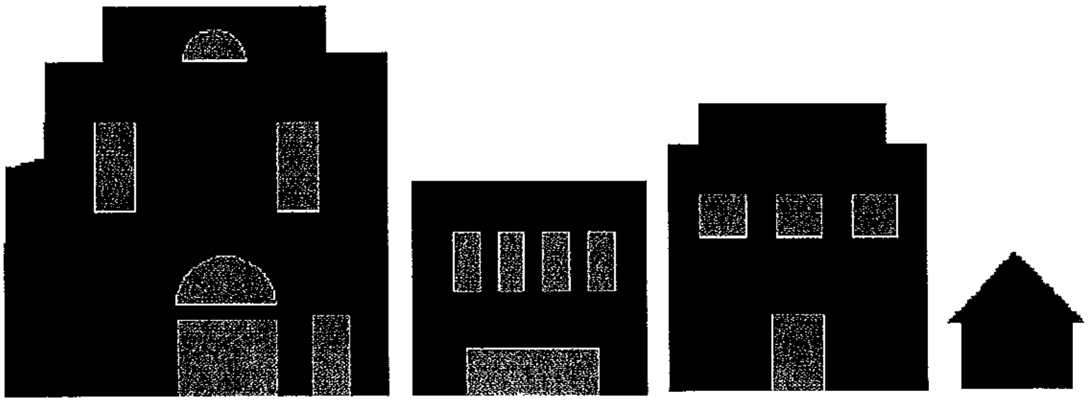
Southwest Minnesota COMPREHENSIVE HOUSING STUDY

An Analysis of the Overall Housing Needs for the
Cities of Jackson, Pipestone, Redwood Falls and Worthington

October 2009



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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 the Southwestern Communities of Jackson, Pipestone, Redwood Falls and Worthington 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 Southwest Minnesota Housing Partnership to conduct a study of the housing needs and conditions in the Cities of Jackson, Pipestone, Redwood Falls and Worthington.

Goals

The multiple goals of the study include:

- Provide updated demographic data
- 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 June 2009 to September 2009. Data sources included:

- U.S. Census Bureau
- Demographic estimates and projections from the State Demographer
- Claritas, Inc.
- Records and data from the Cities of Jackson, Pipestone, Redwood Falls and Worthington
- Records and data maintained by Jackson, Pipestone, Redwood and Nobles Counties
- Interviews with staff from the Cities
- Area housing agencies
- State and Federal housing agencies
- Rental property owner surveys
- Previous housing studies

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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Summary of Recommendations For the Cities of Jackson, Pipestone, Redwood Falls and Worthington

Specific findings and recommendations have been provided in their individual sections of the Study for the Cities of Jackson, Pipestone, Redwood Falls and Worthington.

Below is a broad overview of the recommendations for the four Cities. Readers are encouraged to consult the individual sections for more detailed findings and recommendations. Individual recommendations may vary by community, and should be consulted before proceeding with housing activities.

Rental Housing Development

While most of the future housing demand will be for home ownership, it will also be necessary to generate new rental housing development. Often new rental housing can help address demand for affordable ownership options by providing desirable housing for households that want to move out of a single family home. This will often be true for seniors who are currently living in an older, single family home and who may wish to move to a no maintenance housing option.

There will also be demand for general occupancy rental housing for families. Despite a preference for ownership, many young families are not in a financial position to purchase a home. Also, as employment opportunities continue to become available in the Cities, the work force will be coming from outside the immediate area. New arrivals will often prefer to rent their housing until they become familiar with the community and comfortable with their long-term employment prospects.

We also believe that there is pent-up demand for some types of rental units in the Cities. Rental vacancy rates are low in some cities and for some types of rental housing. Condition is also a factor, as many of the available units are old, and some are in poor condition. Many units are not well suited to the needs of the renter market.

We have made specific rental recommendations for the four cities over the five-year period from 2009 to 2014 as follows:

Rental Housing Recommendations 2009 to 2014					
City	General Occupancy Market Rate	Subsidized/ Tax Credit	Senior Designated	Student	Total
Jackson	28-32	10-12	0	12-16	50-60
Pipestone	0	0	24-30	0	24-30
Redwood Falls	18-24	0	43	0	61-67
Worthington	78-90	68-72	40-48	0	186-210
Total	124-146	78-84	107-121	12-16	321-367

* Please see the specific city recommendations for detailed information.

The Jackson general occupancy market rate recommendation includes the 30-unit Ashley Estates project that is currently under construction.

The 43-unit Redwood Falls senior designated recommendation is the Garnette Gardens expansion project that is scheduled to begin construction in the fall of 2009.

The Worthington general occupancy market rate recommendation includes the 72-unit project that is proposed by RCM Construction. The Worthington subsidized/tax credit recommendation includes the 30-unit New Castle Townhome tax credit project, which is currently under construction and a proposed 19-unit HUD Section 202 project.

The rental recommendations are based on projected household growth, replacement of rental housing that will be converted or demolished, and pent up demand for some types of rental housing.

Housing Rehabilitation

Housing rehabilitation is a very important issue for all four cities. In all of the communities, the percentage of older housing units is above average.

Housing condition surveys have been conducted in three of the four cities over the past several years, and a significant number of single family homes were found to be in need of repair. The condition surveys were undertaken in each City's oldest neighborhoods. We have also identified a number of multifamily rental projects that are more than 20 years old that may be in need of rehabilitation.

With the high cost of new construction, and the lack of new construction that is being undertaken in the Cities, it is imperative that the existing housing stock is maintained as it is the only home ownership alternative for low and moderate income households.

Also, one of the greatest assets for each City is its affordable housing stock. To continue to attract households to these Cities, the affordable existing housing stock must be preserved.

We have recommended the continued utilization of all the resources that are available for both owner occupied and rental housing rehabilitation. MHFA, GMHF, SCDP and Rural Development funds are the major sources of funding for housing rehabilitation. Several area housing agencies administer MHFA, SCDP, Rural Development and GMHF Programs in the four cities.

The housing condition survey findings for the Cities of Jackson, Redwood Falls and Worthington are as follows:

Housing Condition Analysis					
City	Sound	Minor Repair	Major Repair	Dilapidated	Total
Jackson (two neighborhoods)	74 (28.1%)	121 (46%)	61 (23.2%)	7 (2.7%)	263
Redwood Falls (four neighborhoods)	363 (43%)	366 (43%)	122 (14%)	0 (0%)	851
Worthington (two neighborhoods)	48 (23%)	76 (36%)	76 (36%)	9 (5%)	209
Total	485 (36.6%)	563 (42.5%)	259 (19.7%)	16 (1.2%)	1,323

The housing condition surveys were conducted as part of previous studies, thus, the condition of some of the homes may have changed. However, based on visual surveys conducted as part of this study, the percentage of substandard homes in each City has not significantly changed.

A housing condition survey was not conducted for Pipestone, however, a visual survey was conducted as part of this study and a substantial number of substandard homes were identified in Pipestone's older neighborhoods.

In addition to single family homes, we have identified a significant number of multifamily rental projects, small rental buildings and duplexes in the four cities that are over 20 years old and may be in need of rehabilitation/renovation.

Acquisition / Demolition

Our housing condition survey in the three cities identified 16 dilapidated single family homes that are dilapidated and too deteriorated to rehabilitate. We also identified 259 single family homes that need major repairs. Some of these homes also are too dilapidated to rehabilitate. There are also dilapidated homes in other neighborhoods in the three cities that were not surveyed and also in Pipestone.

We recommend an aggressive approach to demolishing dilapidated structures. The cities are 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.

Rental Inspection Program

The median value of single family homes is low in all four cities when compared with the State of Minnesota's median home value. A low median home value often leads to a high percentage of substandard homes.

Low valued substandard homes are usually not on high demand among potential homeowners, thus, these low valued substandard homes are converted to rental units. With the low rental rate structure in the four cities, it is difficult for rental property owners to make improvements to their rental properties. The result is a high number of substandard, deteriorating rental single family homes. These substandard homes have a detrimental impact on the cities and contribute to neighborhood deterioration. There are also a significant number of rental complexes in the four cities that are more than 20 years old and may have code deficiencies.

In previous Jackson, Redwood Falls and Worthington housing studies, we recommended the adoption and implementation of a Rental Inspection Program. A Rental Inspection Program assures that rental units are safe and sanitary, thus, removing blighted and unsafe conditions. The Cities of Jackson and Worthington have adopted and are implementing a Rental Inspection Program. In this study, we have recommended that Jackson and Worthington continue to implement their Rental Inspection Programs and that Redwood Falls consider the adoption and implementation of a Rental Inspection Program.

Home Ownership

We believe that increasing and promoting home ownership opportunities will be a critical issue for the four cities in the next few years. We believe that there will be increasing pressure for home ownership over the next five years. This is due largely to the characteristics of the population. Most of the housing demand expected in the four cities will be among 25 to 34 year olds which are primarily first time home buyers and the 54 to 74 age ranges which represent move-up households and households seeking no maintenance housing options such as twin homes, town homes and condos.

We also believe that the moderately priced homes in the four cities provide an excellent opportunity to promote home ownership as the majority of the homes are affordable for most households. The estimated median home values in the four cities, based on recent home sales and information from the County assessors, are as follows:

Jackson	$63,500
Pipestone	$61,750
Redwood Falls	$93,250
Worthington	$75,000

We have made the following Home Ownership recommendations as follows:

- **Improve the condition and quality of the existing single family housing stock** - The four cities have a good supply of lower cost houses. These units will represent the bulk of the affordable options well into the future, however, many of these houses may be in poor condition, and will need to be rehabilitated to become an attractive ownership option.

- **Continue to access available resources to promote home ownership** - While there will be an increasing number of households who wish to own their housing, many will have financial situations that limit their options. Household income levels in the cities are low, restricting the buying power of households. In addition to generating affordable new units, it will be important to offer other home ownership enhancements, including purchase/rehabilitation programs, below-market mortgage rates, down payment assistance, home ownership training and counseling, gap financing and other such assistance, to help marginal home buyers achieve their goal of ownership. Several area housing agencies, primarily the Southwest Minnesota Housing Partnership, have successfully accessed and implemented homeownership programs in the past.

- **Continue to generate or promote affordable new housing construction** - This may be accomplished in a number of ways, including creation of affordably priced residential lots, direct involvement in affordable new construction, and considering alternatives, such as modular homes or manufactured housing that create affordable options.

- **Assist emerging markets with home ownership** - All four cities have attracted many racial and ethnic minority households and international immigrants in recent years. Employment opportunities, quality of life and other factors have resulted in a population that is increasingly diverse.

  The home ownership rates for all racial and ethnic minority groups are typically lower than home ownership rates for white households.

  Recognizing the potential to assist with expanded home ownership, the State of Minnesota has started the Emerging Markets Homeownership Initiative (EMHI). The long-term vision of the initiative is to eliminate the gap in home ownership rates between emerging markets and white, non-Hispanic households.

  The Southwest Minnesota Housing Partnership is very active in EMHI and is a leader in developing and implementing EMHI programs. The cities should continue to work with the Southwest Minnesota Housing Partnership to increase home ownership among ethnic and racial minority households.

Subdivision / Lot Development

We recommend that cities have at least a two and a half year supply of lots. We also recommend that the lot supply include a variety of prices, sizes and locations that will provide choices for buyers.

Our subdivision/lot development recommendations for each City are as follows:

- **Jackson** - We are projecting that the City of Jackson should have 15 to 20 lots available in its lot inventory. Currently, the City of Jackson has approximately 14 lots, which is not an adequate supply of lots to meet the projected need. However, the Jackson EDA is constructing a second phase of the Sunset View Subdivision, which will include 22 lots. This development will address projected demand over the next several years.

- **Pipestone** - We are projecting that the City of Pipestone should have 13 to 18 lots available in its lot inventory. The City currently has 14 single family and nine multi-family lots in its lot inventory. This is an adequate number of lots to address short-term projected demand. However, the Pipestone EDA and developers should monitor the need for additional lots as new lots will be needed in approximately three years if new construction goals are met.

  Also, the Pipestone EDA has land available for lot development. The Pipestone EDA and the Southwest Minnesota Housing Partnership should monitor the need to develop lots for affordable homes.

- **Redwood Falls** - We are projecting that the City of Redwood Falls should have 20 to 25 lots available in its lot inventory. Currently, the City of Redwood Falls has approximately 18 lots in its inventory.

  We are recommending that the City of Redwood Falls, the Port Authority, developers and local housing agencies develop additional lots to address the City's on-going needs. Approximately 30 additional lots should be developed over the next five years. The lots should include a variety of types, prices and locations to assure that adequate lots options are available.

  We are also recommending that the City of Redwood Falls and the Port Authority consider the development of an affordable 10 to 12 lot subdivision. These lots would be part of the 30 lot recommendation. The Southwest Minnesota Housing Partnership can assist with the development of an affordable subdivision.

- **Worthington** - We are projecting that the City of Worthington should have 30 to 35 lots in its lot inventory. The city currently has approximately 42 lots in its lot inventory and there are several subdivisions or subdivision expansions in the development or planning phase. This is an adequate number of lots to address short-term projected demand.

However, the City of Worthington, the EDA and developers should continue to monitor the need for additional lots.

Also, we have recommended that as the economy and the housing market improve, the new 13-lot affordable subdivision, which the Southwest Minnesota Housing Partnership has planned, should be developed. The affordable subdivision should be developed in two phases. A new modular home subdivision should also be considered in the future.

The Greater Minnesota Housing Fund, MHFA, Rural Development, Tax Increment Financing, the SCDP Program and the Federal Home Loan Bank are all resources that can assist with developing affordable lots and constructing new affordable homes.

Small Cities Development Program (SCDP)

We recommend that the four cities continue to submit SCDP Applications on an ongoing basis to fund housing rehabilitation, commercial rehabilitation, acquisition / demolition, new housing development and public facilities programs.

The cities and area housing agencies should also consider multi-city applications as these applications are a higher priority with the Minnesota Department of Employment and Economic Development.

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Population Estimates and Trends

Table 1 Population Trends - 1980-2008							
	1980 Pop.	1990 Pop.	% Change 1980-1990	2000 Pop.	% Change 1990-2000	2008 Estimate	% Change 2000-2008
Worthington	10,243	9,977	-2.6%	11,283	13.1%	11,392	1.0%
Nobles County	21,840	20,098	-8.0%	20,832	3.7%	20,386	-2.1%
Pipestone	4,887	4,554	-6.8%	4,280	-6.0%	4,335	1.3%
Pipestone County	11,690	10,491	-10.3%	9,895	-5.7%	9,364	-5.4%
Redwood Falls	5,210	4,859	-6.7%	5,459	12.3%	5,247	-3.9%
Redwood County	19,341	17,254	-10.8%	16,815	-2.5%	15,680	-6.7%
Jackson	3,797	3,559	-6.3%	3,501	-1.6%	3,424	-2.2%
Jackson County	13,690	11,677	-14.7%	11,268	-3.5%	10,842	-3.8%

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

- The most recent official population estimates are from the State Demographer and are effective April 1, 2008. The estimate for Worthington was 11,392 people. According to this estimate, the City has gained 109 people from the level reported in the 2000 Census. The U.S. Census Bureau has also produced population estimates, effective July 1, 2008. This estimate contradicts the Demographer's estimate and placed the City's population at 11,036 people, a decrease of 247 people from the 2000 Census. Where differences in estimates exist, we generally place the greatest confidence in those generated by the State Demographer. The procedure used by the Demographer allows the individual jurisdiction the opportunity to contest the estimate before it is finalized.

- The Demographer's 2008 estimate for all of Nobles County was 20,386. The Census Bureau's 2008 County estimate was slightly lower at 20,365. Both of these estimates show population losses countywide since 2000.

- The Demographer's 2008 estimate for the City of Pipestone was 4,335, an increase of 55 people from the level reported in the 2000 Census. The U.S. Census Bureau's estimate showed a drop in the City's population with 4,131 people, a decrease of 149 people from the 2000 Census.

- The Demographer's 2008 estimate for all of Pipestone County was 9,364. The Census Bureau's 2008 County estimate was slightly higher at 9,395. Both of these estimates show population losses countywide since 2000.

- The Demographer's 2008 estimate for the City of Redwood Falls was 5,247, a decrease of 212 people from the level reported in the 2000 Census. The U.S. Census Bureau's estimate showed an even larger drop in the City's population with 5,076 people, a decrease of 383 people from the 2000 Census.

- The Demographer's 2008 estimate for all of Redwood County was 15,680. The Census Bureau's 2008 County estimate was slightly lower at 15,493. Both of these estimates show population losses countywide since 2000.

- The Demographer's 2008 estimate for the City of Jackson was 3,424, a decrease of 77 people from the level reported in the 2000 Census. The U.S. Census Bureau's estimate showed a larger drop in the City's population with 3,305 people, a decrease of 196 people from the 2000 Census.

- The Demographer's 2008 estimate for all of Jackson County was 10,842. The Census Bureau's 2008 County estimate was slightly lower at 10,734. Both of these estimates show population losses countywide since 2000.

Population Projections

The following table presents population level projections using three different sources. Two of the projections have been generated by Community Partners Research, Inc., using past trends in population change. One calculation is based on shorter-term trends, between 2000 and 2008, while the second is calculated from longer-term patterns, between 1990 and 2008. The third source is from State Demographer projections. Projections are provided to the year 2015.

Table 2 Population Projections Through 2015				
	2008 Population Estimate	2015 Projection from 8-year trend	2015 Projection from 18-year trend	2015 Projection State Demographer
Worthington	11,392	11,488	12,020	11,692
Nobles County	20,386	20,004	20,500	20,540
Pipestone	4,335	4,384	4,254	4,323
Pipestone County	9,364	8,924	8,973	9,210
Redwood Falls	5,247	5,069	5,410	5,413
Redwood County	15,680	14,754	15,124	15,480
Jackson	3,424	3,358	3,373	3,526
Jackson County	10,842	10,483	10,540	11,300

Source: Community Partners Research, Inc.; State Demographer

- The populations provided above present a range of possible population change. The projections from eight-year trends appear to offer the best indicator of future change.

- The shorter-term projection for Worthington, as calculated by Community Partners Research, expects the City to gain 96 people between 2008 and 2015. Since 2000, the City has gained an estimated 109 people. Based on eight-year trends, Nobles County is expected to lose 382 people between 2008 and 2015. The County has lost an estimated 446 people from 2000 to 2008.

- The shorter-term projection for Pipestone as calculated by Community Partners Research, expects the City to gain 49 people between 2008 and 2015. Since 2000, the City has gained an estimated 55 people. Based on eight-year trends, Pipestone County is expected to lose 440 people between 2008 and 2015. The County has lost approximately 531 people from 2000 to 2008.

- The shorter-term projection for Redwood Falls as calculated by Community Partners Research, expects the City to lose 178 people between 2008 and 2015. Since 2000, the City has lost an estimated 212 people. Based on eight-year trends, Redwood County is expected to lose 926 people between 2008 and 2015. The County has lost approximately 1,135 people from 2000 to 2008.

- The shorter-term projection for Jackson as calculated by Community Partners Research, expects the City to lose 66 people between 2008 and 2015. Since 2000, the City has lost an estimated 77 people. Based on eight-year trends, Jackson County is expected to lose 359 people between 2008 and 2015. The County has lost approximately 426 people from 2000 to 2008.

- The Demographer's projections are not as reflective of the recent trends as they tend to be slightly more optimistic for most counties and cities than Community Partners Research's shorter-term projections.

Household Estimates and Trends

Table 3 Household Trends - 1980-2008							
	1980 Households	1990 Households	% Change 1980-1990	2000 Households	% Change 1990-2000	2008 Estimate	% Change 2000-2008
Worthington	3,904	3,967	1.6%	4,311	8.7%	4,410	2.3%
Nobles County	7,812	7,683	-1.7%	7,939	3.3%	7,988	0.6%
Pipestone	2,005	1,915	-4.5%	1,900	-0.8%	1,940	2.1%
Pipestone County	4,357	4,078	-6.4%	4,069	-0.2%	4,053	-0.4%
Redwood Falls	1,996	1,981	-0.8%	2,266	14.4%	2,305	1.7%
Redwood County	6,842	6,554	-4.2%	6,674	1.8%	6,538	-2.0%
Jackson	1,527	1,484	-2.8%	1,487	0.2%	1,515	1.9%
Jackson County	4,988	4,560	-8.6%	4,556	-0.1%	4,596	0.9%

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

- The most recent official household estimate for the City is from 2008. The Minnesota State Demographer estimates that the City of Worthington had 4,410 households on April 1, 2008. Based on this estimate, the City has gained 99 households between the 2000 Census and 2008. The State Demographer's 2008 estimate for all of Nobles County was 7,988 households, up 49 households from the year 2000.

- The State Demographer's 2008 estimate for the City of Pipestone is 1,940 households. Based on this estimate, the City has gained 40 households between the 2000 Census and 2008. The State Demographer's 2008 estimate for all of Pipestone County was 4,053 households, down 16 households from the year 2000.

- The State Demographer's 2008 estimate for the City of Redwood Falls is 2,305 households. Based on this estimate, the City has gained 39 households between the 2000 Census and 2008. The State Demographer's 2008 estimate for all of Redwood County was 6,538 households, down 136 households from the year 2000.

- The State Demographer's 2008 estimate for the City of Jackson is 1,515 households. Based on this estimate, the City has gained 28 households between the 2000 Census and 2008. The State Demographer's 2008 estimate for all of Jackson County was 4,596 households, up 40 households from the year 2000.

- The U.S. Census Bureau only issues annual population estimates, so no household data is available from this source.

Average Household Size

The following table provides U.S. Census Bureau information on average household size. The 2008 estimate is from the State Demographer's Office.

Table 4 Average Number of Persons Per Household 1980-2008				
	1980 Census	1990 Census	2000 Census	2008 Estimate
Worthington	2.56	2.42	2.55	2.50
Nobles County	2.75	2.55	2.58	2.50
Pipestone	2.36	2.28	2.22	2.15
Pipestone County	2.63	2.51	2.38	2.25
Redwood Falls	2.48	2.36	2.29	2.16
Redwood County	2.75	2.57	2.44	2.32
Jackson	2.42	2.32	2.24	2.15
Jackson County	2.70	2.51	2.40	2.30

Source: U.S. Census; State Demographer

- Household formation has been occurring at a different rate than population change in recent decades due to a steady decrease in average household size for most jurisdictions. This has been due to household composition changes, such as more single parent families, more senior households due to longer life spans, etc.

- The City of Worthington has maintained a relatively stable average household size over the last 28 years. The State Demographer's estimate of 2.50 persons per household in 2008 is only slightly smaller than the 2.56 persons per household reported in the 1980 Census. During this same 28-year time period, the average household size for all of Nobles County has decreased from 2.75 persons in 1980 to 2.50 persons in 2008.

- The City of Pipestone has seen a decrease in the average household size over the last 28 years. The State Demographer's estimate of 2.15 persons per household in 2008 is smaller than the 2.36 persons per household reported in the 1980 Census. An average household size that is close to 2.00 persons is very small, and typically indicates a large senior population. Pipestone County has experienced an even larger decline, decreasing from 2.63 persons in 1980 to 2.25 persons in 2008.

- The average household size for the City of Redwood Falls has also been growing smaller in recent decades. The persons per household was 2.16 in 2008 compared to 2.48 in 1980. Redwood County's average household size has also dropped from 2.75 persons in 1980 to

2.32 persons in 2008.

- The City of Jackson's average household size has decreased from 2.42 persons in 1980 to 2.15 in 2008. During this same 28-year time period, the average household size for all of Jackson County has decreased from 2.70 persons in 1980 to 2.30 persons in 2008.

Household Projections

The following table presents household level projections using three different calculation sources. As with population projections, Community Partners Research, Inc., has generated projections to the year 2015, using both short-term and longer-term patterns to project future changes. The State Demographer's Office has issued household projections for the year 2015 at the County level only. The projections for the Cities have been extrapolated by Community Partners Research using the population projections from the State Demographer's Office. In making these calculations, we have assumed that there will be only minor changes in average household size and in the size of group quarters populations.

Table 5 Household Projections Through 2015

	2008 Household Estimate	2015 Projection from 8-year trend	2015 Projection from 18-year trend	2015 Projection State Demographer
Worthington	4,410	4,499	4,602	4,564
Nobles County	7,988	8,031	8,111	8,070
Pipestone	1,940	1,976	1,950	1,974
Pipestone County	4,053	4,039	4,043	3,760
Redwood Falls	2,305	2,340	2,452	2,452
Redwood County	6,538	6,421	6,532	6,340
Jackson	1,515	1,540	1,527	1,613
Jackson County	4,596	4,631	4,610	4,790

Source: State Demographer; Community Partners Research, Inc.

- As explained in the section on population projections, the different sources yield a wide variation in the possible change in household count through the year 2015. The short-term trends, based on recent changes, appear to best reflect the actual growth patterns and are probably the best indicator of future change.

- The eight-year trend calculation from Community Partners Research expects Worthington to gain 89 households between 2008 and 2015. From 2000 to 2008, the City has gained an estimated 99 households. The 2015 projection for household change in all of Nobles County, as calculated from shorter-term trends, expects a gain of approximately six households per year. From 2000 to 2008, the County has gained approximately six households per year.

- The eight-year trend calculation from Community Partners Research expects Pipestone to gain 36 households between 2008 and 2015. From 2000 to 2008, the City has gained an estimated 40 households. The 2015 projection for household change in all of Pipestone County, as calculated from shorter-term trends, expects a loss of two households per year.

From 2000 to 2008, the County has lost an estimated two households per year.

- The eight-year trend calculation from Community Partners Research expects Redwood Falls to gain 35 households between 2008 and 2015. From 2000 to 2008, the City has gained an estimated 39 households. The 2015 projection for household change in all of Redwood County, as calculated from shorter-term trends, expects a loss of approximately 17 households per year. From 2000 to 2008, the County has lost an estimated 17 households per year.

- The eight-year trend calculation from Community Partners Research expects Jackson to gain 25 households between 2008 and 2015. From 2000 to 2008, the City has gained an estimated 28 households. The 2015 projection for household change in all of Jackson County, as calculated from shorter-term trends, expects a gain of five households per year. From 2000 to 2008, the County has gained an estimated five households per year.

- The State Demographer's 2015 household projections are again slightly more optimistic than Community Partners Research's eight-year trend projections in most of the jurisdictions, but expect a slower than average growth in the number of households in Pipestone and Redwood Counties.

Nobles County Projected Households by Age - State Demographer

In addition to age-based population projections, the State Demographer's Office has also generated age-based household forecasts at the County level. These forecasts compare 2005 estimates with 2010 and 2015 projections. In most cases, the Demographer's projections are provided in 20-year age increments.

Table 6 State Demographer Nobles County Projected Households by Age - 2000 - 2015

Age	2000	2005	2010	2015	Projected Change in Households - 2005-2015
15-24	360	398	320	310	-88
25-44	2,768	2,573	2,510	2,430	-143
45-64	2,447	2,955	3,110	3,070	115
65 +	2,364	2,147	2,120	2,250	103
Total	7,939	8,073	8,060	8,070	-3

Source: U.S. Census; Community Partners Research, Inc.

- The age-based projections issued by the State Demographer's Office expect a relatively stable number of overall households for Nobles County through the year 2015.
- These projections are useful in examining the relative age movement within the population. Between the years 2005 and 2015, the County is expected to experience the most growth in the number of households age 45 and over.
- These projections expect a decrease in the number of households in the 25 to 44 age group between 2005 and 2015. The 15 to 24 age range is also expected to see a decline in the number of households.

Pipestone County Projected Households by Age - State Demographer

In addition to age-based population projections, the State Demographer's Office has also generated age-based household forecasts at the County level. These forecasts compare 2005 estimates with 2010 and 2015 projections. In most cases, the Demographer's projections are provided in 20-year age increments.

Table 7 State Demographer Pipestone County Projected Households by Age - 2000 - 2015

Age	2000	2005	2010	2015	Projected Change in Households - 2005-2015
15-24	212	261	220	200	-61
25-44	1,312	1,180	1,050	1,020	-160
45-64	1,173	1,324	1,390	1,330	6
65 +	1,372	1,277	1,200	1,210	-67
Total	4,069	4,042	3,860	3,760	-282

Source: U.S. Census; Community Partners Research, Inc.

- The age-based projections issued by the State Demographer's Office expect a decrease in the number of overall households for Pipestone County through the year 2015.

- These projections are useful in examining the relative age movement within the population. Between the years 2005 and 2015, the County is expected to experience slight growth in the number of households age 45 to 64.

- These projections expect a decrease in the number of households in all of the other age ranges between 2005 and 2015. The 25 to 44 age range is expected to see the largest decline in the number of households, losing 160 or nearly 14%.

Redwood County Projected Households by Age - State Demographer

In addition to age-based population projections, the State Demographer's Office has also generated age-based household forecasts at the County level. These forecasts compare 2005 estimates with 2010 and 2015 projections. In most cases, the Demographer's projections are provided in 20-year age increments.

Table 8 State Demographer Redwood County Projected Households by Age - 2000 - 2015

Age	2000	2005	2010	2015	Projected Change in Households - 2005-2015
15-24	298	336	290	250	-86
25-44	2,225	1,988	1,870	1,890	-98
45-64	2,109	2,331	2,410	2,370	39
65 +	2,042	1,909	1,820	1,830	-79
Total	6,674	6,565	6,390	6,340	-225

Source: U.S. Census; Community Partners Research, Inc.

- The age-based projections issued by the State Demographer's Office expect a decrease in the number of overall households for Redwood County through the year 2015.

- These projections are useful in examining the relative age movement within the population. Between the years 2005 and 2015, the County is expected to experience slight growth in the number of households age 45 to 64.

- These projections expect a decrease in the number of households in all of the other age ranges between 2005 and 2015. The 25 to 44 age range is expected to see the largest decline in the number of households, losing 98 or nearly 5%.

Jackson County Projected Households by Age - State Demographer

In addition to age-based population projections, the State Demographer's Office has also generated age-based household forecasts at the County level. These forecasts compare 2005 estimates with 2010 and 2015 projections. In most cases, the Demographer's projections are provided in 20-year age increments.

Table 9 State Demographer Jackson County Projected Households by Age - 2000 - 2015

Age	2000	2005	2010	2015	Projected Change in Households - 2005-2015
15-24	228	303	250	240	-63
25-44	1,508	1,458	1,480	1,560	102
45-64	1,411	1,711	1,820	1,800	89
65 +	1,409	1,258	1,180	1,190	-68
Total	4,556	4,730	4,730	4,790	60

Source: U.S. Census; Community Partners Research, Inc.

- The age-based projections issued by the State Demographer's Office expect an increase in the number of overall households for Jackson County through the year 2015.
- These projections are useful in examining the relative age movement within the population. Between the years 2005 and 2015, the County is expected to experience the most growth in the number of households age 25 to 44.
- These projections expect a decrease in the number of households in the 65 and over age group between 2005 and 2015. The 15 to 24 age range is also expected to see a decline in the number of households.

Worthington Income Data - 2000 to 2009

Claritas, Inc., a private data reporting service, has generated household income estimates for the year 2009. These estimates are for the City of Worthington. Information from 2000 is provided for comparison. The Claritas estimates are based on a different total household estimate for the City. In 2007, the Minnesota State Demographer estimated that Worthington had 4,389 households compared to the 2009 estimate of 4,079 households from Claritas.

Table 10 Worthington Estimated Household Income - 2009

Household Income	Number of Households 2000	Number of Households 2009 Estimate	Change
$0 - $14,999	878	616	-262
$15,000 - $24,999	619	471	-148
$25,000 - $34,999	602	512	-90
$35,000 - $49,999	857	588	-269
$50,000 - $74,999	790	942	152
$75,000 - $99,999	313	449	136
$100,000 - $149,999	167	312	145
$150,000+	106	189	83
Total	4,332	4,079	-253

Source: Claritas, Inc.; Community Partners Research, Inc.

- According to income estimates for 2009, household incomes have improved in Worthington. Claritas believes that the number of households with annual incomes of $50,000 or more has generally increased over the last nine years, while the number of households with incomes less than $50,000 has decreased.

- According to Claritas, the median household income in 2009 is $46,231, compared to $36,180 in 2000, an increase of 27.8%.

- A commonly used standard for affordable housing is that a household can apply 30% of gross income for housing expenses. The City's median household income in 2009 translates into $1,156 per month based on 30% of income. The 2000 median household income translated into $905 per month.

- Although the number of lower income households has been declining, there are still 616 households in 2009 with an annual income below $15,000. These households can only afford $375 per month or less for housing costs, without experiencing a cost burden.

Pipestone Income Data - 2000 to 2009

Claritas, Inc., a private data reporting service, has generated household income estimates for the year 2009. These estimates are for the City of Pipestone. Information from 2000 is provided for comparison. The Claritas estimates are based on a different total household estimate for the City. In 2007, the Minnesota State Demographer estimated that Pipestone had 1,930 households compared to the 2009 estimate of 1,798 households from Claritas.

Table 11 Pipestone Estimated Household Income - 2009

Household Income	Number of Households 2000	Number of Households 2009 Estimate	Change
$0 - $14,999	393	241	-152
$15,000 - $24,999	358	286	-72
$25,000 - $34,999	344	264	-80
$35,000 - $49,999	310	337	27
$50,000 - $74,999	316	336	20
$75,000 - $99,999	122	186	64
$100,000 - $149,999	36	108	72
$150,000+	26	40	14
Total	1,905	1,798	-107

Source: Claritas, Inc.; Community Partners Research, Inc.

- According to income estimates for 2009, household incomes have improved in Worthington. Claritas believes that the number of households with annual incomes of $35,000 or more has generally increased over the last nine years, while the number of households with incomes less than $35,000 has decreased.

- According to Claritas, the median household income in 2009 is $39,815, compared to $30,855 in 2000, an increase of 29.0%.

- A commonly used standard for affordable housing is that a household can apply 30% of gross income for housing expenses. The City's median household income in 2009 translates into $995 per month based on 30% of income. The 2000 median household income translated into $771 per month.

- Although the number of lower income households has been declining, there are still 241 households in 2009 with an annual income below $15,000. These households can only afford $375 per month or less for housing costs, without experiencing a cost burden.

Redwood Falls Income Data - 2000 to 2009

Claritas, Inc., a private data reporting service, has generated household income estimates for the year 2009. These estimates are for the City of Redwood Falls. Information from 2000 is provided for comparison. The Claritas estimates are based on a different total household estimate for the City. In 2007, the Minnesota State Demographer estimated that Redwood Falls had 2,305 households compared to the 2009 estimate of 2,130 households from Claritas.

Table 12 Redwood Falls Estimated Household Income - 2009

Household Income	Number of Households 2000	Number of Households 2009 Estimate	Change
$0 - $14,999	318	227	-91
$15,000 - $24,999	337	246	-91
$25,000 - $34,999	335	262	-73
$35,000 - $49,999	428	384	-44
$50,000 - $74,999	486	425	-61
$75,000 - $99,999	231	310	79
$100,000 - $149,999	62	205	143
$150,000+	62	71	9
Total	2,259	2,130	-129

Source: Claritas, Inc.; Community Partners Research, Inc.

- According to income estimates for 2009, household incomes have improved in Redwood Falls. Claritas believes that the number of households with annual incomes of $75,000 or more has generally increased over the last nine years, while the number of households with incomes less than $75,000 has decreased.

- According to Claritas, the median household income in 2009 is $47,877, compared to $39,895 in 2000, an increase of 20.0%.

- A commonly used standard for affordable housing is that a household can apply 30% of gross income for housing expenses. The City's median household income in 2009 translates into $1,197 per month based on 30% of income. The 2000 median household income translated into $997 per month.

- Although the number of lower income households has been declining, there are still 227 households in 2009 with an annual income below $15,000. These households can only afford $375 per month or less for housing costs, without experiencing a cost burden.

Jackson Income Data - 2000 to 2009

Claritas, Inc., a private data reporting service, has generated household income estimates for the year 2009. These estimates are for the City of Jackson. Information from 2000 is provided for comparison. The Claritas estimates are based on a different total household estimate for the City. In 2007, the Minnesota State Demographer estimated that Jackson had 1,513 households compared to the 2009 estimate of 1,449 households from Claritas.

Table 13 Jackson Estimated Household Income - 2009			
Household Income	Number of Households 2000	Number of Households 2009 Estimate	Change
$0 - $14,999	264	181	-83
$15,000 - $24,999	279	204	-75
$25,000 - $34,999	233	209	-24
$35,000 - $49,999	332	266	-66
$50,000 - $74,999	246	354	108
$75,000 - $99,999	83	111	28
$100,000 - $149,999	41	92	51
$150,000+	22	32	10
Total	1,500	1,449	-51

Source: Claritas, Inc.; Community Partners Research, Inc.

- According to income estimates for 2009, household incomes have improved in Jackson. Claritas believes that the number of households with annual incomes of $50,000 or more has generally increased over the last nine years, while the number of households with incomes less than $50,000 has decreased.

- According to Claritas, the median household income in 2009 is $42,360, compared to $33,868 in 2000, an increase of 25.1%.

- A commonly used standard for affordable housing is that a household can apply 30% of gross income for housing expenses. The City's median household income in 2009 translates into $1,059 per month based on 30% of income. The 2000 median household income translated into $847 per month.

- Although the number of lower income households has been declining, there are still 181 households in 2009 with an annual income below $15,000. These households can only afford $375 per month or less for housing costs, without experiencing a cost burden.

The following six tables (14-19) are for Nobles County only. The 2007 American Community Survey from the U.S. Census Bureau provides estimates from 2007 for geographic areas with populations of 20,000 or more. Therefore, this information can only be obtained for Nobles County as Jackson, Pipestone and Redwood Counties have populations of less than 20,000.

2007 Household Income Distribution - Nobles County

The 2007 American Community Survey from the U.S. Census Bureau provides estimates from 2007 for geographic areas with populations of 20,000 or more. Therefore, this information can only be obtained for Nobles County. The following table examines income distribution information for the year 2007. This information exists by housing tenure, so owners and renters have been differentiated.

Table 14 Nobles County Estimated Household Income in 2007

Household Income	Owner Households	Renter Households	Total
$0 - $9,999	210	548	758
$10,000 - $14,999	401	365	766
$15,000 - $19,999	233	420	653
$20,000 - $24,999	408	222	630
$25,000 - $34,999	929	155	1,084
$35,000 - $49,999	739	341	1,080
$50,000 - $74,999	1,266	124	1,390
$75,000 - $99,999	696	82	778
$100,000+	882	59	941
Total	5,764	2,316	8,080

Source: American Community Survey; Community Partners Research, Inc.

- As would be expected, tenure patterns are a good predictor of household income. According to the 2007 data above, the median income level for renter households in Nobles County was in the $15,000 to $19,999 range. The median income for owner households was in the $35,000 to $49,999 range.

- Overall, nearly 74% of the County's renter households in 2007 had an annual income below $35,000. If 30% of gross income is applied to housing costs, these households would need to have a gross rent of $875, or less, to avoid a housing cost burden. Most of these households would need even lower housing expenses. Approximately 67% of all renter households had an annual income below $25,000. These households would need a gross rent level of $625, or less, per month to avoid a housing cost burden.

- There are also 606 renter households in the County with annual incomes of $35,000 or more. These households can afford a monthly housing cost of $875, or more, each month.

- Although most owner households have higher annual incomes, there are still a number of households with relatively low incomes that own their housing. In 2007 there were more than 1,252 households in the County that owned their housing, but still had an income under $25,000. It can be assumed that many of these households are age 65 and older, and now have fixed incomes, but may have purchased their homes many years ago.

Homeowner Housing Cost Burden - Nobles County

The American Community Survey presented information that compared household incomes with monthly housing costs. It helps to identify the percentage of households experiencing a housing cost burden, generally defined as housing costs that exceed 30% of household income. Percentages provided below have been calculated for the column.

Table 15 Nobles County Home Ownership Costs as a Percentage of Household Income-2007

Percentage of Household Income for Housing Costs	Owner Households with a Mortgage	Owner Households - No Mortgage	All Owner Households 2007
0% to 19.9%	1,541 / 51.5%	2,071 / 74.7%	3,612 / 62.7%
20% to 29.9%	642 / 21.4%	303 / 10.9%	945 / 16.4%
30% to 34.9%	125 / 4.2%	62 / 2.2%	187 / 3.2%
35% or more	685 / 22.9%	315 / 11.4%	1,000 / 17.3%
Not Computed	0 / 0%	20 / 0.7%	20 / 0.3%
Total	2,993	2,771	5,764

Source: American Community Survey; Community Partners Research, Inc.

- A majority of home owners in Nobles County reported paying less than 30% of their household income for housing costs. As would be expected, more than 85% of owners without a mortgage reported no housing cost burden. Nearly 73% of owners with a mortgage also reported that less than 30% of income was needed for housing costs.

- In 2007, there were also a number of home owners that were paying 30% or more of their income for ownership costs. Overall, nearly 21% of home owners were applying a large percentage of their income for housing. This included 1,020 households that needed 35% or more of their income for housing.

- When compared to the 2000 Census, the number of owner households with a housing cost burden has been increasing. According to the 2000 Census, 14% of County homeowners were applying 30% or more of their income for housing in 1999, compared to nearly 21% of owner households in 2007.

- The American Community Survey data for 2007 would be at the earlier stages of the home foreclosure crisis that has developed in the last few years.

Renter Housing Cost Burden - Nobles County

Table 16 Nobles County Gross Rent as a Percentage of Household Income-2007		
Percentage of Household Income for Housing Costs	Number of Renter Households - 2007	Percent of Renter Households - 2007
0% to 19.9%	464	20.0%
20% to 29.9%	316	13.6%
30% to 34.9%	73	3.2%
35% or more	1,051	45.4%
Not Computed	412	17.8%
Total	2,316	100%

Source: American Community Survey; Community Partners Research, Inc.

- A majority of renter households in Nobles County did have a housing cost burden in 2007, according to the American Community Survey. More than 66% of all renter households reported paying 30% or more of their income for housing. The large majority of these households were applying more than 35% of income for housing. Since most renter households with a cost burden tend to have relatively low incomes, when 35% or more of their income is applied to housing costs, it can greatly reduce the remaining actual income available for other living costs.

- The number and percentage of renter households with a cost burden has also increased from the levels reported in the 2000 Census. In 1999, approximately 27% of renter households in Nobles County reported paying 30% or more of their income for housing, compared to more than 66% of renters in 2007.

- Since the American Community survey was completed in 2007, national economic conditions have deteriorated and the unemployment rate has risen, which has probably contributed to an increase in the number of renters households with a cost burden.

Hispanic or Latino Population by Age - Nobles County

The 2007 American Community Survey also provided an updated look at the Hispanic or Latino population in Nobles County. The following table compares the 2007 estimates for population by age with the information from the 2000 Census.

Table 17 - Hispanic or Latino Population by Age - 2000 to 2007			
Age	2000	2007 Estimate	Change 2000 to 2007
Under 18	898	1,435	537
18-64	1,400	1,693	293
65 +	27	15	-12
Total	2,325	3,143	818

Source: U.S. Census; American Community Survey; Community Partners Research, Inc.

- Between 2000 and 2007, the Hispanic and Latino population increased by 818 people, or 35%.
- The largest growth was in the under 18 age range, which added 537 people, an increase of nearly 60%.
- The 65 and over age range was the only group to see a drop in the Hispanic or Latino population.

Tenure by Race of Householder - Nobles County

The following table depicts Nobles County's tenure by race of Householder as provided by the 2007 Community Survey.

Table 18 Nobles County Owner/Renter by Race of Householder - 2007		
Race	**Owner**	**Renter**
White, not Hispanic or Latino	5,054 / 77.6%	1,455 / 22.4%
Hispanic or Latino	530 / 52.3%	483 / 47.7%
Other Race Alone	243 / 63.1%	142 / 36.9%
Total	5,827 / 73.7%	2,080 / 26.3%

Source: American Community Survey; Community Partners Research, Inc.

- The Hispanic or Latino population rented its housing at a much higher rate than the Nobles County population as a whole. This Hispanic or Latino population rented at a rate of nearly 48%, while all Nobles County households rented at a rate of 26%.

Median Household Income by Race - Nobles County

The 2007 Community Survey provided information on Nobles County median household income by race.

Table 19 Nobles County Median Household Income by Race - 2007	
Race	**2007 Median Household Income**
White, not Hispanic or Latino	$44,574
Hispanic or Latino	$24,358
Other Race Alone	$30,250

Source: American Community Survey; Community Partners Research, Inc.

- The Hispanic or Latino population's 2007 median household income was considerably lower than other races.

- The Hispanic or Latino population earned just 55% median household income of what the White, not Hispanic or Latino population earned in 2007.

2008 Population by Race - All Counties

The U.S. Census Bureau has released 2008 population estimates. The following table shows those 2008 estimates by race for Nobles, Pipestone, Redwood and Jackson Counties..

Table 20 Hispanic or Latino Population by Race - 2008 Estimate

Race	Nobles County	Pipestone County	Redwood County	Jackson County
White, not Hispanic or Latino	15,148 / 74.4%	8,871 / 94.4%	14,059 / 90.7%	10,196 / 95%
Other Race, not Hispanic or Latino	1,516 / 7.5%	334 / 3.6%	1,154 / 7.5%	254 / 2.4%
Hispanic or Latino	3,701 / 18.1%	190 / 2.0%	280 / 1.8%	284 / 2.6%
Total	20,365	9,395	15,493	10,734

Source: U.S. Census; Community Partners Research, Inc.

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City of Worthington

Demographic Overview

A demographic analysis section was provided earlier in this Study which examines the best available information for the City of Worthington and Nobles County. For the City of Worthington, annual estimates are available to the year 2008.

The two official data services are very different in their population estimates for Worthington. The Minnesota State Demographer's Office estimates that the City gained 109 residents between 2000 and 2008, while the U.S. Census Bureau estimates that the City lost 247 people during this same time period. These estimates provide conflicting data. Where differences exist, we place the greatest confidence in those generated by the State Demographer.

The City of Worthington has calculated its own population estimates. The City's population estimate for 2008 is 11,651. This estimate is higher than the State Demographer's estimate of 11,392 and significantly higher than the U.S. Census Bureau's estimate of 11,036.

The State Demographer's household estimate for the City shows the addition of 99 households between 2000 and 2008. During this same time period there were approximately 178 new housing units constructed in Worthington, so it is probable that the Demographer's estimate represents an undercount of actual household growth. The City of Worthington has also calculated its own household estimate for 2008, which is 4,455 households. This estimate is higher than the State Demographer's estimate of 4,410 households.

The Demographer's most recent estimate of average household size for Worthington is 2.50 persons per household. This is a high average household size for a city the size of Worthington. This reflects a high number of large family households living in Worthington.

Existing Housing Data

In addition to the demographic update provided earlier, this Study has also collected information about the housing stock in the City of Worthington. Updated items include:

- Housing unit construction
- Home sales
- Home foreclosure activity
- Housing condition analysis
- Rental housing data

Worthington New Housing Construction Activity

Table 1 Housing Unit Construction Activity - 2000 to 2008						
Housing Type	2000-2004	2005	2006	2007	2008	TOTAL
Single Family	39	9	11	9	4	72
Multi-Family	65	9	30	0	2	106
Total Units	104	18	41	9	6	178

Source: City Building Permits; U.S. Census Bureau; Community Partners Research

Worthington has continued to have ongoing housing unit construction activity during the decade. The level of single family home construction has been relatively consistent, although only four single family homes were constructed in 2008. Based on City records, 178 housing units have been constructed between 2000 and 2008. The 178 units include 72 single family homes and 106 multi-family units. The multi-family units include a significant number of twinhomes and townhomes. In 2006, a 24-unit apartment project was constructed. Only two multi-family units have been constructed since 2006, although several multi-family projects are in the planning phase.

Home Sales

A Worthington housing study was conducted in 2005. The study reviewed County sales information for a 12-month period ending in September 2004. During this time period there were 167 improved residential sales of single family houses in Worthington that were identified as a "qualified" sale by the Nobles County Assessor. Qualified sales are considered to be "arms length" transactions, and exclude certain sales such as sales between relatives, forced sales and foreclosures, and estate transfers that are not available on the open market. The median sale price was $64,500 in the 2004 sales sample. The average sales price was $76,751. The highest valued sale in Worthington was for $330,000 and the lowest valued sale was for $10,000.

The 2009 Study has reviewed Worthington sales information for two time periods, from October, 2007, through September, 2008, and from October, 2008, through May, 2009.

There were 147 "qualified" sales during the 12-month period from October, 2007, through September, 2008. The median sales price for these sales was $90,000, and the average sales price was $103, 932. The highest valued sale was $317,000, and the lowest valued sale was $14,000.

There were 75 "qualified" sales in Worthington during the eight-month period from October, 2008, through May, 2009. The median sales price for these sales was $75,000 and the average sales price was $98,400. Both the median and average sales prices have decreased in comparison to the previous 12-month period. The highest valued sale during this time period was $280,000 and the lowest valued sale was $18,000.

Table 2 Median Value of Residential Sales - Worthington

Sales Period	Number of Good Sales	Median Sales Price	Average Sales Price
Oct., 2003 - Sept., 2004	167	$64,500	$76,751
Oct., 2007 - Sept., 2008	147	$90,000	$103,932
Oct. 1, 2008 - May 31, 2009	75	$75,000	$98,440

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

Home Foreclosure Activity

Starting in 2007, many national reports began to surface about the growing number of home foreclosures. Initially this was linked to the popularity of adjustable rate mortgages and the expansion of sub-prime mortgage lending. However, as many housing markets cooled and the national economy moved toward a recession, the foreclosure crisis spread to broader segments of the market.

While tracking current foreclosures is relatively easy, predicting future foreclosure activity is difficult. Delinquent borrowers have a number of different procedural steps that must be met before actual foreclosure occurs. Our research indicates that current foreclosure activity in Nobles County has been limited, but we cannot predict the future foreclosures that may occur.

HousingLink and the Greater Minnesota Housing Fund have been tracking mortgage foreclosure activity across the State. A report titled "Housing Foreclosures in Minnesota - February 2009 Supplement" provides details on foreclosure activity in the County, as well as a comparison with other Counties in the State.

Table 3 Home Foreclosure Activity - 2005 to 2008

	2007	2008	% Change 2007 to 2008
Nobles County	18	24	33%

Source: HousingLink; Community Partners Research

HousingLink reported an increase in the Countywide home foreclosure volume in the last year, with the number of foreclosures increasing by 33% between 2007 and 2008. For the year 2008, Nobles County ranked 64th of Minnesota's 87 Counties in the total number of home foreclosures.

HousingLink also attempted to put the rate of foreclosure in perspective, by comparing the number of foreclosure to the total number of households present. In this comparison, Nobles County ranked 79th in the largest percentage of home foreclosures, with an estimated rate of 0.30% in 2008.

Housing Condition Analysis

A housing condition analysis was not conducted as part of this Study, however, the condition of the homes in two Worthington neighborhoods were surveyed in 2004.

In November, 2004, Community Partners Research, Inc. Representatives conducted a visual 'windshield' survey of single family/duplex houses in two selected neighborhoods in the City of Worthington. The neighborhoods were identified with the assistance of City staff. The visual survey rated 204 single family/duplex structures in these two neighborhoods. Houses that appeared to contain three or more residential units were excluded from the survey.

The first neighborhood, Cherry Point Park, is bordered by Liberty Drive on the northeast, Betty Avenue on the southeast, and Pershing Avenue is the western border. The second neighborhood, East Addition, is bordered by Sherwood Street on the north and northeast, Murray Avenue on the north, East Lake Boulevard on the south, and Charles Avenue on the west.

Houses were rated in one of four levels of physical condition, as defined below. The survey analyzed only the physical condition of the visible exterior of each home. Exterior condition is assumed to be a reasonable indicator of the structure's interior quality. Dilapidated houses are generally considered beyond repair. Major Repair houses need multiple major improvements such as roof, windows, sidings, structural/foundation, etc., and 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 4 Windshield Survey Condition Estimate - 2004

Neighborhood	Sound	Minor Repair	Major Repair	Dilapidated	Total
East Addition	23/20%	46/40%	42/37%	4/3%	115
Cherry Point Park	25/27%	30/32%	34/36%	5/5%	94
Total	48/23%	76/36%	76/36%	9/5%	209

Source: Community Partners Research, Inc.

The City of Worthington has received an SCDP Grant to rehabilitate homes in Worthington. However, there are still a significant number of substandard homes in the two neighborhoods and in other Worthington neighborhoods that weren't surveyed.

Rental Housing Data

According to the 2000 U.S. Census, there were 1,464 occupied rental housing units and at least 111 vacant rental units in Worthington in April 2000, for a total rental inventory of 1,575 units. The City has initiated a rental registration program, which in the future will provide an accurate count of the rental units in Worthington. However, for this Study, the 2000 Census will be utilized to provide base information on the total rental housing inventory.

At the time of the 1990 Census, the City had 1,235 occupied rental units and 66 vacant units, for a total estimated inventory of 1,299. Between the 1990 Census and the 2000 Census, the City added 229 renter households, and 276 total rental units to the inventory. Most of the unit gain in the 1990s is attributable to multifamily rental buildings with five or more units. Four rental projects, Prairie Acres, Willow Court, scattered site public housing units, and The Meadows senior complex, were all constructed in the 1990s.

Since the 2000 Census was completed, there have been an estimated 57 rental units added to the community. However, only 24 of these 57 units represent general purpose rental housing. Eight of the newest units in Worthington are board and lodging units that were added to the Prairie House Supportive Living complex. This housing serves a very targeted group of seniors needing services. There were 25 assisted living units that were constructed at Golden Horizons, which once again serve a frail, senior population requiring services with their housing.

The only true addition to the general rental inventory since 2000 is the Okabena Estates project, with 24 market rate apartment units. This project opened for occupancy in 2006, and represents the upper end of the local rental market. Two-bedroom apartments in this project have gross rents between $650 and $925, above the prevailing rates for most older rental housing in Worthington.

There may have been some rental unit losses since 2000, due to demolition, conversion, units that could not meet rental codes, or other causes, but no reliable information is available on lost rental housing. As a result, we believe that the total rental unit inventory in 2009 is approximately 1,632 total units, including the board and lodging units and assisted living units identified above.

Rental Housing Survey

As part of this housing study, a telephone survey was conducted of rental buildings in the City. The survey focused on larger rental projects with seven or more units. The survey was conducted in May through July, 2009.

Multiple attempts were made to contact each building. Information was tallied separately for different types of rental housing, including market rate units, tax credit units, subsidized housing, and special-use housing, such as senior housing that also provides services.

There were 830 rental units that were contacted in the survey. The 2009 rental survey collected information from approximately 51% of the rental housing stock within the City of Worthington.

The breakdown of rental units by type that were contacted by the survey is as follows:

- 185 market rate units in 11 developments
- 73 tax credit units in two projects
- 328 subsidized units in nine projects
- 27 units primarily occupied by students in one project
- 177 senior with services units in four projects

Market Rate Summary

Usable information was obtained on 185 market rate rental units in 11 rental projects. All of the units are in larger, multifamily buildings with seven or more units. For the purposes of future new construction, we believe that the larger rental properties provide the best comparison. Only two additional larger market rate projects were identified in Worthington that were not surveyed. Repeated attempts were made to contact Inn Towne Apartments, with 24 units, and Golf Park Apartments II, also with 24 units.

While the survey focused on multifamily rental projects, some additional information was also collected on smaller rental properties, such as single family rental houses. Although this information is not presented in the table that follows, the general findings are provided in the market rate analysis regarding vacancy rates.

Unit Mix

In one surveyed building, Viking Terrace, there is a mix of both market rate and income-based units, so the nine market rate units in this project are not specifically defined. For the remaining 176 market rate units contacted by the survey, the number of units by bedroom mix is as follows:

- 10 efficiency/studio units (5.7% of all units)
- 51 one-bedroom (29.0%)
- 108 two-bedroom (61.3%)
- 7 three-bedroom (4.0%)

Occupancy / Vacancy

We found no market rate units reported as vacant in our survey. Many market rate properties indicated that they keep waiting lists of people that want to rent a unit. Some owners/managers reported that unit turnover rates were very low, as the lack of other rental housing options in the community restricted any movement of tenants. Several owners/managers also indicated that they were receiving multiple calls from households seeking housing.

Some of the owners and/or managers contacted in the survey also have single family homes and smaller rental properties in their portfolio. While specific, property-level data was not requested for individual properties, there was no evidence that the vacancy rate was any different in this segment of the market. In fact, some respondents stated that this segment of the market was even stronger than the multifamily segment, as many families preferred the privacy offered by a single family rental house. Also, with the new rental registration program, several homes were eliminated from the rental stock, thus, creating an even higher demand.

In 2008, Community Partners Research, Inc., also conducted a vacancy survey in Worthington with this same basic group of properties. At that time, we also found no vacancies.

In 2004, Community Partners Research, Inc., conducted a survey and the vacancy rate at that time was 2.3%.

Based on this historical data, it is evident that Worthington has had a very tight rental housing market for many years. This would be consistent with continued growth in the community, and the fact that fewer households have elected to purchase their housing in the current ownership market slump.

Rental Rates

Rental rates in the market rate segment in Worthington are generally very moderate. The large majority of the City's multifamily market rate housing projects are more than 20 years old.

Some of the units include the primary utility payments with the rent, while in other cases, the tenant pays the major utilities in addition to rent. We have attempted to estimate tenant-paid utilities into a gross rent estimate for the following ranges. The Section 8 Utility Allowance Report for the Housing Choice Voucher Program was used to estimate monthly utility costs.

The identified range defines the lowest and highest gross rents found by the rental survey. The prevailing range defines the gross rents that represent a majority of the units contacted.

Units Type	Identified Range	Prevailing Range
Efficiency/Studio	$330 - $400	$330 - $400
1 Bedroom	$360 - $690	$385 - $510
2 Bedroom	$440 - $910	$490 - $610
3 bedroom	$535 - $960	$685 - $785

For some unit types, such as efficiency/studio units and three bedroom units, there was a very limited sample reflected in the rental survey. These types of units represent a small share of the overall multifamily rental stock.

Tax Credit Summary

Worthington has four rental projects that have received federal low income housing tax credits. However, two of these projects also utilized federal subsidies from USDA Rural Development, and we view these units as subsidized housing rather than tax credit housing. We have reported one of these projects, Castlewood Apartments, in the subsidized section of this study and the other subsidized/tax credit project, Sunshine Apartments, is in the senior housing with services section.

A third tax credit project, Viking Terrace, was awarded a tax credit allocation in 2005 as part of an ownership change and rehabilitation project. Viking Terrace was originally constructed in 1974 with HUD Section 236 and MHFA subsidies. This project continues to operate as subsidized housing, with rent assistance available for some of the tenants. With the subsidies that exist, this project has a lower-end rent structure that is generally below the rent limits established for households below 30% of median income for the 2009 tax credit program. Fifty-one of the total 60 units in Viking Terrace are the tax credit units. The remaining nine units are market rate units.

The fourth tax credit project in Worthington is the Willow Court Townhouse project. This project was developed by the Southwest Minnesota Housing Partnership in 1996. Although other State and local funds were used in this project, it largely operates as tax credit housing, with no ongoing federal subsidy contract. This project has 24 townhouse units.

Unit Mix

The unit mix for the 75 tax credit units in the Viking Terrace and Willow Court projects is as follows:

- 16 one-bedroom
- 27 two-bedroom
- 32 three-bedroom
- 75 - Total

Occupancy/Vacancy

At the time of our rental survey, there were no vacant units in Willow Court or Viking Terrace. The manager of Willow Court reports a waiting list of approximately 10 names and the manager of Viking Terrace reports a waiting list of 50 names. The low rents at Viking Terrace make the units in very high demand.

Many of the managers of income-based properties in Worthington stated that waiting lists for family-oriented housing would be longer, however, families that were looking for an affordable unit needed immediate access to housing, and were not interested in being placed on a waiting list.

Rental Rates

The federal tax credit program places maximum rent limitations on assisted units. For 2009, the maximum gross rent for a three-bedroom unit at 60% of median income is $884.

Willow Court and Viking Terrace used other available funds to lower the costs of development. The current gross monthly rent for a Willow Court unit is approximately $610, including tenant-paid utilities. The current rent structure is between the 2009 limits set at 40% to 45% of median income for the tax credit program. The Viking Terrace rents are very low with rents including utilities ranging from $350 to $550.

Subsidized Summary

We believe that Worthington has 12 subsidized rental projects providing rental opportunities for lower income households. This includes the two projects, described above, that include both tax credits and other federal subsidies. An additional project, Sunshine Apartments, provides housing with services to elderly tenants and is included in the senior with services section.

We did collect usable information from nine different subsidized projects with a total of 328 units. Many of these units serve very low income people and charge rent based on 30% of the tenant's household income.

Of the subsidized rental units in our survey, only one project, Okabena Towers with 60 units, is designated for senior or disabled occupancy. The other eight subsidized projects, with 268 total units, are general occupancy buildings. One of the general occupancy projects, the Atrium Highrise, was originally constructed for senior/disabled occupancy but a later HUD rule change made the building available to all age groups.

Unit Mix

The subsidized rental projects that we contacted range in size from 12 units to 104 units. The bedroom mix breakdown is as follows:

- 205 (62.5%) one-bedroom
- 87 (26.5%) two-bedroom
- 33 (10%) three-bedroom
- 3 (1%) four-bedroom

Occupancy / Vacancy

Our 2009 rental survey found no vacant units in the subsidized developments. Several managers reported turnovers, but there are households on the waiting list that re-occupy the units.

At the time of our previous rental survey in 2008, we had found only one vacant subsidized unit. Our 2004 rental survey found nine vacancies for a vacancy rate of 2.3%.

Although we found a very low rate of subsidized unit vacancy in Worthington in our 2009, 2008 and 2004 studies, this may differ from other areas in southwestern Minnesota. The local Rural Development office indicated that many of its subsidized rental projects in the larger region have had persistent vacancy problems. In many of the smaller towns and rural areas in southwestern Minnesota there has been an out-migration of population and households in recent decades, resulting in a declining demand for all types of housing. Our demographic analysis of Worthington and its surrounding Market Area indicates that outside of Worthington, there have been population and household losses. However, the City of Worthington has been adding population and households since 1990, and demand for subsidized rental housing has grown stronger.

Possible Unit Losses

Two of the City's subsidized rental projects, Nobles Square I and Nobles Square II, may be lost from the subsidized inventory in the future. These buildings were constructed in 1980 and 1982, respectively, and have met their original subsidized contract compliance terms. These buildings filed the initial paperwork earlier in this decade and have met the required notice periods for opting-out of the subsidy program. In July, 2009, the projects were still participating in the subsidy program, and no further information was available about the opt-out plans. Combined, these two projects have 48 subsidized units.

In June 2009 there were no additional subsidized projects in Worthington that were listed on the opt-out log maintained by MHFA.

Tenant-Based Rent Assistance

In addition to the subsidized projects, Worthington has approximately 38 households being assisted with HUD Housing Choice Vouchers (formerly Section 8 Existing Program). This rent assistance is issued to income-eligible households for use in suitable, private market rental housing units. With the assistance, a household pays approximately 30% of their income for their rent, with the program subsidy paying any additional rent amounts. The rent assistance is administered by the Worthington HRA, and serves seven counties.

At the time of our 2004 rental survey, there were approximately 50 households in Worthington participating in the Voucher Program. Since the Program serves a seven-county area, movement of tenants occurs between the various jurisdictions. The absence of vacant rental units in the Worthington market may be a contributory factor to the reduced usage of Vouchers in the community. Households that are issued a Voucher may be unable to secure a unit in the City, and may be forced to look for an available rental opportunity in a different community.

Student Housing

The rental housing survey identified one project that primarily provides housing for students attending Minnesota West Community and Technical College. Campus View Apartments has 21 four-bedroom units, out of 27 total apartments in the project. The four-bedroom units are rented on a per person fee schedule, set at $225 per bedroom. Occupancy agreements with the City allow only four occupants per apartment. If fully utilized, these four-bedroom units would have a monthly contract rent of $900, with occupants also paying heat and electric. The remaining units in this project are efficiencies and one-bedrooms, and are available for general rental. The manager has reported, however, that several of the four-bedroom units are currently rented by families.

According to the manager, the project had an occupancy rate of 100% during the school year, which is higher than in the recent past.

Senior Housing with Services Summary

We were able to identify three specific rental apartment-style projects that offer some level of services with the rental unit. We also contacted one board and lodging facility that provides housing with services, although the living units are better described as sleeping rooms, and are not independent apartments.

The four projects provide a range of services options, from a very light service package, such as a daily meal, to full assisted living for frail seniors. In total, there are 177 units in these four projects.

Units by Type

The lightest service package is provided at Sunshine Apartments, with 47 total units. This project is best described as congregate senior housing. Tenants were receiving one meal daily, but currently a noon meal is only served on Thursdays. In the past, this building has also had the services of a nutritionist available for residents, but this service was dropped. This project received both tax credit assistance and subsidies from Rural Development, that allow rent based on 30% of income.

Prairie House Supportive Living has 41 board and lodging rooms. These rooms do not have kitchen facilities, and most units have a shared bedroom.

The units at Golden Horizons and The Meadows offer senior assisted living. Combined, these two projects have 89 units available. Additionally, The Meadows is expanding its facility with 43 new assisted living and memory care units. In both buildings, tenants can live semi-independently, as a basic rent/service package is available, that offers only light services. Assisted living services can be purchased as needed for an additional fee, depending on the level of services required. Although some tenants are only receiving basic services at this time, these two projects can adjust and provide additional assisted living opportunities in response to need and demand.

There are also 131 nursing home beds in Worthington and an additional 96 nursing home beds elsewhere in Nobles County. We did not include nursing homes in our rental survey.

Occupancy/Vacancy

Occupancy rates in the four projects vary. Prairie House Supportive Living reported a 95% occupancy rate annually.

Both Golden Horizons and the Meadows reported one vacant unit each. In both cases, these units had previously been occupied, but had recently turned over. The managers of both facilities reported that the units are typically fully occupied.

Sunshine Apartments reported eight vacancies in their 47 units. The manager reported that there have been a high number of vacancies for over a year. The manager speculates that more seniors are staying in their homes and then moving into assisted living, which creates less demand for congregate type housing.

Rental Rates

Rents for senior housing with services units have a wide range, depending on the needs of the tenant. Sunshine Apartments is subsidized and charges rent based on income. However, tenants needing more services would need to contract for an outside provider, and these charges would be in addition to rent.

Prairie House charges a base rent of $41.50 per day, which is approximately $1,250 per month. Most residents of this facility receive some public assistance based on income.

Both The Meadows and Golden Horizons have a basic rent that includes a light service package of daily meals, weekly laundry and house keeping service. The basic package ranges from approximately $1,352 to $2,756, depending on the type and size of the apartment unit. Assisted living service packages are available for an additional fee, depending on the needs of the tenant. Both of these projects are able to serve some lower income tenants through the use of County elderly waiver assistance.

Rental Tables

The following table provides property-specific information obtained from the telephone survey. A telephone number is provided for each of the properties that was successfully contacted. The survey was conducted May through July 2009.

Table 5 Worthington Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Country Village Apartments 1450 Knollwood Drive	2 - 1 Bedroom 22 - 2 Bedroom 24 total units	$470 $550-$670 +electric, heat	No vacancies, waiting list	Mix of tenants including seniors and students	Two-story apartment building constructed in 1979 - no elevator. Mix of tenants with a few students, and approximately half of tenants are seniors. Tenants pay electric and heat (electric) in addition to rent. Garages available for $30 per month. Amenities include coin laundry on each floor, and security entrance. Three of the 2 bedroom units are large with 1,265 sq. ft., with one bathroom Units are full with strong demand.
Golf Park Apartments I 1550 Collegeway	9- 1 Bedroom 15 -2 Bedroom 24 total units	$370 $420-$460 +electric	No vacancies, waiting list	Mix of tenants	Three-level apartment building approximately 40 years old but major storm damage in 2004 resulted in new roof and major renovation of most upper floor units. Rent includes heat but tenant pays electric. Manager reports no vacancies at time of survey and a waiting list typically exists.
Golf Park II 1552 Collegeway 2008 Information	9- 1 Bedroom 15 - 2 Bedroom 24 total units	$340-$360 $450 +electric	No vacancies	Mix of tenants	Three-level apartment building approximately 40 years old but major storm damage in 2004 resulted in new roof and major renovation of most upper floor units. Rent includes heat but tenant pays electric. Most tenants are younger to middle-aged adults. Manager reports no vacant units at time of survey.
Inn Towne Apartments 802 Tenth St.	2 - Efficiency 2 - 1 Bedroom 20 - 2 Bedroom 24 total units	N/A N/A N/A +electric	N/A	N/A	Unable to contact in 2009 for rent and occupancy update. Apartments built in 1968. Rent includes heat but tenant pays electric in 1 and 2 bedroom units. Efficiency units have electric included in rent. Building has coin laundry facilities and off-street parking.
Lakeview Apartments 302 Lake Street	2 - Efficiency 2 - 1 Bedroom 3 - 2 Bedroom 7 total units	$400 $400-$450 $550-$600 +electric	No vacancies	Mix of tenants	Apartments built in 1940s or 1950s. Rent includes heat but tenant pays electric. Owner reports good demand with full occupancy.

Table 5 Worthington Multifamily Rental Housing Inventory

Okabena Estates 2257 Knobles Street	4 - 1 Bedroom 17 - 2 Bedroom 3 - 3 Bedroom 24 Total Units	$625-$650 $810-$865 $925 +electric	No vacancies	Mix of tenants	Market rate apartment project constructed in 2006. Building is 3 story without elevator. Tenants pay electric but heat and other utilities included in rent. Amenities include patio/balcony, fire place, dishwasher, and garage parking for extra $50. Some City assistance results in 5 units being designated for tenants below 50% of median income level. All of the 3 bedroom units and 11 of the 2 bedroom units have 2 bathrooms. Manager reports good demand, with no vacancies. No vacancies also reported in 2008 survey. Unmet demand exists for 1 and 3 bedroom units. One bedroom units range from 658 to 707 sq ft, 2 bedrooms range from 933 to 1054 sq ft, and 3 bedrooms have 1410 sq ft. Contract rents are unchanged from 2008 survey.
Prairie Acres Apartments	2 - 1 Bedroom 6 - 2 Bedroom 8 total units	$480 $515 +electric	No vacancies, waiting list	Mix of tenants	Publicly owned market rate housing project constructed in 1995. Eight units in two-story apartment and 8 units in 4-plex configurations. Very strong demand for units, with nearly full occupancy since date of construction. Apartment units have detached garages available for $35. Apartment tenants pay electric in addition to rent, but heat and other utilities included in rent. Despite higher gross rents, 2 bedroom town house units are most popular, but waiting list exists for all 2 bedroom units. Project was originally popular with seniors, but increasingly young professionals are moving in. All of the apartment units have 1 bathroom. No square footage information available. Rents are unchanged from 2008 survey.
Prairie Acres Townhomes	4 - 2 Bedroom 4 - 3 Bedroom 8 total units	$630 $670 +all utilities	No vacancies, waiting list	Mix of tenants	Publicly owned market rate housing constructed in 1995. Eight units in two-story apartment and 8 town house units in 4-plex configurations. Very strong demand for units, with nearly full occupancy since date of construction. 4-plex units have attached garages. 4-plex tenants pay all utilities except garbage, heat is gas. Despite higher gross rents, 2 bedroom town house units are most popular, but waiting list exists for all 2 bedroom units. Project was originally popular with seniors, but increasingly young professionals are moving in. The 2 bedroom units have 1 bath room, and the 3 bedrooms have 1.5 bathrooms. No square footage information available. Rents are unchanged from 2008 survey.

Table 5 Worthington Multifamily Rental Housing Inventory					
Prairie Village Apartments I-II 1527 Clary St., 936 McMillan St.	2 - 1 Bedroom 22 - 2 Bedroom 24 total units	$410 $450 +electric	No vacancies, waiting list	Most tenants are seniors	Apartments constructed in 1974; two buildings with 12 units each. Tenants pay electric but heat is included in rent. Detached garage parking included in rent. Amenities include coin laundry facilities and each unit has air conditioning. Owner reports good demand for units with no vacancies and a waiting list. Manager is receiving calls daily from households seeking housing. Most tenants are seniors, with some working-age tenants. All units have 1 bathroom. Square footage information not known, but manager states that these are large units.
Shalom Apartments 706 James Blvd	8 - 2 Bedroom 8 total units	$500-$600 +heat, hot water electric	No vacancies	Mix of tenants	Apartments built in1970s. Tenants pay heat (gas), hot water and electric in addition to rent. Amenities include community room, extra storage and coin laundry facilities. All units have 1 bathroom; square footage not known. Owner reports good demand for units with full occupancy.
Sterling Johnson Apartments 702 Tenth Street	7 - 1 Bedroom 3- 2 Bedroom 10 total units	$450 $550 +electric	No vacancies	Mix of tenants	Mixed use apartment and commercial project built in 1980. Commercial on main level with apartments on all three levels. Tenants pay electric but other utilities including heat are included in rent. A few garages available for extra fee and storage spaces available for $10 month. All units have one bathroom. Manager reports no vacancies and strong demand.
The Thompson Apartments 1009 3rd Avenue	8 - Efficiency 23 - 1 Bedroom 8 - 2 Bedroom 39 total units	$300 $350-$375 $425 +heat, electric	No vacancies, waiting list	Younger singles and couples	Downtown hotel approximately 100 years old converted to rental housing in 1983. Commercial uses on ground floor with residential use above. Tenants pay heat (electric) and electric in addition to rent. Building has security entrance, coin laundry facilities, off-street parking and elevator. Owner reports no vacant units and people waiting for a unit to come available. Building originally intended for senior occupancy but now mostly younger singles and couples.
Tax Credit					
Willow Court 1500/1600 Darling Drive	24 - 3 Bedroom 24 Total Units	$535 +heat, electric	No vacancies, waiting list	60% of median income	Tax credit town house units constructed in 1996. Project is owned by SW MN Housing Partnership. Most units are two story with attached garage; accessible units are one level. Tenants pay heat (gas) and electric in addition to rent. All units are tax credit assisted and have income limits. No vacancies in either 2009 or 2008 surveys, and a waiting list of approximately 10 names in both years. Contract rent increased by $10 from 2008.

Table 5 Worthington Multifamily Rental Housing Inventory

Viking Terrace 1440 N. Burlington	20 - 1 Bedroom 32 - 2 Bedroom 8 - 3 Bedroom 60 Total Units 9 market rate 51 tax credit	$298-$372 $363-$442 $409-$492 +electric	No vacancies, market rate units rarely turn over	Mixed income project	Mixed income apartment project constructed in 1974 using HUD and MHFA assistance. Acquired by SW MN Housing Partnership in 2005 and rehabilitated with tax credits. Project has 51 tax credit/subsidized units and 9 market rate units. Tax credit units serve households at or below 60% of median income. Market rate tenants can be above this income limit, but still pay rents listed. Tenants also pay electric, but heat and other utilities included in rent. Manager reports that market rate units rarely turn over due to quality and low rent. A waiting list of approximately 50 names exists in 2009 - low rent makes these units in great demand. Rent increase has been proposed but not yet approved.
Subsidized					
Atrium Highrise	103 - 1 Bedroom 1 - 2 Bedroom 104 total units	30% of income	No vacancies, waiting list	General occupancy	HUD Public Housing subsidized apartments constructed in 1969. All tenants pay rent based on 30% of income, up to ceiling rent of $400. Most tenants are senior, handicapped or disabled, but some younger tenants live in building. Good occupancy, with approximately 35 name waiting list in 2009. Some vacancies can occur when units turn over, but quickly filled from waiting list. Occupancy and waiting list are very similar in 2009 and 2008 surveys.
Brittany Apartments 1505/1515 Darling Drive	10 - 1 Bedroom 14 - 2 Bedroom 24 total units	$453-$575 $492-$693 + electric	No vacancies, waiting list	General occupancy	Rural Development subsidized apartments constructed in 1984. Rental assistance available to 20 tenants; tenants without rent assistance pay 30% of income but not less than basic or more than market rents listed. Tenant pays electric, but heat and other utilities included in rent. Manager reports that she averages approximately one turnover per month, but always has applicants to fill the units.
Castlewood Apartments 2169/2205 Cecilee Street	10 - 1 Bedroom 14 - 2 Bedroom 24 total units	$458-$575 $537-$693 +electric	No vacancies, waiting list	General occupancy	Rural Development and tax credit subsidized apartments constructed in 1989. Rental assistance available to 19 tenants; tenants without rent assistance pay 30% of income but not less than basic or more than market rents listed. Tenant pays electric, but heat and other utilities included in rent. Manager reports that she averages approximately one turnover per month, but always has applicants to fill the units.

Table 5 Worthington Multifamily Rental Housing Inventory

Lenóre Manor Apartments 808 Thompson Avenue	5 - 1 Bedroom 7 - 2 Bedroom 12 total units	$349-$430 $459-$507 +electric, heat	No vacancies, short waiting list	General occupancy	Rural Development subsidized apartments constructed in 1979. Rental assistance available to eight tenants; tenants without rent assistance pay 30% of income but not less than basic rents or more than market rents listed. Tenants pay electric and heat (electric) in addition to rent. Manager reports no vacancies and short waiting list.
Nobles Square I 2175 Nobles Street	4 - 1 Bedroom 16 - 2 Bedroom 4 - 3 Bedroom 24 total units	$435-$480 $485-$530 $525-$555 +heat, electric 30% of income	No vacancies, waiting list	General occupancy	Rural Development subsidized apartments constructed in 1980. Rental assistance available to 17 tenants allowing rent based on 30% of income. Tenants without rent assistance pay 30% of income but not less than basic, or more than market rents listed. Tenants pay heat and electric in addition to rent. Building filed paper work in 2004 to be eligible to opt-out of subsidy program, but at time of survey was still operating with RD subsidy. Manager reports strong unmet demand for 3 bedroom and larger units.
Nobles Square II	4 - 1 Bedroom 16 - 2 Bedroom 4 - 3 Bedroom 24 total units	$435-$505 $485-$535 $525-$565 +heat, electric 30% of income	No vacancies, waiting list	General occupancy	Rural Development subsidized apartments constructed in 1982. Rental assistance available to 16 tenants allowing rent based on 30% of income. Tenants without rent assistance pay 30% of income but not less than basic, or more than market rents listed. Tenants pay heat and electric in addition to rent. Building filed paper work in 2004 to be eligible to opt-out of subsidy program, but at time of survey was still operating with RD subsidy. Manager reports strong unmet demand for 3 bedroom and larger units.
Okabena Towers	59 - 1 Bedroom 1 - 2 Bedroom 60 total units	30% of income	No vacancies, waiting list	Senior and disabled occupancy	MHFA/Section 8 subsidized apartments constructed in 1978. All tenants have rent assistance available that allows rent based on 30% of income. No vacancies and waiting list at time of survey. Most tenants are 62 or older. Two bedroom apartment is used for the manager.

Table 5 Worthington Multifamily Rental Housing Inventory					
Public Housing Scattered Site	4 - 2 Bedroom 25 - 3 Bedroom 3 - 4 Bedroom 32 total units	30% of income	No vacancies, waiting list	General occupancy	HUD Public Housing scattered site units constructed in 1980, 1993 and 1995. All tenants pay rent based on 30% of income, up to ceiling rents of $460, $520 and $580 plus utilities for different bedroom units - a few tenants typically pay ceiling rents. Most tenants are families with children, and 50% or more are Hispanic or Ethiopian immigrants. Waiting list is very long for 2 bedrooms, due to limited supply and three bedroom list has approximately 15 to 20 names. Four bedroom waiting list has 33 names in 2009, up from 10 in 2008. Some 4 bedroom households have been waiting since 2005. Immigrant families can be very large, and some 5 or 6 bedroom units could be filled. No vacancies at time of survey.
Stately Manor 1535/1545 Darling Drive	10 - 1 Bedroom 14 - 2 Bedroom 24 total units	$429-$509 $499-$609 +elect 30% of income	No vacancies, waiting list	General occupancy	Rural Development subsidized apartments constructed in 1987. Rental assistance available to 18 tenants; tenants without rent assistance pay 30% of income but not less than basic or more than market rents listed. Tenant pays electric, but heat and other utilities included in rent. Manager reports no vacancies and waiting list at time of survey.
Viking Terrace 1440 N. Burlington	20 - 1 Bedroom 32 - 2 Bedroom 8 - 3 Bedroom 60 Total Units 51 tax credit 9 market rate	$313-$391 $381-$464 $440-$517 30% of income	No vacancies, waiting list	Mixed income project	HUD Section 236/MHFA subsidized and market rate apartments constructed in 1974. Acquired by SW MN Housing Partnership in 2005 and rehabilitated using tax credits. Project is mixed income with 51 tax credit/subsidized units and 9 market rate units. Income limits for tax credit units at 60% of median. Four tenants have rent assistance, and remaining subsidized tenants pay 30% of income, but not less than basic or more than market rents listed. Market rate tenants pay at highest end of range listed. Tenants pay electric but heat and other utilities included in rent. Manager reports no vacancies in income based units, and waiting list of 40 names.
Housing Choice Vouchers	Approximately 227 assisted households in 7 counties - with 38 households in Worthington	30% of income	Waiting list of 314 names including 38 in Nobles County	N/A	Formerly the Section 8 Existing Program, HUD Housing Choice Vouchers provide tenant-based rent assistance that can be used in any suitable rental unit. Tenant rent contribution is based on 30% of income, with the assistance program paying additional subsidy. The Worthington HRA administers the program for 7 Counties. Program assists 227 households. In 2009 there are 38 Voucher households in Worthington. Waiting list has 314 in all Counties, including 38 in Nobles County.

Table 5 Worthington Multifamily Rental Housing Inventory

Student Housing					
Campus View Apartments 1535 Collegeway Dr.	3 - Efficiency 3 - 1 Bedroom 21 - 4 Bedroom 27 total units	$355 $435 $225/room +heat, electric	100% occupancy rate during school year	Mostly student housing	Housing project constructed in 1984. Tenants of 4 bedroom units pay $225 per bedroom. Occupancy agreement allows only 1 person per bedroom, so these units are no available to large families. Tenants pay heat and electric in addition to rent. Tenants in 4 bedrooms are students, but efficiency and one bedrooms are general rental (approximately 50% students and 50% general occupancy). Manager reports 100% occupancy rate during school year, but a 55% occupancy rate in the summer.
Senior Housing with Services					
Golden Horizons	20 - 1 Bedroom 5 - 1+ Bedroom 25 total units	$1700-2000 $2500-2700	1 vacant unit	Senior Assisted Living	Senior assisted living apartment project that opened for occupancy in July 2004. Basic rents are listed and include daily meals, laundry service, light house keeping, emergency call system, transportation and activities. Manager reports one vacancy currently but complex is typically full. More intensive services available as needed. County waiver assistance allows lower income residents.
Meadows of Worthington	12 - Single rooms 4 - Studio 28 - 1 Bedroom 20 - 2 Bedroom 64 total units	$1,352 $1,846 2,158-2,288 2,444-2,756	1 vacant two-bedroom unit	Senior housing - Congregate and Assisted Living	Senior housing with services project built in 1992, with addition in 1995. All tenants receive basic package of daily meals, light housekeeping, and weekly linen service. Assisted living available ala carte per month. At time of survey, approximately 32 tenants on assisted living. Emergency call system, guest suite, beauty shop, exercise room, lounge and other amenities on-site. Single rooms have bath rooms but no kitchen facilities. Bond financing requires 20% of tenants to be lower income. County elderly waiver assistance also available to assist very low income people. Manager reports strong demand and facility is expanding and constructing 43 additional units.
Sunshine Apartments	46 - 1 Bedroom 1 - 2 Bedroom 47 total units	30% of income	8 vacant units	Senior and Handicap Housing	Rural Development and tax credit subsidized congregate apartments for seniors constructed in 1992. Currently serving a noon meal on Thursdays. Rental assistance available to most tenants that allows rent based on 30% of income. All tenants at or below 60% of median. Most tenants contract privately for outside services. Daily room check provided. Approximately 30% of the tenants are younger handicapped individuals. There have been approximately eight vacancies for a year. Manager reports that more seniors are staying in their homes or moving to assisted living facilities.

Table 5 Worthington Multifamily Rental Housing Inventory					
Prairie House Supportive Living	41 Board and Lodging rooms	$41.50/day	95% occupancy	Board and Lodging facility for seniors and younger disabled	Licensed as a Board and Lodging with Support Services facility. Most units in converted building - conversion in late 1980s. Some units in adjoining houses and 8 units added in 2003 expansion project. Rooms have sinks, but shared bathroom. Most residents are seniors, but younger disabled residents also live in facility. Occupancy and age mix fluctuate - owner reports 95% occupancy. Currently the facility is fully occupied. State assistance is available for qualified residents - approximately two-thirds receive some financial assistance due to income.

Source: Community Partners Research, Inc.

Findings and Recommendations

Overview

Community Partners Research, Inc., completed a comprehensive housing study for the City of Worthington in 2004. Our firm also conducted a tax credit market analysis for New Castle Townhomes in 2008 and updated the market analysis in June, 2009. This Update has examined the findings and recommendations made in the previous studies, and revised the recommendations to reflect the research completed in 2009.

Household Growth Compared to Previous Projections

In the 2004 housing study, we had projected that Worthington would have 4,507 total households by 2009. The State Demographer's 2008 estimate was 4,410 households and the City of Worthington's estimate was 4,455 households, thus, the 2004 household projection was high.

At the time of the 2004 Study, we had projected near-term household growth of approximately 30 households per year, which proved to be high. We had projected the new construction of 18 to 20 new homes annually. However, with a slowdown in new housing construction, this projection was not achieved. Between 2005 and 2009, the City issued building permits for 37 new homes.

The limited number of new construction in Worthington is partially due to market conditions. The City has attractive lot options. With capacity for new home development, it is very possible that Worthington could see a higher level of new home construction in the future when housing and economic conditions improve. However, it must be recognized that even through the strong growth period that existed earlier in this decade, Worthington still averaged only nine to 10 new single family homes annually.

The growth projections in the 2004 Study for all of Nobles County have proved to be slightly high. In 2004, we had projected that the County would have 8,048 total households in the year 2009. The latest estimate, for 2008, shows 7,988 households Countywide.

Growth Projections to 2015

For this Update, we have created new projections for growth. These new projections do expect slight overall household growth in Nobles County through 2015.

Between 2000 and 2008, Nobles County was averaging approximately six additional households per year. Between 2008 and 2015, it is likely that the entire County will continue to average an increase of approximately six new households per year.

When examining Worthington's relative share of past growth as a percentage of Countywide totals, the newest forecasts would expect the City to add between 12 and 13 new households per year to the year 2015. Since the capacity to develop new housing exists in Worthington, it is possible that actual housing unit growth will exceed our expectations, and the City may grow at a faster rate. Also, several rental developments are in the construction or planning phase which may cause the City to grow at a faster rate than projected.

Projected Growth by Age Range

Previous housing studies completed for Nobles County have tracked the changing age patterns of County residents, and have made projections about the expected changes in households by age. This Update has once again included an analysis of expected changes, with a forecast of the movement between 2005 and 2015.

Consistent with the most recent forecast contained in the 2004 Study, most of the net growth in households will be due to an increasing number of people in the 45 and over age ranges. Strong growth is projected in the 45 and over age ranges. By the year 2015, nearly all of the large "baby boom" generation should be age 55 and older.

Conversely, household losses are projected households age 44 and younger. In the younger adult age range of 15 to 24, it is projected that 88 households will be lost. There will also be a loss of 143 households in the 25 to 44 age range.

Rental Housing Recommendations

Findings: It is difficult to produce new affordable rental units. A number of factors including Federal tax policy, State property tax rates, and high construction costs have all contributed to a cutback in rental housing production over the past 20 years. The majority of new rental units constructed in Worthington during the past 15 years have utilized the Tax Credit and Essential Function Bond programs. Units produced with public subsidies often have income and rent restrictions that limit occupancy to low and moderate income people.

As part of this study, a rental survey was conducted. A total of 830 rental units were contacted. The survey showed that 1.2% of all the rental units surveyed were vacant. A 3% to 5% vacancy rate is considered a healthy market to allow for unit choice and availability. The Worthington vacancy rate is well below this rate. The low vacancy rate, of only 1.2%, shows evidence of pent-up demand in the rental market. Additionally, the 10 vacancies found in the survey were in senior with services projects and eight vacancies were in one project, Sunshine Apartments. No vacancies were reported in the market rate or general occupancy subsidized projects.

Our projections would indicate that the City of Worthington is expected to add approximately 12 to 13 households per year over the next five years. Over a five-year projection period, this forecast expects 65 new households. Of these households, 30 to 35 are projected to be rental households. We also believe that additional units are required to address pent-up demand, as evidenced by the extremely low rental vacancy rates. Also, some rental units have been lost as a result of the rental registration program. Although the exact number is not known, some units could not pass inspection or the owners of units simply chose to not register their units knowing they would not meet code and discontinued renting the units. Also, a 35-lot mobile home park will be closed in the near future. Many of the mobile homes in the park are rentals. Overall, we estimate that a total of 186 to 210 rental units are needed over the next five years.

We are recommending the construction of 186 to 210 rental units between 2009 and 2014. The proposed rental unit breakdown is as follows:

▸	General Occupancy Market Rate	78 to 90 units
▸	Senior with Services	40 to 48 units
▸	Subsidized/Tax Credit	68 to 72 units
	Total	186 to 210 units

1. Market need for 78 to 90 general occupancy market rate rental units

Findings: Worthington has a market rate rental housing vacancy rate of 0%. No vacant market rate units were identified in our survey. A healthy rental market is a vacancy rate of 3% to 5%.

Okabena Estates is the most recently constructed rental project in the City of Worthington. Okabena Estates was constructed in 2006 and is considered market rate units. These rental projects were the last market rate units constructed in Worthington and have a rent range of $625 to $925. The units are fully occupied. These units have created a market niche, and the majority of the tenants would probably not rent other units in the community which do not have the amenities that are provided by the Okabena Estates' units. Okabena Estates are the only market rate rental units constructed in the 2000's.

The Worthington household growth rate, the job growth rate, strong pent-up demand and the need to replace units, indicate the need for additional market rate rental housing as new households are entering the community. Many of these households have sufficient incomes for home ownership, but prefer to rent until they determine their home ownership needs and become familiar with the local real estate market.

RCM Construction has proposed a 72-unit general occupancy apartment project. The developer is working with JBS Swift & Company, Worthington's largest employer. JBS Swift is strongly supporting the construction of this project to provide additional housing in the community. The Company is prepared to guarantee 75% occupancy of the units for a period of nine years.

Recommendation: We recommend the construction of 78 to 90 market rate general occupancy rental units in Worthington over the next five years. The units should have state of the art design and amenities. Townhome style units would be preferable.

The units should be phased to allow the market to absorb the units. It is our opinion that the proposed 72-unit project should be constructed in two 36-unit phases.

Recommended unit mix, sizes and rents for the Worthington General Occupancy Market Rate Units

Unit Type	No. of Units	Size/Sq. Ft.	Rent
One Bedroom	10-12	900-1,000	$625-$675
Two Bedroom	38-44	1,000-1,100	$695-$780
Three Bedroom	20-22	1,150-1,300	$800-$875
Four Bedroom	10-12	1,325-1,450	$900-$1,000
Total	78-90		

Note: Rents are quoted in 2009 dollars and do not include utilities.

2. Need for 54 to 60 subsidized/tax credit rental units

Findings: There are 11 subsidized and tax credit rental projects with a total of 403 units in the City of Worthington.

Currently, there are no vacancies in any of these projects and many projects have long waiting lists. Viking Terrace provides quality rental units at very affordable rents and has a 50-name waiting list, thus, a severe pent-up demand for subsidized/tax credit rental housing exists.

Additionally, rental housing has been lost due to a number of factors including demolitions, conversions and units that could not meet rental codes. Additionally, a 35-lot mobile home park will be closed. Many of the mobile homes in the park are rentals.

It is estimated that over 1,000 renter households in Nobles County are paying over 35% of their income for housing. Most of these households are low income households.

It is projected that Worthington will add approximately 65 households over the next five years. Of this total, 30 to 35 households will be rental households and a significant percentage of these rental households will be low income households.

JBS Swift, Inc. is busing employees from Sioux Falls to Worthington daily. Some of the employees that live in Sioux Falls and surrounding communities would live in Worthington if housing was available.

No subsidized rental projects have been constructed in Worthington since Willow Court, a 24-unit tax credit project that was constructed in 1996. However, in 2005, the Southwest Minnesota Housing Partnership acquired Viking Terrace, a 60-unit subsidized project that was constructed in 1974, and rehabilitated the project utilizing tax credits.

Also, the Southwest Minnesota Housing Partnership is constructing a 30-unit tax credit project. The project, New Castle Townhomes, will include 12 two-bedroom, 14 three-bedroom and 4 four-bedroom units. Gross rents will range from $586 to $816.

Accessible Space Inc. is proposing to construct a 19-unit HUD Section 202 project. This project will provide subsidized housing for very low income seniors, age 62 and older.

Recommendation: We recommend the development of 68 to 72 subsidized/tax credit rental units over the next five years. If the 30-unit tax credit project and 19-unit HUD Section 202 projects are constructed, a significant number of the recommended units will be constructed.

Local housing agencies should continue to monitor the occupancy rates of the new projects as well as the existing subsidized projects. If the new rental units are absorbed into the market and low vacancy rates persist, an additional project should be considered in the future.

Multiple funding sources should be pursued to keep the rent structure for the new subsidized projects as low as possible.

3. Market need for 40 to 48 senior with services units

Findings: Worthington is the largest city in Nobles County and serves as a medical, service, retail and employment center for the surrounding area. The City provides a large share of the rental housing for the immediate area and also supplies a variety of life-cycle housing options for seniors as they age. The City has townhouse and condominium options, senior designated subsidized rental housing, and senior housing with services, including assisted living, congregate housing, and nursing home care.

Due in part to its attractive senior housing options, the City has had a large senior population. Demographic projections indicate that the number of senior households, age 65 and older, is expected to increase in the area over the next five years. With Worthington's appeal as a retirement community and with excellent medical facilities in the City, Worthington's appeal to seniors is expected to remain strong.

The City of Worthington currently has four senior projects that provide senior services.

The lightest service package is provided at Sunshine Apartments, with 47 total units. This project is best described as congregate senior housing. Tenants receive one meal on Thursdays only. In the past, this building has also had the services of a nutritionist available for residents, but this service was recently dropped. It is possible that the daily meal service will also be dropped entirely in the future, and this building will operate as independent living senior subsidized housing. The manager reports eight vacancies.

Prairie House Supportive Living has 41 board and lodging rooms. These rooms do not have kitchen facilities, and most units have a shared bathroom. The owner reports a 95% occupancy rate.

The units at Golden Horizons and The Meadows offer senior assisted living. Combined, these two projects have 89 units available. In both buildings, tenants can live semi-independently, as a basic rent/service package is available, that offers only light services. Assisted living services can be purchased as needed for an additional fee, depending on the level of services required. Although some tenants are only receiving basic services at this time, these two projects can adjust and provide additional assisted living opportunities in response to need and demand. Currently, the Meadows and Golden Horizon each have one vacancy.

The Worthington Market Area has approximately 5,400 people over the age of 65. As a rule of thumb, we estimate that a regional center should have enough assisted living units for 2.5% of the senior population. This computes to 135 units. Golden Horizons and The Meadows have 89 units. Prairie Housing Supportive Living is not included in this calculation as they provide housing for a specific senior population.

The Meadows is currently constructing a 43-unit expansion project.

Recommendation: We recommend the construction of 40 to 48 senior with services units over the next five years. This includes The Meadows expansion project. The construction of The Meadows 43-unit expansion project largely addresses the need for assisted living units. For The Meadows expansion to be successful, the level of services and rents must be as flexible as possible to serve a wide range of the senior population who have senior with services needs.

If the new Meadows units lease up quickly, it may be appropriate to construct additional assisted living units over the next several years. The occupancy rates of the existing projects should continue to be monitored to determine if additional units are needed.

Also, the need for specific types of senior with services units, such as memory care units, should be monitored to determine future senior with services housing needs.

4. Continue to apply for Housing Choice Vouchers/Section 8 Existing Program allocations when available from HUD

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 is 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 limited funding for subsidized housing construction, it has provided new Housing Choice Voucher allocations over the last two decades.

Based on the research for this study, it appears that the Housing Choice Voucher Program is a popular form of subsidized housing in Worthington. 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. In 2009, 38 Nobles County households are utilizing the Housing Choice Voucher Program, and of the 38 households, all 38 are living in Worthington.

The Housing Choice Voucher Program is often used in conjunction with other housing programs to allow very low income people the opportunity to secure good quality housing. Many of the tax credit projects in the area have some tenants that receive additional subsidy through the Section 8 Program. Tax credit units that would normally be affordable to households near the 60% of median income limit can serve households at a much lower income level when rent assistance is available.

The recently released data from the U.S. Census estimates show a substantial number of Worthington renter households with a housing cost burden. We estimate that there are over 1,000 renter households in Nobles County that are paying more than 35% of their annual income for rent. Most of these households have annual incomes below $25,000. This further verifies Worthington's need for additional Section 8 Assistance.

Recommendation: From a practical standpoint, the Housing Choice Voucher Program is the single best way that Worthington can provide affordable housing. HUD does not make incremental assistance available every year, but when new allocations are authorised, we would encourage the Worthington HRA to apply for additional units. Please note that the Housing Choice Voucher program is administered for Nobles County by the Worthington HRA, thus, applications for additional assistance must be coordinated through the Worthington HRA.

5. Maintain and preserve the existing supply of subsidized housing

Findings: Worthington has a number of "deep subsidy" rental housing projects that allow tenants to pay rent based on 30% of income. Several of these projects were constructed in the 1970's or early 1980's when the federal government was actively involved in producing low income housing.

This subsidized housing represents the most affordable option available to lower income households. Since most of these units charge rent based on income, even extremely low income households can afford their housing.

Some of the subsidized stock is privately owned. In some communities, privately owned subsidized housing has been lost as owners have the ability to opt-out of subsidy contracts after their original obligations have been met. This often occurs in communities with low vacancy rates, where owners see the potential to convert subsidized housing to market rate housing in response to demand for units. Subsidized housing that is lost cannot be cost-effectively replaced with the low income housing production resources that are available today.

Two of the City's subsidized rental projects, Nobles Square I and Nobles Square II, may be lost from the subsidized inventory in the future. These buildings were constructed in 1980 and 1982, respectively, and have met their original subsidized contract compliance terms.

These buildings filed the initial paperwork and have met the required notice periods for opting-out of the subsidy program. At the time of this Study, the projects were still participating in the subsidy program, but it is possible that these buildings will convert to market rate properties in the future. Although the paperwork was filed several years ago, no conversion to market rate has taken place. Initially, protections are generally put in place to minimize any potential displacement of lower income tenants. However, as these tenants move from the buildings, the replacement tenants enter is market rate renters. Combined, these projects have 48 subsidized units.

Another subsidized project, Viking Terrace with 60 units, was purchased by the Southwest Minnesota Housing Partnership, which is a local nonprofit housing agency. The Southwest Minnesota Housing Partnership has kept the Viking Terrace units in the subsidized inventory.

Recommendation: MHFA tracks subsidized housing in Minnesota that is at risk of being lost. Owners of subsidized housing that are considering the option to drop their subsidy contract must notify MHFA and the tenants prior to taking action.

The City of Worthington, the Southwest Minnesota Housing Partnership and the Worthington HRA should check with MHFA on an ongoing basis to determine if any Worthington subsidized housing projects are considering the option to drop their subsidy contract.

With regard to Nobles Square I and Nobles Square II, the local housing agencies should continue to monitor their status to assure these units remain affordable for low and moderate income households.

Home Ownership Recommendations

Findings: Expanding home ownership opportunities is one of the primary goals for most cities. High rates of home ownership promote stable communities and strengthen the local tax base. The median owner-occupied home value in Worthington is estimated to be $75,000 based on recent sales activity. The relatively low home values in Worthington provide an excellent market for first time buyers and households seeking moderately priced homes.

Our analysis of area demographic trends shows an increasing population of households in the traditionally strong home ownership age ranges between 45 and 64 years old. While many of these households already own their housing, those households at the lower end of the age range that have not been able to achieve the goal of home ownership may need the assistance of special programs to help them purchase their first home.

Our projections also show an overall loss of households under age 45 over the next five years. However, the home ownership rates in these age ranges are low compared to other cities. While the number of households may not increase, potential demand could still be generated by increasing the rate of home ownership among these younger households.

Also, Worthington has a high percentage of ethnic and racial minority households. These households have a lower rate of home ownership than white households. There is an opportunity to increase the rate of home ownership of ethnic and racial minority households.

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

Findings: We continue to believe that affordable home ownership is one of the major issues facing Worthington in the immediate future. Home ownership is generally the preferred housing option for most households and most communities. As discussed previously, the demographic make-up of Worthington and the Worthington Market Area are conducive to the promotion of home ownership opportunities. There are a number of strategies and programs that can be used to promote home ownership in Worthington. The Southwest Minnesota Housing Partnership and the other area housing agencies have an excellent reputation in providing home ownership programs, and will continue to assist with this effort.

First time home buyer assistance, down payment assistance, low interest loan and home ownership training programs can help to address affordable housing issues. Other programs including employer assisted home ownership programs, purchase/rehab programs, the MURL Program and a local downpayment assistance program can also assist households with purchasing a home. The City has a relatively large 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.

Recommendation: Worthington should utilize all available home ownership assistance programs for home ownership. The community should also explore the possibility of obtaining specific program set-asides from some of the mortgage programs offered through the Minnesota Housing Finance Agency. Specific set-asides will offer multiple advantages, including a dedicated pool of funds, the opportunity for higher participation limits for income and purchase price, and the flexibility for more local design and control.

The City should continue to work with the Southwest Minnesota Housing Partnership and other area housing agencies to continue to develop and implement home ownership programs. Local financial institutions can also have a significant role in assisting households.

Other private and nonprofit agencies should also be encouraged to provide home ownership opportunities. Mortgage programs should continue to be developed that include all households and not just first time home buyers to encourage trade-up housing activity. Potential funding sources for home ownership programs include Rural Development, the Minnesota Housing Finance Agency, FANNIE MAE and the Greater Minnesota Housing Fund.

7. Involvement in the Emerging Markets Homeownership Initiative (EMHI) to increase minority home ownership

Findings: Worthington has attracted many racial and ethnic minorities, and international immigrants in recent years. Employment opportunities, quality of life and other factors have resulted in a population that is increasingly diverse.

The best available data on tenure patterns for racial and ethnic minorities is from the 2007 U.S. Census estimate. At that time, home ownership rates for all racial and ethnic minority groups were lower than the home ownership rate for white, non-Hispanic households. In 2007, the home ownership rate for white households was 77.6%, compared to 52.3% for Hispanic/Latino households.

The newly arriving populations, particularly international immigrants, may have barriers, such as language, culture, and asset accumulation that hinder them in their attempt to purchase a home.

Recommendation: Recognizing the potential to assist with expanded home ownership, the State of Minnesota has started the Emerging Markets Homeownership Initiative (EMHI). The long-term vision of the initiative is to eliminate the gap in home ownership rates between emerging markets and white, non-Hispanic communities.

With a large and growing population of racial and ethnic minority residents, it would be appropriate for the City to continue to participate in the program development process and to access program resources in an attempt in increase the rate of home ownership in the community.

The Southwest Minnesota Housing Partnership is very active in EMHI and is a leader in developing and implementing EMHI programs. The City should continue to work with the Southwest Minnesota Housing Partnership to increase home ownership among ethnic and racial minority households.

Single Family Housing Development

Findings: Worthington has experienced modest single family housing construction in recent years. Over the past five years, Worthington has averaged eight new single family homes per year. The attractiveness of the community and the strength of the local economy should result in more new homes annually, however, the City's median homes values are low and this may be a deterrent. Also, the downturn in the economy has impaired the construction of new homes.

Household growth projections for Worthington indicate demand for owner-occupied housing construction. Most of the growth that is anticipated over the next five years will be among households in the age ranges between 45 and 64 years old. Households in these age ranges tend to be predominantly home owners, and form the primary market for higher priced and trade-up housing.

The private sector has responded very well to market demands for most housing needs. Higher cost housing and town houses seem to be meeting demand. Also, developers have been developing an adequate number of lots. The exception has been in the production of modest cost new construction, where a combination of construction prices, development costs, profit margins and consumer expectations have all led to very little new construction of housing priced under $175,000.

The City of Worthington and its developers can create a substantial market for future housing construction by continuing to provide attractive subdivisions, a variety of available lots and new home types in a wide range of prices, etc. It is our opinion that if the City, local housing agencies and the developers are proactive, and the economy improves, 12 to 14 homes can be constructed annually in Worthington over the next five years.

In 2004, we projected that 18 to 20 homes could be constructed annually. This projection was overly optimistic and we have scaled back the goal to 12 to 14 homes.

8. Promote new lot development

Findings: The City of Worthington has had modest new construction of single family homes in recent years. Since 2004, Worthington has averaged eight new, single family owner-occupied housing starts per year.

Approximately 42 existing lots are currently available and there are several subdivisions or subdivision expansions are in the planning or development phase. It appears that the private sector has recognized the need for lot development and is addressing this need. Our research indicates that if all the lots being planned are developed, most new housing markets will be served.

Recommendation: Some communities use a standard that a 2 ½ year supply of lots should be available based on annual lot usage. Using this standard, the City should have approximately 30 to 35 residential lots available to meet the expected demand of 12 to 14 houses per year. The City's current lot inventory and the lots in the planning and development phases are adequate to meet short-term demand. However, the availability of improved lots and lots in the development pipeline should be monitored to make sure than an adequate supply of both single family and attached housing lots are available to accommodate anticipated growth. Please note that a supply in excess of 30 to 35 lots may result in developers carrying the costs of lot development for an extensive period of time.

9. Promote/assist with affordable new housing construction/subdivision development

Findings: The Southwest Minnesota Housing Partnership has constructed affordable homes on tax forfeited lots in Worthington over the past several years. The price of the homes have been under $150,000. Currently, the Southwest Minnesota Housing Partnership has two new homes for sale. The sales prices of these homes are $123,600 and $125,500. The Southwest Minnesota Housing Partnership has assisted buyers with downpayment assistance and mortgage programs.

The Southwest Minnesota Housing Partnership has three available tax forfeited lots for new affordable homes. Also, the Southwest Minnesota Housing Partnership is planning a new affordable subdivision that will be constructed in two phases. The first phase will have five lots and the second phase will have eight lots.

Recommendation: The City of Worthington and the Southwest Minnesota Housing Partnership should monitor the need to construct additional affordable homes. As the economy improves, the demand for new affordable housing will increase.

The City should work with the Southwest Minnesota Housing Partnership to develop the new affordable subdivision when the housing market improves.

It is our opinion that this subdivision and the modular home subdivision (described below) can both be developed as the homes will have different price points and different target markets.

10. Consider the development of an affordable new modular home subdivision

Findings: Providing affordable new construction ownership options in Worthington is a critical issue. The City's median household income matches up fairly well with the price of the existing housing stock, however, households at or near the median income level do not have the financial ability to afford the costs associated with new housing construction. Our analysis indicates that a family at the median income level, using a 30 year fixed rate mortgage, could afford to purchase a house of $115,578 or less. This leaves a significant gap between affordability and the costs associated with new ownership housing construction, which will generally be more than $150,000.

Some communities have found it appropriate to become actively involved in affordable new housing construction programs available through the Greater Minnesota Housing Fund and the Minnesota Housing Finance Agency.

The 2004 Worthington Comprehensive Plan identified a need for an affordable modular home subdivision. Land for a subdivision has been identified which is in close proximity to Swift &

Company. Also, one of the City's mobile home parks will be eliminated due to the Highway 60 construction project.

Recommendation: In the 2004 Study, we recommended a 25 to 30 lot affordable modular home subdivision. Although we continue to support the need for a modular home subdivision, it is our opinion that this initiative should not be undertaken until there is an upturn in the economy and housing demand increases. The exception would be if a significant number of displaced households in the mobile home park commit to purchasing a new home in a new modular subdivision.

11. Promote townhouse, twin home and cooperative housing development

Findings: Worthington has experienced an increasing amount of attached housing development in recent years. Prior to the late 1990's, very little construction of townhouses, twin homes, or other low maintenance ownership units was occurring. Since 2000, 55 townhouse and twin home units have been constructed.

Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, thus, making homes available for families. Because of Worthington's regional attraction, it is important for the community to offer a range of life-cycle housing options.

Demographic projections indicate that the target populations for attached housing options are expected to increase in the area over the next five years. The number of empty-nester households in the 55 to 64 year old age group is expected to increase between 2009 and 2015. It is likely that demand for attached housing units will remain strong as the product gains additional market acceptance among an increasing percentage of households in the prime target market, and among other households, such as single professionals and single parent families.

Recommendation: The public sector's role should be limited as the private sector is meeting this housing need. The City should assure that adequate land is available for development and that zoning allows for attached housing construction in desirable areas. Several cities have required developers to designate a portion of their subdivision for higher density development to assure the on-going construction of townhouses and twin homes.

Housing Rehabilitation

Findings: Worthington has a tremendous 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.

The City of Worthington and area housing agencies have been active in housing rehabilitation activities over the years. However more emphasis will be needed in the area of rehabilitation. Nearly all new housing construction has been occurring in a price range that is beyond the affordability level for most Worthington households. 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 at the same time the City experiences population and household growth.

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

12. Promote rental housing rehabilitation programs

Findings: Worthington has rental properties that need repair. The rental properties in need of repair include single family homes and small and large apartment buildings. With the low value of existing homes and the high demand for rental units in Worthington, the City has a high percentage of single family homes that are 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.

The City of Worthington has recently developed and is implementing a Rental Inspection Program which has increased the need for rental rehabilitation.

The City of Worthington recently received SCDP Funds to rehabilitate five rental units.

Recommendation: The City should continue to seek SCDP grant funds that allow for program design flexibility that could make a program workable. The Small Cities Development Program (SCDP) provides funds for a rental rehabilitation program that is structured by the community.

The City and area housing agencies should also apply for other state and federal funds that can be utilized for rental rehabilitation.

13. Promote on-going owner-occupied housing rehabilitation efforts

Findings: Worthington has a tremendous asset in its existing housing stock. Existing units, both now and into the future, will represent the large majority of the affordable owner occupied 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 owner occupied housing rehabilitation activities will be critical to offering affordable housing opportunities.

The affordability of the Worthington housing stock will continue to be the major attraction for families that are seeking housing in the area.

The Minnesota Small Cities Development Program (SCDP) continues to be the major source of funding for housing rehabilitation. Worthington has recently received SCDP funds for housing rehabilitation in a designated neighborhood.

The quality of the housing stock in two Worthington neighborhoods is in poor condition. According to the Condition Survey that was conducted in 2004, 76 homes need minor repairs and 76 homes need major repairs in the two older neighborhoods that were surveyed. Without rehabilitation assistance, there is the potential that the affordable housing stock will shrink. The City of Worthington has been awarded an SCDP Grant and single family rehabilitation has been undertaken since 2004, but a great demand for housing rehab still exists. There are also housing rehabilitation needs in other City neighborhoods that were not surveyed.

Recommendation: We recommend that the City of Worthington continue to apply for SCDP funds to rehabilitate homes. The SCDP Program has a maximum of $600,000 for Single Purpose applications and $1.4 million for Comprehensive applications that address several of the City's needs. The City should designate and prioritize neighborhoods that need rehabilitation and apply for SCDP funds to assist on an ongoing basis.

We also recommend that the City of Worthington and other area housing agencies continue to seek other local, state and federal funds to assist in financing the housing rehabilitation programs.

14. Continue the Rental Registration and Inspection Program

Findings: The City of Worthington has adopted and is implementing a Rental Registration and Inspection Program.

In 2004, we recommended the adoption and implementation of a Rental Registration and Inspection Program. We made this recommendation as it is was our opinion that the condition of some of the rental housing in the City of Worthington was having a detrimental impact. Neighborhood deterioration and low property values are two results of low quality rental units. Additionally, with the high demand for low rent rental units and the existing low property values in Worthington, it was our opinion that the housing conditions would worsen.

Recommendation: We recommend the continued implementation of the Rental Housing Registration and Inspection Program to assure that all rental units in Worthington comply with housing laws and codes. The Rental Housing Registration and Inspection Program will assure that Worthington rental units are safe and sanitary, thus, removing blighted and unsafe conditions.

15. Acquire and Demolish Dilapidated Structures

Findings: Our housing condition survey conducted in 2004, identified nine homes in the two Worthington neighborhoods that are dilapidated and too deteriorated to rehabilitate. It is assumed that there are also dilapidated homes in other neighborhoods that were not surveyed. To improve the quality of the City's neighborhoods and to maintain the appearance of the community, these structures should be acquired and demolished.

It appears that some level of demolition activity has been occurring. Building permit data from 2004 through 2008 shows that 27 housing units have been demolished in recent years. The reasons for this demolition are not known, but it is probable that some of it is due to unit condition.

Recommendation: The City and area housing agencies should identify resources to acquire and demolish severely dilapidated structures. Building permits records indicate that several structures have been demolished over the past several years, thus, the City may already have in place a mechanism to eliminate most dilapidated structures.

Also, it is possible that some of the vacated lots due to demolition could be utilized for new development.

Employment and Local Economic Trends Analysis - Worthington

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 may be provided by a broad range of private and public business sectors. Jobs may be available in manufacturing, commercial services, agriculture, public administration, 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.

Major employers in Worthington include:

Company	No. of Employees
Swift & Co.	2,300
School District	450
Worthington Regional Hospital	261
Highland Manufacturing	170
Bedord Industries Inc.	153
Intervet, Inc.	140
Worthington Specialty Clinics	102
Daily Globe	85
Fullerton Building Systems Inc.	40
New Vision Co-op	38
Schaap Sanitation	25
Worthington Tractor Parts	25

Source: Community Profiles, Minnesota Department of Employment and Economic Development

Work Force and Unemployment Rates - Nobles County

Employment information is available at the County level. Data in the table that follows are for all of Nobles County. Data in the following tables have been obtained from the Minnesota Department of Employment and Economic Development.

Table 1 County Average Annual Labor Force 2000 -2009*						
Year	Labor Force	Employed	Unemployed	Unemployment Rate	Unemployment Rate - MN	Unemployment Rate - US
2000	11,097	10,763	334	3.0%	3.1%	4.0%
2001	11,498	11,103	395	3.4%	3.8%	4.7%
2002	11,364	10,985	379	3.3%	4.5%	5.8%
2003	11,345	10,910	435	3.8%	4.9%	6.0%
2004	11,211	10,780	431	3.8%	4.6%	5.6%
2005	11,092	10,717	375	3.4%	4.2%	5.1%
2006	11,212	10,857	355	3.2%	4.1%	4.6%
2007	11,149	10,758	391	3.5%	4.6%	4.6%
2008	11,141	10,680	461	4.1%	5.4%	5.8%
2009*	11,410	10,729	681	6.0%	8.4%	8.8%

Source: Minnesota Department of Employment and Economic Development
Note: Not Seasonally Adjusted
* 2009 is through May

- Nobles County has had some slight fluctuation in the size of the available labor force in recent years. Between 2000 and 2009 (partial year through May), the labor force increased by 2.8%. The labor force reached its largest level in 2001, at 11,498 workers.

- The employed work force has remained stable since 2000. The number of employed workers in Nobles County has decreased by 34 employees between 2000 and 2009, only a 0.3% decline.

- Since the labor force has increased slightly over the last nine years and the number of employed people has remained stable, the County's unemployment rate has doubled during that same stretch. Despite that increase, Nobles County's unemployment rate is currently below the state and national averages.

Employment and Wages by Industry - Nobles County

The following table shows the average weekly wages by major employment sector in 2008, the last full year of data. It is important to note that the major employment sectors listed do not represent all employment in the County.

Table 2 County Average Weekly Wages by Industry Detail		
Industry	2008 Employment	2008 Average Weekly Wage
Total All Industry	10,430	$590
Natural Resources and Mining	261	$539
Construction	260	$637
Manufacturing	2,960	$704
Trade, Transportation, Utilities	2,437	$559
Information	118	$602
Financial Activities	313	$855
Professional and Business Services	346	$581
Education and Health Services	1,951	$627
Leisure and Hospitality	899	$198
Other Services	397	$324
Public Administration	402	$689

Source: Minnesota Department of Employment and Economic Development

- The average weekly wage for all industry in 2008 was $590. At full-time employment, this equates to an annual wage of $30,680. The highest paying wage sectors were Financial Activities and Manufacturing with average weekly wages of $855 and $704, respectively. At full-time employment, the average annual wage for Financial Activities would be $44,460. The lowest paying wage sector was Leisure and Hospitality, with an average weekly wage of only $198. At full-time employment in this sector, the average worker would earn $10,296 annually.

- Approximately 60% of the employment listed in the table above was in the City of Worthington. The average weekly wage for all industry in Worthington was $556 in 2008.

Employment Projections by Industry

The Minnesota Department of Employment and Economic Development has generated employment projections for each region of the State. Nobles County is included in the Southwest Region. The following table compares estimated employment in the general industry classifications in 2006, the projected level of employment by 2016, and the percentage change.

Table 3 Projected Employment by Industry - 2016

Industry	2006 Employment	2016 Projected Employment	Percent Change 2006-2016
Total All Industry	213,484	222,913	4.4%
Natural Resources and Mining	5,547	5,729	3.3%
Construction	8,297	8,703	4.9%
Manufacturing	34,795	33,615	-3.4%
Trade, Transportation, Utilities	34,596	34,351	-0.7%
Information	3,362	3,182	-5.4%
Financial Activities	7,416	7,945	7.1%
Professional and Business Services	10,848	12,661	16.7%
Education and Health Services	42,859	48,501	13.2%
Leisure and Hospitality	13,866	15,113	9%
Other Services	8,548	9,205	7.7%
Government	15,996	16,300	1.9%
Self-Employed	27,354	27,608	0.9%

Source: Minnesota Department of Employment and Economic Development

- Projections for the year 2016 show that the Professional and Business Services sector is expected to have the greatest percentage growth among industries in Southwest Minnesota between 2006 and 2016. This sector is projected to add 1,813 jobs, for a percentage growth of approximately 17%. While this sector is a broad industry classification that includes a wide range of sub-sectors, the average weekly wage in this sector in Nobles County in 2008 was $581, lower than the average for all industry.

- In numeric growth, the largest employment increase in Southwest Minnesota is expected in the Education and Health Services sector, which is projected to add 5,642 new jobs. This was the third largest employment sector in Nobles County in 2008, and paid an average weekly wage of $627.

- The three sectors expected to lose jobs between 2006 and 2016 are the Manufacturing, Trade, Transportation and Utilities and Information sectors.

Employment and Local Economic Trends Analysis - Pipestone

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 may be provided by a broad range of private and public business sectors. Jobs may be available in manufacturing, commercial services, agriculture, public administration, 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.

Major employers in Pipestone include:

Company	No. of Employees
Suzlon Rotor Corporation	350
Pipestone Systems	300
Pipestone/Jasper School Dist.	250
Pipestone County Medical Ctr	175
Good Samaritan Village	170
Ellison Meat Co	150
Hank's Foods	50
First NB of Pipestone	43
Coborn's Inc	36
Pipestone Publishing Co	35
Pamida Discount Ctr	32
Bomgaar's	26
Pipestone Veterinary Clinic	25
Pepsi-Cola Bottling Co	23

Source: Community Profiles, Minnesota Department of Employment and Economic Development

Work Force and Unemployment Rates - Pipestone County

Employment information is available at the County level. Data in the table that follows are for all of Pipestone County. Data in the following tables have been obtained from the Minnesota Department of Employment and Economic Development.

Table 4 County Average Annual Labor Force 2000 -2009*

Year	Labor Force	Employed	Unemployed	Unemployment Rate	Unemployment Rate - MN	Unemployment Rate - US
2000	5,411	5,228	183	3.4%	3.1%	4.0%
2001	5,608	5,416	192	3.4%	3.8%	4.7%
2002	5,522	5,343	179	3.2%	4.5%	5.8%
2003	5,512	5,299	213	3.9%	4.9%	6.0%
2004	5,167	4,949	218	4.2%	4.6%	5.6%
2005	5,049	4,861	188	3.7%	4.2%	5.1%
2006	5,105	4,932	173	3.4%	4.1%	4.6%
2007	5,300	5,099	201	3.8%	4.6%	4.6%
2008	5,650	5,400	250	4.4%	5.4%	5.8%
2009*	6,032	5,643	389	6.4%	8.4%	8.8%

Source: Minnesota Department of Employment and Economic Development
Note: Not Seasonally Adjusted
* 2009 is through May

- Pipestone County has had an increase in the size of the available labor force in recent years. Between 2000 and 2009 (partial year through May), the labor force increased by 11.5%. The labor force is currently at its largest level in the past nine years with 6,032 workers in 2009.

- The employed work force has also increased since 2000. The number of employed workers in Pipestone County has increased by 415 employees between 2000 and 2009, or 7.9%.

- Although the labor force and number of employed people have increased over the last nine years, the County's unemployment rate has also increased during that same stretch. Despite that increase, Pipestone County's unemployment rate is currently below the state and national averages.

Employment and Wages by Industry - Pipestone County

The following table shows the average weekly wages by major employment sector in 2008, the last full year of data. It is important to note that the major employment sectors listed do not represent all employment in the County.

Table 5 County Average Weekly Wages by Industry Detail		
Industry	2008 Employment	2008 Average Weekly Wage
Total All Industry	4,783	$528
Natural Resources and Mining	310	$622
Construction	207	$581
Manufacturing	870	$635
Trade, Transportation, Utilities	1,042	$447
Information	70	$580
Financial Activities	143	$698
Professional and Business Services	287	$539
Education and Health Services	1,113	$570
Leisure and Hospitality	369	$163
Other Services	131	$699
Public Administration	240	$465

Source: Minnesota Department of Employment and Economic Development

- The average weekly wage for all industry in 2008 was $528. At full-time employment, this equates to an annual wage of $27,456. The highest paying wage sectors were Other Services and Financial Activities with average weekly wages of $699 and $698, respectively. At full-time employment, the average annual wage for Other Services would be $36,348. The lowest paying wage sector was Leisure and Hospitality, with an average weekly wage of only $163. At full-time employment in this sector, the average worker would earn $8,476 annually.

- Approximately 72% of the employment listed in the table above was in the City of Pipestone. The average weekly wage for all industry in the City of Pipestone was $531 in 2008.

Employment Projections by Industry

The Minnesota Department of Employment and Economic Development has generated employment projections for each region of the State. Pipestone County is included in the Southwest Region. The following table compares estimated employment in the general industry classifications in 2006, the projected level of employment by 2016, and the percentage change.

Table 6 Projected Employment by Industry - 2016

Industry	2006 Employment	2016 Projected Employment	Percent Change 2006-2016
Total All Industry	213,484	222,913	4.4%
Natural Resources and Mining	5,547	5,729	3.3%
Construction	8,297	8,703	4.9%
Manufacturing	34,795	33,615	-3.4%
Trade, Transportation, Utilities	34,596	34,351	-0.7%
Information	3,362	3,182	-5.4%
Financial Activities	7,416	7,945	7.1%
Professional and Business Services	10,848	12,661	16.7%
Education and Health Services	42,859	48,501	13.2%
Leisure and Hospitality	13,866	15,113	9%
Other Services	8,548	9,205	7.7%
Government	15,996	16,300	1.9%
Self-Employed	27,354	27,608	0.9%

Source: Minnesota Department of Employment and Economic Development

- Projections for the year 2016 show that the Professional and Business Services sector is expected to have the greatest percentage growth among industries in Southwest Minnesota between 2006 and 2016. This sector is projected to add 1,813 jobs, for a percentage growth of approximately 17%. While this sector is a broad industry classification that includes a wide range of sub-sectors, the average weekly wage in this sector in Pipestone County in 2008 was $539, slightly higher than the average for all industry.

- In numeric growth, the largest employment increase in Southwest Minnesota is expected in the Education and Health Services sector, which is projected to add 5,642 new jobs. This was the largest single employment sector in Pipestone County in 2008, and paid an average weekly wage of $570.

- The three sectors expected to lose jobs between 2006 and 2016 are the Manufacturing, Trade, Transportation and Utilities and Information sectors.

Employment and Local Economic Trends Analysis - Redwood Falls

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 may be provided by a broad range of private and public business sectors. Jobs may be available in manufacturing, commercial services, agriculture, public administration, 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.

Major employers in Redwood Falls include:

Company	No. of Employees
Daktronics, Inc.	275
Schult Homes Corp	250
Redwood Falls Schools-ISD #2897	225
County of Redwood	183
Redwood Area Municipal Hospital	181
Farmers Union Industries	160
REM South Central Services, Inc.	123
Wal-Mart	120
Good Samaritan Communities of Redwood Falls	115
Wood Dale Nursing Home	90
Warrior Manufacturing Co	65
Affiliated Area Medical Center	58
MinnWest Bank	56
Service Enterprises	55
City of Redwood Falls	54
RVI, Inc.	42
Activeaid Inc	40
A&W Furniture	35
Redwood Metal Works	21
Heartland Wood Products	20
Larson's Home Furnishings	20

Source: Community Profiles, Minnesota Department of Employment and Economic Development

Work Force and Unemployment Rates - Redwood County

Employment information is available at the County level. Data in the table that follows are for all of Redwood County. Data in the following tables have been obtained from the Minnesota Department of Employment and Economic Development.

Table 7 County Average Annual Labor Force 2000 -2009*						
Year	Labor Force	Employed	Unemployed	Unemployment Rate	Unemployment Rate - MN	Unemployment Rate - US
2000	8,899	8,618	281	3.2%	3.1%	4.0%
2001	9,054	8,682	372	4.1%	3.8%	4.7%
2002	8,899	8,536	363	4.1%	4.5%	5.8%
2003	8,666	8,273	393	4.5%	4.9%	6.0%
2004	8,442	8,066	376	4.5%	4.6%	5.6%
2005	8,200	7,875	325	4.0%	4.2%	5.1%
2006	8,103	7,768	335	4.1%	4.1%	4.6%
2007	8,284	7,889	395	4.8%	4.6%	4.6%
2008	8,065	7,623	442	5.5%	5.4%	5.8%
2009*	7,983	7,357	626	7.9%	8.4%	8.8%

Source: Minnesota Department of Employment and Economic Development
Note: Not Seasonally Adjusted
* 2009 is through May

- Redwood County has had a decrease in the size of the available labor force in recent years. Between 2000 and 2009 (partial year through May), the labor force decreased by 10.3%. The labor force is currently at its lowest level in the past nine years with 7,983 workers in 2009.

- The employed work force has also decreased since 2000. The number of employed workers in Redwood County has decreased by 1,261 employees between 2000 and 2009, or 14.6%.

- While the labor force and number of employed people have decreased over the last nine years, the County's unemployment rate has more than doubled during that same stretch. Despite that increase, Redwood County's unemployment rate is currently below the state and national averages.

Employment and Wages by Industry - Redwood County

The following table shows the average weekly wages by major employment sector in 2008, the last full year of data. It is important to note that the major employment sectors listed do not represent all employment in the County.

Table 8 County Average Weekly Wages by Industry Detail		
Industry	2008 Employment	2008 Average Weekly Wage
Total All Industry	6,567	$550
Natural Resources and Mining	56	$493
Construction	344	$631
Manufacturing	882	$639
Trade, Transportation, Utilities	1,287	$558
Information	66	$810
Financial Activities	223	$657
Professional and Business Services	315	$960
Education and Health Services	1,602	$552
Leisure and Hospitality	449	$168
Other Services	120	$276

Source: Minnesota Department of Employment and Economic Development

- The average weekly wage for all industry in 2008 was $550. At full-time employment, this equates to an annual wage of $28,600. The highest paying wage sectors were Professional and Business Services and Information with average weekly wages of $960 and $810, respectively. At full-time employment, the average annual wage for Professional and Business Services would be $49,920. The lowest paying wage sector was Leisure and Hospitality, with an average weekly wage of only $168. At full-time employment in this sector, the average worker would earn $8,736 annually.

- Approximately 53% of the employment listed in the table above was in the City of Redwood Falls. The average weekly wage for all industry in Redwood Falls was $581 in 2008.

Employment Projections by Industry

The Minnesota Department of Employment and Economic Development has generated employment projections for each region of the State. Redwood County is included in the Southwest Region. The following table compares estimated employment in the general industry classifications in 2006, the projected level of employment by 2016, and the percentage change.

Table 9 Projected Employment by Industry - 2016			
Industry	2006 Employment	2016 Projected Employment	Percent Change 2006-2016
Total All Industry	213,484	222,913	4.4%
Natural Resources and Mining	5,547	5,729	3.3%
Construction	8,297	8,703	4.9%
Manufacturing	34,795	33,615	-3.4%
Trade, Transportation, Utilities	34,596	34,351	-0.7%
Information	3,362	3,182	-5.4%
Financial Activities	7,416	7,945	7.1%
Professional and Business Services	10,848	12,661	16.7%
Education and Health Services	42,859	48,501	13.2%
Leisure and Hospitality	13,866	15,113	9%
Other Services	8,548	9,205	7.7%
Government	15,996	16,300	1.9%
Self-Employed	27,354	27,608	0.9%

Source: Minnesota Department of Employment and Economic Development

- Projections for the year 2016 show that the Professional and Business Services sector is expected to have the greatest percentage growth among industries in Southwest Minnesota between 2006 and 2016. This sector is projected to add 1,813 jobs, for a percentage growth of approximately 17%. While this sector is a broad industry classification that includes a wide range of sub-sectors, the average weekly wage in this sector in Redwood County in 2008 was $960, much higher than the average for all industry.

- In numeric growth, the largest employment increase in Southwest Minnesota is expected in the Education and Health Services sector, which is projected to add 5,642 new jobs. This was the largest single employment sector in Redwood County in 2008, and paid an average weekly wage of $552.

- The three sectors expected to lose jobs between 2006 and 2016 are the Manufacturing, Trade, Transportation and Utilities and Information sectors.

Employment and Local Economic Trends Analysis - Jackson

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 may be provided by a broad range of private and public business sectors. Jobs may be available in manufacturing, commercial services, agriculture, public administration, 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.

Major employers in Jackson include:

Company	No. of Employees
AGCO Corporation	1,000
Jackson County Central Schools	175
Technical Services for Electronics	135
Accent Insurance Recovery Solutions	100
Good Samaritan Ctr	100
Jackson Medical Center	75
Farmers Co-op Assn	65
Erickson Trucks 'n Parts	60
Hitch Doc	50
USF Holland	50
Vet's Oil Company	37
Pioneer Hi-Bred Int'l	35
Ag Forte, LLC	32
Livewire Printing Co	30
New Fashion Pork	30
Kema-Asa Auto Plaza	25
Ziegler-CAT	24

Source: Community Profiles, Minnesota Department of Employment and Economic Development

Work Force and Unemployment Rates - Jackson County

Employment information is available at the County level. Data in the table that follows are for all of Jackson County. Data in the following tables have been obtained from the Minnesota Department of Employment and Economic Development.

Table 10 County Average Annual Labor Force 2000 -2009*

Year	Labor Force	Employed	Unemployed	Unemployment Rate	Unemployment Rate - MN	Unemployment Rate - US
2000	6,145	5,956	189	3.1%	3.1%	4.0%
2001	6,475	6,259	216	3.3%	3.8%	4.7%
2002	6,554	6,313	241	3.7%	4.5%	5.8%
2003	6,543	6,273	270	4.1%	4.9%	6.0%
2004	6,586	6,345	241	3.7%	4.6%	5.6%
2005	6,669	6,436	233	3.5%	4.2%	5.1%
2006	6,674	6,411	263	3.9%	4.1%	4.6%
2007	6,541	6,286	255	3.9%	4.6%	4.6%
2008	6,552	6,272	280	4.3%	5.4%	5.8%
2009*	6,683	6,297	386	5.8%	8.4%	8.8%

Source: Minnesota Department of Employment and Economic Development
Note: Not Seasonally Adjusted
* 2009 is through May

- Jackson County has had an increase in the size of the available labor force in recent years. Between 2000 and 2009 (partial year through May), the labor force increased by 8.8%. The labor force is currently at its largest level in the past nine years with 6,683 workers in 2009.

- The employed work force has also increased since 2000. The number of employed workers in Jackson County has increased by 341 employees between 2000 and 2009, or 5.7%.

- Although the labor force and number of employed people have increased over the last nine years, the County's unemployment rate has also increased during that same stretch. Despite that increase, Jackson County's unemployment rate is currently below the state and national averages.

Employment and Wages by Industry - Jackson County

The following table shows the average weekly wages by major employment sector in 2008, the last full year of data. It is important to note that the major employment sectors listed do not represent all employment in the County.

Table 11 County Average Weekly Wages by Industry Detail		
Industry	2008 Employment	2008 Average Weekly Wage
Total All Industry	5,075	$557
Natural Resources and Mining	159	$571
Construction	132	$528
Manufacturing	1,313	$867
Trade, Transportation, Utilities	814	$545
Financial Activities	131	$709
Professional and Business Services	100	$490
Education and Health Services	1,659	$403
Leisure and Hospitality	327	$144
Public Administration	326	$544

Source: Minnesota Department of Employment and Economic Development

- The average weekly wage for all industry in 2008 was $557. At full-time employment, this equates to an annual wage of $28,964. The highest paying wage sectors were Manufacturing and Financial Activities with average weekly wages of $867 and $709, respectively. At full-time employment, the average annual wage for Manufacturing would be $45,084. The lowest paying wage sector was Leisure and Hospitality, with an average weekly wage of only $144. At full-time employment in this sector, the average worker would earn $7,488 annually.

- Approximately 34% of the employment listed in the table above was in the City of Jackson. The average weekly wage for all industry in the City of Jackson was $511 in 2008.

Employment Projections by Industry

The Minnesota Department of Employment and Economic Development has generated employment projections for each region of the State. Jackson County is included in the Southwest Region. The following table compares estimated employment in the general industry classifications in 2006, the projected level of employment by 2016, and the percentage change.

Table 12 Projected Employment by Industry - 2016			
Industry	2006 Employment	2016 Projected Employment	Percent Change 2006-2016
Total All Industry	213,484	222,913	4.4%
Natural Resources and Mining	5,547	5,729	3.3%
Construction	8,297	8,703	4.9%
Manufacturing	34,795	33,615	-3.4%
Trade, Transportation, Utilities	34,596	34,351	-0.7%
Information	3,362	3,182	-5.4%
Financial Activities	7,416	7,945	7.1%
Professional and Business Services	10,848	12,661	16.7%
Education and Health Services	42,859	48,501	13.2%
Leisure and Hospitality	13,866	15,113	9%
Other Services	8,548	9,205	7.7%
Government	15,996	16,300	1.9%
Self-Employed	27,354	27,608	0.9%

Source: Minnesota Department of Employment and Economic Development

- Projections for the year 2016 show that the Professional and Business Services sector is expected to have the greatest percentage growth among industries in Southwest Minnesota between 2006 and 2016. This sector is projected to add 1,813 jobs, for a percentage growth of approximately 17%. While this sector is a broad industry classification that includes a wide range of sub-sectors, the average weekly wage in this sector in Jackson County in 2008 was $490, lower than the average for all industry.

- In numeric growth, the largest employment increase in Southwest Minnesota is expected in the Education and Health Services sector, which is projected to add 5,642 new jobs. This was the largest single employment sector in Jackson County in 2008, and paid an average weekly wage of $403.

- The three sectors expected to lose jobs between 2006 and 2016 are the Manufacturing, Trade, Transportation and Utilities and Information sectors.