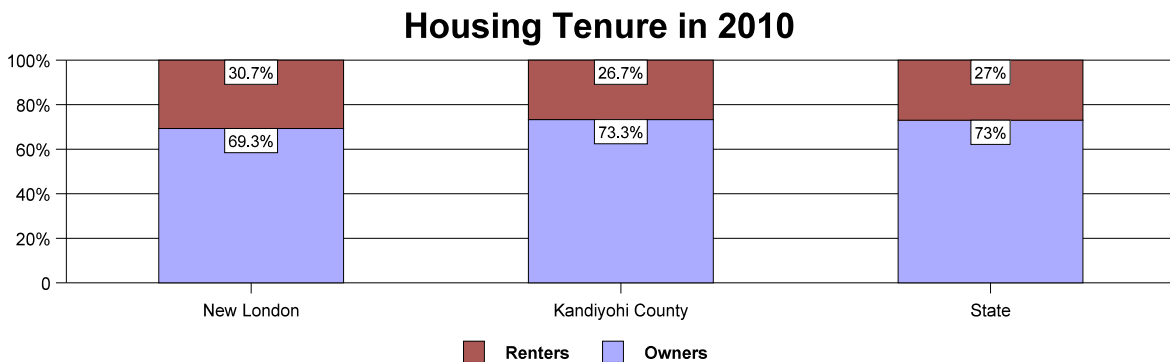


Table 11 Households by Housing Tenure - 2000 to 2010						
Tenure	New London			Kandiyohi County		
	2000	2010	Change	2000	2010	Change
Owners	313/75.4%	361/69.3%	48	12,052/75.6%	12,272/73.3%	220
Renters	102/24.6%	160/30.7%	58	3,884/24.4%	4,460/26.7%	576
Total	415	521	106	15,936	16,732	796

Source: U.S. Census

New London’s ownership tenure rate decreased from 75.4% in 2000 to 69.3% in 2010. For Kandiyohi County, there was also a decrease in the rate of owner-occupancy from 75.6% in 2000 to 73.3% in 2010.

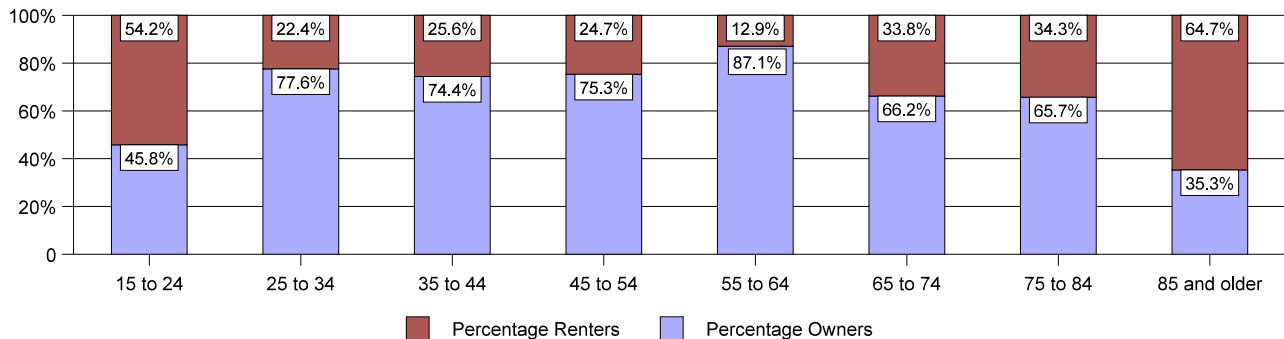
Tenure by Age of Householder

The 2010 Census provided information on the tenure distribution of households within each defined age range. The following table examines the number and percentage of renters and owners in each age group in the City of New London.

Table 12 New London Tenure by Age of Householder - 2010				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	11	45.8%	13	54.2%
25-34	59	77.6%	17	22.4%
35-44	64	74.4%	22	25.6%
45-54	55	75.3%	18	24.7%
55-64	61	87.1%	9	12.9%
65-74	49	66.2%	25	33.8%
75-84	44	65.7%	23	34.3%
85+	18	35.3%	33	64.7%
Total	361	69.3%	160	30.7%

Source: U.S. Census

New London Housing Tenure Patterns by Age in 2010



Within the defined age ranges, typical tenure patterns were present, with the households in the youngest and oldest age ranges showing a significant percentage of rental occupancy, while middle-aged and older adult households have high home owner rates. Approximately 54% of households age 24 and younger, and 65% of the households age 85 and older rented their unit. Home ownership rates for each of the 10-year age cohorts age 25 to 84 were approximately 66% or higher.

Tenure by Household Size

The 2010 Census provided information on housing tenure by household size. This can be compared to 2000 Census information to better understand trends for housing unit needs. The following table provides information for New London.

Table 13 New London Tenure by Household Size - 2000 to 2010						
Household Size	Owners			Renters		
	2000	2010	Change	2000	2010	Change
1-Person	81	82	1	59	99	40
2-Person	110	140	30	29	35	6
3-Person	45	49	4	9	9	0
4-Person	42	57	15	5	9	4
5-Person	26	27	1	0	4	4
6-Person	6	4	-2	0	3	3
7-Persons+	3	2	-1	0	1	1
Total	313	361	48	102	160	58

Source: U.S. Census

- ▶ From 2000 to 2010, there was a gain in the number of owner and renter households in New London. There was a gain of 51 one to five-person owner households and a loss of three owner households with six or more people.
- ▶ There was a gain of 46 one and two-person renter households and a gain of 12 households with three or more people.
- ▶ Approximately 84% of the renter households in New London were one or two person households in 2010.

2013 Income Data

The 2010 Census did not collect information on household income. However, estimates are available at the City and County level through the 2013 American Community Survey. 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 14 Median Income - 2000 to 2013			
	2000 Median	2013 Median	% Change
Households			
New London	\$35,000	\$39,831	13.8%
Kandiyohi County	\$39,535	\$50,149	26.8%
Minnesota	\$47,111	\$59,836	27.0%
Families			
New London	\$42,500	\$60,833	43.1%
Kandiyohi County	\$48,016	\$62,904	31.0%
Minnesota	\$56,874	\$74,683	31.3%

Source: U.S. Census; 2013 ACS 5-year survey

Income information contained in the 2013 American Community Survey shows income growth within the City of New London and in Kandiyohi County from 2000 to 2013. The City’s median household income level increased by 13.8% and the City’s median family income increased significantly by 43.1%. Kandiyohi County’s median household income increased by 26.8% and the County’s median family income increased by 31.0%. However, New London’s and Kandiyohi County’s median household and family incomes were lower than the Minnesota medians in 2013.

Family household incomes tend to be much higher than the overall household median, as families have at least two household members, and potentially more income-earners.

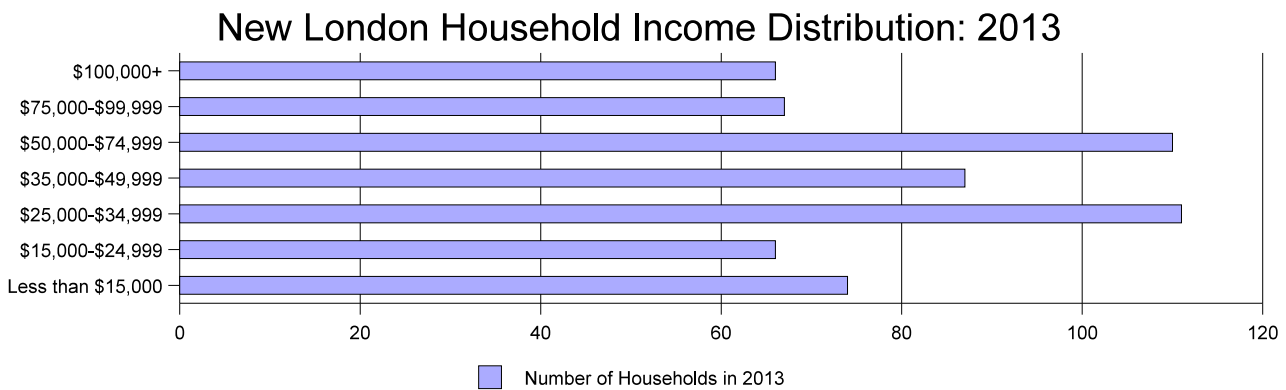
Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in New London could afford approximately \$996 per month for ownership or rental housing in 2012. A family at the median income level for the City could afford approximately \$1,521 for housing costs.

New London Household Income Distribution

The 2013 American Community Survey household income estimates for the City of New London can be compared to the same distribution information from 2000 to examine changes that have occurred from 2000 to 2013. The 2013 American Community Survey overestimated the number of households New London. The American Community Survey estimated that there were 581 households in New London in 2013, which is significantly higher than estimates from the U.S. Census, ESRI or the State Demographer.

Table 15 New London Household Income Distribution - 2000 to 2013			
Household Income	Number of Households 2000	Number of Households in 2013	Change 2000 to 2013
\$0 - \$14,999	78	74	-4
\$15,000 - \$24,999	73	66	-7
\$25,000 - \$34,999	56	111	55
\$35,000 - \$49,999	79	87	8
\$50,000 - \$74,999	92	110	18
\$75,000 - \$99,999	27	67	40
\$100,000+	9	66	57
Total	414	581	167

Source: 2000 Census; 2013 ACS



According to income estimates contained in the 2013 American Community Survey, household incomes have improved in New London, in the higher income ranges. When compared to the 2000 Census (1999 income), there was an increase of 123 households with an income of \$35,000, or more. There was a decrease of 11 households with incomes less than \$25,000. However, there were still 140 households in New London that have an annual income below \$25,000. This was 24.1% of all households.

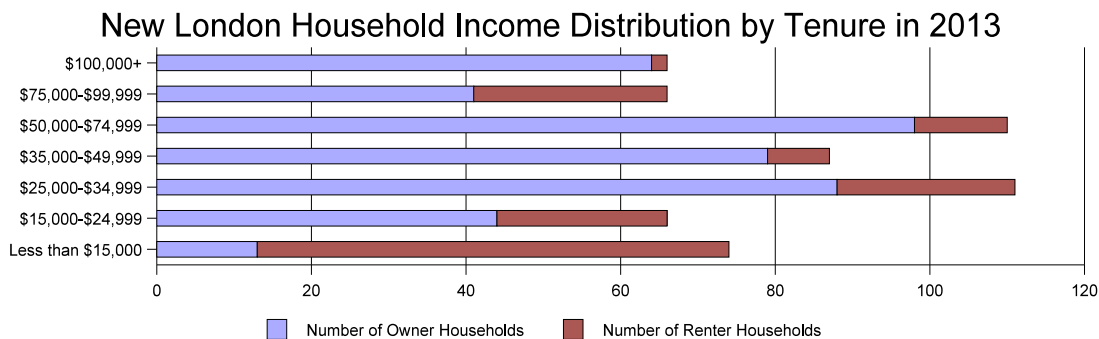
There was a significant increase in the number of households in the \$25,000 to \$34,999 range, thus, there was a gain in the number of low and moderate income households in New London from 2000 to 2013.

New London Income Distribution by Housing Tenure

The 2013 American Community Survey provides an income estimate by owner and renter status. The following table examines income distribution within the City of New London. The American Community Survey is an estimate, based on limited sampling data, and there are some differences when compared to the 2010 Census. For total households, the American Community Survey reported 60 more households than the Census. The American Community Survey estimated 67 owner households than the Census, and seven less renter households.

Table 16 New London Income Distribution by Tenure - 2013			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	13/17.6%	61/82.4%	74
\$15,000 - \$24,999	44/66.7%	22/33.3%	66
\$25,000 - \$34,999	88/79.3%	23/20.7%	111
\$35,000 - \$49,999	79/90.8%	8/9.2%	87
\$50,000 - \$74,999	98/89.1%	12/10.9%	110
\$75,000 - \$99,999	41/62.7%	25/37.3%	67
\$100,000+	64/97.0%	2/3.0%	66
Total	428	153	581

Source: American Community Survey



Income and housing tenure are linked for most households, with home owners generally having higher annual income levels, and renters having lower incomes.

In 2010, approximately 69% of all renter households in New London had an annual income below \$35,000. At 30% of income, these households would have \$875, or less, that could be applied to monthly housing costs.

Conversely, a majority of the owner households had a substantially higher income level. Approximately 66% of all owner households had an annual income of \$35,000 or more. At 30% of income, these owners could afford \$875 or more per month for housing costs.

Although households at or near the median levels do have some buying power for housing, the overall medians can be somewhat deceptive. In general, renter households tend to have incomes that are well below the overall median levels, while home owners tend to be above the medians for households or families. In 2013, the median income level for owner households in New London was \$46,528. At 30% of income, an owner at the median income level could afford approximately \$1,163 per month for housing costs. The estimated median household income for renters in 2013 was \$23,375. At 30% of income, a median income renter in the City could apply \$584 to gross rent without experiencing a housing cost burden.

2013 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 New London.

Table 17 Gross Rent as a Percentage of Household Income - 2013			
Percent of Income for Housing	Households Age 64 and Younger	Households Age 65 and Older	Total
Less than 20%	37	5	42/27.5%
20% to 29.9%	5	10	15/9.8%
30% to 34.9%	9	4	13/8.5%
35% or more	46	37	83/54.2%
Not Computed	0	0	0/0%
Total	97	56	153

Source: 2013 American Community Survey

According to the American Community Survey, approximately 63% of all renters in the City were paying 30% or more of their income for rent. The large majority of these households were actually paying 35% or more of their income for housing. 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".

Although a housing cost burden could be caused by either high housing costs or low household income, in New London it was primarily due to low income levels for renters. A majority of the renter households with a housing cost burden had an annual household income below \$20,000. To avoid a cost burden, these lower income households would have needed a unit with a gross monthly rent of \$500 or less.

Households in the age ranges between 15 and 64 years old represented approximately 63% and households in the 65 and older age range represented 37% of the households with a rental cost burden in the City of New London.

2013 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 New London that are paying different percentages of their gross household income for housing costs.

Table 18 Ownership Costs as a Percentage of Income - New London		
Percentage of Household Income for Housing Costs	Number of Owner Households 2013	Percent of All Owner Households 2013
0% to 19.9%	159	37.1%
20% to 29.9%	129	30.2%
30% to 34.9%	47	11.0%
35% or more	93	21.7%
Not Computed	0	0%
Total	428	100%

Source: 2013 ACS

Based on the 2010 Census, the 2013 American Community Survey appears to have overestimated the number of owner households in the City. However, there is also a three-year time difference in the effective date of the two estimates which also may account for some of the difference.

Most owner-occupants, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. However, approximately 37% of all home owners reported that they paid more than 30% of their income for housing. A majority of these households were paying more than 35% of income for housing costs.

As would be expected, most of the cost-burdened home owners had a mortgage on their home.

Building Permit Trends

New London has had some new housing construction activity in recent years. The following table identifies the units that have been issued a building permit from 2000 to 2015.

Table 19 New London Housing Unit Construction Activity: 2000 to 2015				
Year	Single Family Detached	Single Family Attached	Multifamily	Total Units
2015	1	0	0	1
2014	1	2	0	3
2013	3	0	0	3
2012	0	0	0	0
2011	1	0	0	1
2010	4	0	0	4
2009	1	0	0	1
2008	3	0	0	3
2007	8	0	0	8
2006	9	0	0	9
2005	13	4	4	21
2004	8	10	0	18
2003	7	6	0	13
2002	8	4	0	12
2001	3	0	0	3
2000	0	4	0	4
TOTAL	70	30	4	104

Source: City of New London; Community Partners Research, Inc.

Over the past 16 years, 104 new housing units have been constructed in New London based on building permit issuance. Seventy units are detached single family homes, 30 units are twinhomes and four units are in a four-plex.

During the eight-year period from 2000 to 2007, 88 new units were constructed, which is an average of 11 new units per year. From 2008 to 2015, housing construction activity slowed and 16 units were constructed, which is an average of two new units per year.

Occupancy Status of Housing Units - 2010

Table 20 Occupancy Status of Housing Units - 2010						
	Occupied Units		Vacant Units			
	Owner	Renter	For Rent	For Sale	Seasonal Use	Other Vacant
New London	361	160	18	11	8	8
Kandiyohi Co.	12,272	4,460	283	252	1,794	415

Source: U.S. Census

- ▶ In 2010, according to the U.S. Census, there were 1,794 seasonal housing units in Kandiyohi County, with eight of the seasonal units in New London.
- ▶ Excluding the seasonal use units, there were 950 other types of vacant housing units in Kandiyohi County in 2010, including 37 vacant units in New London. Many of the vacant units were listed as "other vacant" and the status of these units is not known.

Existing Home Sales

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

Kandiyohi 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 for sales 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 ago and did have an established tax value.

The County also 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. There are multiple reasons for rejecting a sale, but some are becoming more common, including sales of "bank-owned" properties, and foreclosures/short sales. Additional reasons for rejection would include transfers between related parties, or sales that were not conducted in the open market.

The sales value used is an "adjusted sale price", which attempts to make adjustments for personal property that was included in the sale, any financing concessions, or similar items that are not part of the real property transfer. The adjustments were made by the Kandiyohi County Assessor's Office.

Information was available from 2010 through 2015. Information for 2015 is partial-year, and the reports were obtained in early July.

Year	Number of Good Sales	Median Sale Price	Highest Sale	Lowest Sale
2015 (thru June 30)	5	\$134,300	\$263,300	\$71,500
2014	19	\$121,100	\$277,500	\$18,550
2013	21	\$133,800	\$332,500	\$18,000
2012	21	\$117,000	\$306,800	\$59,000
2011	8	\$128,125	\$229,900	\$53,828
2010	11	\$136,100	\$197,000	\$30,000

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

Information for 2015 only represents the first six months of the year and may not be an accurate indicator of the entire year. However, through the end of June, five good sales had been recorded, with a partial-year median price of \$134,300. The highest sales price was \$263,300 and the lowest sales price was \$71,500.

The 2014 median sales price based on 19 good sales was \$121,100 and the 2013 median sales price was \$133,800 based on 21 good sales.

The median sales price over the past six years ranged from \$117,000 to \$136,100.

The highest sales prices over the six years ranged from \$197,000 to \$332,500.

From 2010 to June 2015, there were also 11 bank-owned residential sales.

Home Sales by Price Range

The following table looks at the 24 single family houses that sold in the 18-month period from January 1, 2014, to June 30, 2015, in New London by defined price ranges. This information is from Kandiyohi County’s sales records.

Table 22 Home Sales by Price Range: January 2013 thru June 2014		
Sale Price	Number of Sales	Percent of Sales
Less than \$50,000	1	4.2%
\$50,000 - \$74,999	3	12.5%
\$75,000 - \$99,999	2	8.3%
\$100,000 - \$124,999	7	29.2%
\$125,000 - \$149,999	5	20.8%
\$150,000 - \$200,000	2	8.3%
\$200,000 and higher	4	16.7%
Total	24	100%

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

Approximately 25% of the sales were for less than \$100,000. Twelve of the sales were in the \$100,000 to \$150,000 range, which is 50% of the total sales. There were six sales over \$150,000, which was 25% of the sales total.

Kandiyohi County Home Foreclosure Activity

Starting in 2005, many national reports began to surface about the growing number of home foreclosures. Initially linked to the popularity of adjustable rate mortgages and 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.

In response to the growth in foreclosures late in the last decade, HousingLink and the Greater Minnesota Housing Fund began tracking mortgage foreclosure activity across the State. They produced annual foreclosure reports from 2007 to 2013 which tracked foreclosure activity at the county level dating back to 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.

Foreclosures	2005	2006	2007	2008	2009	2010	2011	2012	2013
Number	68	53	72	95	90	148	98	82	70
Rate	0.46%	0.35%	0.47%	0.62%	0.59%	0.97%	0.64%	0.53%	0.45%

Source: HousingLink; Community Partners Research

It is important to note that this table only tracks Sheriff's Sales, while the previous pages also looked at other forms of distressed sales, so the data are not directly comparable. Based on Sheriff's Sales, Kandiyohi County did experience a significant increase in the number of home foreclosures, especially between 2006 and 2010, when the number nearly tripled. However, after reaching a peak in 2010, the annual number of foreclosures declined, and the total for 2013 was comparable to the level in 2005.

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. The foreclosure rate in Kandiyohi County has remained relatively low over this time period. For comparative purposes, Kandiyohi County ranked 47th for the rate of foreclosure among Minnesota's 87 Counties in 2013 (1st being the highest rate of foreclosure).

New London Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of the 199 single family/duplex houses in two of New London's oldest neighborhoods.

The boundaries of the neighborhoods are as follows:

- ▶ Neighborhood #1: West - Main St.
East - City limits
North - City limits
South - 1st Ave. SE

- ▶ Neighborhood #2: West - Main St.
East - City limits
North - 1st Ave. SE
South - City limits

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

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

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

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

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

Table 24 Windshield Survey Condition Estimate - 2015

	Sound	Minor Repair	Major Repair	Dilapidated	Total
Neighborhood #1	61/50.4%	37/30.6%	19/15.7%	4/3.3%	121
Neighborhood #2	44/56.4%	23/29.5%	10/12.8%	1/1.3%	78
Total	105/52.8%	60/30.1%	29/14.6%	5/2.5%	199

Source: Community Partners Research, Inc.

- ▶ Approximately 30% of the houses in two of the City's oldest neighborhoods need minor repair and 15% need major repair.
- ▶ Approximately 53% are sound, with no required improvements.
- ▶ Five houses are dilapidated and possibly beyond repair.

Rental Housing Data

Census Bureau Rental Inventory

According to the 2010 U.S. Census, there were 160 occupied rental units and 19 unoccupied rental units in New London, for a total estimated rental inventory of 179 units. The City's rental tenure rate was 30.7%, above the Statewide rental rate of 27.0% in 2010.

At the time of the 2000 Census, New London had 102 occupied rental units, and five vacant rental units, for a total estimated rental inventory of 107 units. The rental tenure rate in 2000 was 26.0%.

Based on a Census comparison, the City gained 58 renter-occupancy households, and approximately 72 rental units from 2000 to 2010.

From 2000 to 2015, we believe that one rental project was constructed in New London. The Kandiyohi County HRA built four rental units in two duplexes in 2001.

Based on the number of rental units that were added to the New London rental inventory from 2000 to 2010 and the lack of new rental units that were constructed over that time period, it is assumed that a significant number of single family owner occupied homes converted to rental housing. Also, some of the single family homes, twinhomes and multi-family units that were constructed for owner occupancy are renter occupied.

Rental Housing Survey

As part of this housing study, a telephone survey was conducted of rental properties in the City of New London. The survey was primarily conducted during the months from June to August, 2015. Emphasis was placed on contacting properties that have six or more units. For the purposes of planning additional projects in the future, multi-family properties represent the best comparison of market potential.

Information was tallied separately for different types of rental housing, including market rate, subsidized and senior housing with services.

A total of 116 housing units of all types were contacted in the survey. Based on our research, all of the market rate, subsidized and senior with services projects were surveyed. We also surveyed the nursing home with a total of 52 beds.

The units that were successfully contacted include:

- ▶ 44 market rate units
- ▶ 24 federally subsidized units
- ▶ 48 senior with services units/beds
- ▶ 52 nursing home beds

The findings of the survey are provided below.

Market Rate Summary

Information was obtained on 44 market rate rental units in three multi-family projects.

Unit Mix

We obtained bedroom mix information on 44 market rate units. The bedroom mix of these units is:

- ▶ One-bedroom - 23 (52.3%)
- ▶ Two-bedroom - 21 (47.7%)
- ▶ Total - 44

The multifamily market rate projects surveyed have no three or four-bedroom units. However, there are rental single family homes in New London that have three or four bedrooms.

Occupancy / Vacancy

Within the market rate multifamily segment, the managers and owners reported there were no vacant units of the 44 units surveyed. The managers that reported vacancies reported that they are typically fully occupied and there is a demand for market rate rental units.

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, Inc., has attempted to estimate the gross rents being charged, inclusive of an estimate for tenant-paid utilities.

The following gross rent range has been identified based on information from the telephone survey.

<u>Unit Type</u>	<u>Gross Rent Range</u>
One-bedroom	\$495-\$630
Two-bedroom	\$595-\$700

Tax Credit Summary

New London has no rental projects assisted through the federal low income tax credit program.

Subsidized Summary

The research completed for this Study identified one subsidized project providing rental opportunities for lower income households. New London Housing is a USDA Rural Development General Occupancy project with 12 one-bedroom units and 12 two-bedroom units for a total of 24 units. An additional project, Londonderry Apartments I & II, was a 32-unit USDA Rural Development Project, but the project has opted out of the subsidy program and has converted to market rate.

Rental Rates

Seventeen New London Housing units have access to project-based rent assistance. These units charge rent based on 30% of the tenant's household income. The subsidized projects have a market rent and tenants do not pay more than the market rent. However, a very high percentage of tenants in the subsidized projects pay less than the market rent, as 30% of their income is less than the market rent. The remaining tenants pay 30% of their income, but not less than the basic rent or more than the market rents established for the project.

Unit Mix

The bedroom mix breakdown for New London Housing is as follows:

- ▶ One-bedroom - 12 (50%)
- ▶ Two-bedroom - 12 (50%)
- ▶ Total - 24

Occupancy / Vacancy

No vacant units were identified in the New London subsidized housing projects at the time of the survey.

Subsidized Housing Gains/Losses

Federal subsidy sources for low income rental housing have been very limited for the past few decades. Most subsidized projects were constructed in the 1960, 1970s and 1980s. Some of these older projects may have completed their compliance requirements and have the opportunity to leave their subsidy program and convert to conventional rental housing. Londonderry Apartments I & II with 32 units, opted out of the USDA Rural Development Subsidy Program and has converted to market rate units.

Housing Choice Vouchers

In addition to subsidized rental projects, New London and Kandiyohi County households have access to the Housing Choice Voucher Program. The Kandiyohi County HRA administers the Housing Voucher Program in New London and Kandiyohi County.

The Housing Choice Voucher Program provides portable, tenant-based rent assistance to lower income households. The program requires participating households to contribute from 30% to 40% of their adjusted income for rent, with the rent subsidy payment making up the difference. Tenants may lease any suitable rental unit in the community, provided that it passes a Housing Quality Standards inspection, and has a reasonable gross rent when compared to prevailing rents in the community.

Currently, 377 Kandiyohi County households, six of which live in New London, are receiving assistance through the Housing Voucher Program.

Senior Housing with Services

New London has three housing facilities for seniors needing services. All three facilities are part of one campus, Grace Living Community of Glen Oaks. The three facilities include:

- ▶ **Personal Care Suites** - Personal Care Suites has 12 one-bedroom assisted living units. The facility offers five levels of senior services.
- ▶ **Village Apartments** - Village Apartments is a 35-unit independent/light services project. The project includes 26 one-bedroom and nine two-bedroom units. The project provides light housekeeping, an emergency call system, transportation and a noon meal. Additional meals and services can be purchased for an additional fee.
- ▶ **Glen Oaks** - Glen Oaks Care Center is a 52-bed skilled nursing facility. The facility has downsized from 62 beds to 52 beds.

Occupancy / Vacancy

At the time of the survey, Personal Care Suites and Village Apartments had no vacancies and waiting lists. Glen Oaks Care Center had six vacant beds.

Table 25 Multifamily Rental Housing Inventory

Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Kandiyohi County HRA Townhomes	<u>4 - 2 bedroom</u> 4 Total Units	\$570 + utilities	No vacancies	General occupancy	Townhomes developed and owned by Kandiyohi County HRA. Units were constructed in 2001. Tenants pay all utilities in addition to rent. Manager reports that the units are fully occupied and there is a high demand for units. Most of the current tenants are young families.
Londonderry Apartments I & II	20 - 1 bedroom <u>12 - 2 bedroom</u> 32 Total Units	\$345-530 \$430-557	No vacancies	General occupancy	Londonderry Apartments was a Rural Development subsidized general occupancy apartments constructed in the early 1980s, however, it has been converted to market rate. Although there are no income limits, manager still calculates rent based on income and all tenants pay rent based on 30% of income, but not less than basic or more than market rents listed. Manager reported no vacant units at time of survey.
Ash Street Heights	3 - 1 bedroom <u>5 - 2 bedroom</u> 8 Total Units	\$400 \$650 + heat & electricity	No vacancies	General occupancy	Ash Street Heights is an eight-unit market rate project with three one-bedroom and five two-bedroom units. Rents range from \$400 to \$650. Tenants also pay heat and electricity. The owner reports no vacancies and high demand for the units.

Table 25 Multifamily Rental Housing Inventory					
Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized					
New London Housing	12 - 1 bedroom <u>12 - 2 bedroom</u> 24 Total Units	\$445-510 \$465-545	No vacancies	General occupancy	Rural Development general occupancy subsidized apartments built in 1972 and 1976. Seventeen tenants receive rent assistance that allows rent based on 30% of income; remainder pay 30% of income, but not less than basic or more than market rents listed. Manager reports full occupancy.

Table 25 Multifamily Rental Housing Inventory					
Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Senior Housing with Services					
Personal Care Suites	<u>12 - 1 bedroom</u> 12 Total Units	Based on level of services	No vacancies, waiting list	Senior assisted living	Assisted living project that was constructed in early 1990s. Part of complex that includes Village Apartments and Glen Oaks Care Center. Project is fully occupied with a waiting list. Facility offers five levels of service.
Village Apartments	26 - 1 bedroom <u>9 - 2 bedroom</u> 35 Total Units	\$775 \$1,020- \$1,090	No vacancies, waiting list	Senior housing with services	Senior housing with light services project constructed in the late 1970s. Part of a complex that includes the Personal Care Suites and Glen Oaks Care Center. Rent includes basic service package of weekly light housekeeping, emergency call system, transportation, phone and cable TV. Noon meal, and other meals, can be purchased for additional fee. Home health care available for more intensive services. No vacancies and a waiting list.
Glen Oaks Care Center	52 skilled nursing beds	Based on level of services	46 beds occupied	Skilled nursing home	Glen Oaks Care Center is a 52-bed nursing home. The Care Center is part of a complex that includes Personal Care Suites and Village Apartments. The Care Center was 62 beds, but has been downsized to 52 beds. There were six vacant beds at the time of the survey.

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 private and public 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 level of affordability.

Employment and Wages by Industry

The following table shows the annual employment and average annual wages by major employment sector for 2014. 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. This information is for Kandiyohi County.

Table 26 Kandiyohi County Average Wages by Industry Detail - 2014		
Industry	Employment	Average Annual Wage
Total All Industry	22,825	\$35,100
Natural Resources, Mining	917	\$35,412
Construction	1,208	\$50,076
Manufacturing	3,356	\$44,772
Trade, Transportation, Utilities	4,336	\$32,708
Information	384	\$27,196
Financial Activities	688	\$50,232
Professional and Business Services	1,381	\$34,632
Education and Health Services	7,177	\$33,696
Leisure and Hospitality	1,644	\$13,780
Other Services	780	\$21,008
Public Administration	952	\$43,680

Source: MN Department of Employment and Economic Development

Most of the employment opportunities in Kandiyohi County are located within the City of Willmar. In 2014, there were 22,825 covered workers reported countywide, with nearly 69% based in Willmar.

The average annual wage in Kandiyohi County for all industry in 2014 was \$35,100. The highest paying wage sectors were Financial Activities and Construction, each with an average wage above \$50,000.

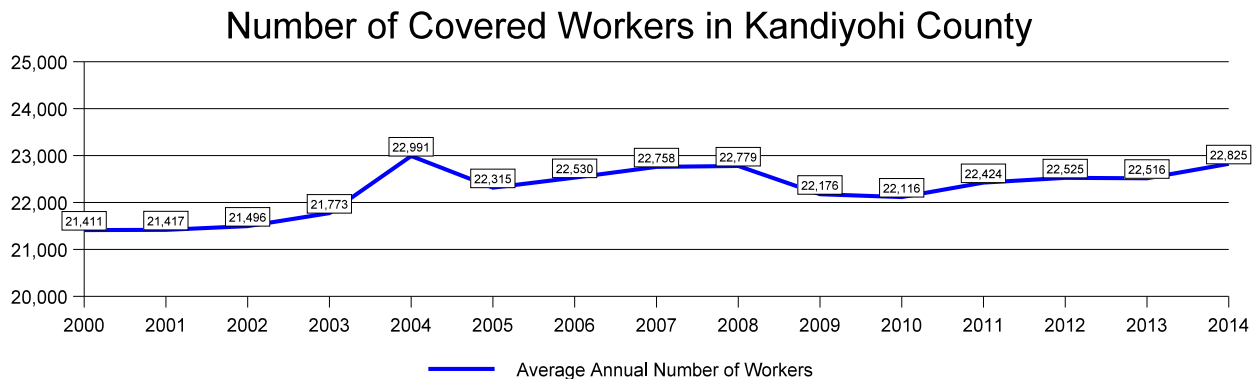
The County's largest employment sector, Education and Health Services, was slightly below the overall average, at approximately \$33,700 annually. The lowest paying wage sector was Leisure and Hospitality, with an average annual wage below \$14,000.

Kandiyohi County Annual Covered Employment

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

Year	Total Covered Employment	Year	Total Covered Employment
2000	21,411	2008	22,779
2001	21,417	2009	22,176
2002	21,496	2010	22,116
2003	21,773	2011	22,424
2004	22,991	2012	22,525
2005	22,315	2013	22,516
2006	22,530	2014	22,825
2007	22,758	-	-

Source: QCEW - MN Department of Employment and Economic Development



When viewed over a longer period, there has been growth in the number of employees covered by unemployment insurance. If 2014 is compared back to the year 2000, the County has added more than 1,400 covered workers, for employment growth of 6.6%. Growth had been occurring rapidly, especially between 2003 and 2004, but then reversed. Consistent with the start of a national economic recession in the late 2000s, the number of covered workers then dropped between 2008 and 2009. After reaching a low point in 2010, the number of covered workers in the County has started to rise once again.

Major Area Employers

Most of the job opportunities in Kandiyohi County are located in Willmar. Major employers in Willmar with 100 or more employees include:

- ▶ Jennie-O Turkey Store
- ▶ Rice Memorial Hospital
- ▶ Willmar Public Schools
- ▶ Affiliated Medical Center
- ▶ Kandiyohi County
- ▶ Bethesda Homes
- ▶ Ridgewater College
- ▶ MN Department of Transportation
- ▶ Willmar Poultry Co.
- ▶ Burlington Northern Railroad
- ▶ Wal-Mart
- ▶ Buhler
- ▶ West Central Steel/Central MN Fabricating
- ▶ Mills Auto Center
- ▶ Infinia of Willmar
- ▶ Gurley Foods

Source: Community Profiles, City of Willmar

Labor Force, Work Force and Unemployment

The Minnesota Department of Employment and Economic Development provides employment information at the County level. The following table looks at Kandiyohi County statistics since 2000.

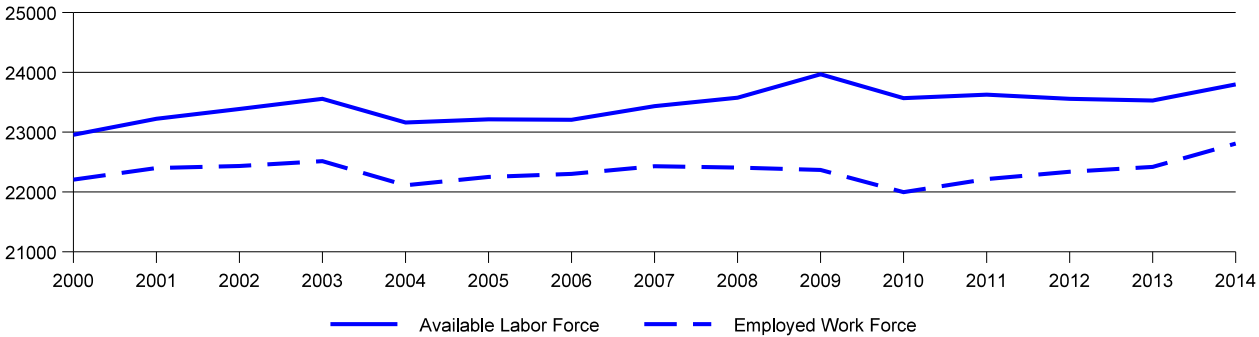
Table 28 Kandiyohi County Labor Force and Employment: 2000 - 2014						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - City	Unemployment Rate - MN	Unemployment Rate - US
2000	22,956	22,206	750	3.3%	3.2%	4.0%
2001	23,223	22,399	824	3.5%	3.8%	4.7%
2002	23,388	22,433	955	4.1%	4.5%	5.8%
2003	23,557	22,515	1,042	4.4%	4.9%	6.0%
2004	23,162	22,111	1,051	4.5%	4.7%	5.6%
2005	23,214	22,252	962	4.1%	4.1%	5.1%
2006	23,206	22,302	904	3.9%	4.0%	4.6%
2007	23,434	22,430	1,004	4.3%	4.6%	4.6%
2008	23,576	22,408	1,168	5.0%	5.4%	5.8%
2009	23,968	22,368	1,600	6.7%	7.8%	9.3%
2010	23,568	21,997	1,571	6.7%	7.4%	9.6%
2011	23,626	22,215	1,411	6.0%	6.5%	8.9%
2012	23,557	22,337	1,220	5.2%	5.6%	8.1%
2013	23,528	22,418	1,110	4.7%	4.9%	7.4%
2014	23,798	22,808	990	4.2%	4.1%	6.2%

Source: MN Department of Employment and Economic Development

LAUS statistics report people by place of residence, regardless of where they actually work.

There has been some limited growth in the size of the County’s resident labor force over the past 15 years. When comparing 2014 to 2000, the labor force increased by 842 people, or 3.7%. However, the labor force actually reached its recent peak level in 2009, and has actually decreased by 170 from that time.

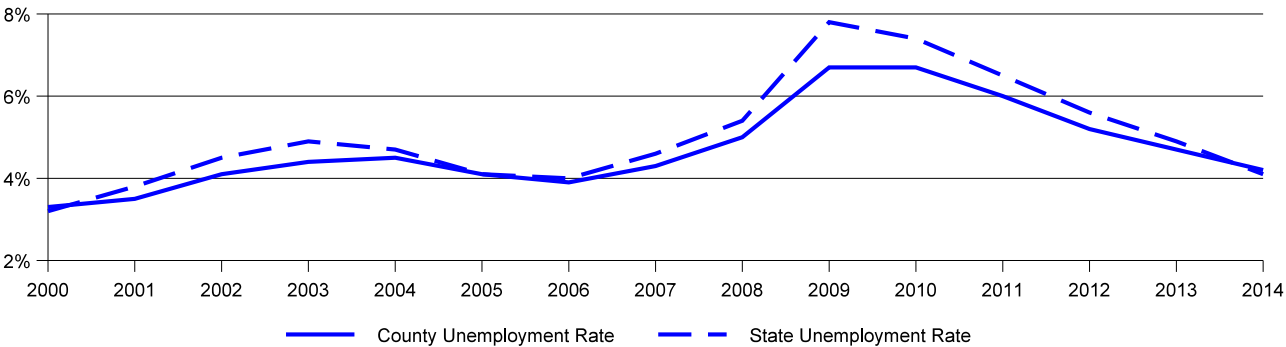
Kandiyohi County Labor Force and Employed Work Force: 2000 to 2014



There has also been some growth in the resident employed work force. If 2014 is compared to 2000, there were 602 additional employed residents of Kandiyohi County, or an increase of 2.7%.

Over time, the County’s unemployment rate has varied, from a low of 3.2% in 2000, to a high of 6.7% in 2009 and 2010. After 2010, the unemployment rate has steadily declined, and was at 4.2% in 2014. Throughout the time period reviewed, the County’s unemployment rate has consistently remained below the national rate.

Kandiyohi County Annual Unemployment Rate: 2000 to 2014



Commuting Patterns of Area Workers

Some information is available on area workers that commute for employment. The best information is from the 2013 American Community Survey, and has been examined for all County residents. This table only examines people that commuted, and excludes people that work at home.

Table 29 Commuting Times for Kandiyohi County Workers - 2013		
Travel Time	Number	Percent
Less than 10 minutes	6,460	31.6%
10 to 19 minutes	7,260	35.6%
20 to 29 minutes	3,211	15.7%
30 or more minutes	3,483	17.1%
Total	20,414	100%

Source: 2013 American Community Survey

The large majority of County residents were commuting less than 20 minutes to work in 2013. Overall, more than two-thirds County residents commuted less than 20 minutes to work.

As stated previously, most of the County’s job opportunities are located in Willmar. The American Community Survey identifies travel time by location of employment. For people that worked in Willmar, the following travel times were identified.

Table 30 Commuting Times for Willmar Employees - 2013		
Travel Time	Number	Percent
Less than 10 minutes	4,487	29.4%
10 to 19 minutes	5,364	35.2%
20 to 29 minutes	2,564	16.8%
30 minutes +	2,838	18.6%
Total	15,253	100%

Source: 2013 American Community Survey 5-year estimates

For people that worked in Willmar, nearly 19% traveled 30 minutes or more. Overall, more than 2,800 people traveled to Willmar from these greater distances. However, nearly 65% of workers had a commute time of 19 minutes or less, and would either be City residents, or were living reasonably close to the city limits.

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 2012, but provides a further breakdown of worker movement.

According to the report for Willmar, there were 13,728 people that were employed in their primary job within the city limits in 2012. Of these city-based employees, 4,516 (32.9%) also lived within the City. The remaining 9,212 employees (67.1%) worked in Willmar but lived outside the City limits.

The On the Map reporting service can be used to make comparisons between communities in the region. The following table presents information for each of the cities in Kandiyohi County. It 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. This information is based on the location of the primary job held by the worker.

Table 31 Employee Inflow/Outflow Analysis - 2012			
City	Number of People Employed in the City	Percent of City Employees that also Reside in the City	Percent of City Employees that Live Outside of the City
Willmar	13,728	32.9%	67.1%
Atwater	216	14.8%	85.2%
Blomkest	42	0%	100%
Kandiyohi	45	2.2%	97.8%
Lake Lillian	49	4.1%	95.9%
New London	813	9.0%	91.0%
Pennock	25	0%	100%
Prinsburg	392	4.1%	95.9%
Raymond	137	5.1%	94.9%
Regal	10	0%	100%
Spicer	494	3.2%	96.8%
Sunburg	11	9.1%	90.9%

Source: Census Bureau, Center for Economic Studies

The information on worker movement is derived from sampling down as part of the American Community Survey. In small communities, the number of annual surveys may be very limited, and the resulting estimates do contain a margin of error. For example, in cities such as Blomkest, Pennock and Regal, this source shows that no employed residents actually work within the city limits. While this may not be accurate, it is probable that most residents leave their city for their primary job.

Although most of the jobs based in Willmar are actually filled by people that live outside the City, Willmar does have a much higher capture rate than all of the other cities in the County. In 2012, nearly 33% of the people working in Willmar were also City residents. Atwater was the only small city in the County that had more than 10% of the city-based jobs filled by city residents.

Introduction

Key Statistics: New London	
<i>Demographic</i>	
Population:	1,303 people in 2015
Households:	550 households in 2015
Household Size:	2.31 persons per household in 2015
Population Trend:	Up 52 people from 2010 to 2015
Household Trend:	Up 29 households from 2010 to 2015
Household Projection:	A gain of 21 households between 2015 and 2020
<i>Income</i>	
Median Household Income:	\$39,831 in 2013
Median Family Income:	\$60,833 in 2013
<i>Housing</i>	
Home Ownership Rate:	69.3% home owners
Rental Rate:	30.7% renters
Median Home Value:	\$121,400 based on 24 sales (2014 to June 2015)
New Construction:	104 housing units from 2000 to 2015
<i>Housing Condition</i>	
(199 homes in two of New London’s older neighborhoods)	
Condition Rating:	Sound - 105 homes
	Minor Rehab - 60 homes
	Major Rehab - 29 homes
	Dilapidated - 5 homes

New London is Kandiyohi County’s second largest city and is approximately 15 miles north of the City of Willmar. In 2015, it is estimated that New London has 1,303 people and 550 households. Over the next five years, New London is projected to gain 41 people and 21 households.

Since 2000, 104 new housing units have been constructed primarily in the City’s two new subdivisions. The City’s newest development, London Hills Development, with 66 lots, was developed in 2006. The City has recently received Minnesota Small Cities Development Program funds to rehabilitate commercial buildings and owner occupied single family homes.

The following recommendations encourage the City of New London to work with area housing agencies and financial institutions to preserve the existing housing stock and to continue to upgrade the communities amenities and assets.

Findings on Growth Trends

New London's population was 1,251 people in 2010, which is a gain of 185 people from 2000. New London had a gain of 95 people during the 1990s. New London had 521 households in 2010, which is a gain of 106 households from 2000. New London had a gain of 26 households in the 1990s. Esri estimates that from 2010 to 2015, New London gained 52 people and 29 households.

In the 1990s, Kandiyohi County had an increase of 2,442 people and 1,638 households. From 2000 to 2010, Kandiyohi County had a gain of 1,036 people and 796 households. Esri estimates that Kandiyohi County gained 580 people and 398 households from 2010 to 2015.

Findings on Growth Projections

As part of this Study, ESRI provided population and household projections to the year 2020 for New London and Kandiyohi County. ESRI is projecting that New London will increase by 41 people and 21 households from 2015 to 2020.

For all of Kandiyohi County, ESRI expects an increase of 593 people and a gain of 299 households from 2015 to 2020.

Recommendations, Strategies and Housing Market Opportunities

Based on the research contained in this Study and the housing strengths and barriers identified above, we believe that the following recommendations are realistic options for the City. They are based on the following strategies:

- ▶ **Focus heavily on the preservation, maintenance and improvement of the housing stock that already exists** - While some housing construction will occur in coming years, most of the housing opportunities will continue to be provided by the housing stock that is already on the ground. This is especially important for affordable housing opportunities, as it will almost always be less expensive to offer an affordable unit through rehabilitation versus new construction. Units that are lost due to deterioration and obsolescence cannot be replaced for a similar price. Evidence suggests that the majority of the existing stock is generally being well maintained, however, a significant percentage of housing needs repair. Emphasis on continued improvement will be important to meet future housing needs.
- ▶ **Develop life cycle housing** - It is vital for a self-contained community to provide housing opportunities for all ages and household types. These housing opportunities enable a community to thrive, and allow households to live in the community throughout their lives.
- ▶ **Promote new construction** - New construction provides housing opportunities, stimulates the economy and upgrades the community's housing stock. Both new owner-occupied single family homes and rental units are needed to provide households in the City with housing options and to assure a healthy housing stock into the future.
- ▶ **Promote home ownership** - Home ownership is the preferred option for most households. Home ownership assists in creating community stability and commitment to the community. There are many younger families that are renting their housing. These households may be interested in home ownership, if an affordable opportunity is available.
- ▶ **Prioritize community housing goals** - Many of the recommendations in the Study will require staff-intensive efforts. The City should prioritize its housing goals and establish a plan to achieve its goals.

It is very difficult to meet all of the objectives as the balance of the objectives are very sensitive. An overly aggressive or overly passive approach to any of the objectives can cause problems in achieving the other objectives. For example, overbuilding new rental housing units could lead to vacancy problems in older, less marketable units in the community, causing these units to deteriorate in quality. The recommendations of this section attempt to provide a balanced approach to addressing the housing needs of the City.

Summary of Findings/Recommendations

The findings/recommendations for the City of New London have been formulated through the analysis of the information provided in the previous sections and include a total of 15 recommendations divided into the following five categories:

- ▶ **Rental Housing Development**
- ▶ **Home Ownership**
- ▶ **Single Family New Construction**
- ▶ **Housing Rehabilitation**
- ▶ **Other Housing Initiatives**

The findings/recommendations for each category are as follows:

Findings and Recommendations for the City of New London	
Rental Housing Development	
1.	Develop 12 to 14 general occupancy market rate rental units
2.	Promote the development/conversion of four to six affordable market rate rental housing units
3.	Develop 8 to 10 subsidized rental housing units
4.	Develop 12 to 14 senior with services housing needs
5.	Develop a downtown mixed-use commercial/housing project
6.	Utilize the Housing Choice Voucher Program
Home Ownership	
7.	Utilize and promote all programs that assist with home ownership
8.	Consider the development of a purchase/rehabilitation program
New Construction	
9.	Lot availability
10.	Strategies to encourage residential lot sales and new home construction in New London

Findings and Recommendations for the City of New London	
Housing Rehabilitation	
11.	Promote rental housing rehabilitation
12.	Promote owner-occupied housing rehabilitation efforts
Other Housing Initiatives	
13.	Acquire and demolish dilapidated structures
14.	Create a plan and continue coordination among housing agencies
15.	Promote Commercial Rehabilitation and Development

Rental Housing Development

Overview: In recent decades it has been difficult to produce new rental housing units that are viewed as “affordable” when compared to existing rental housing. A number of factors, including federal tax policy, state property tax rates, high construction costs and a low rent structure, have all contributed to the difficulty in developing rental housing in most Minnesota communities.

From 2000 to 2015, based on City of New London data, only four new rental units were constructed in New London. However, a significant number of single family homes were converted from owner-occupied to rental use between 2000 and 2015.

Demand for new rental housing is typically generated from three factors:

- ▶ Growth from new households
- ▶ Replacement of lost units
- ▶ Pent-up demand from existing households

Our household projections for New London expect household growth over the next five years. From 2015 to 2020, it is projected that there will be a gain of approximately 21 households in New London. It is estimated that approximately 35% of these households will be rental households, thus, there will be a demand from household growth of approximately seven to eight additional rental units over the next five years.

Demand created by replacement of lost units is more difficult to determine, but the best available evidence suggests that the City will lose as many as three to four rental units per year. As a result, approximately 15 to 20 additional units will be needed over the next five years to replace lost units. In some cases, this unit replacement will be necessary as existing units are removed from the inventory through demolition or conversion. In other cases, this replacement is appropriate due to the deteriorating condition of older, substandard rental housing that should be removed from the occupied stock. Also, it is projected that some of the single family homes that converted to rentals during the recession will convert back to owner-occupied homes.

Some pent-up demand also exists. As part of this study, a rental survey was conducted. In total, 116 rental units were contacted and surveyed. The survey found a 0% vacancy rate in general occupancy market rate units, a 0% vacancy rate in subsidized units, and a 0% vacancy rate in the assisted living projects. The owners and managers of the rental projects in New London reported a very high demand for rental units. Also, only four rental units have been

constructed in New London since 2000. We have identified pent-up demand for new high quality rental units, affordable market rate rental units, subsidized units and senior with services units.

These three demand generators, after factoring current vacancy rates, show a demand potential for 30 to 38 rental units over the projection period. Based on the factors stated above, we recommend the development of the following new rental units over the next six years from 2014 to 2020.

▶	General Occupancy Market Rate	12-14 units
▶	Affordable/Conversions	4-6 units
▶	Subsidized	8-10 units
▶	Senior with Services	<u>12-14 units/beds</u>
	Total	36-44 units/beds

1. Develop 12 to 14 general occupancy market rate rental units

Findings: Approximately 60% of the rental housing in the City of New London can be classified as general occupancy market rate housing. These units are free of any specific occupancy restrictions such as financial status, age, or student enrollment. Market rate housing does not have any form of rent controls, other than those imposed by the competitive marketplace.

The entire rental inventory in the City included approximately 179 total units in 2010. We believe that approximately 108 of these units are best described as market rate rental housing. The remaining units are subsidized units and senior with services units.

Of the market rate rental units we surveyed, we found no vacant units. A healthy vacancy rate range is 3% to 5%. The owners and managers of the projects reported they have very high on-going occupancy rates and strong demand.

In the City of New London, the prevailing gross rent range is \$495 to \$630 for a one-bedroom unit and \$595 to \$700 for a two-bedroom unit. There are no three or four-bedroom units in the market rate multifamily rental projects, although, there are three and four-bedroom rental houses in New London.

From 2000 to 2015, only four market rate rental units have been constructed in New London. However, Londonderry Apartments I & II, with a total of 32 units, opted out of their subsidy contract and converted to market rate.

Housing stakeholders that were interviewed for the study stated that there is a need for additional rental housing.

Recommendation: As stated earlier in this section, rental housing demand is based on household growth, pent-up demand and replacement of housing units that have been demolished or converted.

Based on this combination of demand generators, we believe that it is reasonable to plan for production of 12 to 14 market rate rental units over the next six years.

Based on our research, there is a need for some larger rental units, however, the majority of the units should be two-bedroom units.

Town home style units or high quality apartment buildings are both options in addressing the need for market rate units. The projects, to be successful, should have 'state of the art' amenities. It may be advantageous for new units to be constructed in smaller project phases. This strategy allows the new units to be absorbed into the market.

There are two market rate rental segments in New London. One segment is seeking a high quality unit and can afford a higher rent. The second segment is seeking work force housing and a more modest rent. This segment may not qualify for subsidized rental units, but affordability is still an issue.

There is a need to construct both types of market rate rental housing, thus, there is a relatively wide rent range in the following table reflecting the two segments. To construct the workforce housing and charge affordable rents, land donations, financial assistance, tax increment financing and other resources may be needed.

The first option to developing market rate rental housing would be to encourage private developers to construct market rate rental housing. If private developers do not proceed, a local housing agency or the City EDA could potentially utilize essential function bonds or similar funding sources to construct market rate rental housing.

Recommended unit mix, sizes and rents for the New London Market Rate Housing Units:

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	2-3	700 - 850	\$625 - \$755
Two Bedroom	7-8	900 - 1,000	\$675 - \$900
Three Bedroom	<u>3</u>	1,100 - 1,200	\$850 - \$1,000
Total	12-14		

Note: The recommended rents are gross rents including all utilities. The rents are quoted in 2015 dollars.

It would be advantageous to have the rents for some of the units at or less than the rent pay standards for the Housing Choice Voucher Program, thus, the units would be affordable for more households. The rent payment standards currently are:

- ▶ 1 bedroom - \$522
- ▶ 2 bedroom - \$703
- ▶ 3 bedroom - \$879

2. Promote the development/conversion of four to six affordable market rate rental housing units

Findings: The previous recommendation addressed the market potential to develop high quality rental units in New London. Unfortunately, these units would tend to be beyond the financial capability of many area renters. Most of New London’s renter households have an annual income below \$25,000. These households would need a rental unit at \$625 per month or less.

New London has lost rental housing over the years and will continue to lose units due to deterioration and demolition. Part of the need for additional rental units in New London is to provide for unit replacement. Unfortunately, most of the lost units are probably very affordable, and new construction will not replace these units in a similar price range.

There are still some programs for affordable housing creation for moderate income renters. The federal low income housing tax credit program is one available resource. However, competition for tax credits is very difficult, and few awards are made to small cities for small rental projects.

Recommendation: We would encourage the City to promote the development/conversion of more affordable rental units. A goal of four to six units over the next six years would help to replace affordable housing that has been lost.

It would be difficult to create units through new construction. Instead, it may be more practical to work on building renovation or conversion projects that can create housing. This opportunity may arise in downtown buildings, or through the purchase and rehabilitation of existing single family homes. Currently, several single family homes are being rehabilitated for rental housing by local individuals.

The estimated prevailing rent range for older rental units in New London is typically between \$400 and \$650 per month. Creating some additional units with contract rents below \$625 per month would help to expand the choices available to a majority of the City's renter households.

It is probable that the proposed rent structure for some units could only be obtained with financial commitments from other sources such as tax increment financing from the City and other financial resources from funding agencies such as the Minnesota Housing Finance Agency. Also, financial assistance would expand the number of buildings that would be financially feasible to convert to rental units.

3. Develop 8 to 10 subsidized rental housing units

Findings: There is one federally subsidized rental project in New London, New London Housing. New London Housing has 24 units of general occupancy subsidized housing. Londonderry Apartments I & II was a 32-unit USDA Rural Development Project, but has opted out of its subsidy contract and converted to market rate. Therefore, New London has lost 32 units from its subsidized housing stock.

Seventeen of the units in New London Housing have rent assistance available for tenants, thus, these households pay rent based on 30% of income. The remaining tenants pay 30% of their income, but not less than the basic rent or more than the market rent. New London Housing currently has no vacancies.

In addition to the project-based subsidized housing, New London also has approximately six households being assisted with HUD Housing Choice Vouchers (formerly Section 8 Existing Program).

There is unmet demand for rental housing for lower income people. At the time of the 2010 Census, approximately 96 renter households reported that 30% or more of their income was required to pay housing costs. This represented 63% of all renters that were surveyed. At that time, most of these households had annual incomes of less than \$25,000, and needed a very affordable unit to avoid a housing cost burden.

Recommendation: We would recommend that the City look for opportunities to expand the supply of very affordable rental housing. Although the need is greater, a realistic goal would be the construction of 8 to 10 subsidized units over the next five years. The only subsidized project in New London has no vacancies. The Housing Choice Voucher Program, which provides tenant-based rent assistance, also maintains a long waiting list.

The large subsidized housing production programs of the past are no longer available, and it remains very difficult to produce new units for very low income renters. The best available options are to layer various subsidies together, such as tax increment financing, tax abatements, land donations and grants from the Minnesota Housing Finance Agency in an attempt to produce some very affordable units.

4. Senior housing with services needs

Findings: Senior housing with services defines a wide range of housing types. Skilled nursing homes, assisted living and memory care housing are generally the most service-intensive units. High-service housing provides 24-hour staffing and a high level of assistance with daily living needs of residents.

Lower-service housing, sometimes referred to as congregate senior housing, generally offers the availability of a daily meal, and services such as weekly light housekeeping

New London has three specialized projects that provide housing with supportive services for an elderly population. These senior with services projects include:

- ▶ **Personal Care Suites** - Personal Care Suites has 12 one-bedroom assisted living units. The facility offers five levels of senior services.
- ▶ **Village Apartments** - Village Apartments is a 35-unit independent/light services project. The project includes 26 one-bedroom and nine two-bedroom units. The project provides light housekeeping, an emergency

call system, transportation and a noon meal. Additional meals and services can be purchased for an additional fee.

- ▶ **Glen Oaks** - Glen Oaks Care Center is a 52-bed skilled nursing facility. The facility has downsized from 62 beds to 52 beds.

At the time of the survey, Personal Care Suites and Village Apartments were fully occupied and have waiting lists. Glen Oaks Care Center has several vacant beds.

To determine future senior with services housing demand in New London, we determined that New London's market for senior with services housing includes the City of New London and the immediate area around New London, including New London, Lake Andrew, Burbank, Colfax and Roseville Townships.

Recommendation: In 2010, the New London Market Area had 714 people between the age of 65 and 74 and 525 people over the age of 75. The growth projections show some continued growth in the 65 to 74 age range and the 75 and older age range through the year 2020.

- ▶ **Skilled Nursing Home** - The research for this Study points to a decreasing reliance on nursing homes as a long-term residency option for older senior citizens. Over time, the nursing homes have tended to use more beds for rehab/recovery stays, or other specialized uses. There has also been a long-standing State moratorium that limits expansion in most cases. No recommendations are offered for this type of specialized housing. The City has a well-established provider that serves this segment of the market.
- ▶ **Memory Care Housing** - Glen Oaks Care Center has no designated memory care beds. However, the Care Center does have residents with dementia and memory loss. We recommend that senior with services housing providers continue to monitor the need for memory care beds and that the Glen Oaks Care Center consider designating a portion of its beds for memory care.
- ▶ **Assisted Living** - Currently, there are 12 assisted living units in Personal Care Suites. The units are fully occupied and there is a waiting list. Based on the current number of seniors in the New London Market Area and the high demand for the Personal Care units, it is our opinion that there is a demand for 12-14 additional assisted living units.

- ▶ ***Light Service/Independent Housing*** - Village Apartments is an independent light services project with 35 units. The 35 units include 26 one-bedroom and nine two-bedroom units. Based on the number of seniors in the New London Market Area, the 35 units in Village Apartments should be adequate to address the demand for light services/independent housing. However, Village Apartments is fully occupied and has a waiting list. We recommend that housing providers should monitor the occupancy rate in Village Apartments to determine if there is a need to develop additional units in the future.

The purpose of this recommendation is to provide general guidance to potential developers. A developer or an existing senior with services provider planning a specific project should have a project-specific study conducted. Also, the existing senior with services provider is typically in the best position to determine future housing demand.

5. Develop a Downtown Mixed-Use Commercial/Housing Project and utilize downtown rental units

Findings: The City of New London continues to develop strategies to assure that the City has an active and vibrant downtown. A mixed-use rental housing/commercial project could complement these efforts.

New mixed use projects have been developed in several Minnesota cities. Some of these projects were developed because of market demand, while others were developed to enhance the Downtown, to introduce a new product to the market or to serve as a catalyst for Downtown redevelopment.

Recommendation: We recommend the development of a mixed-use building in Downtown New London. There are several potential redevelopment sites in the Downtown area for a mixed-use project.

We recommend commercial space on the first floor and rental units on second and third floors. Prior to construction, a portion of the commercial space should be leased to an anchor tenant who would complement existing Downtown businesses and attract people to Downtown.

The rental units should be primarily market rate units, but could be mixed-use income with some moderate income units. The units should be primarily one and two-bedroom units. Please note that these units are not in addition to the units recommended in the previous recommendations of this section.

If a mixed use building was constructed, the number of units recommended previously should be reduced.

Ideally, a private developer would construct and own the building. The City may have a role in the project by providing TIF or other local funds and land at a reduced price.

6. Utilize the Housing Choice Voucher Program

Findings: The Housing Choice Voucher Program provides portable, tenant-based rent assistance to lower income renter households. The program requires participating households to contribute from 30% to 40% of their adjusted income for rent, with the rent subsidy payment making up the difference. Tenants may lease any suitable rental unit in the community, provided that it passes a Housing Quality Standards inspection, and has a reasonable gross rent when compared to prevailing rents in the community.

Although the federal government provides almost no funding for subsidized housing construction, it has provided new Housing Choice Voucher allocations over the last two decades.

Because of the flexibility offered through the program, eligible households often prefer the portable rent assistance to other forms of subsidized housing that are project-based, and can only be accessed by living in a specific rental development.

The Housing Choice Voucher Program is administered in Kandiyohi County by the Kandiyohi County Housing and Redevelopment Authority. The Kandiyohi County Housing and Redevelopment Authority has the ability to issue approximately 377 vouchers. Currently, six New London households are utilizing a Housing Choice Voucher.

Recommendation: The Kandiyohi County Housing and Redevelopment Authority should work with New London to assure that New London receives its share of Housing Choice Vouchers and that tenants are aware of the program.

Currently, there are approximately 174 names on the Kandiyohi County HRA's Voucher Program waiting list. However, this list has been closed to new applicants for months due to its length.

Home Ownership

Findings: Expanding home ownership opportunities is a primary goal for most cities. High rates of home ownership promote stable communities and strengthen the local tax base. The median owner-occupied home value in New London is estimated to be \$121,400 based on sales activity over the past 1 ½ years. The home values in New London provide a good opportunity for first time buyers and households seeking moderately priced homes.

Some New London and Kandiyohi County households have not been able to achieve the goal of home ownership and may need the assistance of special programs to help them purchase their first home. To assist in promoting the goal of home ownership, the following activities are recommended:

7. Utilize and promote all programs that assist with home ownership

Findings: We believe that affordable home ownership is one of the issues facing New London in the future. Home ownership is generally the preferred housing option for most households and most communities. There are a number of strategies and programs that can be used to promote home ownership programs, and can assist with this effort.

First time home buyer assistance, down payment assistance, low interest loans and home ownership counseling and training programs can help to address affordable housing issues. New London has a supply of houses that are price-eligible for these assistance programs. The home value estimates used in this study indicate that a large majority of the existing stock currently is valued under the purchase price limits for the first-time home buyer assistance programs.

While these individual home ownership assistance programs may not generate a large volume of new ownership activity, the combination of below market mortgage money, home ownership training, credit counseling, and down payment assistance may be the mix of incentives that moves a potential home buyer into home ownership.

Recommendation: The City of New London should continue to work with area housing agencies and local financial institutions to utilize all available home ownership assistance programs. Private and nonprofit agencies should also be encouraged to provide home ownership opportunities. New London should also work with housing agencies to assure that New London is receiving its share of resources that are available in Kandiyohi County and the region.

Funding sources for home ownership programs may include USDA Rural Development, MHFA, the Federal Home Loan Bank and the SCDP Program.

8. Consider the development of a Purchase/Rehabilitation Program

Findings: New London has a stock of older, lower valued homes, many of which need repairs. Our analysis of recent sales activity indicates that up to 50% of the homes in New London are valued at less than \$121,400. Some of these homes are currently vacant. As some lower valued homes come up for sale, they may not be attractive options for potential home buyers because of the amount of repair work that is required.

Some communities with a stock of older homes that need rehabilitation have developed a purchase/rehabilitation program. Under a purchase/rehabilitation program, the City or a housing agency purchases an existing home that needs rehabilitation, rehabilitates the home, sells the home to a low/moderate income family and provides a mortgage with no down payment, no interest and a monthly payment that is affordable for the family.

In many cases, the cost of acquisition and rehab will exceed the house's after-rehab value, thus, a subsidy is needed. Although a public subsidy may be involved, the cost to rehab and sell an existing housing unit is generally lower than the subsidy required to provide an equally affordable unit through new construction.

Recommendation: We recommend that the City of New London work with area housing agencies to develop and implement a purchase/rehab program that can be implemented in Kandiyohi County cities. The low values of existing homes in small Kandiyohi County cities make a purchase/rehab program feasible. Attitudinal surveys that we have conducted in other cities have found that purchase/rehabilitation programs are appealing to people who are currently renting their housing. In some similar sized communities, a large majority of survey respondents who were renters indicated an interest in buying a home in need of repair if rehabilitation assistance was available.

A purchase/rehabilitation program achieves several goals. The program encourages home ownership, prevents substandard homes from becoming rental properties and rehabilitates homes that are currently substandard.

Because a purchase/rehabilitation program can be expensive and its cost effectiveness in some cases may be marginal, it may be advantageous in some cases to directly assist low and moderate income households with purchasing and rehabilitating homes. Area housing agencies and financial institutions could offer some rehabilitation assistance in conjunction with first-time home buyer programs to make the City's older housing a more attractive option for potential home buyers. Also, USDA Rural Development provides purchase/rehabilitation loans to low and moderate income buyers.

Additionally, there may be an opportunity to financially assist the private sector with purchasing, rehabilitating and selling homes.

New Housing Construction

Findings: New London has experienced some single family owner-occupied housing construction over the past 16 years. According to City records, from 2000 to 2015, 104 housing units were constructed in New London. The 104 units include 70 single family homes, 30 units in 15 twinhomes and one four-plex. From 2000 to 2007, an average of 11 housing units were constructed annually. During the past eight years, from 2008 to 2015, an average of two housing units have been constructed annually.

The highest number of housing units constructed was in 2005 when 21 units were built. In 2004, 18 housing units were constructed.

The attractiveness of the area, the City’s amenities and available jobs should result in some construction of new housing units over the next five years.

Overall household projections for New London indicate demand for owner-occupied housing construction. Household growth is anticipated through 2020 among households in the 35 to 74 age ranges. Households in these age ranges tend to be predominantly home owners, and form a market for all types of homes including starter homes, step-up homes, luxury homes and low maintenance housing such as town homes and twin homes.

It is our opinion that if the City, local housing and economic development agencies, developers, builders and employers are proactive, an average of five to seven owner-occupied housing units could be constructed in New London annually from 2015 to 2020 to address demand. Our projection for single family housing starts includes homes built in a new subdivision and on infill lots, and includes single family attached housing units, such as twin homes and town houses. The breakdown of our projection of five to seven new owner-occupied housing units annually is as follows:

▶ Higher & median price homes	2-3 homes
▶ Affordable homes	1-2 homes
▶ Twin homes/town homes	<u>2 units</u>
Total	5-7 homes/ units

9. Lot availability

Findings: As part of this Study, we attempted to identify the inventory of available residential lots for single family housing construction in the City of New London. There are a significant number of lots available in New London's two newest subdivisions. The London Hills Development has approximately 25 available lots and Westland Park has approximately 10 available lots for a total of 35 lots. There are lot options for higher-priced homes, affordable homes and twin homes.

There are also several miscellaneous infill lots scattered around the city that we did not attempt to count. We do not know the availability of some of these infill lots.

Recommendation: We use a standard that a 2 ½ year supply of lots should be available in the marketplace based on annual lot usage. With projections that five to seven new owner-occupied housing units will be constructed per year, the City should have approximately 13 to 18 residential lots available to meet the expected demand. Part of this demand would be for attached unit construction. With 35 lots available, the City currently has an excess number of lots based on anticipated absorption.

10. Strategies to encourage residential lot sales and new home construction in New London

Findings: New London has an excess number of available residential lots. Also, new home construction has slowed over the past eight years to an average of two new homes annually.

Recommendation: We recommend that the City of New London coordinate efforts with the private sector and local housing agencies to promote lot sales and housing development in New London.

- ▶ ***Need for competitive pricing*** - There is not a strong demand for lots in New London and there are also lots available in neighboring communities. To be competitive, lot prices in the subdivisions need to be competitively priced.
- ▶ ***Plan for long-term absorption*** - The research completed for this Study expects limited annual absorption of lots in the new subdivision. We are projecting the construction of five to seven homes annually. It is therefore necessary to view the continued development of the subdivisions as a long-term plan.

- ▶ ***Lots for attached and detached housing units*** - Lots should continue to be available in the subdivisions for both attached and detached single family homes.
- ▶ ***User-Friendly*** - The lot purchase and homebuilding process must be 'user friendly.' This includes the construction of spec homes, and builders who are readily available to build custom homes.
- ▶ ***Generating initial activity*** - Although there are houses already existing in the subdivisions, recent construction activity has been limited. To stimulate new construction, proactive efforts, such as the sale of some lots at discounted prices, reduction of hookup and permit fees or other incentives could be provided if the buyer agrees to build a home of a certain quality and style within one year. This will help create momentum for more houses to be built.
- ▶ ***Consider developing an exclusive builder(s) relationship*** - A block of lots could be sold to a builder or builders. Momentum can be created when a builder has access to several lots. This allows for marketing opportunities and efficiencies in the home building process. The subdivision owners should assure, however, that the builder is obligated to constructing a minimum number of homes per year. Builders are more willing to enter a market when the lots are attractive and very affordable. A block of lots available to an exclusive builder or developer should be explored, even if significant price concessions are required.
- ▶ ***Consider partnerships that share and split financial risk between developer and city*** - Given the limited demand that has been evident within New London over the past several years, it is difficult to recommend that any speculative homes be constructed. Spec houses could potentially attract a buyer that is not interested in going through the home building process, but instead wants a turnkey unit. A spec home can also serve as a model, allowing potential home buyers to examine specific floor plans and features in the home before committing to buy. In an attempt to spur spec home construction, some communities and developers have formed partnerships with private home builders to share the financial risks. For example, developers or cities have been willing to defer the payment for the lot until the spec home is sold. Another builder incentive is to waive any water/sewer hook up fees, special assessment payments and building permit fees until the home is sold. A more aggressive approach is to become directly involved in helping cover the payments on a home builder's construction loan, if the

house does not sell within a reasonable period of time. A community risk pool would need to be established for this type of activity. These types of approaches would somewhat reduce the builder's risk, by lowering the upfront development costs.

- ▶ ***Allow for a range of house prices*** - The lots should continue to be available to as wide a range of home sizes and prices as possible, without compromising the subdivisions.

- ▶ ***Marketing*** - The City of New London and the subdivision owners will need to develop a comprehensive marketing strategy to sell lots. All stakeholders including realtors, financial institutions, builders, employers, etc. should be included in marketing strategies. In addition to marketing the lots, the City of New London and its amenities should be marketed.

Housing Rehabilitation

Findings: New London has an asset in its existing housing stock. Existing units, both now and into the future, will represent the large majority of the affordable housing opportunities. Existing units generally sell at a discount to their replacement value. Units that are not maintained and improved may slip into disrepair and be lost from the housing stock. Efforts and investment in housing rehabilitation activities will be critical to offering affordable housing opportunities.

It is our opinion that New London and area housing agencies will need to make housing rehabilitation a priority in the future. Housing options for households at or below the median income level will largely be met by the existing, more affordable housing stock. As this existing stock ages, more maintenance and repair will be required. Without rehabilitation assistance, there is a chance that this affordable stock could shrink, creating an even more difficult affordability situation.

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

11. Promote rental housing rehabilitation

Findings: New London has approximately 179 rental units. Our condition analysis identified some substandard rental units. It is difficult for rental property owners to rehabilitate and maintain their rental properties while keeping the rents affordable for the tenants. The rehabilitation of older rental units can be one of the most effective ways to produce decent, safe and sanitary affordable housing.

Recommendation: New London should work with housing agencies to seek funds that allow for program design flexibility that make a rental rehabilitation program workable. Potential funding sources may include the SCDP Program, MHFA, USDA Rural Development, the Federal Home Loan Bank and the Greater Minnesota Housing Fund.

12. Promote owner-occupied housing rehabilitation efforts

Findings: The affordability of the existing housing stock in New London will continue to be an attraction for households that are seeking housing in New London. Investment in owner-occupied housing rehabilitation activities will be critical to offering affordable housing opportunities.

Our 2015 housing condition survey of 199 New London homes in the City's two oldest neighborhoods found 60 homes that need minor repairs and 29 homes that need major repairs. Without rehabilitation assistance, there is the potential that the affordable housing stock will shrink in New London.

The City of New London has recently received Minnesota Small Cities Development Program funds to rehabilitate owner occupied single family homes in the City.

Recommendation: We recommend that New London and area housing agencies continue to seek local, state and federal funds to assist in financing housing rehabilitation. The Kandiyohi County HRA has been active in obtaining funds for housing rehabilitation. The SCDP Program, USDA Rural Development, MHFA and the Federal Home Loan Bank are all potential funding sources. Also, the Heartland Community Action Agency administers the Weatherization Program in Kandiyohi County.

Other Housing Initiatives

13. Acquire and Demolish Dilapidated Structures

Findings: Our housing condition survey identified that of the 199 homes in New London's two oldest neighborhoods, five homes are dilapidated and too deteriorated to rehabilitate. We also identified 29 homes as needing major repair and several of these homes may be too dilapidated to rehabilitate. To improve the quality of New London's housing stock and to maintain the appearance of the community, dilapidated structures should be demolished.

Recommendation: New London should continue to work with property owners to demolish severely dilapidated structures. New London is enhanced when blighted and dilapidated structures are removed. Also, some of the cleared lots can be utilized for the construction of new affordable housing units. Some cities are adopting ordinances that give cities more authority to require property owners to demolish vacant, dilapidated homes.

Also, we recommend that the City of New London maintain an inventory of the dilapidated houses, which will assist the City in acquiring these structures as opportunities become available. Additionally, an inventory of in-fill lots for future development should be maintained.

14. Create a plan and a coordinated effort among housing agencies

Findings: In addition to local resources, New London has access to the Kandiyohi County HRA, the Heartland Community Action Agency, the Southwest Minnesota Housing Partnership, MHFA, USDA Rural Development, the Greater Minnesota Housing Fund and the Mid-Minnesota Development Commission. These agencies all have experience with housing and community development programs.

Recommendation: New London has access to multiple agencies that can assist with addressing housing needs. It is our recommendation that New London work with the housing agencies to prioritize the recommendations of this Study and to develop a plan in coordination with the Kandiyohi County HRA and the other Kandiyohi County cities to address housing needs. The Plan should include strategies, time lines and the responsibilities of each agency. While there has traditionally been a degree of staff interaction between these agencies, it will be important that a coordinated approach be used to prioritize and assign responsibility for housing programs.

It will also be important for New London to look for opportunities to work cooperatively with other cities to address housing issues. With the number of small cities in the County, and limited staff capacity at the city and county levels, cooperative efforts may be the only way to accomplish certain projects. Cooperative efforts will not only make housing projects more practical, but they will often be more cost-effective and competitive.

15. Promote Commercial Rehabilitation and Development

Findings: New London's commercial district is in good condition, however, there are several substandard commercial buildings.

When households are selecting a city to purchase a home in, they often determine if the City's commercial sector is sufficient to serve their daily needs. A viable commercial district is an important factor in their decision making process.

Recommendation: We recommend that the City of New London continue to work with commercial property owners to rehabilitate their buildings and to demolish the buildings if they are beyond repair. Also, new businesses should, to the extent that it is feasible, be encouraged to locate in New London.

The City of New London has recently received Minnesota Small Cities Development Program funds to rehabilitate commercial buildings in the City.