

Housing Assessment of the Glencoe, MN Area

prepared for the:

City of Glencoe
March 2017



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Sartell, MN
56377**

**HOUSING ASSESSMENT
OF THE CITY OF GLENCOE, MN**

Prepared for

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March 2017

by

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EXECUTIVE SUMMARY

AdMark Resources was hired by the City of Glencoe to conduct a housing needs and conditions assessment of the City of Glencoe. Following is an executive summary of those findings.

Population and Household Data

Between 2010 and 2017 the population of the Study Area decreased by 4.2% and is projected to decrease slightly, 1.1% by 2022. At the same time households decreased at a rate of 2.0% (80hh) between 2010 and 2017 and are projected to decrease another 0.2% (6hh) by 2022. Average household income is projected to grow from \$52,522 in 2000 to \$76,717 by 2022 and there were 455 substandard and temporary housing units within the Study Area in 2015.

Employment

Area employment remains strong with projected steady growth. The largest employer within the Study Area is the Glencoe Regional Health System with 580 employees. A survey of the largest employers in Glencoe indicates 58% of the surveyed businesses expect to grow over the next two years. The 2016 unemployment rate for McLeod County was 4.3%, with the State of Minnesota having a 3.8% unemployment rate. These are some of the lowest rates over the past ten years for both the County and the State while the number of employed individuals is near the highest level and the number of unemployed is near the lowest levels.

Single Family Home Market

As of March 2017, there were 28 single family homes for sale in Glencoe. Of these, five were townhomes with 13 of them pending sale. The median price is approximately \$145,000 with a range between \$65,000 and \$319,000. More precisely, there are 2 homes for sale below \$100,000; 9 between \$100,000 and \$124,999; 7 between \$125,000 and \$149,999; 4 between \$150,000 and \$199,999; 2 between \$200,000 and \$249,999; 3 between \$250,000 and \$299,999 and 1 over \$300,000.

Based on 2016 sales of 110 single family homes in Glencoe, the 28 available homes is only about a three month supply of homes. In the past six months, 42 homes were sold at a median price of \$139,400. In 2016, the median sale price of homes was \$126,577.

Rental Housing Market

There is a mixed variety of apartment facilities in the Glencoe area, with the great majority being 30-40 years old. The newest rental properties which are not assisted living or memory care units are still over 20 years old with most of them being townhomes.

Of the buildings surveyed, seven had vacancies with a total of twelve vacancies. Two of the vacancies were in senior-housing-with-services buildings, the others were in a mix of low income and market rate units. Many of the vacancies were tenants in transition with others slated to move into the vacant units. Overall, the twelve vacancies only represent a 2.8% vacancy rate. A healthy rental market should have a 5% vacancy rate which allows residents a choice of amenities, location, rent, etc. As such, the Glencoe rental market is underserved.

Demand

While projected population and household growth are at a minimum, unmet housing demand appears to be in the area of new, quality, market rate apartments and senior patio home rentals. Senior housing-with-services needs are met by Grand Meadows and Orchard Estates. In the single family market there is a need for for-sale patio homes, new affordable homes in the \$180,000 - \$200,000 range and home fix-up funds.

LOCATION AND MARKET AREA DEFINITION

STUDY AREA DEFINITION

The Primary Study Area consists of the city of Glencoe, Glencoe Twp., Brownton, Helen Twp., Penn Twp., Plato, Rich Valley Twp., and Sumter Twp., in McLeod County and New Auburn and New Auburn Twp., in Sibley County.

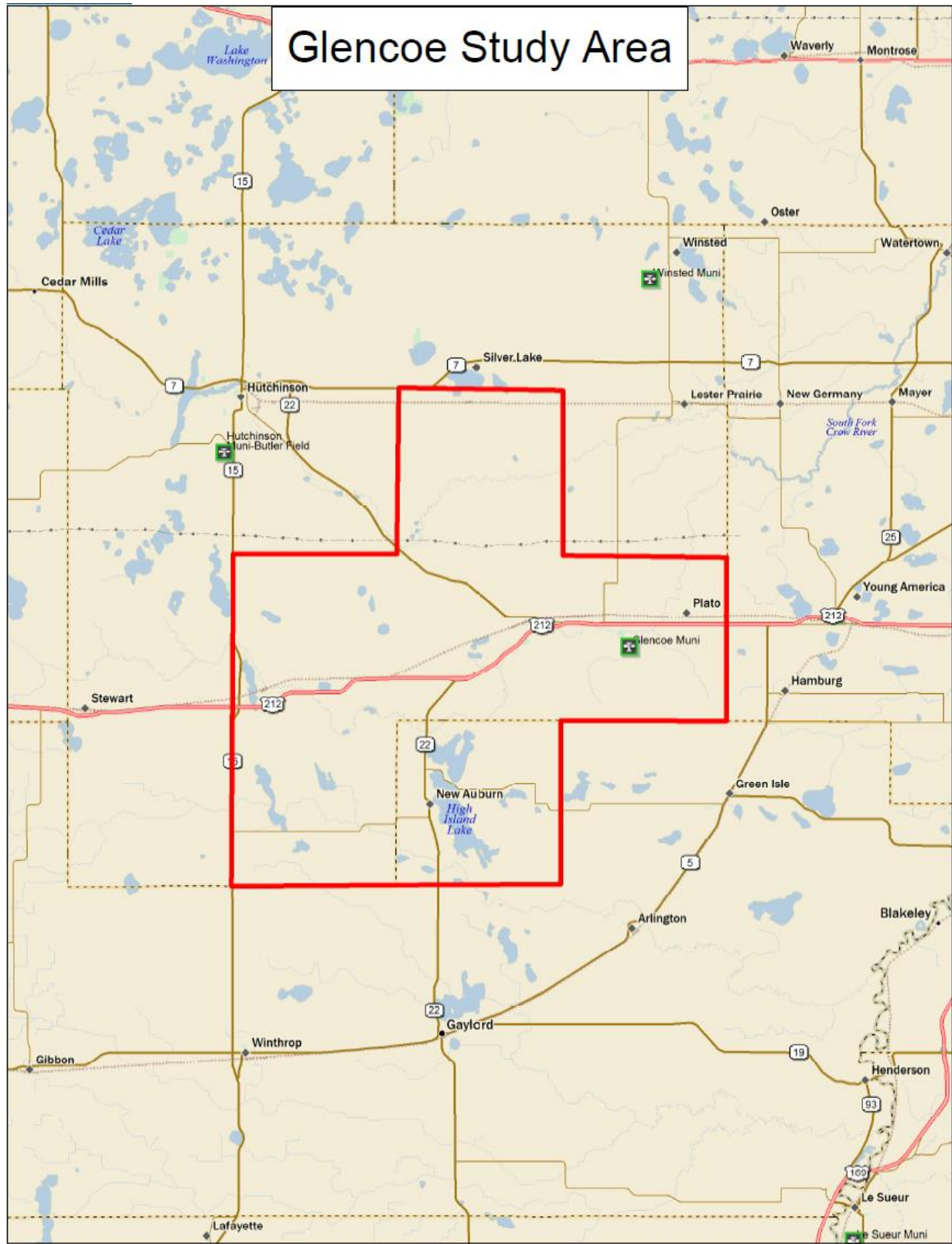
This draw area is based on retail, health care, and school districts. It also takes into account other standalone communities which are capable of supporting housing such as Silver Lake, Gaylord, Winthrop, Stewart, Lester Prairie, Hutchinson, Norwood-Young America and Arlington. Glencoe should draw residents and workers from this area, but could potentially draw approximately 20% of its growth in population from outside this Study Area.

Refer to the map of the Study Area on the following page.

Glencoe is a mature and stable city which serves as the county seat for McLeod County. U.S. Highway 212 and Minnesota Highway 22 are two of the main roads which serve the community and the Twin Cities and Western Railroad offers commercial rail service to the Twin Cities. Glencoe offers full city services including retail, financial, medical, and educational facilities.

Glencoe and nearby Silver Lake comprise the Glencoe-Silver Lake School District. The district office, an elementary school and the junior high/senior high school are located in Glencoe with an elementary school also located in Silver Lake. St. Pius X Catholic School is a private pk-6th grade school that offers a Catholic Christian Education for students, as does Holy Family Catholic School, a k-6th grade school located in Silver Lake. Glencoe also hosts First Lutheran School a k-8th grade school. Glencoe Regional Health Services, the area's largest employer, provides medical services for the area.

The Glencoe Economic Development Authority works to attract new businesses by showcasing the various services and benefits the city has to offer including an industrial park. To aid in future economic growth, city officials are willing to offer special incentives to developing businesses.



LOCATION AND MARKET AREA DEFINITION

POPULATION AND HOUSEHOLDS

POPULATION DATA

Population figures used throughout this report are gathered from several sources. These sources include the 2010 Census and estimates and projections from Nielsen for 2017 and 2022 and the 2011-2015 American Community Survey 5 Year Average from the US Census Bureau. Nielsen uses several sources in estimating and projecting demographic data. The following sources are included to determine Nielsen’s estimates.

- City and regional planning agencies
- First Data Solutions (formerly Donnelley Marketing)
- Equifax
- ADVO (residential mail delivery)
- WEFA (an economic forecasting firm)
- National Association of Realtors
- National Center for Health Statistics
- Defense Manpower Data Center
- U.S. Bureau of the Census
- U.S. Bureau of Labor Statistics
- U.S. Bureau of Economic Analysis
- U.S. Postal Service

Table 3-1 indicates the population changes in the Study Area since 2010. Population has decreased, losing 4.2% from 2010 to 2017 with a projected decrease of another 1.1% by the year 2022.

TABLE 3-1
Population Growth
Glencoe Study Area 2010-2022

Cohort	2010 Number	2017 Estimate	2010-17 % Change	2022 Projection	2017-22% Change
Total Population	10,489	10,071	-4.2%	9,958	-1.1%

Nielsen, March 2017

Table 3-2 identifies the changes in population and households in the City of Glencoe between 2007 and 2015 from the Minnesota Demographer’s Office. During that nine year period the population decreased 211 with households decreasing by 22. This has had a direct impact on the type of housing needed in Glencoe. Moving forward on a county-wide basis, the population trend for McLeod County is indicating steady growth between 2015 and 2045.

**Table 3-2
City of Glencoe Population and Households
2007-2015**

Year	Pop.	HH.
2015	5,540	2,223
2014	5,552	2,223
2013	5,570	2,222
2012	5,586	2,223
2011	5,621	2,221
2010	5,631	2,220
2009	5,743	2,237
2008	5,760	2,240
2007	5,751	2,245

Minnesota State Demographer, March 2017

**Table 3-3
McLeod County Population Projections
2015-2045**

Year	Population
2015	38,240
2020	39,566
2025	40,755
2030	41,842
2035	42,716
2040	43,455
2045	44,126

Minnesota State Demographer, March 2017

According to Table 3-4, the largest number and percentage of the population are in the age cohorts of 45 to 54 in 2010 and 2017 with the 55 to 64 Age group being the largest in 2022. This shows a gradually aging community.

**TABLE 3-4
Glencoe Study Area
2010 - 2022 Population by Age Group**

Age	2010 No.	2010 %	2017 No.	2017%	2022 No.	2022 %
Total	10,489		10,071		9,958	
0 to 4	722	6.88%	626	6.22%	630	6.33%
5 to 9	768	7.32%	653	6.48%	605	6.08%
10 to 14	723	6.89%	687	6.82%	634	6.37%
15 to 17	450	4.29%	406	4.03%	413	4.15%
18 to 20	307	2.93%	368	3.65%	382	3.84%
21 to 24	404	3.85%	467	4.64%	522	5.24%
25 to 34	1,170	11.15%	1,049	10.42%	1,061	10.65%
35 to 44	1,439	13.72%	1,124	11.16%	1,037	10.41%
45 to 54	1,592	15.18%	1,419	14.09%	1,218	12.23%
55 to 64	1,196	11.40%	1,365	13.55%	1,377	13.83%
65 to 74	845	8.06%	1,001	9.94%	1,153	11.58%
75 to 84	567	5.41%	569	5.65%	572	5.74%
85+	306	2.92%	337	3.35%	354	3.55%
Median	8,122	77.43%	7,970	79.14%	7,953	79.87%

Nielsen, March 2017

HOUSEHOLD DATA

According to Table 3-5, the number of households in the Glencoe Study Area has decreased by 2.0% between 2010 and 2017, a lesser pace than the population. This would indicate an aging population where one member of an elderly household dies and where grown children move away from home and start their own household. It is projected that the number of households will continue to slowly decrease by 0.2% between 2017 and 2022. At the same time, the household size has continued to decrease, further showing the decline in population.

**TABLE 3-5
Glencoe Study Area
2010-2022 Household Information**

Households	2010 Actual	2017 Estimated	2010-17 % Chg.	2022 Projection	2017-22 % Chg.
Total Households	4,128	4,048	-2.0%	4,042	-0.2%
Ave. Household Size	2.54	2.49	-2.0%	2.46	-1.2%

Nielsen, March 2017

HOUSEHOLDS BY OWNER/RENTER

Figures compiled from the 2010 Census in Table 3-6 show that 79.4% of the occupied housing units in the Glencoe Study Area were owner-occupied, while 20.6% were rented. Estimates and projections of households by tenure are not made available for years 2017 and 2022, so the 2017 estimates and 2022 projections are extrapolated using the 2015 owner and renter occupancy rates from the 2015 American Community Survey. This showed a slightly higher home ownership rate at 81.6%.

Looking solely at the city of Glencoe, the home ownership rate increased from 71.3% in 2010 to 75.5% in 2015.

**TABLE 3-6
Glencoe Study Area Households by Tenure**

Year	Total Households	Owner Occupied*	Percent	Renter Occupied*	Percent
2010 Glen	2,220	1,583	71.3%	637	28.7%
2015 Glen	2,280	1,721	75.5%	559	24.5%
2010 (SA)	4,128	3,278	79.4%	850	20.6%
2015 (SA)	4,223	3,444	81.6%	779	18.4%
2017 (SA)	4,048	3,303	81.6%	745	18.4%
2022 (SA)	4,042	3,298	81.6%	744	18.4%

Nielsen, March 2017

*2017 and 2022 owner-occupied and renter-occupied estimates are based on the 2011-2015 American Community Survey 5-Year Estimates for the Glencoe Study Area.

** Glen = City of Glencoe; SA= Study Area

The greatest percentage of households is in the Age 45 to 54 segments of the population in 2010 with the greatest cohort in 2017 and 2022 being the Age 55-64 cohort.

**TABLE 3-7
Glencoe Study Area
2010 - 2022 Households by Age of Householder**

Age	2010 No.	2010 %	2017 No.	2017%	2022 No.	2022 %
Total	4,128		4,048		4,042	
Under 25	116	2.81%	122	3.01%	133	3.29%
25 to 34	571	13.83%	513	12.67%	520	12.86%
35 to 44	741	17.95%	580	14.33%	543	13.43%
45 to 54	895	21.68%	799	19.74%	696	17.22%
55 to 64	710	17.20%	812	20.06%	829	20.51%
65 to 74	492	11.92%	592	14.62%	683	16.90%
75 to 84	399	9.67%	406	10.03%	408	10.09%
85 & over	204	4.94%	224	5.53%	230	5.69%
Median	52.1		55.1		56.6	

Nielsen, March 2017

According to Table 3-8, the greatest percentage of ownership householders in 2015 within the Glencoe Study Area was in the Age 45-54 segment of the population, followed closely by the Age 35-44 grouping. The greatest percentage of renters was in the Age 25-34 age group.

TABLE 3-8
Glencoe Study Area
2011-15 Tenure by Age of Householder

	Owner Occupied	Percent	Renter Occupied	Percent
Age 15 to 24	36	1.0%	44	5.6%
Age 25 to 34	325	9.4%	215	27.6%
Age 35 to 44	625	18.1%	126	16.2%
Age 45 to 54	775	22.5%	83	10.7%
Age 55 to 59	426	12.4%	34	4.4%
Age 60 to 64	191	5.5%	40	5.1%
Age 65 to 74	556	16.1%	58	7.4%
Age 75 to 84	381	11.1%	110	14.1%
Age 85 and over	129	3.7%	69	8.9%
Total	3,444		779	

2011-2015, American Community Survey 5-year Average

Table 3-9 shows that in Census year 2010, within the City of Glencoe, 2-bedroom units were the most common renter-occupied units with 1-bedroom units second. Owner occupied households found 3-bedroom units as the largest percentage followed by 4-bedroom units.

**TABLE 3-9
2010 Bedroom Size by Tenure
Glencoe Study Area**

	Occupied Units	Percent	Owner Occupied	Percent	Renter Occupied	Percent
0-Bedroom	0	0.0%	0	0.0%	0	0.0%
1-Bedroom	232	5.5%	35	1.0%	197	25.3%
2-Bedroom	943	22.3%	609	17.7%	334	42.9%
3-Bedroom	1809	42.8%	1632	47.4%	177	22.7%
4-Bedroom	956	22.6%	916	26.6%	40	5.1%
5+ Bedrooms	283	6.7%	252	7.3%	31	4.0%
Total	4223		3,444		779	

2011-2015, American Community Survey 5-year Average

Table 3-10 provides a breakdown of households by tenure based on the 2011-2015, American Community Survey 5-year Average for the City of Glencoe. Most renter-occupied households were one-person households, followed by two-person households whereas owner-occupied households had the greatest percentage of two-person households. This again indicates an aging community.

**TABLE 3-10
2010-14 Households by Household Size Average
Glencoe Study Area**

	Occupied Units	Percent	Owner Occupied	Percent	Renter Occupied	Percent
1-Person	1066	25.5%	695	20.2%	371	47.6%
2-Persons	1676	39.7%	1480	43.0%	196	25.2%
3-Persons	476	11.3%	420	12.2%	56	7.2%
4-Persons	668	15.8%	585	17.0%	83	10.6%
5 Persons	221	5.2%	177	5.1%	44	5.6%
6 Persons	63	1.5%	46	1.3%	17	2.2%
7+ Persons	53	1.3%	41	1.2%	12	1.5%
Total	4223		3,444		779	

2011-2015, American Community Survey 5-year Average

HOUSEHOLDS BY INCOME GROUP

Table 3-11 provides a breakdown of household incomes for the Glencoe Study Area from 2000 to 2022. Of all the income brackets, the greatest percentage found in 2000 was households with incomes between \$50,000 and \$74,999 with 2017 and 2022 households having the greatest wealth with incomes in the \$75,000 to \$99,999 category.

**TABLE 3-11
Glencoe Study Area
Household Income Distribution**

Household Income	2000		2017		2022	
	No.	%	No.	%	No.	%
Total	3,968		4,048		4,042	
Less than \$15,000	459	11.57%	311	7.68%	295	7.30%
\$15,000 to \$24,999	468	11.79%	527	13.02%	475	11.75%
\$25,000 to \$34,999	517	13.03%	430	10.62%	411	10.17%
\$35,000 to \$49,999	670	16.89%	456	11.26%	467	11.55%
\$50,000 to \$74,999	1,153	29.06%	685	16.92%	635	15.71%
\$75,000 to \$99,999	432	10.89%	721	17.81%	694	17.17%
\$100,000 to \$124,999	157	3.96%	434	10.72%	466	11.53%
\$125,000 to \$149,999	48	1.21%	223	5.51%	273	6.75%
\$150,000 to \$199,999	17	0.43%	149	3.68%	182	4.50%
\$200,000 to \$249,999	26	0.66%	58	1.43%	74	1.83%
\$250,000 to \$499,999	16	0.40%	44	1.09%	56	1.39%
\$500,000 and more	5	0.13%	10	0.25%	14	0.35%
Average Household Income	\$52,522		\$71,831		\$76,717	
Median Household Income	\$47,090		\$60,949		\$64,685	

Nielsen, March 2017

Table 3-12 on the following page identifies that in 2015 the greatest percentage of owner-occupied households within the Study Area had incomes in the range of \$50,000 to \$74,999, with the greatest percentage of renters being in the \$15,000 to \$19,999 income bracket.

**TABLE 3-12
Glencoe Study Area
2015 Household Income by Tenure**

	Owner Occupied	Percent	Renter Occupied	Percent
Less than \$5,000	32	0.9%	58	7.3%
\$5,000 to \$9,999	52	1.5%	32	4.1%
\$10,000 to \$14,999	88	2.6%	47	6.0%
\$15,000 to \$19,999	209	6.1%	149	19.1%
\$20,000 to \$24,999	201	5.8%	114	14.6%
\$25,000 to \$34,999	319	9.3%	87	11.2%
\$35,000 to \$49,999	428	12.4%	121	15.5%
\$50,000 to \$74,999	713	20.7%	110	14.1%
\$75,000 to \$99,999	641	18.6%	52	6.7%
\$100,000 to \$149,999	562	16.3%	7	0.9%
\$150,000 or more	199	5.8%	2	0.3%
Total	3,444		779	

2011-2015, American Community Survey 5-year Average

The Federal Government classifies 20% of any housing units constructed prior to 1939, those with incomplete plumbing and those with more than one person per room as substandard housing which should be replaced. Additionally, mobile homes are considered temporary housing. Table 3-12 identifies 389 owner-occupied and 66 renter occupied housing units as substandard and temporary housing units.

**Table 3-13
Glencoe Study Area
2011-2015 Substandard Housing Units by Tenure**

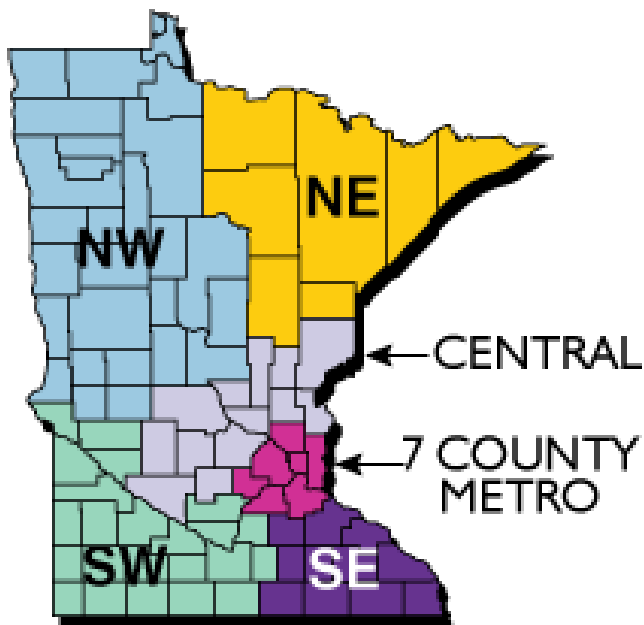
	20% Built prior to 1939	Incomplete Plumbing	More than One Occupant Per Room	Mobile Home or Trailer	Total
Owner	211	1	18	159	389
Renter	21	7	7	31	66

2011-2015, American Community Survey 5-year Average

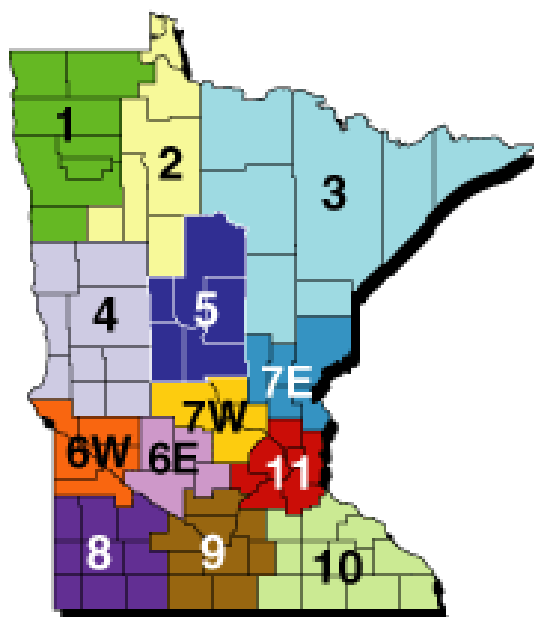
EMPLOYMENT AND ECONOMY

The Glencoe area has a number of sizable employers with some expecting significant growth over the next few years. The largest employer is Glencoe Regional Health Services followed by McLeod County, the Glencoe-Silver Lake School District, Seneca Foods and Starkey, all employing 150 or more employees. Specific employment data on the City of Glencoe, Glencoe Study Area, McLeod County, Region 6E EDR and the Central Planning Region can be found in the ensuing tables.

Economic Data as supplied by the Minnesota Department of Employment and Economic Development (DEED) provides a variety of employment data segregated by a number of geographic groupings. Such segmentation includes the Region 6E Economic Development Region of Southwest Central Minnesota which is comprised of McLeod, Kandiyohi, Renville and Meeker Counties. This planning region is part of a larger Economic Development Region representing all of Central Minnesota represented by the counties of Benton, Chisago, Isanti, Kanabec, Kandiyohi, McLeod, Meeker, Mille Lacs, Pine, Renville, Sherburne, Stearns and Wright. The following map identifies the Central Region location as well as the Economic Development Regions of which McLeod County is represented in Region 6E.



Planning Areas



Economic Development Regions

2015 EMPLOYMENT DATA

Table 4-1 shows the number of employed individuals by occupation in the Glencoe Study Area in 2015. The major occupation is Manufacturing at 25.3% followed by Educational, health care and social assistance at 19.6%. This is also supported by the make-up of the largest area employers.

TABLE 4-1
 Glencoe Study Area
 2011-15 Employment Data
 Persons 16 Years and Over

Employed by Occupation	No.	%
Agriculture, forestry, fishing & mining	321	6.1%
Construction	286	5.4%
Manufacturing	1340	25.3%
Wholesale trade	181	3.4%
Retail trade	509	9.6%
Transportation and warehousing	241	4.5%
Information	56	1.1%
Finance, insurance and real estate	211	4.0%
Professional, scientific, management and administration	366	6.9%
Educational, health care and social assistance	1038	19.6%
Arts, entertainment, recreation, lodging and food service	337	6.4%
Other services	198	3.7%
Public administration	217	4.1%

2011-2015, American Community Survey 5-year Average

Table 4-2 indicates that between 2011 and 2015 approximately 31% of the work force traveled less than 15 minutes to work indicating 69% of the Study Area population left the area for employment most likely in the Twin Cities metropolitan area. Several also work in Hutchinson which is only 14 miles away and would be included in the travel time under 15 minutes for a large portion of the Study Area, showing that not all persons who travel less than 15 minutes work only in Glencoe. More Glencoe-specific information is shown on the following page.

TABLE 4-2
Glencoe Study Area
2011-15 Employment Travel

Transport. to Work	No.		Travel time to Work	No.		Household Vehicles	No.	
		%			%			%
Drive alone	4,342	83.1	under 15 mins.	1,556	31.2	0 available	60	1.1
Car pool	381	7.3	15-29 mins.	1,828	36.7	1 available	597	11.4
Pub Trans	24	0.5	30-44 mins.	710	14.2	2 available	2,120	40.6
All other	479	9.2	45+ mins.	889	17.8	3+ available	2,449	46.9

2011-2015, American Community Survey 5-year Average

COMMUTE SHED AND LABOR SHED

According to commuting data from the Census Bureau, Region 6E is a net labor exporter, having more workers than available jobs. In sum, 36,016 workers both lived and worked in Region 6E in 2014, while 13,336 workers drove into the region from surrounding counties for work, compared to 23,149 workers who lived in the region but drove to surrounding counties for work.. Home to Willmar, Kandiyohi County is the largest county and the largest employment center in the region and was the biggest draw for workers. On a smaller scale, Hutchinson in McLeod County, Litchfield in Meeker County, and Olivia in Renville County were also employment centers drawing workers. Employers in the region both lose and draw workers from nearby counties like Stearns, Wright, Chippewa, and Sibley, with the largest net outflow going to metropolitan areas including the Twin Cities and St. Cloud.

Tables 4-7 and 4-8 show specific worker migration for residents of the city of Glencoe.

**Table 4-7
2014 Employee Migration**

Where Workers Live Who Work in the City of Glencoe			Where Glencoe Residents Work		
Location	Count	Share	Location	Count	Share
All Places (Cities, CDPs, etc.)	2,763	100%	All Places (Cities, CDPs, etc.)	2,908	100%
Glencoe city, MN	822	30%	Glencoe city, MN	822	28%
Hutchinson city, MN	223	8%	Waconia city, MN	217	8%
Lester Prairie city, MN	100	4%	Hutchinson city, MN	135	5%
Winsted city, MN	70	3%	Chaska city, MN	93	3%
Arlington city, MN	46	2%	Eden Prairie city, MN	92	3%
Norwood Young Amer. city, MN	41	2%	Maplewood city, MN	90	3%
Brownton city, MN	40	1%	Chanhassen city, MN	77	3%
Waconia city, MN	40	1%	Gaylord city, MN	62	2%
Stewart city, MN	38	1%	Norwood Young Amer. city, MN	48	2%
Gaylord city, MN	36	1%	Plymouth city, MN	46	2%
All Other Locations	1,307	47%	All Other Locations	1,226	42%

Source: U.S. Census Bureau, On The Map, 2014

City of Glencoe Inflow/Outflow Job Counts (All Jobs)	2014	
	Count	Share
Employed in the Selection Area	2,763	100%
Employed in the Selection Area but Living Outside	1,941	70%
Employed and Living in the Selection Area	822	30%
Living in the Selection Area	2,908	100%
Living in the Selection Area but Employed Outside	2,086	72%
Living and Employed in the Selection Area	822	28%

Source: U.S. Census Bureau, On The Map, 2014

MAJOR EMPLOYMENT DATA

The labor force across McLeod County has been growing and several Glencoe businesses are in growth mode. In an effort to get an accurate picture of how the local businesses are doing, we contacted fourteen of the largest employers in Glencoe. Twelve of the fourteen were willing to provide a view of their growth and wages.

Of the twelve participants, 50% said they have grown over the past two years with the remaining 50% indicating they have remained the same size. Fortunately none have downsized. When addressing growth in the future, 58% indicated they expect to grow over the next two years with the other 42% expecting to stay the same. Once again, none indicated that they expect to downsize. When looking at the economic climate of the area, 83% feel the economic climate is good with the remaining 17% indicating it is fair. None of the interviewed businesses feel that a lack of or shortage of housing has an impact on their business attracting employees.

The previous information is similar to that gathered through various discussions with other community leaders. It appears that most of the jobs generate an annual income in the range of \$16 per hour.

TABLE 4-3
Area Major Employers

Company	Industry	Employees
Glencoe Regional Health Services	Medical	580
McLeod County	Governmental Services	275
Glencoe-Silver Lake Schools	Education	218
Seneca Foods	Food Processing	170
Starkey	Electromedical Control Devices	170
Coborns	Groceries	145
City of Glencoe	Governmental Services	125
Security Bank	Financial Services	90
Twin Cities and Western Railroad	Railroad	83
Midwest Porcine Recovery	Animal Parts for Medical Research	35
Delta Fabricating	Custom Enclosures	35
Midwest Machinery	Agricultural Implements	23
Harpel Brothers	Automobile Dealership	23
McLeod Cooperative Power	Electric Utility	23

Table 4-4, details the projected Central Minnesota Regional Occupational Outlook between the years 2014 and 2022. According to this table, the occupation with the greatest projected growth in numbers and percentage is Personal Care and Service with 3,457, with Healthcare Support projecting a 22.3% in employment during that time period.

**Table 4-4
Central Minnesota Area Employment Projections by Occupation 2014-2024**

Industry	2014 Estimated Employment	2024 Projected Employment	2014-2024 Numeric Change	2014-2024 Percent Change
Total, All Occupations	302,055	325,393	23,338	7.7
Community and Social Service	6,002	6,651	649	10.8
Personal Care and Service	17,727	21,184	3,457	19.5
Legal	1,229	1,288	59	4.8
Sales and Related	29,244	31,206	1,962	6.7
Life, Physical, and Social Science	1,321	1,427	106	8
Building and Grounds Cleaning and Maintenance	9,589	10,456	867	9
Computer and Mathematical	2,964	3,273	309	10.4
Healthcare Support	10,373	12,695	2,322	22.3
Installation, Maintenance, and Repair	11,693	12,908	1,215	10.3
Management	22,397	22,571	174	0.7
Arts, Design, Entertainment, Sports, and Media	4,189	4,326	137	3.2
Farming, Fishing, and Forestry	2,809	2,587	-222	-7.9
Business and Financial Operations	9,595	10,503	908	9.4
Healthcare Practitioners and Technical	16,717	19,153	2,436	14.5
Construction and Extraction	15,197	17,285	2,088	13.7
Architecture and Engineering	3,453	3,407	-46	-1.3
Food Preparation and Serving Related	25,052	27,072	2,020	8
Production	30,062	30,510	448	1.4
Education, Training, and Library	19,177	20,087	910	4.7
Office and Administrative Support	37,866	39,227	1,361	3.5

Source: Minnesota Department of Employment and Economic Development
March 2017

Below is a listing of wages for representative occupations in Economic Development Region 6E for the first quarter of 2016 as supplied by the Minnesota Department of Employment and Economic Development. Region 6E consists of Kandiyohi, Meeker, Renville and McLeod County.

**Table 4-5
EDR Region 6E Representative Median Wages
First Quarter 2016**

Occupation or Job Title	Median Wage	Occupation or Job Title	Median Wage
Management	\$37.60	Protective Services	\$16.77
Life, Physical Science	\$26.34	Food Preparation	\$9.46
Computer	\$30.93	Building and Grounds	\$12.52
Architecture & Engineering	\$31.72	Personal Care	\$11.06
Business & Financial	\$26.89	Sales	\$11.96
Community and Social Services	\$19.76	Office and Administrative Support	\$15.98
Legal	\$23.19	Farming & Forestry	\$18.06
Education	\$18.57	Construction	\$21.46
Arts, Design, Entertain.	\$16.60	Production	\$17.57
Healthcare Practitioner	\$25.90	Transportation	\$16.42

Source: Minnesota Department of Employment and Economic Development
February 2017

EMPLOYMENT AND UNEMPLOYMENT DATA

The State of Minnesota only tracks employment and unemployment data for the larger cities across the region and state. Since Glencoe does not fall into that category, Table 4-6 shows employment and unemployment data for all of McLeod County.

Following a peak in 2009, McLeod County’s average unemployment rate had been on a steady decline until last year, dropping from 9.5% to the 2015 rate of 3.9%. The number of employed has fluctuated over the years but had also been on a steady increase until last year, and the number of unemployed was at its lowest level 2015. The unemployment rate of McLeod County has consistently been slightly higher than the State of Minnesota rate but about one and one half percent lower than the US rate.

**TABLE 4-6
Employment and Unemployment Data
McLeod County
2006-2016**

Year	McLeod County			State of MN % Unemp.	U.S. % Unemp.
	Number Employed	Number Unemployed	Percent Unemployed		
2016	19,431	876	4.3	3.8	4.9
2015	19,511	801	3.9	3.7	5.3
2014	18,971	916	4.6	4.1	6.2
2013	18,988	1,118	5.6	5.1	7.4
2012	18,660	1,349	6.7	5.2	7.5
2011	18,789	1,555	7.6	6.5	8.9
2010	18,487	1,820	9.0	7.3	9.6
2009	18,242	1,915	9.5	8.1	9.3
2008	19,266	1,239	6.0	5.4	5.8
2007	19,365	1,023	5.0	4.6	4.6
2006	19,648	821	4.0	4.0	4.6

Source: Minnesota Department of Employment and Economic Development
February 2017

DISCUSSION OF ECONOMIC CONDITIONS

Following discussions with community leaders, government officials, Realtors, business owners and apartment owners, the overall feeling is that the economy in Glencoe is very good with more than half of the major employers expecting to grow over the next two years. The majority of larger local employers are service in nature with a few manufacturers and food processors. It was felt that people that live in Glencoe but travel out of town for employment tend to gravitate primarily to Waconia, Hutchinson and the Twin Cities area

While it appears from discussions with the major employers that the lack of affordable housing has not been a hindrance to their hiring of quality employees, they did state they felt there was a need for additional single family homes and newer apartments.

From an economic development perspective, the Glencoe Economic Development staff work hard to attract new businesses and assist existing businesses with their expansion needs, utilizing various financing and incentive programs such as a business loan programs, commercial development sites available, industrial development sites available, and access to capital through the Minnesota Community Capital Fund, a revolving loan pool available to growth oriented businesses, for which the City of Glencoe has access to \$250,000. Through the Mid-Minnesota Development Commission, the city also has access to an additional \$100,000 revolving loan pool that can be used for real estate, equipment and working capital. They also have a great working relationship with DEED, to offer state financing and tax incentive programs and the Southwest Initiative Foundation is available to provide gap financing for new and expanding businesses.

Recent development activity in the community has included more than \$12 million of investment in expansion and improvements at the hospital with another \$25 million going into a major construction project for the nursing home starting this spring. The school district is also in the midst of a \$25 million expansion project.

The City-developed East Industrial Park continues to see development. Recently, Rice Builders relocated from Cosmos to Glencoe and Twin Cities and Western Railroad completed construction of a new headquarters office. The City is also marketing property in its West Industrial Park, adjacent to State Highway 22, west of Miller Manufacturing. It recently sold a lot to a seed dealership that plans to construct a warehouse and distribution building for its operations. The city also renovated a former downtown grocery store site into a shovel ready 1.5 acre site for commercial development. More recently there has been discussion on redeveloping the current elementary school site which will be vacated next year with the opening of the new school building.

Additionally there is pending highway development along Hwy 212 with talk of a new hotel and another complimentary business coming to town with space for 3 or 4 additional businesses. Furthermore, there are lots available next to Coborn's grocery store that are being marketed for new commercial development.

SINGLE FAMILY HOME MARKET

For McLeod County, the Minnesota Housing Finance Agency has determined \$255,500 to be the new and existing housing cost limit for MHFA Mortgage Loan Programs such as the Minnesota Mortgage Program (MMP), Minnesota City Participation Program (MCP) or First Time Home Buyer Program. The median (middle) sale price of homes sold in 2017 in every community in McLeod County was lower than the cost limits set by MHFA to qualify for their programs. On a county-wide comparison, Glencoe median home value fell pretty much in the middle of the pack. However, overall, Glencoe had the second highest number of home sales in the entire county.

**Table 5-1
2016 Median Home Sales by Community in McLeod County**

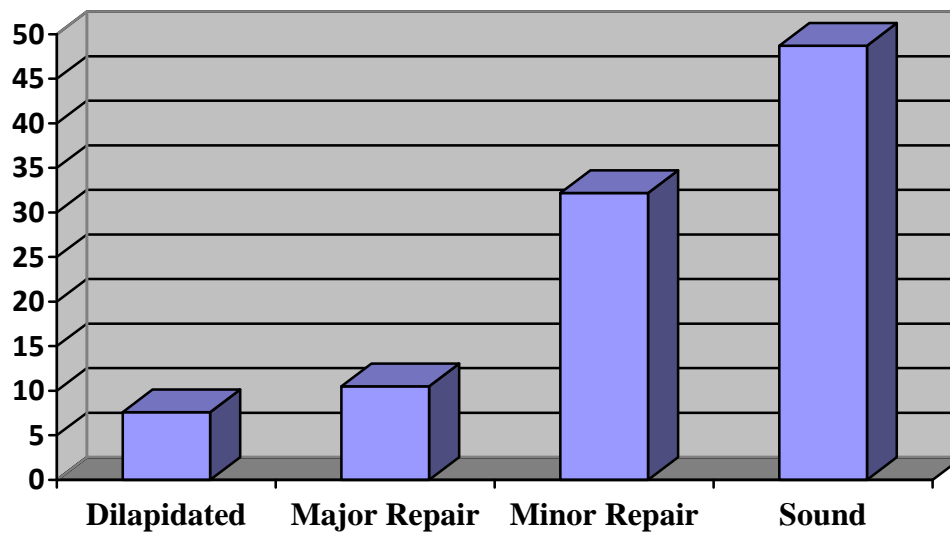
Community	Median Home Sale Value	Range of Sales	Number of Sales
Brownton	\$91,750	\$43,300 - \$192,500	16
Lester Prairie	\$159,080	\$33,000-\$232,560	35
Plato	\$147,840	\$68,620 - \$205,000	5
Silver Lake	\$112,872	\$40,000 - \$229,000	24
Stewart	\$46,530	\$12,000 - \$124,160	11
Winsted	\$122,000	\$45,750 - \$357,500	51
Glencoe	\$126,577	\$20,000 - \$310,000	110
Hutchinson	\$135,703	\$33,000 - \$610,155	320

Source: McLeod County Assessor’s Office

The following table identifies the value of all homes in Glencoe in 2015. Based on the assessed valuation as prepared by the McLeod County Assessor and reported to the Census Bureau, we have made the following approximations based on the property values as determined by site visits of the Assessor. Keep in mind that we did not undertake a windshield survey, so the conditions are assumed based only on the structure’s value. This information can be used to apply for Community Block Grants and Home Fix-up Funds.

Centered solely on assessed valuation, it is assumed that all homes below \$20,000 (131 or 7.6%) are dilapidated and should be replaced (many are most likely mobile homes as 106 are valued at less than \$10,000); homes valued between \$20,000 and \$80,000 (181 or 10.5%) require major repairs; homes between \$80,000 and \$125,000 (555 or 32.2%) require minor repairs and those valued over \$125,000 (838 or 48.7%) are considered sound.

**Table 5-2
Glencoe Housing Condition Chart**



Following is a breakdown of the specific housing values.

**TABLE 5-3
2016 City of Glencoe
Housing Valuation and Condition**

Value	City of Glencoe
Less than \$10,000	106
\$10,000-\$14,999	25
\$15,000-\$19,999	0
\$20,000-\$24,999	32
\$25,000-\$29,999	0
\$30,000-\$39,999	8
\$40,000-\$49,999	9
\$50,000-\$59,999	0
\$60,000-\$69,999	124
\$70,000-\$79,999	25
\$80,000-\$89,999	67
\$90,000-\$99,999	167
\$100,000-\$124,999	324
\$125,000-\$149,999	217
\$150,000-\$174,999	212
\$175,000-\$199,999	112
\$200,000-\$249,999	141
\$250,000-\$299,999	43
\$300,000-\$399,999	94
\$400,000-\$499,999	0
\$500,000-\$749,999	0
\$750,000-\$999,999	0
\$1,000,000-\$1,499,999	19
\$1,500,000 or more	0
Total	1,722

2011-2015, American Community Survey 5-year Average

Local Perspective of the Housing Market

As of March 2017, there were 28 single family homes for sale in Glencoe, of these, five were townhomes with 13 of them pending sale. The median price is approximately \$145,000 with a range between \$65,000 and \$319,000. More precisely, there are 2 homes for sale below \$100,000; 9 between \$100,000 and \$124,999; 7 between \$125,000 and \$149,999; 4 between \$150,000 and \$199,999; 2 between \$200,000 and \$249,999; 3 between \$250,000 and \$299,999 and 1 over \$300,000.

Based on 2016 sales of 110 single family homes in Glencoe, the 28 available homes is only about a three month supply of homes. In the past six months, 42 homes were sold at a median price of \$139,400. In 2016, the median sale price of homes was \$126,577.

While residential building lots are available primarily in the Glenview Estates and North Country Estates developments, few are selling and there is little new construction which is supported by the fact that according to building permit data, only 19 new homes have been built within the city over the past ten years. Additionally, townhome sites are available in the northeast sector of the city, in the Panther Heights area, and just west of Grand Meadows. With a half dozen of existing two-story townhomes currently on the market, the demand might be for additional patio homes as they appear to have sold in the recent past.



Lots that are for sale are in the \$25,000 to \$35,000 range. Realtors we spoke with felt there is a need for a developer to step forward with some spec homes in order to get the market moving. Additionally, there are no rental homes in the community, just rentals in apartments, townhomes and above businesses.

DEMAND FOR MARKET RATE SINGLE FAMILY HOMES TO PURCHASE

If we look at growth of single family units from the 2010 Census and 2017 and 2022 Nielsen household estimates and apply the 2015 American Community Survey 5-year Average owner-occupied rate to the estimates, we can estimate an annual growth rate. The owner-occupied rate for the Glencoe Study Area is applied to the estimated household growth to determine the number of additional owner-occupied households required. Based on these demographic projections there

is no need for additional housing to meet household growth. There may however be need for additional housing to fill voids in the market for persons wanting to change their housing status.

TABLE 5-4 Market Rate Single Family Owner-Occupied Demand by Study Area 2010-2022					
Study Area (Ownership rate)	2010 Owner- occupied	Estimated 2017 Owner- occupied	2010- 2017 Change	Projected 2022 Owner- occupied	Projected Demand from 2017 to 2022
Glencoe Study Area (81.6%)	3,368	3,303	-65	3,298	-5

Source: Census of Population and Housing
Nielsen, March 2017

Single Family First Time Home Buyer Housing Demand

Special notes pertaining to the following tables:

Income ranges are based upon 95% of County Median Income which equates to the following:

Household Size	McLeod County Income Limit
1-2 persons	\$77,400
3+ persons	\$89,000

The maximum purchase price of the home can be \$255,500. This represents more than 88% of the homes in the Glencoe market area.

While some household’s income qualifies for affordable housing, there are obstacles to affordability other than income. Some of these obstacles are:

- Lifestyle choice with accumulated debt
- Poor credit rating
- Lack of down payment
- Shortage of available units in price range

The 1995 Housing Affordability Study by the U.S. Census found families who could not afford a modestly priced house, could not afford the house because:

- 33.0% of families had a cash problem only
- 14.5% of families had an income problem only
- 55.7% of families had both a cash and income problem

Table 5-4 shows that in 2017 the Glencoe Study Area has 656 non-homeowner households that may income qualify to live in a moderate single family home depending on how many would meet lender requirements. Keep in mind that the 25% is probably more realistic since they would also need a high enough income to make mortgage payments.

**Table 5-5
First-time Homebuyer Demand
Glencoe Study Area
2017**

	1-2 Person	3+ Person	
Income limit	\$77,400	\$89,000	
Households under income limit	2,478	2,812	Total
Times Household mix	1,616	979	
	<i>65.2%</i>	<i>34.8%</i>	<i>100.0%</i>
Minus Glencoe ownership rate (81.6%)	1,319	799	2,118
Remaining eligible households	297	180	477
Assuming 50% meet lender requirements	149	90	239
Assuming 25% meet lender requirements	74	45	119

What we find relative to single family housing need is newer housing to attract new hires to the area as well as meet the needs of area residents wishing to move-up in the market place. Additionally, due to the aging of the community, additional patio homes would be welcomed. We also found that there are a number of substandard and temporary housing units that should be replaced by new housing. Plus, it is assumed that a strong program for home upgrades and repairs would be appropriate.

EXISTING RENTAL HOUSING STOCK

BUILDING PERMITS

Studying the number of building permits for a given area can help identify the current building trends for that area. Table 6-1 details the number of new construction building permits issued in the city of Glencoe during the years 2007-2016.

The 2015 renter occupancy rate for the Glencoe Study Area was 18.4% and the multifamily construction rate within the city of Glencoe was 77.4% over the past ten years as indicated below. However, that 65 unit building is the Grand Meadow Senior Campus which filled a void for assisted living and memory care housing. Other than that building, there has been no new general occupancy or senior-only buildings introduced into the community since. The low rental property vacancy rate shows the need for additional rental units as the Study Area has been lagging behind. Additionally, with the old age of the rental market and a visual inspection of many of the buildings, the market is in need of upgraded rental properties.

TABLE 6-1
Building Permits 2007-2016
City of Glencoe

Year	City of Glencoe		
	Single Family Units	Multiple Family Units	Total Number of Units
2007	1	0	1
2008	2	65	67
2009	4	0	4
2010	2	0	2
2011	1	0	1
2012	2	0	2
2013	1	0	1
2014	1	0	1
2015	2	0	2
2016	3	0	3
Total	19	65	84
An. Ave.	2	7	8

Source: City of Glencoe, February 2017

APARTMENTS

There is a mixed variety of apartment facilities in the Glencoe area, with the great majority being 30-40 years old. The newest rental properties which are not assisted living or memory care units are still over 20 years old with most of them being townhomes.

Of the buildings surveyed, seven had vacancies with a total of twelve vacancies. Two of the vacancies were in senior-housing-with-services buildings, the others were in a mix of low income and market rate units. Many of the vacancies were tenants in transition with others slated to move into the vacant units. Overall, the twelve vacancies only represent a 2.8% vacancy rate. A healthy rental market should have a 5% vacancy rate which allows residents a choice of amenities, location, rent, etc. As such, the Glencoe rental market is underserved.

We were able to connect with all rental properties of seven units and larger and attempted to contact some of the six unit properties but some chose not participate. Other than the studio memory care units at Grand Meadow, there are no other studio units in town. There also are no four-bedroom rental units.

Following is detailed information on the 19 largest rental properties in Glencoe. Due to their uniqueness, Table 8-1 does not include data on the two senior housing-with-services buildings, Grand Meadows and Orchard Estates. Additionally, since rental units owned by Seneca are not for the general public to rent, we have omitted them as well.

As you will see in the detailed apartment listings, we do not have rents for all units and even fewer unit sizes. The lack of square footages is primarily due to the age of the properties and the fact that ownership has transferred over the years and the current owners or managers do have that information.

**TABLE 8-1
Aggregate Analysis of Apartments**

	Studio	1-bed	2-bed	3-bed	4-bed
Number of Units	---	112	169	40	---
Average Size (Sq. Ft.)	---	643 sf	942 sf	1100 sf	---
Average Rent per Month	---	\$559	\$678	\$847	---
Vacancies	---	2	8	0	---
LIHTC	---	0	9	22	---
Govt. Subsidized Units	---	86	62	8	---

* Government subsidized units include USDA Rural Development units, HUD units and Public Housing Units. LIHTC represents Low Income Housing Tax Credits where a tenant qualifies for a fixed rent based on a higher income than the subsidized units.

In the following table, subsidized properties are allowed to only charge their lower income tenants rent equal to 30% of their adjusted income. In some cases, if a subsidized property does not have enough lower income tenants to keep the building filled, they may charge non-income qualified tenants a market rent. Since most of the income-restricted properties are always full with lower income residents, they never use the market rate rents. In those instances we only listed their rents at 30% of their income.

**TABLE 8-2
Average Rents per Building**

Name	Average Studio rent	Average 1-bd rent	Average 2-bd rent	Average 3-bd rent	Average 4-bd rent
Eveningside I	---	\$505	\$705	---	---
Eveningside II	---	---	\$705	---	---
Eveningside III	---	\$605	\$705	---	---
Morningside Meadows I	---	\$605	\$705	---	---
Morningside Meadows II	---	\$605	\$705	---	---
Morningside Meadows III	---	\$605	\$705	---	---
Pryor Place Apartments	---	\$475	\$575	---	---
Imperial Townhomes	---	---	\$525	---	---
Towns Edge Estates	---	\$545	\$645	\$750	---
Kestral Park Townhomes	---	---	\$735	\$835	---
Northwood Apartments	---	\$590	\$700	\$955	---
Park Place Apartments	---	30%	30%	---	---
Beihoffer Apartments	---	30%	30%	---	---
Glenhurst Apartments	---	30%	---	---	---
Millie Beneke Manor	---	30%	30%	---	---
Town and Country Apts.	---	\$500	\$600	---	---
Grand Meadow	\$3961 MC	\$2798 AL	\$3109 AL	---	---
Orchard Estates	---	\$1090	\$1410	---	---

**TABLE 8-3
Apartments in Glencoe**

Name	No. of units/ Bed mix	Rent	Vacancy	Comments
MARKET RATE				
Eveningside I (general occupancy)	1 – 1 bed 7 - 2 bed	\$505 \$705	0 vac.	Built in 1968. DW, wall A/C, heat included, garages \$50, pets allowed.
Eveningside II (general occupancy)	8 - 2 bed	\$705	2 - 2 bed	Built in 1974. DW, wall A/C, heat included, garages \$50, pets allowed.
Eveningside III (general occupancy)	1 – 1 bed 7 – 2 bed	\$605 \$705	0 vac.	DW, wall A/C, heat included, garages \$50, pets allowed.
Morningside Meadows I (general occupancy)	1 - 1 bed 11 - 2 bed	\$605 \$705	1 – 2 bed	DW, wall A/C, heat included, garages \$50, pets allowed.
Morningside Meadows II (general occupancy)	7 – 1 bed 8 - 2 bed	\$605 \$705	1 – 2 bed	DW, wall A/C, heat included, garages \$50, pets allowed.
Morningside Meadows III (general occupancy)	3 – 1 bed 15 – 2 bed	\$605 \$705	0 vac.	DW, wall A/C, heat included, garages \$50, pets allowed.
Pryor Place Apartments (general occupancy)	1 – 1bed 5 – 2 bed	\$475 \$575	0 vac.	Built in 1991, the units have dishwashers, garbage disposals coin laundry and garages are included.
Imperial Townhomes (general occupancy)	6 – 2 bed	\$525	0 vac.	Laundry hook-ups. Garages included.
Towns Edge Estates (general occupancy)	8 - 1 bed 24 - 2 bed 10 – 3 bed	\$545 \$645 \$750	2-2 bed	Two buildings built in 1994. Many amenities including a playground and basketball court. Garages are \$45

DW = dishwasher

A/C = air conditioning

TAX CREDIT				
Kestral Park Townhomes (general occupancy)	8 – 2 bed 22 – 3 bed	\$735 \$835	0 vac.	Built in 1988, units have dishwashers, central A/C, patio, garages are included; playground.
SUBSIDIZED				
Northwoods Apartments (general occupancy)	23-1 bed 8 - 2 bed 8 – 3 bed	\$590 \$700 \$955	2 – 1 bed 1 – 2 bed	Two buildings built in 1975. 4 Garages for \$25. Thru-wall A/C, coin laundry with 3 bed0-units having hook-ups. HUD Section 8.
Park Place Apartments (general occupancy)	10 - 1 bed 6– 2 bed	30%	0 vac.	Built in 1983. HUD Section 8. No garages, wall A/C; coin laundry.
Beihoffer Apartments (elderly)	1 – 1 bed 7 – 2 bed	30%	0 vac.	HUD Section 8. No garages, wall A/C; coin laundry.
Glenhurst Apartments (elderly)	12 - 1 bed	30%	0 vac.	Built in 1986. USDA Rural Development.
Millie Beneke Manor (elderly)	40 – 1 bed 1 – 2 bed	30%	0 vac.	Built in 1978. HUD Section 8. Elevator, decks and patios; wall A/C, community room, no garages and heat is included in rent.
Town and Country Apts. (general occupancy)	2 – 1 bed 10 - 2-bed	\$500 \$600	1 - 2 bed	Built in 1984, the building has thru-wall A/C and coin laundry. Garages are \$50.
HRA Family Townhomes (general occupancy)	32 - 2 bed	\$625	0 vac.	Multiple buildings with dishwasher, garbage disposal, laundry hook-up, central A/C and garages are included. Built 1998-2004
HRA Senior Townhomes (elderly)	8 – 2 bed	\$625	0 vac.	Two buildings with dishwasher, garbage disposal, laundry hook-up, central A/C and garages are included.
SENIOR HOUSING WITH SERVICES				
Grand Meadow Assisted Living and Memory Care (elderly)	12 studios (MC) 46 – 1-bed (AL) 7 – 2-bed (AL)	\$3844- \$4078 \$2683- \$2912 \$3081- 3136	1 - 1 bed (AL) 1 – 2 bed (AL)	Opened in 2008. All utilities included, elevator, garages at \$40/month, two meals, laundry, housekeeping, fitness, library, activities, beauty, 24 hr staff.
Orchard Estates (elderly)	28 – 1 bed 12 – 2 bed	\$1090 \$1410	0 vac.	Built in 1991. Light housekeeping and meals are provided. Garages.

Following are detailed comparisons of each property with a photo, followed by a map of their locations.

Property 1

Name: Eveningside I Apartments						
Address: 1805 10 th St, Glencoe, MN 55336						
Contact Person: Teresa				Phone: 320-510-5150		
Year Built: 1968						
Development: General Occupancy				Serving Special Needs? No		
Does the comparable receive any subsidies (rental or operating assistance)? No						
If so, please describe:						
Description of Development Amenities: Stove, refrigerator, dishwasher, through-wall air conditioning, coin laundry, deck or patio and garages. Heat is included in the rent and pets under 45 lbs are allowed for \$50 per month extra.						
Vacancies: none						
Wait list: none						
# of Bedrooms	# of Units	Size (Sq. Ft.)	Rent per Month	Utilities*	Gross Rent	Parking
1 bed	1	n/a	\$505	\$45	\$550	\$50
2 bed	7	1000	\$705	\$55	\$760	\$50
Total	8					

* Utility amounts are estimates.



Property 2

Name: Eveningside II Apartments						
Address: 908 Russell, Glencoe, MN 55336						
Contact Person: Teresa				Phone: 320-510-5150		
Year Built: 1974						
Development: General Occupancy				Serving Special Needs? No		
Does the comparable receive any subsidies (rental or operating assistance)? No						
If so, please describe:						
Description of Development Amenities: Stove, refrigerator, dishwasher, through-wall air conditioning, coin laundry, deck or patio and garages. Heat is included in the rent and pets under 45 lbs are allowed for \$50 per month extra.						
Vacancies: 2 – two-bedroom						
Wait list: none						
# of Bedrooms	# of Units	Size (Sq. Ft.)	Rent per Month	Utilities*	Gross Rent	Parking
2 bed	8	1000	\$705	\$55	\$760	\$50
Total	8					

* Utility amounts are estimates.



Property 3

Name: Eveningside III Apartments						
Address: 915 Stevens, Glencoe, MN 55336						
Contact Person: Teresa				Phone: 320-510-5150		
Year Built: early 70s						
Development: General Occupancy				Serving Special Needs? No		
Does the comparable receive any subsidies (rental or operating assistance)? No						
If so, please describe:						
Description of Development Amenities: Stove, refrigerator, dishwasher, through-wall air conditioning, coin laundry, deck or patio and garages. Heat is included in the rent and pets under 45 lbs are allowed for \$50 per month extra.						
Vacancies: none						
Wait list: none						
# of Bedrooms	# of Units	Size (Sq. Ft.)	Rent per Month	Utilities*	Gross Rent	Parking
1 bed	1	n/a	\$605	\$45	\$650	\$50
2 bed	7	1000	\$705	\$55	\$760	\$50
Total	8					

* Utility amounts are estimates.



Property 4

Name: Morningside Meadows I						
Address: 2505 11 th St N, Glencoe, MN 55336						
Contact Person: Teresa				Phone: 320-510-5150		
Year Built: 1990						
Development: General Occupancy				Serving Special Needs? No		
Does the comparable receive any subsidies (rental or operating assistance)? No						
If so, please describe:						
Description of Development Amenities: Stove, refrigerator, dishwasher, through-wall air conditioning, coin laundry, deck or patio and garages. Heat is included in the rent and pets under 45 lbs are allowed for \$50 per month extra.						
Vacancies: 1 two-bedroom						
Wait list: none						
# of Bedrooms	# of Units	Size (Sq. Ft.)	Rent per Month	Utilities*	Gross Rent	Parking
1 bed	1	n/a	\$605	\$45	\$650	\$50
2 bed	11	1000	\$705	\$55	\$760	\$50
Total	20					

* Utility amounts are estimates.



Property 5

Name: Morningside Meadows II						
Address: 1206 Baldwin, Glencoe, MN 55336						
Contact Person: Teresa				Phone: 320-510-5150		
Year Built: 1991						
Development: General Occupancy				Serving Special Needs? No		
Does the comparable receive any subsidies (rental or operating assistance)? No						
If so, please describe:						
Description of Development Amenities: Stove, refrigerator, dishwasher, through-wall air conditioning, coin laundry, deck or patio and garages. Heat is included in the rent and pets under 45 lbs are allowed for \$50 per month extra.						
Vacancies: 1 two-bedroom						
Wait list: none						
# of Bedrooms	# of Units	Size (Sq. Ft.)	Rent per Month	Utilities*	Gross Rent	Parking
1 bed	1	n/a	\$605	\$45	\$650	\$50
2 bed	11	1,000	\$705	\$55	\$760	\$50
Total						

* Utility amounts are estimates.



Property 6

Name: Morningside Meadows III						
Address: 1214 Baldwin, Glencoe, MN 55336						
Contact Person: Teresa				Phone: 320-510-5150		
Year Built: 1993						
Development: General Occupancy				Serving Special Needs? No		
Does the comparable receive any subsidies (rental or operating assistance)? No						
If so, please describe:						
Description of Development Amenities: Stove, refrigerator, air conditioning, laundry room and plug-ins. The complex includes 2- 8 unit buildings. Description of Development Amenities: Stove, refrigerator, dish washer, through-wall air conditioning, coin laundry, deck or patio and garages. Heat is included in the rent and pets under 45 lbs are allowed for \$50 per month extra.						
Vacancies: none						
Wait list: none						
# of Bedrooms	# of Units	Size (Sq. Ft.)	Rent per Month	Utilities*	Gross Rent	Parking
1 bed	3	n/a	\$605	\$45	\$650	\$50
2 bed	15	1,000	\$705	\$55	\$760	\$50
Total	18					

* Utility amounts are estimates.



Property 7

Name: Pryor Place Apartments						
Address: 1524 13 th St E, Glencoe, MN 55336						
Contact Person: Ken Lenzen				Phone: 612-720-8203		
Year Built: 1991						
Development: General Occupancy				Serving Special Needs? No		
Does the comparable receive any subsidies (rental or operating assistance)? No						
If so, please describe:						
Description of Development Amenities: Stove, refrigerator, dishwasher, garbage disposals, thru-wall A/C and coin laundry. Tenant pays electricity and garages are included.						
Vacancies: none						
Wait list: none						
# of Bedrooms	# of Units	Size (Sq. Ft.)	Rent per Month	Utilities	Gross Rent	Parking
1 bed	1	n/a	\$475	\$50	\$525	Inc.
2 bed	5	n/a	\$575	\$60	\$635	Inc.
Total	6					

Utilities are an estimate.



Property 8

Name: Imperial Townhomes						
Address: 1423 15 th St E, Glencoe, MN 55336						
Contact Person: Tom (owner)				Phone: 320-864-3629		
Year Built: 1965						
Development: General Occupancy				Serving Special Needs? No		
Does the comparable receive any subsidies (rental or operating assistance)? No						
If so, please describe:						
Description of Development Amenities: Stove, refrigerator, laundry hook-ups and a garage is included. Tenant pays all utilities.						
Vacancies: none						
Wait list: none						
# of Bedrooms	# of Units	Size (Sq. Ft.)	Rent per Month	Utilities*	Gross Rent	Parking
2 bed	6	750	\$525	\$65	\$545	inc
Total	6					

* Utility amounts are an estimate.



Property 9

Name: Towns Edge Estates						
Address: 1710 & 1720 Newton, Glencoe, MN 55336						
Contact Person: Jessica				Phone: 320-253-0003		
Year Built: 1993						
Development: General Occupancy				Serving Special Needs? No		
Does the comparable receive any subsidies (rental or operating assistance)? No						
If so, please describe:						
Description of Development Amenities: Stove, refrigerator, dishwasher, wall A/C and coin laundry. Two buildings - 21 family units each. Tenant pays electric and garages are \$45. Pets for \$35.						
Vacancies: 2 – two bedroom						
Wait list: none						
# of Bedrooms	# of Units	Size (Sq. Ft.)	Rent per Month	Utilities*	Gross Rent	Parking
1 bed	8	833	\$545	\$45	\$590	\$45
2 bed	24	n/a	\$645	\$55	\$700	\$45
3 bed	10	n/a	\$750	\$65	\$815	\$45
Total	42					

* Utility amounts are estimates.



Property 10

Name: HRA Townhomes						
Address: Multiple Locations, Glencoe, MN 55336						
Contact Person: Virgil				Phone: 320-779-0015		
Year Built: 1998-2004 (multiple townhome buildings in three sites)						
Development: General Occupancy & Elderly				Serving Special Needs? No		
Does the comparable receive any subsidies (rental or operating assistance)? Yes						
If so, please describe: Public Housing						
Description of Development Amenities: Individual units have refrigerators, ranges, dishwashers, garbage disposals, laundry hook-ups and central air conditioning. Garages are included in the rent but the tenants pay heat and electric.						
Vacancies: none						
Wait list: none						
# of Bedrooms	# of Units	Size (Sq. Ft.)	Rent per Month	Utilities*	Gross Rent	Parking
2 bed	40	1100	\$625	\$80	\$705	inc
Total	40					

* Utility amounts are estimates.



Property 11

Name: Kestral Park Townhomes						
Address: 2401 14 th St E, Glencoe, MN 55336						
Contact Person: Danielle				Phone: 952-442-2098		
Year Built: 1988						
Development: General Occupancy				Serving Special Needs? No		
Does the comparable receive any subsidies (rental or operating assistance)? Yes						
If so, please describe: Section 42 Tax Credits						
Description of Development Amenities: Each unit has a refrigerator, range, dishwasher, washer and dryer, patio, central air conditioning, window treatments and an attached garage. Tenant pays heat and electric. The complex has a playground and pets are allowed.						
Vacancies: 2 – three-bedroom						
Wait list: small						
# of Bedrooms	# of Units	Size (Sq. Ft.)	Rent per Month	Utilities*	Gross Rent	Parking
2 bed/1 ba	8	980	\$735	\$131	\$866	Inc
3 bed/2 ba	22	1,100	\$835	\$131	\$966	Inc
Total	30					

* Utilities are an allowance.



Property 12

Name: Northwood Apartments and Townhomes						
Address: 1411 E 16 th St., Glencoe, MN 55336						
Contact Person: Heather				Phone: 320-864-5877		
Year Built: 1975						
Development: General Occupancy				Serving Special Needs? No		
Does the comparable receive any subsidies (rental or operating assistance)? Yes						
If so, please describe: HUD Section 8						
Description of Development Amenities: Each unit has a refrigerator, range and through-wall air conditioning. There is also coin-operated laundry and the three-bedroom townhomes have laundry hook-ups. There are only four garages which are available for \$25. Tenant pays heat and electric. Some tenants are grandfathered in for market rents, all new tenants are subsidized.						
Vacancies: 2 – one-bedroom and 1 – two-bedroom						
Wait list: small						
# of Bedrooms	# of Units	Size (Sq. Ft.)	Rent per Month	Utilities*	Gross Rent	Parking
1 bed/1 ba	23	n/a	\$590/30%	\$65	\$655	Lot
2 bed/1 ba	8	n/a	\$700/30%	\$75	\$775	Lot
3 bed/2 ba	8	n/a	\$955/30%	\$90	\$1,045	Lot
Total	39					

* Utilities are an estimate.



Property 13

Name: Park Place Apartments						
Address: 2204 14 th St E, Glencoe, MN 55336						
Contact Person: Donna				Phone: 320-587-2483		
Year Built: 1983						
Development: General Occupancy				Serving Special Needs? No		
Does the comparable receive any subsidies (rental or operating assistance)? Yes						
If so, please describe: USDA subsidized						
Description of Development Amenities: Each unit has a refrigerator, range and through-wall air conditioning. There is also coin-operated laundry. There are no garages, lot parking only. Heat is included but tenant pays electric.						
Vacancies: none						
Wait list: small						
# of Bedrooms	# of Units	Size (Sq. Ft.)	Rent per Month	Utilities*	Gross Rent	Parking
1 bed/1 ba	10	624	30%	\$45	n/a	lot
2 bed/1 ba	6	768	30%	\$55	n/a	lot
Total	16					

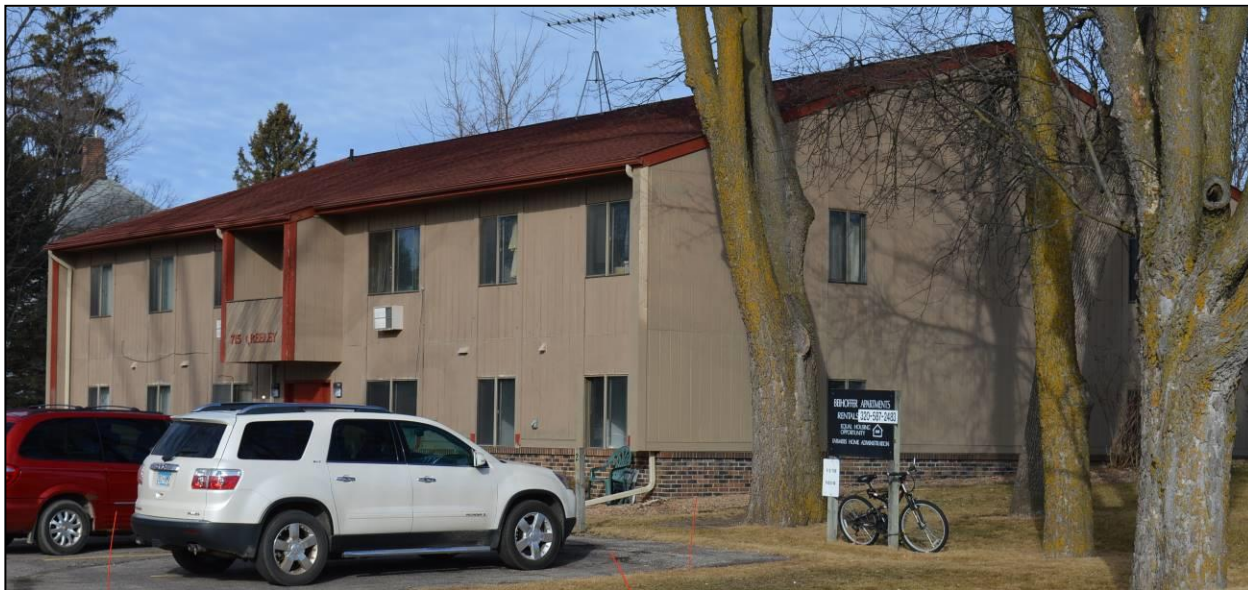
* Electricity is an estimate.



Property 14

Name: Beihoffer Apartments						
Address: 715 Greely, Glencoe, MN 55336						
Contact Person: Donna				Phone: 320-587-2483		
Year Built: 1979						
Development: General Occupancy				Serving Special Needs? No		
Does the comparable receive any subsidies (rental or operating assistance)? Yes						
If so, please describe: USDA subsidized						
Description of Development Amenities: Each unit has a refrigerator, range and through-wall air conditioning. There is also coin-operated laundry. Heat is included but tenant pays electric.						
Vacancies: none						
Wait list: small						
# of Bedrooms	# of Units	Size (Sq. Ft.)	Rent per Month	Utilities*	Gross Rent	Parking
1 bed/1 ba	1	624	30% of income	\$45	n/a	lot
2 bed/1 ba	7	768	30% of income	\$55	n/a	lot
Total	23					

* Electricity is an estimate.



Property 15

Name: Glenhurst Apartments						
Address: 515 Abbey Lane, Glencoe, MN 55336						
Contact Person: Caretaker				Phone: 320-864-4939		
Year Built: 1986						
Development: Elderly				Serving Special Needs? Yes		
Does the comparable receive any subsidies (rental or operating assistance)? Yes						
If so, please describe: HUD						
Description of Development Amenities: Each unit has a refrigerator, range and through-wall air conditioning. There is also coin-operated laundry and the building has a community room and a patio. There are no garages, heat is included but tenant pays electric.						
Vacancies: none						
Wait list: small						
# of Bedrooms	# of Units	Size (Sq. Ft.)	Rent per Month	Utilities*	Gross Rent	Parking
1 bed/1 ba	12	n/a	30%	\$40	30%	lot
Total	12					

* Electricity is an estimate.



Property 16

Name: Millie Beneke Manor						
Address: 1319 Greely Ave. N, Glencoe, MN 55336						
Contact Person: Manager				Phone: 320-864-5282		
Year Built: 1978						
Development: Elderly				Serving Special Needs? Yes		
Does the comparable receive any subsidies (rental or operating assistance)? Yes						
If so, please describe: HUD building where tenants pay 30% of income for rent						
Description of Development Amenities: Each unit has a refrigerator, range and through-wall air conditioning provided by tenant. There is also coin-operated laundry and a community room. There are no garages, only an open parking lot. Heat is included but tenant pay electric.						
Vacancies: none						
Wait list: 5						
# of Bedrooms	# of Units	Size (Sq. Ft.)	Rent per Month	Utilities*	Gross Rent	Parking
1 bed/1 ba	40	492	30%	\$40		Lot
2 bed/1 ba	1	n/a	30%	\$55		Lot
Total	41					

* Electricity is an estimate.



Property 17

Name: Town and Country Apartments						
Address: 2103 9 th St E, Glencoe, MN 55336						
Contact Person: Charlotte				Phone: 612-968-2640		
Year Built: 1984						
Development: General Occupancy				Serving Special Needs? No		
Does the comparable receive any subsidies (rental or operating assistance)? No						
If so, please describe:						
Description of Development Amenities: Each unit has a refrigerator, range and through-wall air conditioning. There is also coin-operated laundry on each floor. Garages are available for \$50. Tenant pay electric which also includes electric heat.						
Vacancies: none						
Wait list: small						
# of Bedrooms	# of Units	Size (Sq. Ft.)	Rent per Month	Utilities*	Gross Rent	Parking
1 bed/1 ba	2	n/a	\$500	\$80	\$580	\$50
2 bed/1 ba	10	n/a	\$600	\$100	\$700	\$50
Total	12					

* Electricity is an estimate.



Property 18

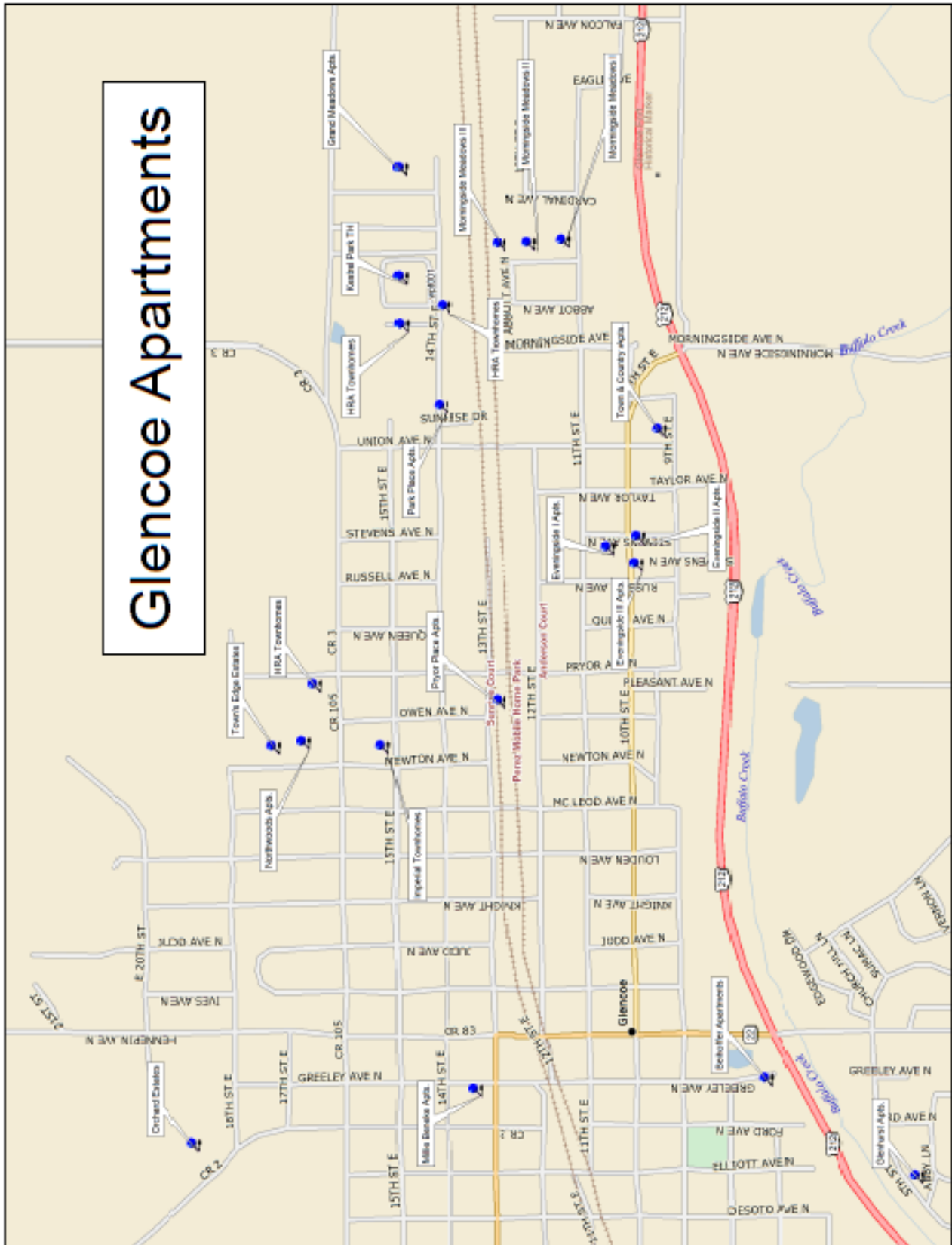
Name: Grand Meadow Senior Living						
Address: 1420 Prairie Ave., Glencoe, MN 55336						
Contact Person: Manager				Phone: 320-864-5577		
Year Built: 2008						
Development: Elderly				Serving Special Needs? Yes		
Does the comparable receive any subsidies (rental or operating assistance)? Yes						
If so, please describe: Elderly Waiver through the State of Minnesota						
Description of Development Amenities: This building is assisted living and memory care with some units having a refrigerator and range. The building features a fitness room, library, activity room, beauty/barber shop, fireplace lounge, activities, housekeeping, free laundry, blinds, transportation and 24-hour staffing. All utilities are included as are two meals each day. The third meal is available for a fee.						
Vacancies: 1 one-bedroom and 1 two-bedroom Assisted Living units						
Wait list: none						
# of Bedrooms	# of Units	Size (Sq. Ft.)	Rent per Month	Utilities	Gross Rent	Parking
1 bed/1 ba	46	599-734	\$2683-\$2912	Inc	\$2683-\$2912	\$40
2 bed/1 ba	7	844-982	\$3081-\$3136	Inc	\$3081-\$3136	\$40
MC Studio	12	378	\$3844-\$4078	Inc	\$3844-\$4078	\$40
Total	65					



Property 19

Name: Orchard Estates Senior Living						
Address: 1900 Ford Ave N, Glencoe, MN 55336						
Contact Person: Nancy				Phone: 320-864-7798		
Year Built: 1991						
Development: Elderly over 55				Serving Special Needs? Yes		
Does the comparable receive any subsidies (rental or operating assistance)? No						
If so, please describe:						
Description of Development Amenities: Each unit has a refrigerator, range and through-wall air conditioning. There is a community room. Garages are available for \$45 and some units have decks or patios. All utilities are included in the rent.						
Vacancies: none						
Wait list: small						
# of Bedrooms	# of Units	Size (Sq. Ft.)	Rent per Month	Utilities*	Gross Rent	Parking
1 bed/1 ba	28	497-612	\$1000-\$1180	inc	\$1000-\$1180	\$45
2 bed/1 ba	12	802-846	\$1345-\$1470	inc	\$1345-\$1470	\$45
Total	40					





HOUSING DEMAND

A 5.0% rental vacancy rate is considered normal for a healthy rental market. The 2011-2015 American Community Survey identified a 4.0% rental vacancy rate in the city of Glencoe in 2015 while the rental vacancy rate for the Study Area was 5.1%. The vacancy rate of all surveyed properties in our study was only 2.8% upon surveying the market. The vacancies reported in 2015 could very well be in substandard housing units due to the large number of substandard and temporary housing units identified within the Study Area, 66 of which were rental units.

Movership is another factor to consider when looking at potential demand for a project. According to the American Housing Survey for the United States: 2010 conducted by the U.S. Census Bureau, 15.0% of all households moved in the previous year.

Rental Housing Demand

The following section depicts the housing demand for the following housing types:

- Fair Market Rents (Workforce Housing)
- General Occupancy Extremely Low-income Rental
- Age 55+ Extremely Low-income Rental
- General Occupancy Very Low-income Rental
- Age 55+ Very Low-income Rental
- General Occupancy Low-income Rental
- Age 55+ Low-income Rental
- General Occupancy Moderate Income Rental
- Age 55+ Moderate Income Rental
- Single Family First Time Home buyers
- Single Family Moderate Income
- Congregate Housing
- Assisted Living Housing
- Memory Care Housing

The different sections of housing demand is broken down by various income levels such as HUD identified Fair Market Rents; those with less than 30% of area median income, 30% to 60% of area median income, 60% to 80% of area median income, and over 80% of area median income. These ranges were chosen because they best reflect income ranges used by HUD and other state and federal funding programs. Not every program falls exactly within these income ranges but the demand tables are useful to give an educated guess as to what demand is for a particular income range. While these demand tables are a useful tool in analyzing housing demand for an area, recommendations are not based solely on the demand table results. Other factors such as recent building trends, vacancy rates, unit conditions and amenities, housing voids and employment are all analyzed to determine what can be supported in terms of housing.

Bedroom mix is based on the 2010 Census. Housing demand is given for the Year 2017. We are utilizing the City of Glencoe average rental rate in the following demand tables.

The first demand section is based on Fair Market Rents or those identified by the National Low Income Housing Coalition as the “Housing Wage”. This is the amount a worker needs to earn in order to be able to afford an apartment at the Fair Housing Market Rent level by bedroom mix. Identified rents range from \$535 to \$1,113 per month for McLeod County in 2017. As a reminder the average income from Glencoe Employers was in the range of \$16 per hour (\$33,280) or \$2,773 per month. If a household spends no more than 30% of their income for housing as is suggested by the federal government, this would equate to \$832 being available for rent. Keep in mind this is also based on only one household income.

MULTI-FAMILY RENTAL HOUSING DEMAND

TABLE 7-1 Glencoe Study Area 2017 General Occupancy Fair Market Rental Housing Demand					
	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom	Total
McLeod Co. Fair Mkt Rents	\$535	\$687	\$963	\$1,113	
Required minimum income	\$21,400	\$27,480	\$38,520	\$44,520	
Households over the income limit	3,400	3,103	2,673	2,491	
Times rental bedroom mix	25.3%	42.9%	22.7%	5.1%	
	860	1,331	607	127	
Glencoe rental rate (24.5%)	211	326	149	31	717
Minus existing rental units under rent level	128	97	18	3	246
Total demand	83	229	131	28	471

What the previous tables identifies is that there is a shortage of all sizes of affordable, fair market rental housing units across the Study Area, especially two-bedroom units.

General Occupancy Extra Low Income Rental Housing:

Special notes pertaining to the following tables:

Extra Low income is based on 30% of County Median Income or less.

Income ranges are based upon 1.5 persons per bedroom using HUD Income Guidelines.

Income necessary to afford rent is based on 30% of household income.

The bedroom mix is applied to the number of income eligible households in the Study Area.

The Study Area’s rental rate is then applied to the number of income eligible households.

The 30% of median income limits are as follows for McLeod County:

1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom
\$15,850	\$20,160	\$26,370	\$32,580

Table 7-2 helps illustrate the very low subsidized housing demand.

TABLE 7-2 Glencoe Study Area General Occupancy Extra Low Income Rental Housing Demand					
	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom	
30% of county median income rent	\$396	\$504	\$659	\$815	
30% of county median income	\$15,850	\$20,160	\$26,370	\$32,580	
Households under income limit	356	580	897	1,164	Total
Times bedroom mix	25.3%	42.9%	22.7%	5.1%	
	90	249	204	59	602
Glencoe rental rate (24.5%)	22	61	50	14	147
Minus existing housing units under rent level	19	96	146	33	294
Total demand	3	0	0	19	22

According to Table 7-2, the Glencoe Study Area has 294 rental units with rents low enough to cover those households with incomes at or below 30% of the McLeod County median income depending on household size.

In fact, according to the 2015 American Housing Survey, the Study Area had 226 households that paid rent below \$396 with another 76 paying rents between \$396 and \$504 for a total of 302. That number of households alone would cover all the identified demand for extra low income rental units. We also found another 281 households that paid between \$504 and \$659 for rent.

Therefore we can assume that the number of extra low income units are already being supplied to the market. Unfortunately while we have access to the rents paid within the Study Area, we do not know the type of rental units by bedroom mix that are associated with those rents.

Age 55+ Extra Low Income Rental Housing:

Special notes pertaining to the following tables:

Very Low income is based on 30% of County Median Income or less.

Income ranges are based upon 1.5 persons per bedroom using HUD Income Guidelines.

Income necessary to afford rent is based on 30% of household income.

Income eligible households are Age 55+ households with incomes at or below 30% of the County Median Income. The bedroom mix is applied to the number of income eligible households in each Study Area.

47.2% of all households are over age 55 and 15.6% of all households over age 55 are renters. Additionally, 39.9% of all renters are over age 55.

The Study Area’s rental rate is then applied to the number of income eligible households.

Finally, the existing elderly subsidized units and those apartments with lower rents are subtracted from the subtotal demand.

Once again we will be utilizing McLeod County’s HUD income limits for this estimate. The 30% of median income limits are as follows for McLeod County:

1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom
\$15,850	\$20,160	\$26,370	\$32,580

Table 7-3 helps illustrate the extra low subsidized housing demand.

TABLE 7-3 Glencoe Study Area Age 55+ Extra Low Income Rental Housing Demand					
	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom	
30% of county median income rent	\$396	\$504	\$659	\$815	
30% of county median income	\$15,850	\$20,160	\$26,370	\$32,580	
Households under income limit	356	580	897	1,164	Total
Times bedroom mix	25.3%	42.9%	22.7%	5.1%	
	90	249	204	59	602
Glencoe rental rate (24.5%)	22	61	50	14	147
Renters over Age 55 (39.9%)	9	24	20	6	59
Minus existing housing units under rent level	19	96	146	33	294
Senior housing units (39.9%)	8	38	58	13	117
Total demand	1	0	0	7	8

While Table 7-3 shows that the Glencoe Study Area has a shortage of 8 extra low income Age 55+ rental units since there are only 12 elderly designated USDA or HUD units in the market, we can once again assume the need is being met by the very low rents being paid in the market. It must be noted that these numbers represent the number of renter-occupied households that would qualify for subsidized housing and not necessarily the number of households that would move into such a facility.

There are many factors that have a bearing on how these figures are analyzed. For instance, just because people are living in substandard housing, as defined by Rural Development, does not mean they will move out of it if new units are constructed. Another factor that must be considered is that substandard housing built before 1939 does not take into account the number of homes that have been remodeled since that time. Also, this formula takes into account the number of households with rent overburden, defined as paying more than 30% of their income for rent.

However, due to high construction costs, more and more households are paying over 30% of their income for housing and are getting by. All of these factors must be taken into consideration when determining the number of units to be built.

VERY LOW INCOME HOUSING DEMAND

General Occupancy Very Low Income Rental Housing Demand

Special notes pertaining to the following tables:

Very Low income is based on 30% to 50% of County Median Income.

Income ranges are based upon 1.5 persons per bedroom using HUD Income Guidelines.

Income necessary to afford rent is based on 30% of household income.

The bedroom mix is applied to the number of income eligible households in each Study Area

The Study Area’s rental rate is then applied to the number of income eligible households.

The income limits are as follows for McLeod County:

	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom
30% CMI	\$15,850	\$20,160	\$26,370	\$32,580
50% CMI	\$26,400	\$31,650	\$36,575	\$40,800

TABLE 7-4 Glencoe Study Area General Occupancy Very Low Income Rental Housing Demand					
	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom	Total
30% of county median income rent	\$396	\$504	\$659	\$815	\$396-\$815
30% of county median income	\$15,850	\$20,160	\$26,370	\$32,580	\$15,850 - \$32,580
50% of county median income rent	\$660	\$791	\$914	\$1,020	\$660-\$1,020
50% of county median income	\$26,400	\$31,650	\$36,575	\$40,800	\$26,400 - \$40,800
Households within income levels (\$15,850 - \$40,800)					1,088
Multiplied by Glencoe rental rate (24.6%)					267
267 multiplied by bedroom mix	25.3%	42.9%	22.7%	5.1%	
	68	115	61	14	258
Minus existing units within rent levels	360	444	132	35	
Multiplied by bedroom mix	25.3%	42.9%	22.7%	5.1%	
	91	190	30	2	258
Total demand	0	0	31	12	42

There are enough very low income one and two-bedroom housing units available within the Study Area. This however does not address condition of those rental units. There is a shortage of three and four-bedroom units.

Age 55+ Very Low Income Rental Housing: Special notes pertaining to the following tables

Very Low income is based on 30% to 60% of County Median Income.

Income ranges are based upon 1.5 persons per bedroom using HUD Income Guidelines and the income necessary to afford rent is based on 30% of household income.

Income eligible households are Age 55+ households with incomes between 30% and 60% of the County Median Income. The bedroom mix is applied to the number of income eligible households in each Study Area.

The Study Area’s rental rate is then applied to the number of income eligible households.

Finally, the existing elderly subsidized units are subtracted from the subtotal demand.

47.2% of all households are over age 55 and 15.6% of all households over age 55 are renters. Additionally, 39.9% of all renters are over age 55.

Once again we will be utilizing McLeod County’s HUD income limits for this estimate. The income limits are as follows for McLeod County:

	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom
30% CMI	\$16,500	\$20,090	\$26,330	\$32,570
50% CMI	\$26,400	\$31,650	\$36,575	\$40,800

TABLE 7-5 Glencoe Study Area Age 55+ Very Low Income Rental Housing Demand					
	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom	Total
30% of county median income rent	\$396	\$504	\$659	\$815	\$370-\$573
30% of county median income	\$15,850	\$20,160	\$26,370	\$32,580	\$15,850 - \$32,580
50% of county median income rent	\$660	\$791	\$914	\$1,020	\$660-\$1,020
50% of county median income	\$26,400	\$31,650	\$36,575	\$40,800	\$26,400 - \$40,800
Households within income levels (\$15,850 - \$40,800)					1,088
Multiplied by percentage of households over Age 55 (47.2%)					514
Multiplied by Study Area Age 55+ rental rate (15.6%)					80
80 multiplied by bedroom mix	25.3%	42.9%	22.7%	5.1%	
	20	34	18	4	76
Minus existing units within rent level Age 55+	56	69	21	5	151
Total demand	0	0	0	0	0

Due to the low rents in the Study Area, the demand for age 55+ very low income housing units is also being met in units with lower rents.

LOW INCOME RENTAL HOUSING DEMAND

General Occupancy Low Income Rental Housing Demand

Special notes pertaining to the following tables:

Low income is defined as those incomes ranging from 50% to 80% of the County median income.

Income ranges are based upon 1.5 persons per bedroom using HUD Income Guidelines.

Income necessary to afford rent is based on 30% of household income.

Rental only households are based upon the rental rate times all income eligible households.

It should be noted, that as we approach rent levels over \$700, with the current low mortgage rates, combined with low housing values, many households are doing whatever they can to purchase their own home rather than rent.

The following table identifies a shortage of moderate rental apartments in all unit sizes.

TABLE 7-6 Glencoe Study Area General Occupancy Low Income Rental Housing Demand					
	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom	Total
50% of county median income rent	\$660	\$791	\$914	\$1,020	\$660-\$1,020
50% of county median income	\$26,400	\$31,650	\$36,575	\$40,800	\$26,400 - \$40,800
80% of county median income rent	\$1,055	\$1,266	\$1,463	\$1,631	\$1,055- \$1,631
80% of county median income	\$42,200	\$50,650	\$58,500	\$65,250	\$42,200 - \$65,250
Multiplied by Glencoe rental rate (24.5%)					305
267 multiplied by bedroom mix	25.3%	42.9%	22.7%	5.1%	
	77	131	69	16	293
Minus existing units within rent levels	138	46	65	34	283
Total demand	0	85	4	0	89

As can be seen in Table 7-6 above and Table 7-7 on the following page, the number of moderate income rental housing units is being met in all bedroom types other than two-bedroom units. This does not mean the available units are what renters are seeking especially with the age of most of the units in the Study Area. As rents increase, renters seek more building amenities and there are few special amenities in the rental units currently available within the Study Area. When looking at the 19 major apartment complexes located in Glencoe, other than the senior-housing-with-services buildings at Grand Meadows and Orchard Estates, none of the other buildings charge rents that fall into these categories. The households paying those rents are most likely renting single family homes or mobile homes.

TABLE 7-7 Glencoe Study Area Age 55+ Low Income Rental Housing Demand					
	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom	Total
50% of county median income rent	\$660	\$791	\$914	\$1,020	\$660-\$1,020
50% of county median income	\$26,400	\$31,650	\$36,575	\$40,800	\$26,400 - \$40,800
80% of county median income rent	\$1,055	\$1,266	\$1,463	\$1,631	\$1,055- \$1,631
80% of county median income	\$42,200	\$50,650	\$58,500	\$65,250	\$42,200 - \$65,250
Households within income levels (\$26,400 - \$65,250)					1,244
Multiplied by percentage of households over Age 55 (47.2%)					592
Multiplied by Study Area Age 55+ rental rate (15.6%)					92
92 multiplied by bedroom mix	25.3%	42.9%	22.7%	5.1%	
	23	39	21	5	88
Minus existing units within rent levels	55	18	26	14	113
Total demand	0	21	0	0	21

Again, available units meet the needs of the market except for two-bedroom units.

Tables 7-8 and 7-9 illustrate that there currently are no high end rental housing units in the Glencoe Study Area even though there may be a demand for those types of units.

<p align="center">TABLE 7-8 Glencoe Study Area General Occupancy High End Rental Housing Demand</p>					
	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom	Total
80% of county median income rent	\$1,055	\$1,266	\$1,463	\$1,631	
80% of county median income	\$42,200	\$50,650	\$58,500	\$65,250	
Households over income limit	2,561	2,306	2,094	1,912	
Times bedroom mix	25.3%	42.9%	22.7%	5.1%	
	648	989	475	98	2,210
Glencoe rental rate (24.5%)	159	242	116	24	541
Minus existing housing units over rent level	58*	58*	37*	30*	58*
Total demand	101	184	79	0	364

* Only includes senior housing-with- services.

TABLE 7-9 Glencoe Study Area Age 55+ High End Rental Housing Demand					
	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom	Total
80% of county median income rent	\$1,055	\$1,266	\$1,463	\$1,631	
80% of county median income	\$42,200	\$50,650	\$58,500	\$65,250	
Households over income limit	1,068	940	837	754	
Times bedroom mix	25.3%	42.9%	22.7%	5.1%	
	270	403	190	38	901
Age 55+ rental rate (15.6%)	42	63	30	6	141
Minus existing housing units over rent level	58*	58*	37*	30*	58*
Total demand	0	4	0	0	4

* Only includes senior housing-with- services.

Keep in mind that with the low valuation of single family homes in the market, as rents increase, many renters may seek ownership unless they have other issues keeping them from obtaining lending. With median housing sales at \$126,577 last year, with 10% down and a 30 year mortgage, monthly payments are only \$635 per month at 4.5%.

However, some people are unable to purchase due to a poor credit history, or they may prefer a maintenance-free lifestyle found in an apartment or townhome.

CONGREGATE PENETRATION RATE DEMAND MODELS

1. Historically, we’ve found that 1.5% of persons between the ages of 65 and 75 with annual incomes in excess of \$20,000 live in senior housing. We also found that 9% of persons over age 75 with incomes in excess of \$20,000 live in senior housing. Senior housing is defined as housing for older adults only and does not include nursing homes or other institutional settings.

2. In addition, it has been identified that a senior must have an annual income in excess of \$20,000 to be able to afford to live in market rate senior housing with rents starting at \$1000 per month as found at Orchard Estates. The 2022 rate will be \$23,000.

This assumes that the housing covers 60% of their living expense which includes all utilities except cable and telephone, activities, socialization, transportation and 24-hour supervision. Taking these assumptions into consideration, we find the following:

Independent/Congregate Demand		
	Glencoe Study Area	
	2017	2022
Households Age 65-74	592	683
Income Eligible ¹	531	579
Utilization (1.5%) ²	8	9
Households Age 75+	630	638
Income Eligible ¹	508	469
Utilization (9.0%) ²	46	42
Subtotal	54	51
Move into area (30%)	23	22
Subtotal	77	73
Minus 95% of existing units ³	38	38
TOTAL	39	35

Table Qualifiers

¹ Income Qualified Households at \$20,000 (\$23,000) or greater plus home ownership rates of 83.6% with incomes between \$15,000 and \$20,000 (\$18,000 and \$23,000)

² Senior Housing Study by the Wilder Foundation

³ Existing and planned congregate units at a 5% vacancy rate.

The previous table indicates the market can support up to 35 additional independent senior apartments in addition to those at Orchard Estates.

ESTIMATED ASSISTED LIVING DEMAND

Assisted living can be categorized as either a care service package or a type of housing facility and is normally directed toward persons with three or more daily living limitations. An actual assisted living facility varies from most congregate housing buildings in that often times the actual living quarters are smaller in the form of efficiency style units or one-bedroom apartments. The service package also varies in that typically two or three meals are provided as part of the rent and the building is staffed 24-hours per day, 7 days a week. Health care services are provided by the on-site staff.

In estimating demand for assisted living, this report will deal with a penetration rate model approach based on the number of persons with one to six ADLs. (ADLs are defined as Activities of Daily Living and include assistance with such things as bathing, dressing, grooming, eating, bed mobility, transferring, toileting, and walking.) Based upon our experience we have formulated a model based upon several factors including nursing home utilization rates, percentage of population over age 75 requiring assistance with daily living tasks and income guidelines. Utilizing the results of the analysis, some estimates of demand for this type of project can be developed. The following assumptions are utilized:

1. The population projections, as presented earlier are assumed to be accurate for the purpose of this estimate.
2. The proportion of persons over age 75 in the Glencoe Study Area continues to grow.
3. We have determined that overall, 28.0% of the population over age 75 has limitations with daily living tasks that would qualify them for assisted living housing.
4. Income eligibility was determined to be households with annual incomes greater than \$35,000. It is assumed that this income level would be required to rent a one bedroom unit at Grand Meadows with rent covering 90% of a resident's needs. The 2022 rate will be \$40,000.

5. A conservative estimate is that 30% of the eligible candidates for assisted living will select an assisted living environment for their home.
6. Due to the nature of the area, another 30% of the total demand will come from persons outside the market area.
7. 69.0% of the households with incomes between \$25,000 and \$35,000 in 2017 and \$30,000 to \$40,000 in 2022, who own homes and require care (28%), would also be candidates to live in this facility.

The following estimates, made utilizing the above assumptions, estimate demand only for supervised assisted living units for individuals. It does not estimate the demand for certain types of amenities and services to be offered if such a complex is constructed.

ASSISTED LIVING DEMAND ANALYSIS MODEL		
	Glencoe Study Area	
	2017	2022
Individuals over age 75.	906	926
Incomes of \$35,000 (\$40,000) or greater or have an income between \$25,000 (\$30,000) and \$35,000 (\$40,000) and own a home. (41.0%) (42.0%)	371	389
28.0% of population over age 75 with mobility or care limitations. ¹	104	109
Percent living alone (50%) ² .	52	55
Percent of additional demand from couples (12%) ³ .	12	13
Subtotal	64	68
40% penetration utilization rate - 40% of the eligible candidates requiring care will choose an assisted living environment for their home.	26	27
Additional 30% will move in from outside the market area.	11	12
Subtotal	37	39
Additional 30% subsidized residents, veterans and those with insurance.	16	17
Total	53	56
Minus 95% of existing units. ⁴	54	54
Total number of units necessary to meet demand.	0	2

The previous table indicates the market can support up to 2 additional assisted living units. While no building will capture 100% of the market, it is suggested that no additional assisted living units be added to the Glencoe Study Area. Demand is being met by Grand Meadow and Shade Tree Retirement Center in Brownton.

Table Qualifiers

¹ U. S. Census Bureau, Americans with Disabilities: 2002

² A Profile of Older Americans: 2009, Administration on Aging - U.S. Department of Health and Human Services

³ The 2009 Overview of Assisted Living

⁴ Existing and planned assisted living units at a 5% vacancy rate.

ALZHEIMER DEMAND ESTIMATE

In most instances there is a mix of semi-private and private rooms. In addition to the sleeping rooms, each residential living complex incorporates a kitchen/dining area and a living room/lounge area. A mix of health care providers usually performs staffing, but the heaviest load is borne by certified nursing assistants or universal workers, with an RN utilized on an as-needed basis.

Residents receive three meals each day plus snacks as well as linen and laundry service. The facility is staffed 24 hours each day. Market conditions have placed increasing demand toward a greater number of private rooms. With the changing demographics of potential clients, it August be wise to construct all private rooms in order to meet future needs.

Alzheimer Demand Analysis Model		
	Glencoe Study Area	
	2017	2022
Individuals Age 65 to 74	1,001	1,153
Percentage with Alzheimer's (1.5%) ¹	15	17
Income qualified at \$45,000 (55.2%) \$50,000 (53.4%) ²	8	9
Penetration rate of 35% ³	3	3
Individuals Age 75 to 84	569	572
Percentage with Alzheimer's (19%) ¹	108	109
Income qualified at \$45,000 (35.7%) \$50,000 (35.3%) ²	39	38
Penetration rate of 35% ³	14	13
Individuals Age 85+	337	354
Percentage with Alzheimer's (47%) ¹	158	166
Income qualified at \$45,000 (18.8%) \$50,000 (20.4%) ²	30	34
Penetration rate of 35% ³	10	12
Subtotal	27	28
Additional 20% from outside the area	7	7
Subtotal	34	35
Additional 20% subsidized and those with insurance	9	9
Total	43	44
Minus number of existing and planned units ⁴	12	12
Grand Total	31	32

Table Qualifiers

¹ Alzheimer Association: 2011 Alzheimer's Disease Facts and Figures

² Income Qualified Households at \$45,000 in 2017 and \$50,000 in 2022 or greater plus 91.4% (ownership rate) of households with incomes between \$35,000 and \$45,000 in 2017 and \$40,000 and \$50,000 in 2022.

³ Percentage of people with Alzheimer's disease that reside within a healthcare environment.

⁴ Existing and planned memory care units at a 5% vacancy rate.

The previous table identifies a need for up to 32 additional memory care units.

Senior-Housing-with-Services Findings and Recommendations

The study has identified a need for no additional independent or assisted living units, but with a 40% capture rate, there could be up to 13 additional memory care units. However, boundaries for the draw area associated with senior housing-with-services buildings are different than those for the overall housing draw area for a community. As a result, while not located within the Study Area, but immediately adjacent to the Study Area is the Cedar Crest facility in Silver Lake. As a result of this, some of the identified housing demand may be currently met at that facility. Additionally it is safe to assume that some of the memory care demand is being met at the Glencoe Regional Health Services Nursing Home which has 110 beds in Glencoe and will be replaced with a new facility over the next year. The Study Area also includes Shade Tree Retirement Center in Brownton. Their numbers were incorporated into the demand assessment.

ANALYSIS AND RECOMMENDATIONS

The Glencoe Study Area is indicating a slight population and household decline between 2017 and 2022 after experiencing a greater decline between 2010 and 2017. Households are declining at a lesser rate than the population, thereby indicating an aging community. We need to take that into consideration when addressing housing needs. Additionally, while single family home sales have been steady, new construction has been minimal. Therefore, rather than address housing needs based solely on growth, we need to address the current housing voids within the market. With employment steady and 58% of the surveyed businesses projecting growth over the next two years, it is safe to assume that some of those new employees will require housing. With 70% of the people who work in Glencoe living outside of Glencoe, if proper housing were constructed, more of the workers employed in Glencoe may elect to live in Glencoe. Additionally, with adequate housing and a school district with a strong reputation for quality education, more people may elect to make Glencoe their bedroom community while they work outside the city.

Single Family Home Market

At the present time there are a number of single family home lots and town home lots available to building within the borders of Glencoe. If the issue in building is the cost of the lots, the city may wish to provide incentives to private developers to create new development. These incentives could range from tax abatement to a reduction in city fees such as sewer and water accessibility charges, park dedication fees, or any other city fees. During the heart of the most recent recession this would have been unheard of, but with an improving and strong local economy, if the city wants to retain current residents and attract others, there needs to be new housing introduced into the market.

Median home values of houses sold fall in the middle of the pack when compared to all cities within McLeod County. When compared to other McLeod County communities, you are comparable to Winsted and Hutchinson, higher than Brownton, Stewart and Silver Lake and lower than Lester Prairie and Plato. According to local Realtors, home sales within the city are improving but there is a need for additional inventory. In an effort to attract new housing into the community you may wish to consider pursuing a down payment assistance program and/or first time homebuyer program to help individuals qualify to purchase those homes. In an effort to improve the existing housing market and to increase property values, especially with 329 homes valued at less than \$80,000, the city should also pursue home fix-up funds and create training workshops so local residents know how to access those funds.

There is also a lack of patio homes.

Single Family Recommendation

With 131 homes classified as dilapidated, 181 requiring major repair and 555 requiring minor repair, the best solution to improving housing may be to seek rehabilitation funding. This is usually targeted toward a specific neighborhood in order to eliminate blight, but if there is a grouping of homes in need of major repair, it might be possible to receive some funding.

The primary funding source for concentrated neighborhood rehabilitation programs is the Small Cities Development Program (SCDP), administered by the MN Department of Employment and Economic Development (DEED).

For homes requiring less rehabilitation, a home fix-up fund may be the option for providing home owners with low interest loans. The best place to start would be discussions with the McLeod County HRA, the Southwest Minnesota Housing Partnership and the Minnesota Housing Finance Agency. These resources should be aware of any potential programs you or your residents will be able to access.

As for attracting new housing stock into the market, you should concentrate your efforts toward attracting starter homes and moderately priced mid-range housing. The higher-end market will most likely gravitate toward building sites with acreage which may not be located within the city limits.

Here again, you may have to work with developers through incentives to make lots more affordable than the market currently has available. You need to target completed homes including the lot, near the \$180,000-\$200,000 range. The era of the HRA or any other entity coming into town and building speculative housing went away with the last recession when agencies got stuck with unsold inventory.

In addition to reduced pricing for lots, the City may seek out buyer assistance in the form of loans/deferred loans through the Greater Minnesota Housing Fund (GMHF).

With the aging of the population, anything you can do to keep your current residents in the community is important. While there will be discussion in the next section relative to rental patio homes, it is also essential that you work to attract a developer to build affordable patio homes, twin homes or townhomes for empty nesters and seniors. If this does not occur, you will be losing your elderly housing segment to other communities. Twin homes and town houses generally represent a cost advantage in land, construction and infrastructure costs compared to detached houses. A second advantage of attached single family housing is lifestyle-related. A growing number of empty-nesters and younger seniors want age-appropriate housing that provides amenities for older adult buyers, and offers a “no maintenance” option of ownership. This type of housing is often created with a homeowners association where mowing, snow removal and garbage services are part of a monthly or annual homeowner association fee.

Following are descriptions of single family home programs available through the Minnesota Housing Finance Agency that you may wish to pursue.

MHFA Single Family Program Descriptions

Homeownership Programs

Start Up First-time Homebuyer Loan

Start Up loans for first-time homebuyers offer affordable interest rates and down payment and closing cost assistance for eligible borrowers. The loans are originated by participating first mortgage lenders throughout the state.

Mortgage Credit Certificate (MCC)

The Mortgage Credit Certificate makes owning more affordable by allowing first-time homebuyers to claim 35% of the mortgage interest they pay each year as a federal income tax credit, reducing their taxes by up to \$2,000 per year. The program also provides access to an affordable, fixed-rate home mortgage and the Minnesota Housing Monthly Payment Loan for down payment/closing costs.

Step Up Repeat & Refinance Homebuyer Loan

Step Up loans help existing homeowners refinance or purchase a new home. It offers affordable interest rates through a statewide network of approved lenders.

Monthly Payment Loan

The Monthly Payment Loan provides a loan of up to 5% of the purchase price or \$5,000 (whichever is greater) to cover down payment and/or closing costs. The loan has a ten-year term with low monthly payments. The loan is available to borrowers accessing the Start Up, MCC or Step Up programs.

Deferred Payment Loan

The Deferred Payment Loan provides a loan of up to a \$4,500 loan to cover down payment and/or closing costs. There are no monthly payments and repayment is required at the time of sale or refinance. Income limits and other eligibility requirements apply. This option is only available through the Start Up program.

HOME Homeowner Entry Loan Program (HOME HELP)

HOME HELP is interest-free deferred funding to assist eligible homebuyers with down payment and closing costs. Assistance is available to first-time buyers under Minnesota Housing's Start Up program.

Home Improvement Programs

Fix Up Loan Program (Fix Up)

The Fix Up Loan Program finances below-market interest rate, fully-amortizing home improvement loans to low- and moderate-income homeowners to improve the livability and energy efficiency of their homes.

Rehabilitation Loan Program

The Rehabilitation Loan Program provides deferred loans at no interest to low-income homeowners to fund repairs directly affecting the safety, habitability, energy efficiency or accessibility of their homes. The program is administered by local agencies.

Small Cities Development Program (SCDP)

The Southwest Minnesota Housing Partnership, Inc. administers the Small Cities Development Program (SCDP) which provides funding assistance for low to moderate income home owners (below 80% of area median income) to complete needed repairs to their homes in a specific designated area of the community. SCDP funding typically covers 85-90% of construction costs up to \$20,000. The loan terms are 0% interest, seven year forgivable loans.

Community Development Programs**Community Homeownership Impact Fund (Impact Fund)**

The Community Homeownership Impact Fund (formerly known as the Community Revitalization Fund or CRV) provides funding for developers and administrators of single-family, owner-occupied affordable housing activity throughout the state. Resources can be accessed through a competitive “Request for Proposal” process described on the Minnesota Housing website. The Impact Fund is offered once a year in the spring.

Emergency Homeowners' Loan Program (EHLF)

The EHLF is a federal program which provides funds for counseling and mortgage payment relief for up to 24 months to eligible homeowners. As of the end of 2011, all eligibility determinations had been made. In accordance with federal law, the program is no longer accepting new applications.

Habitat for Humanity Initiatives

Minnesota Housing has provided funding to Habitat for Humanity to help provide loans at no interest to qualifying low-income homebuyers through Habitat affiliates in the state.

Homeownership Education, Counseling, and Training (HECAT)

HECAT provides financial support to eligible nonprofit organizations or public agencies offering pre-purchase education and counseling, foreclosure counseling and reverse mortgage counseling. Foreclosure counseling services are also federally funded through the National Foreclosure Mitigation Counseling program and the Making Home Affordable Outreach and Intake Project.

Neighborhood Stabilization Program (NSP)

The U.S. Department of Housing and Urban Development’s Neighborhood Stabilization Program (NSP) provides funds to states and local governments to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight. Minnesota Housing, as the HUD State Grantee, awarded its NSP1 and NSP3 funds to Minnesota cities and counties.

Minnesota Department of Employment and Economic Development (DEED)

Workforce Housing Development Program

Overview

The Workforce Housing Development Program targets communities in Greater Minnesota where a shortage of housing makes it difficult for businesses to attract the workers they need.

This competitive grant program offers financial assistance to build market-rate residential rental properties for workers. Units of local government, nonprofits or the benefiting businesses must contribute \$1 for every \$2 provided by the program. Program grants provide up to 25 percent of the total project costs of a rental housing development.

Eligibility

Cities located outside of the metro area with a population exceeding 500 residents or communities with a combined population of 1,500 residents located within 15 miles of a city or an area served by a joint county-city economic development authority (defined as Laws 1988, Chapter 516, section 1) are eligible to apply. Additional eligibility requirements include:

- A vacancy rate of 5 percent or lower for at least the prior two years
- One or more businesses located in the project area (or within 25 miles of the area) that employ 20 full time equivalent employees
- A statement from participating businesses that a lack of housing makes it difficult to recruit and hire workers
- The development must serve employees of the businesses in the project area

Projects are selected on the basis of need, statewide economic impact, project financial plan and project readiness. Preference is given to areas with fewer than 18,000 people.

Rental Housing Market

A number of rental voids have been identified as well as issues with some of the current rental properties. A majority of the rental properties are 30-40 years old and in need of upgrades; there are no newer properties. Despite this, almost all apartment buildings are full with waiting lists.

There currently are no existing apartments that are designed to attract young professionals, empty-nesters or young families in need of a temporary housing option while they pursue purchasing or building a home, due to a shortage of three-bedroom units.

There also are no newer apartments designed to meet the changing demographics and built with amenities to attract people to the community. The existing apartments are more of a fallback option to provide an affordable housing option for people who need to live in Glencoe.

As for senior housing-with-services, you are very fortunate to have such quality senior-housing-with-services option in your community as Grand Meadows and Orchard Estates afford the local residents. The rents they charge for their housing options are very competitive to other communities offering similar housing.

Rental Housing Recommendations:

With one tax credit property and eight other rent-subsidized buildings meeting the needs of low income seniors and families, and the number of lower priced rental units in basements, mobile homes and over commercial properties, the city needs to turn their attention to market rate apartments. It appears the need for affordable lower income rental housing is currently being met.

If we looked solely at projected household growth we would recommend no additional rental units in Glencoe. However, due to the age and condition of most market rate units, current low vacancy rates, voids of certain types of rental units, comments from employers and the projected growth of area businesses, the city of Glencoe needs additional rental units. At a minimum the city should work to attract a 16-24 unit market rate rental property with a mix of one, two and three bedroom units. Rents should be in the range of \$650-\$700 for a one-bedroom unit, \$800-\$850 for a two-bedroom unit and \$950-\$1000 for a three-bedroom unit which will provide the amenities necessary to attract renters to Glencoe.

At the same time you should pursue contacting developers from neighboring communities as well as local housing agencies.

The rehabilitation of older units can be one of the most cost-effective ways to maintain a supply of decent, safe and sanitary affordable housing. In addition to the SCDP-funded activities, other resources have recently become available for rental rehab. In 2011, the Minnesota Housing Finance Agency (MHFA) announced a new rental rehabilitation program for use in Greater Minnesota.

You may wish to partner with the Southwest Minnesota Housing Partnership in Slayton. Over the years, they have ventured into partnerships in surrounding communities.

Rental Rehabilitation Deferred Loan Program (RRDL)

The Rental Rehabilitation Deferred Loan Program is a Minnesota Housing Finance Agency funded program providing 0%, deferred loans up to \$25,000 per unit with a maximum of \$300,000, to assist in the rehabilitation of small and medium sized affordable rental properties in greater Minnesota. Typical rehabilitation items include, but are not limited to, roofing, siding, windows, doors, HVAC, interior upgrades, energy efficiency, and health and safety items. The program is available in the entire SWMHP service area.

STATEMENT OF QUALIFICATIONS

AdMark Resources is a housing market research firm located in Sartell, MN. Since 1986, we have been involved in the analysis of well over 400 communities across the United States. Cities, Counties, HRAs, nursing homes, hospitals, EDAs and private developers have benefited from the professional services offered by our organization. All of our studies have been accepted by lending institutions and governmental agencies as evidence of need for mortgage purposes. This includes such financing options as conventional financing, tax exempt mortgages, general obligation bonds, industrial revenue bonds, essential function bonds, Section 42 Tax Credits, USDA Rural Development financing and HUD financing as funneled through sixteen different states.

In addition to the numerous individual housing studies we have conducted, we prepared a 15 city, 3 county analyses of housing issues across northwestern Wisconsin, a 14 county analysis of Central Minnesota for the Central Minnesota Initiative Fund, and we served as consultants for a state-wide housing study for the Blandin Foundation.

Specific staff that was involved in this analysis includes:

Mike Schoenecker is president and founder of AdMark Resources. He has been involved in the preparation of over 500 housing studies in the past thirty-one years. In addition, he has been involved with the marketing and management of over 80 senior housing projects. He has spoken on housing market research to such groups as the Minnesota Chapter of the National Association of Housing and Redevelopment Officials, the Minnesota Association of Homes for The Aging, the Minnesota Multi-Housing Association, the Wisconsin Assisted Living Association the Northern Lakes Health Care Consortium and at the Minnesota Department of Trade and Economic Development Conference. He has also been a presenter in three private state-wide housing presentations to hospital and nursing home administrators across Iowa as well as a recent regional housing conference conducted by Congressman Colin Peterson.

Mike served on the Central Minnesota Regional Housing Advisory Board for the Minnesota Housing Finance Agency, is past board chair of the Good Shepherd Nursing Home Foundation and is a past executive board member of the Minnesota Board on Aging and a member of the Central Minnesota Affordable Housing Task Force.

The conclusions reached in this analysis are based upon our present knowledge of the housing industry, results of our research and the conditions at the time of the study. It assumes that information and numbers supplied to us are accurate and represent the true situation in the market study area. The estimated results are based upon competent and efficient management and effective marketing and presume no significant change in the competitive position of the housing industry in the immediate area. This study does not include the possible impact of governmental restrictions, zoning, environmental regulations, licensing requirements, financing interest rates or other such matters except as disclosed in this report. This report has been prepared primarily for your use and guidance in determining the feasibility of the project in relation to its costs and for possible use in securing mortgage financing.

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