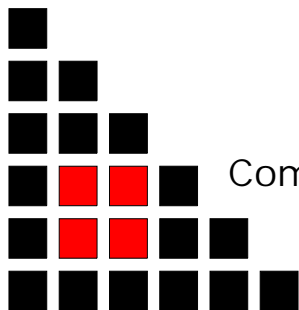


# City of St. Peter HOUSING STUDY UPDATE

July 2012

An analysis of the overall housing needs  
of the City of St. Peter



Community Partners Research, Inc.

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# Introduction

## Overview

Community Partners Research, Inc., was hired by the City of St. Peter to update a comprehensive study of housing market conditions in St. Peter and the surrounding area. Previous studies had been completed in 2005 and 2002.

## Methodology

A variety of resources were utilized to obtain information for the Housing Study. Community Partners Research, Inc., collected and analyzed data from March 2012 to June 2012. Data sources included:

- U.S. Census Bureau
- Demographic projections from the State Demographer
- Records and data from the City
- Records and data maintained by Nicollet County
- Data from the MN Dept. of Employment and Economic Development
- Data provided by HousingLink
- Data provided by the Multiple Listing Service
- Interviews with elected officials and staff from the City
- Interviews with community leaders
- Interviews with people familiar with the area's housing conditions including bankers, realtors, property managers, and developers
- Area housing agencies
- Rental property owner surveys
- 2005 St. Peter Housing Study

## Limitations

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

In 2012, when the primary research for this Study was being completed, a number of issues were negatively impacting housing markets. Some of these issues are identified below. Many of these issues represent a significant departure from past conditions, and have the potential to alter traditional supply and demand calculations for housing. In most cases, this Study has not

attempted to project future economic conditions, but instead has relied on past patterns and practices. It is important to note that these are often national issues, which may or may not be present in St. Peter.

- ▶ High National Rates of Delinquency and Foreclosure - The last few years have witnessed a significant increase in the number of delinquent mortgages and foreclosures. As a result, there has been an above-average level of housing turnover, caused by both “short sales” and bank sales. Additionally, some households have been removed from the home buying market due to poor credit histories.
- ▶ Mortgage Market Liquidity - In response to rising delinquency and foreclosure rates, the mortgage market has been altered, with both primary and secondary mortgage lenders changing their standards and the availability of credit. The federal government was forced to take over Fannie Mae and Freddie Mac to help keep home mortgages available.
- ▶ National Retreat in Home Prices - After many years of steady gains, the median value of single family homes has dropped in most major markets after 2007. This has had multiple effects, including discouraging potential buyers until conditions stabilize.
- ▶ Oversupply of Housing - Strong housing market conditions earlier in the last decade resulted in above-average activity in the housing development markets, including both housing units and residential lots. In areas where an oversupply of inventory exists, this has resulted in downward pressure on prices.
- ▶ Economic Recession - The economy of the United States was in a period of recession. This reduced consumer demand in many areas, including housing. Although the recession has ended, recovery remains slow.

This study was prepared by:  
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# Demographic Data Overview

## Definition of Market Area

The Market Area used for this Study includes a defined geographical area of small Cities and rural Townships in Nicollet and Le Sueur Counties. These jurisdictions immediately surround St. Peter. This Market Area is consistent with the market area boundaries used in previous housing studies completed for St. Peter in 1999, 2002, 2005 and 2009.

The Market Area includes the Cities of St. Peter, Kasota and Cleveland, and the Townships of Oshawa, Traverse, Lake Prairie, Granby, New Sweden, Cleveland, Kasota, and Ottawa. All of these jurisdictions are in either Nicollet County or Le Sueur County. The Market Area definition was developed with the assistance of City staff in 1999. In addition to the Market Area information that is presented, some of the data tables may also provide information for Nicollet County as a whole, to present a larger geographical reference for St. Peter and the Market Area.

A Secondary Market Area also exists as St. Peter will be impacted by Mankato/North Mankato, the regional center for the area. The Mankato/North Mankato area is located approximately 11 miles south of St. Peter. The Mankato area has been growing in recent years, and is projected to continue to grow in the near future. While this Study has not analyzed the Secondary Market Area for potential demand, it is recognized that St. Peter is part of a larger region that does have the potential to supply a number of the future residents for the proposed project.

## Sources of Data

The following pages contain demographic data obtained from a variety of local, state and national sources. The primary sources for this information are the U.S. Census Bureau, and the Minnesota State Demographer's Office. Some of the projection information has been generated by Community Partners Research, Inc.

# Market Area Map



## Population Trends Analysis

Table 1 Population Trends - 1980 to 2010							
	1980 Census	1990 Census	% Change 1980-1990	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010
St. Peter	9,056	9,421	4.03%	9,747	3.46%	11,196	14.87%
Market Area	15,024	15,112	0.59%	15,621	3.37%	17,163	9.87%
Nicollet Co.	26,929	28,076	4.26%	29,771	6.04%	32,727	9.93%

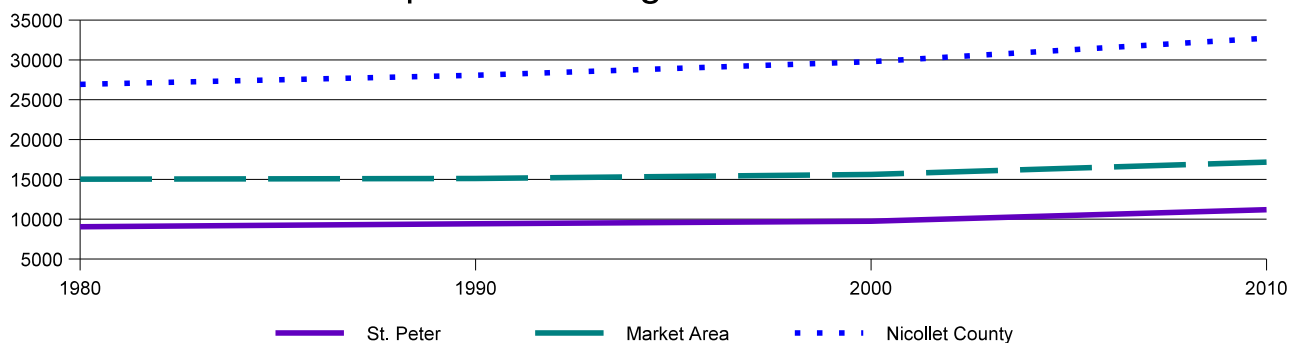
Source: U.S. Census Bureau

According to the 2010 Census, St. Peter had 11,196 residents. Between the 2000 Census and 2010, the City added 1,449 people. St. Peter has experienced continued population growth over the past three decades. However, this population growth rate accelerated in the 2000s, when the City's population increased by nearly 15%.

For the Primary Market Area, most of the population growth in the last three decades has been due to the City of St. Peter. Between 2000 and 2010, excluding St. Peter, the remainder of the small cities and townships that form the Market Area added only 93 people.

Ongoing population growth has continued to occur in all of Nicollet County. Between 2000 and 2010, the entire County added 2,956 people. In addition to St. Peter, North Mankato also contributed to the Countywide growth.

### Population Change: 1980 to 2010



As will be discussed in greater detail later in this section, St. Peter does have a large group quarters population. Growth in group quarters residents represented 251 people between 2000 and 2010, according to the Census Bureau. The remaining population increase for the City, nearly 1,200 people, was due to non-group quarters residents.



## Population Characteristics: Race and Ethnicity

Although the large majority of St. Peter's residents were listed as "White" for race, and were not of Hispanic/Latino ethnicity, according to the 2010 Census, the minority populations have continued to grow in size. The following table compares changes in race and ethnicity between 2000 and 2010 for St. Peter.

<b>Table 2 Population by Race in St. Peter - 2000 to 2010</b>			
	2000 Census	2010 Census	Change
Race			
Black/African American	153	369	216 / 141.2%
Native American/Alaskan	42	64	22 / 52.4%
Asian/Pacific Islander	152	180	28 / 18.4%
Other Race	122	263	141 / 115.6%
Two or More Races	99	229	130 / 131.3
White	9,179	10,091	912 / 9.9%
Total	9,747	11,196	1,422 / 14.6%
Ethnicity			
Hispanic/Latino any race	296	718	422 / 142.6%
Not Hispanic/Latino any race	9,451	10,478	1,027 / 10.9%
Total	9,747	11,196	1,422 / 14.6%

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

St. Peter's population is primarily White and non-Hispanic/Latino. At the time of the 2010 Census, more than 90% of the City's residents identified themselves as "White" for race. The largest racial minority groups were "Black/African American", at 3.3% of the City's population, "Some Other Race" at 2.3%, and people with "Two or More Races" at 2.0%.

Fewer than 6.5% of City's residents identified themselves as Hispanic/Latino for ethnicity. Most of the Hispanic/Latino population was Mexican.

Although racial and ethnic minorities still represent a relatively small percentage of the total population, these groups have been growing at a faster rate over the last decade.

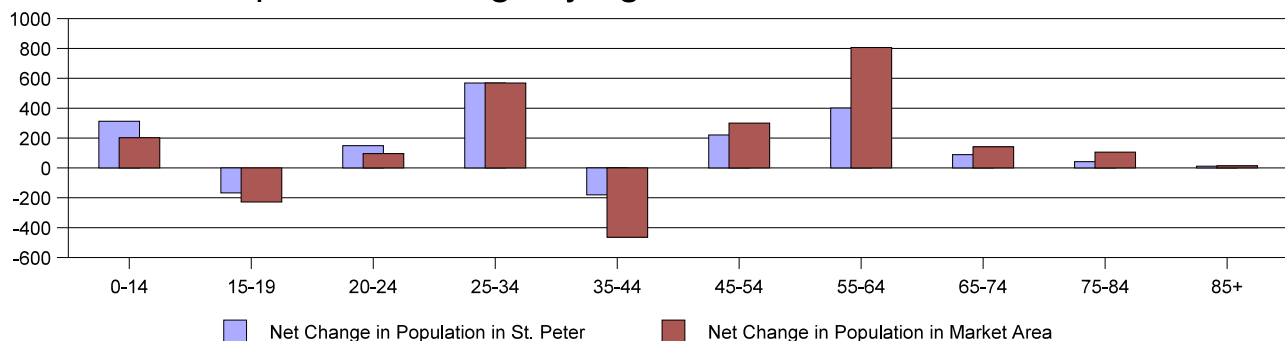
## Population Characteristics: Age Trends

The release of demographic information from the 2010 Census allows for some analysis of the area's changing age patterns. The following table compares population by age in 2000 and 2010, along with the percentage changes.

<b>Table 3 Population by Age - 2000 to 2010</b>						
<b>Age</b>	<b>City of St. Peter</b>			<b>Market Area</b>		
	2000	2010	Change	2000	2010	Change
0-14	1,519	1,832	+313	2,738	2,940	+202
15-19	1,500	1,333	-167	1,989	1,761	-228
20-24	1,888	2,037	+149	2,172	2,268	+96
25-34	902	1,471	+569	1,472	2,041	+569
35-44	1,178	998	-180	2,222	1,758	-464
45-54	1,015	1,236	+221	2,030	2,330	+300
55-64	594	995	+401	1,171	1,977	+806
65-74	510	599	+89	927	1,068	+141
75-84	402	444	+42	609	715	+106
85+	239	251	+12	291	305	+14
<b>Total</b>	<b>9,747</b>	<b>11,196</b>	<b>1,449</b>	<b>15,621</b>	<b>17,163</b>	<b>1,542</b>

Source: U.S. Census

### Population Change by Age Between 2000 and 2010



For many years, demographic analysts have been talking about the impact that is occurring as the large “baby boom” generation moves through the aging cycle. This trend has been very evident in St. Peter. Between 2000 and 2010,

the City had a net gain of 622 people in the age ranges between 45 and 64 years old. In 2010, nearly all of the baby boomers were within these age ranges.

St. Peter also had very strong net population growth in the number of young adults, in the age ranges between 25 and 34 years old. This 10-year age cohort actually experienced the largest numeric net gain in the City. During the last decade, St. Peter had a very active housing construction market which appears to have attracted younger residents to the City. Although this was a strong age group for growth within St. Peter, there was no growth in this age cohort in the remainder of the Market Area.

There was some numeric growth in the City's population of senior citizens, primarily due to an increase in younger seniors, age 65 to 74 years old. Very little growth occurred among older seniors, age 85 and above.

While net growth occurred in most of the defined age ranges, net decreases occurred in others. The City had a reduction of older children, age 15 to 19, and among adults age 35 to 44 years old.

Most of the same basic aging trends were also present in the Market Area. Very strong net population growth occurred in the age ranges between 45 and 64 years old. The Market Area also had relative strong growth in the senior age ranges, especially in the senior groups age 65 to 84 years old.

## Population Characteristics: Group Quarters

As stated previously, The City of St. Peter has a large resident population that lives in group quarters housing. The following table examines group quarters by type of residence, as well as changes between 2000 and 2010.

<b>Table 4 Group Quarters Population in St. Peter - 2000 to 2010</b>			
	2000 Census	2010 Census	Change
Noninstitutionalized			
College Dormitories/Student Housing	1,833	1,953	+120
Other	14	561	+547
Total	1,847	2,514	+667
Institutionalized			
Correctional Facilities	15	19	+4
Skilled Nursing Facilities	136	106	-30
Juvenile Facilities	0	25	+25
Mental (Psychiatric) Hospitals/Wards	343	0	-343
Other	73	1	-72
Total	567	151	-416

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

The 2010 Census appears to have either mis-classified part of the City's group quarters population, or changed the definition of "institutionalized" versus "noninstitutionalized" residents. In 2000, there were 343 people listed as residing in "mental (psychiatric) hospitals or wards". Presumably, these people would have been at the Minnesota Security Hospital. In 2010, it appears that Hospital residents were listed as residing in "other noninstitutional facilities".

The other significant group quarters change between 2000 and 2010 was an increase of 120 people living in college dormitories/student housing, presumably at Gustavus Adolphus College.

## Population Projections

The following table presents population projections using different sources. Community Partners Research has generated projections using past trends in population change, and calculating these trends forward. The “low-end” projections are based on the patterns of growth since 2006, while the “high-end” projections are based on the growth rate dating back to the year 2000. The second source is the Minnesota Demographer’s Office, which has generated population projections for individual jurisdictions. The Demographer’s projections were issued before the 2010 Census, and their 2010 base-year estimate has been provided to identify the net change that is expected by 2015.

<b>Table 5 Population Projections Through 2015</b>					
	2010 Census	Community Partners Research		State Demographer	
		2015 Low-end	2015 High-end	2010	2015
St. Peter	11,196	11,560	11,735	11,047	11,529
Market Area	16,866	17,335	17,535	17,134	17,822
Nicollet County	32,727	33,743	34,057	33,800	34,980

Source: Community Partners Research, Inc.; State Demographer

These projections provide a range of possible population change. Between 2010 and 2015, the low-end Community Partners Research projection expects St. Peter to add 364 people, while the high-end projection expects the population to increase by 539 people. Reduced to an annual average, this forms a range of approximately 73 to 108 people in a typical year.

Although the Demographer’s 2015 projection for St. Peter is lower than either of the Community Partners Research forecasts, it also started from a lower base-year estimate. If only the net change is reviewed, the Demographer had expected the City to add approximately 482 people over the five-year period, or 96 people per year, well within the Community Partners Research range.

A relatively similar range of expectations exists for the Primary Market Area. Between 2010 and 2015, the Community Partners Research forecasts for this aggregated area would range between 469 and 669 people, or 94 to 134 people in an average year. The Demographer’s projections had expected net growth of 688 people, or 138 per year. The Community Partners Research projections for Nicollet County expect between 1,016 and 1,330 people to be added over five years, or between 203 and 266 people per year. Once again, the State Demographer’s projection is reasonable similar, with 1,180 people added, or 236 per year. It is important to note that the Demographer’s original projections had expected the County to be substantially larger in 2010.

# Household Trends Analysis

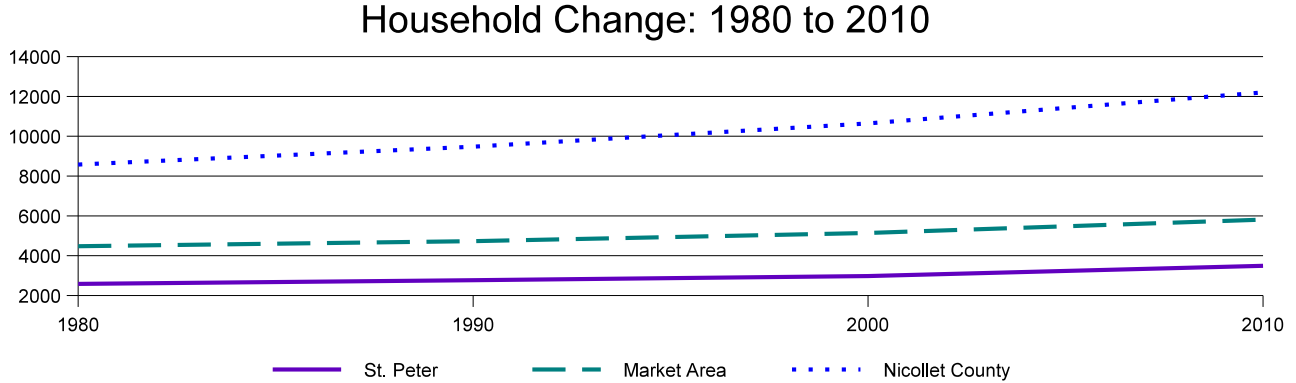
Table 6 Household Trends - 1980 to 2010							
	1980 Census	1990 Census	% Change 1980-1990	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010
St. Peter	2,583	2,767	7.12%	2,978	7.63%	3,491	17.23%
Market Area	4,476	4,730	5.67%	5,143	8.73%	5,811	12.99%
Nicollet Co.	8,580	9,478	10.47%	10,642	12.28%	12,201	14.65%

Source: U.S. Census Bureau

The 2010 Census reported 3,491 households in St. Peter, up 513 households over the last decade. The City’s rate of growth in the 2000s was more than double the rate of the 1990s or 1980s.

As with population, most of the household growth within the Market Area was the direct result of households added in St. Peter. Excluding St. Peter, the remainder of the aggregation added only 155 households between 2000 and 2010.

Household growth for all of Nicollet County remained strong, up nearly 15% for the decade. Over the past three decades, the County has added households at a rate above 10%.



## Average Household Size

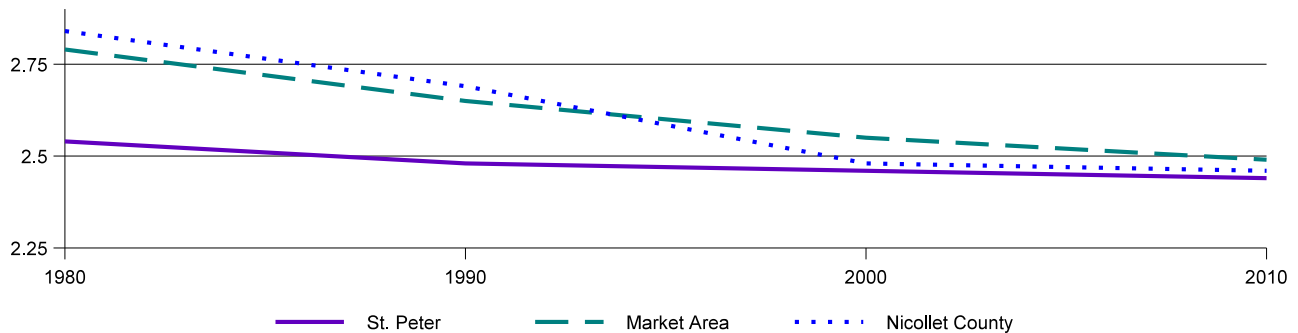
The following table provides decennial Census information on average household size dating back to 1980.

<b>Table 7 Average Number of Persons Per Household 1980-2010</b>				
	1980 Census	1990 Census	2000 Census	2010 Census
St. Peter	2.54	2.48	2.46	2.44
Market Area	2.79	2.65	2.55	2.49
Nicollet County	2.84	2.69	2.48	2.46

Source: U.S. Census

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

### Average Household Size



The average household size in St. Peter has consistently decreased over the past three decades, but the rate of decrease has been limited. Over the past 20 years, the average household size has only declined from 2.48 persons per household in 1990 to 2.44 persons in 2010.

The entire Market Area has experienced a greater decrease in average household size, dropping from 2.65 persons per household in 1990 to 2.49 persons in 2010. Over the longer-term, Nicollet County has also seen a fairly large decrease in the size of the average household, although the average has remained largely stable from 2000 to 2010.

## Household Characteristics: Age Trends

The 2010 Census allows for some analysis of the area's changing age patterns. The following table compares households by age of householder in 2000 and 2010, along with the percentage changes.

<b>Table 8 Households by Age - 2000 to 2010</b>						
Age	City of St. Peter			Market Area		
	2000	2010	Change	2000	2010	Change
15-24	345	294	-51	397	332	-65
25-34	437	667	+230	687	924	+237
35-44	611	505	-106	1,153	871	-282
45-54	545	637	+92	1,109	1,226	+117
55-64	334	569	+235	652	1,123	+471
65-74	322	364	+42	581	661	+80
75-84	254	292	+38	393	470	+77
85+	130	163	+33	171	204	+33
Total	2,978	3,491	+513	5,143	5,811	+668

Source: U.S. Census

Consistent with the population by age data presented earlier, the household patterns show much of the net change occurring in the baby boomer age groups, and within one defined age cohort of younger adults. For both St. Peter and the Market Area, the largest net growth in households occurred in the 10-year age groups between 55 and 64 years old, followed by growth in the 25 to 34 year old age range.

While growth among young adult households age 25 to 34 was impressive, and somewhat atypical, it is important to recognize that most of the other young adult groups decreased in size. Overall, the Market Area witnessed a reduction in the total number of households age 44 and younger. Within St. Peter, net growth among households age 44 and younger was only 73 households during the decade.

For both the City and the Market Area, the large majority of net household growth was due to households age 45 and older, and primarily in the age groups between 45 and 64 years old.



## Household Characteristic: Households by Type

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

<b>Table 9 St. Peter Household Composition - 2000 to 2010</b>			
	2000 Census	2010 Census	Change
Family Households			
Married Couple with own children	669	669	0
Single Parent with own children	285	384	+99
Married Couple without own children	782	943	+161
Family Householder without spouse	107	154	+47
Total Families	1,843	2,150	+307
Non-Family Households			
Single Person	856	1,043	+187
Two or more persons	279	298	+19
Total Non-Families	1,135	1,341	+206

Source: U.S. Census

Between 2000 and 2010, St. Peter experienced net growth in the number of both family and non-family households. However, there was no net growth in the number of married couples with their own children. Growth in the number of family households was due to an increase of married couples without their own children, or to single parent families with their own children.

The City also had net growth in non-family households. This was primarily due to a large increase in the number of people living alone.

## Household Characteristics: Race and Ethnicity

As stated in the population section provided earlier, St. Peter's minority populations have continued to grow in size. The following table compares household changes in race and ethnicity between 2000 and 2010 for the City.

<b>Table 10 Households by Race in St. Peter - 2000 to 2010</b>			
	2000 Census	2010 Census	Change
Race			
Black/African American	20	62	42 / 210%
Native American/Alaskan	10	13	3 / 30%
Asian/Pacific Islander	17	23	6 / 35.3%
Other Race	26	65	39 / 150%
Two or More Races	16	33	17 / 106.3%
White	2,889	3,295	406 / 14.1%
Total	2,978	3,491	513 / 17.2%
Ethnicity			
Hispanic/Latino any race	73	159	86 / 117.8%
Not Hispanic/Latino any race	2,905	3,332	427 / 14.7%
Total	2,978	3,491	513 / 17.2%

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

The large majority of St. Peter's households are still White and non-Hispanic/Latino. At the time of the 2010 Census, more than 94% of the City's households identified themselves as "White" for race. The largest racial minority groups were "Some Other Race" at 1.9% and "Black/African American" at 1.8% of all households. Approximately 4.6% of City's households identified themselves as Hispanic/Latino for ethnicity.

Nearly 67% of White non-Hispanic households were home owners in 2010. The home ownership rate for Hispanic/Latino households was very similar, at 66%. However, among other racial groups that were non-Hispanic, only Asian households had an ownership rate that was above 50%, at approximately 57%.

## Household Projections

The following table presents household projections created by Community Partners Research, Inc., using both short-term and longer-term patterns to project future changes. These are referred to as the “low-end” and “high-end” projections. The State Demographer’s Office did not issue household projections at the city or township level.

<b>Table 11 Household Projections Through 2015</b>			
	2010 Census	Community Partners Research	
		2015 Low-end Projection	2015 High-end Projection
St. Peter	3,491	3,656	3,792
Market Area	5,811	6,014	6,188
Nicollet Co.	12,201	12,600	13,095

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

There is some variation in the available projections, depending on the time frame that is analyzed. Rapid growth was occurring in the first half of the last decade, and calculations based on longer-term trends therefore result in higher growth forecasts in the future.

For the City of St. Peter, would be in a range between 33 and 60 households in a typical year. Growth at the lower end of this range appears more realistic, based on patterns evident in recent years.

Similar ranges exist for the Market Area and County. Using the lower end of the range, the Market Area would be expected to add approximately 41 households per year, inclusive of the growth within the City of St. Peter. Nicollet County would be projected to add approximately 80 households per year, due primarily to growth within North Mankato and St. Peter.

Annual household growth in the City of St. Peter has varied widely over the past decade. There were two years between 2000 and 2005 when annual estimates from the State Demographer showed the City adding 100 or more households in a single year. Housing unit construction was proceeding at a very strong pace at that time, and housing unit growth and household growth was occurring on a similar trend line. Over the last few years, the number of new housing units constructed has been relatively small, generally 30 units or less, and actual household growth has once again followed a similar pattern.

In 2010, building permit issuance topped 100 units in St. Peter. However, in 2011, fewer than 10 new housing units were issued a building permit. Most of the 2010 construction was specialized housing for seniors, but the availability of living units does yield the potential for household growth.

Going forward, the annual average projected growth will not necessarily be evident in a linear, year-to-year change. In the near-term, it is probable that actual growth will be lower than the average level forecasted. As the economy improves, growth in the later part of the five-year projection period should be above the annual projected average.

## Household Characteristics: Housing Tenure

The 2010 Census provides some detailed information about renter households.

<b>Table 12 Households by Housing Tenure - 2000 to 2010</b>						
Tenure	City of St. Peter			Market Area		
	2000	2010	Change	2000	2010	Change
Owners	2,053	2,278	+225	3,966	4,339	+373
Renters	925	1,213	+288	1,177	1,472	+295
Total	2,978	3,491	+513	5,143	5,811	+668

Source: U.S. Census

According to the 2010 Census, the ownership tenure rate in the City of St. Peter was 65.3%, with 34.7% of households renting their unit. The City's rental tenure rate increased over the last decade, as the net growth in renter households exceeded the net growth in home owners. At the time of the 2000 Census, the City's rental tenure rate was 31.1%.

Although most of the Market Area's net growth in households occurred with the City of St. Peter, there were 155 households that were added in the remaining jurisdictions. Nearly all of this growth was among home owners. Outside of St. Peter, the net increase in renters was only seven households, compared to 148 home owners. The ownership tenure rate for the entire Market Area was 74.7% in 2010, compared to 77.1% in 2000.

## Household Characteristics: Tenure by Age of Householder

The 2010 Census provided household tenure distribution by age of householder. Information is provided for St. Peter. Percentages are calculated by row.

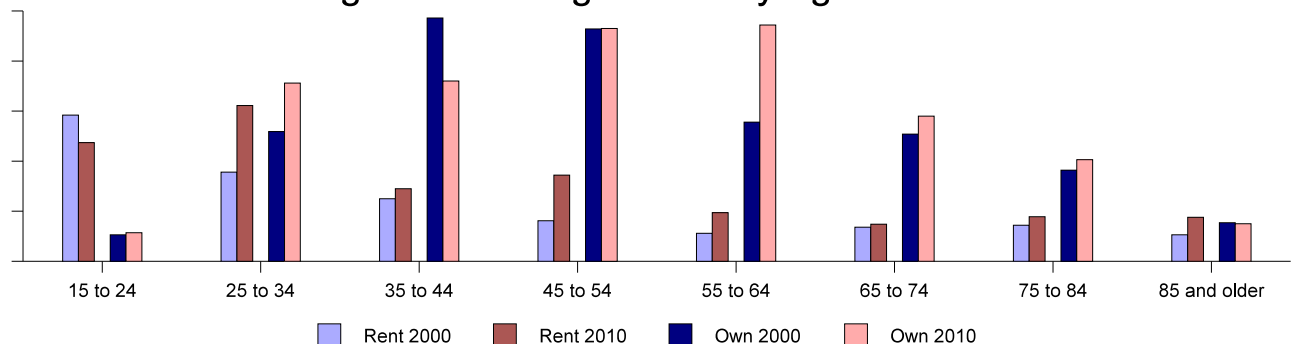
Table 13 St. Peter Household Tenure by Age - 2010		
Age of Householder	Owners	Renters
15 - 24	57 / 19.4%	237 / 80.6%
25 -34	356 / 53.4%	311 / 46.6%
35 - 44	360 / 71.3%	145 / 28.7%
45 - 54	465 / 73.0%	172 / 27.0%
55 - 64	472 / 83.0%	97 / 17.0%
65 - 74	290 / 79.7%	74 / 20.3%
75-84	203 / 69.5%	89 / 30.5%
85+	75 / 46.0%	88 / 54.0%
Total	2,278 / 65.3%	1,213 / 34.7%

Source: 2010 Census

Tenure preference patterns by age showed a strong preference for home ownership in most of the defined groups. Home ownership rates were above 71% for each of the age ranges between 35 and 74 years old. Even among senior citizens, age 75 to 84, the home ownership rate was nearly 70%.

At the youngest and oldest ends of the adult age spectrum, the rates of rental tenure were higher, including a rental rate of nearly 81% for young adults, age 24 and younger. The rental tenure rate was 54% for older seniors, age 85 and above.

### Changes in Housing Tenure by Age in St. Peter



## Household Characteristics: Tenure by Household Size

The 2010 Census also provides information on tenure by household size. The following tables examine owner and renter households in St. Peter, along with the changing patterns between 2000 and 2010.

<b>Table 14 St. Peter Tenure by Household Size - 2010</b>						
Household Size	Owners			Renters		
	2000 Census	2010 Census	Change	2000 Census	2010 Census	Change
1-person	445	507	+62	411	536	+125
2-person	735	861	+126	258	285	+27
3-person	331	347	+16	102	173	+71
4-person	332	335	+3	93	116	+23
5-person	155	161	+6	34	58	+24
6-person	36	49	+13	11	27	+16
7-or-more-person	19	18	-1	16	18	+2
Total	2053	2,278	+225	925	1,213	+288

Source: U.S. Census

Due to strong overall household growth between 2000 and 2010, St. Peter added households in nearly all sizes. However, growth was especially strong among households with only one or two household members. For owner-occupants, more than 83% of the net increase can be attributed to households with only one or two members. For renters, nearly 53% of the net growth was due to an increase of households with only one or two members, and more than 77% of the net increase occurred among households with three or fewer members.

Although most renter households in the City had three or fewer household members, there were 392 households that had four or more household members. At a minimum, these households would need a two-bedroom unit, and many may need a three-bedroom or larger unit, depending on actual household composition.

## Income Data by Tenure - 2010

The 2010 Census did not collect information on household incomes. The following table provides household income by tenure for the City of St. Peter from the 2010 American Community Survey. The American Community Survey is based on a sampling of households between 2006 and 2010.

It is important to note that the American Community Survey (ACS) estimates do differ somewhat from the more accurate Census. For example, while the 2010 Census reported 2,278 owner-occupancy households in St. Peter, the ACS estimate was 2,385 households, a difference of less than 5%.

<b>Table 15 St. Peter Household Income by Tenure - 2010</b>			
Household Income	Owner	Renter	Total
\$0 - \$9,999	123 / 43.0%	163 / 67.0%	286
\$10,000 - \$14,999	125 / 48.8%	131 / 51.2%	256
\$15,000 - \$19,999	90 / 44.3%	113 / 55.7%	203
\$20,000 - \$24,999	58 / 30.9%	130 / 69.1%	188
\$25,000 - \$34,999	173 / 44.2%	218 / 55.8%	391
\$35,000 - \$49,999	397 / 61.7%	246 / 38.3%	643
\$50,000 - \$74,999	654 / 87.9%	90 / 12.1%	744
\$75,000+	765 / 87.2%	112 / 12.8%	877
Total	2,385 / 66.5%	1,203 / 33.5%	3,588

Source: 2010 American Community Survey 5-year estimate

Although a large majority of households in St. Peter own their housing, this was primarily due to high rates of ownership for households with an annual income of \$35,000, or more. In each of the defined income ranges below \$35,000, most households rented their housing unit.

The rental tenure rate was 55%, or higher, for each of the income groups between \$15,000 and \$34,999. Overall, nearly 73% of all renter households in 2010 had an annual income that was below \$35,000.

For households with an annual income of \$75,000 or more, the rate of home ownership was above 87%.



## Median Household Income Levels

The City of St. Peter is part of a larger, Metropolitan Statistical Area (MSA) designation for the City of Mankato. The entire MSA encompasses the Counties of Blue Earth and Nicollet. The following table examines median household income levels, including the medians by housing tenure, for the City in comparison to Mankato, North Mankato and the entire MSA

<b>Table 16 Median Household Income - 2010</b>			
Jurisdiction	All Households	Owner Households	Renter Households
City of St. Peter	\$45,667	\$60,625	\$27,904
City of Mankato	\$40,190	\$58,158	\$22,025
City of North Mankato	\$60,194	\$72,299	\$36,500
Mankato MSA	\$51,058	\$63,632	\$26,858
State of Minnesota	\$57,243	\$69,542	\$29,190

Source: 2010 American Community Survey 5-year estimate

The median income level for all St. Peter households was estimated to be \$45,667 in 2010. The median income levels in St. Peter were reasonably similar to those in the larger region. The City of Mankato had the lowest median levels, which would be due in part to a large student population living in that City. St. Peter's median household income was lower than the level for the entire Mankato MSA, but the median income for renter households was slightly above the MSA median for all renters.

At 30% of income, a St. Peter household at the median level could apply approximately \$1,150 to monthly housing costs. However, there was a significant difference in the median level for households based on housing tenure. Renter households in St. Peter had a median income of \$27,904. At 30% of income, a household at the median level could apply approximately \$700 per month to housing costs. The median for owner households was substantially higher, at \$60,625 per year. A household at the owner median could apply more than \$1,500 to monthly housing costs.

## Rental Housing Cost Burden

The 2010 American Community Survey included information on housing costs for renter households, as well as a breakdown by the age of the householder. Generally, it is the goal of housing assistance programs to limit housing costs to no more than 30% of household income. This is especially true for lower income households, with limited amounts of income available for discretionary spending.

The following table examines the percentage of income required by St. Peter renter households for monthly housing costs. Percentages are calculated for each column.

<b>Table 17 St. Peter Renter Household Cost Burden - 2010</b>			
Percent of Income for Housing	Households Age 64 and Younger	Households Age 65 and Older	Total
Less than 20%	294 / 30.6%	37 / 15.3%	331 / 27.5%
20% to 29.9%	162 / 16.9%	99 / 40.9%	261 / 21.7%
30% to 34.9%	118 / 12.3%	0 / 0%	118 / 9.8%
35% or more	373 / 38.8%	106 / 43.8%	479 / 39.8%
Not Computed	14 / 1.5%	0 / 0%	14 / 1.2%
Total	961	242	1,203

Source: 2010 American Community Survey

Using a standard that 30% of income for housing defines a cost burden, many St. Peter area renter households did have a burden for rental housing in 2010. Among all renters, approximately 49% were paying less than 30%, while nearly 50% were paying 30% or more for housing, with the remaining group not computed.

For senior renters, age 65 and older, nearly 44% were paying 35% of income, or more, for housing. Among non-senior renters, more than 51% were paying 30% of income, or more, for housing, and most of these were actually paying 35% or more for housing, a situation sometimes referred to as a severe cost burden.

Approximately 93% of the cost-burdened households had an annual income below \$35,000.

## Ownership Housing Cost Burden

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

<b>Table 18 St. Peter Ownership Costs as a Percentage of Income - 2010</b>			
Percent of Income for Housing	Households Age 64 and Younger	Households Age 65 and Older	Total
0% to 19.9%	703 / 38.6%	336 / 59.4%	1,039 / 43.6%
20% to 29.9%	564 / 31.0%	40 / 7.1%	604 / 25.3%
30% to 34.9%	186 / 10.2%	14 / 2.5%	200 / 8.4%
35% or more	366 / 20.1%	176 / 31.1%	542 / 22.7%
Not Computed	0 / 0%	0 / 0%	0 / 0%
Total	1819	566	2,385

Source: 2010 ACS 5-year estimates

Based on the 2010 Census, the 2010 American Community Survey was reasonably accurate in estimating the number of owner households in the City. The two sources differed by 107 households, and part of this difference may have been due to a slightly different effective date between the two estimates.

Most owner-occupants, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. However, more than 31% of all home owners reported that they paid 30% or more of their income for housing. Most of these households were paying more than 35% of income for housing costs.

Although the percentages of senior and non-senior households with a cost burden were relatively similar, senior citizens, age 65 and older, were more likely to report a severe cost burden, with 35% or more of their income needed for housing costs.

As would be expected, the large majority of cost-burden home owners had a mortgage on their home. However, approximately 24% of owners reporting a cost burden had no mortgage. In these cases, it was generally a low annual income that has caused the cost burden, such as a retiree that lived on a fixed income.

## Existing Housing Stock

### Building Permit Trends

Like many communities in Minnesota, St. Peter had a significant amount of new housing construction activity in the first half of the current decade. The following table identifies the units that have been issued a building permit since the year 2000.

<b>Table 19 Housing Unit Construction Activity - 2000 to 2012*</b>				
Year	Single Family Detached	Single Family Attached	Multifamily Rental	Total
2000	17	14	12	43
2001	66	0	0	66
2002	51	0	82	133
2003	53	53	41	147
2004	65	9	55	129
2005	51	3	16	70
2006	37	0	0	37
2007	11	0	0	11
2008	7	0	8	15
2009	10	0	0	10
2010	8	0	117	125
2011	5	0	0	5
2012*	0	0	6	6
Total	381	79	331	791

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

\* 2012 is through April

The U.S. Census for 2010 was completed in April. Census information on the City's housing stock would not have included units that were issued a building permit in 2010. However, it is assumed that units permitted in 2009 would have been counted in the 2010 Census.

Between 2000 and 2009, there were building permits issued for 655 new housing units in St. Peter. Based on a comparison of Census records from 2010 and 2000, the City added 568 total housing units, or 87 fewer units than were indicated by building permit issuance.

Some of the unit difference would be attributable to housing units that were lost during the last decade. For example, the City suffered from a tornado disaster in 1998, and it is possible that some damaged units still remained in April 2000 that were later removed. It is also probable that other unit demolition or conversion activity has occurred over time, including such actions as the removal of mobile homes from mobile home parks. It is also possible that some specialized senior housing was counted by the Census as “group quarters” units, rather than independent housing.

According to the Census Bureau, the growth in occupied housing units also trailed new unit creation. Between 2000 and 2010 the City added 513 occupied housing units. Again, this number was below the level of new construction, and the net increase of housing units counted by the Census Bureau. The total number of unoccupied housing units increased over time, from 151 unoccupied units in 2000, to 206 unoccupied units in 2010.

After 2009, more units have been added that would not have been present when the Census was conducted. Most of this activity occurred in 2010, when two large senior housing projects were permitted. These projects added 117 rental units, most of it providing housing with services. There have been 13 single family houses permitted since 2010. All of these appear to be detached houses. There have been six additional rental units that were just permitted in 2012, but construction has not yet begun.

### **Unit Construction by Type and Tenure**

Based on the best available information, most of the units constructed since 2000 were intended as owner-occupancy housing. An estimated 460 units were in the form of single family detached or single family attached housing, based on building permit reports.

Most of the single family construction activity took place between 2000 and 2006, consistent with the extremely strong national real estate market that was present at that time. In that seven-year period, an estimated 419 single family units were built, or an average of nearly 60 units per year.

After 2006, the annual level of new single family construction dropped significantly. Between 2007 and 2011, the City averaged only eight single family units per year. This average was not reached in 2011, as only five single family permits were issued.

Although single family construction activity was very strong in the last decade, growth in single family units was greater than growth in the number of owner-occupancy households. According to the 2010 Census, St. Peter had a net increase of 225 owner-occupied households over the decade, although nearly 450 single family housing units were constructed during this same time period. This would imply that some level of tenure conversion was also taking place, with either newly constructed units or older single family houses converting to rental use, or being unoccupied when the Census was completed.

More than 300 units of multifamily housing were constructed since the year 2000, primarily intended for renter-occupancy. Once again, much of this activity occurred in the first half of the last decade. After 2005, only a few multifamily projects proceeded. However, two of the more recent projects were large senior complexes, which combined added more than 100 new rental units.

Multifamily rental housing projects constructed since 2000 include:

- ▶ Aspen Court (40 units in phases)
- ▶ Alpine Meadows (44 units)
- ▶ Rock Ridge (36 units)
- ▶ Nicollet Meadows (20 units)
- ▶ Central Square (55 units)
- ▶ Pheasants Ridge Assisted Living and Memory Care (24 units in phases)
- ▶ Benedictine Living Center (46 senior units including units with services)
- ▶ Ecumen Prairie Hills (63 senior units with services, memory care)
- ▶ Chapel View Homes (14 student-oriented units including 6 in 2012)

Some of the multifamily projects would not be viewed as independent housing, including at least 28 memory care rooms in Prairies Hills and Pheasants Ridge. The 14 units in Chapel View are primarily oriented to students, and are listed on the student housing resource page at the Gustavus Adolphus website.

Most of the remaining units would appear to represent independent living options, even though the senior units generally provide services along with housing, including many assisted living apartments.

Even with adjustments for units that might be labeled student housing or group quarters, St. Peter did add more than 200 rental housing units between 2000 and 2009. During this same time, the City had a net gain of 288 renter-occupancy households, again indicting that some older existing housing units changed tenure utilization over the last decade.

# Existing Home Sales

## Overview

This section examines houses that have been sold within the past seven years in the City of St. Peter. The information used was obtained from the Nicollet County Assessor's Office.

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

For the analysis that follows, an adjusted sales price has been used for each transaction. The adjusted sales price takes into consideration any transfer of personal property as part of the sale, as well as any special financing that may have been offered as part of the sale.

The County also sorts the sales data into "qualified" and "unqualified" groupings. Qualified sales are also referred to as good sales, because they are considered to be fair market transactions. Unqualified sales are rejected because they are not viewed as fair market transactions. There are multiple reasons for rejecting a sale, including transfers between related parties, forced sales, such as foreclosures or bank-owned properties, and sales involving government entities, including houses that were sold by the City/EDA in prior affordable housing initiatives.

Although foreclosures, short sales, bank-owned sales, and similar distressed sales have become more common in recent years, the rejection codes used by Nicollet County do not provide much insight into the number of transactions that have been occurring. Later in this section of the Study, some information on foreclosures has been provided from other data sources.

Another home foreclosure resource that may exist is through Gustavus Adolphus College where a group of students did review County records and mapped home foreclosure activity from past years. Community Partners Research did not have access to the final data, since the research was proceeding concurrently with this Study.

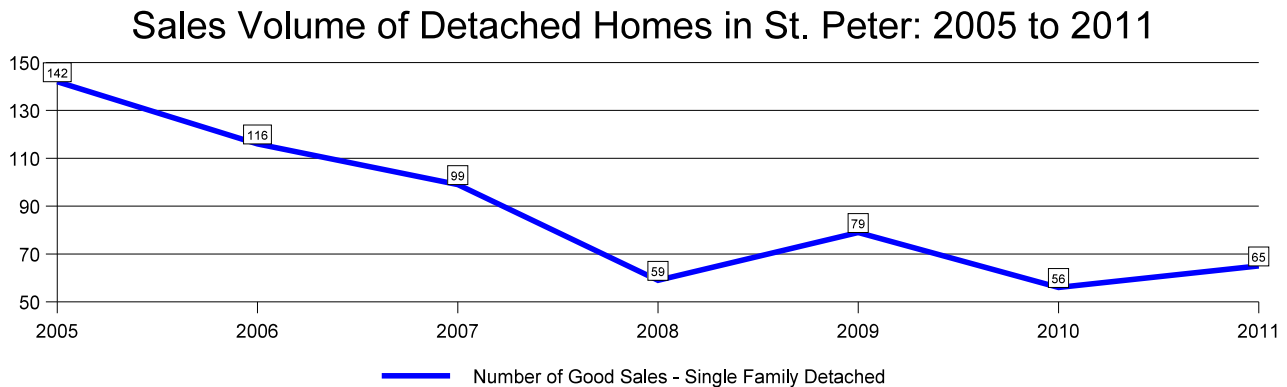
## Home Sales

Nicollet County records do allow different types of units to be analyzed. The following two tables examine the sales of detached houses and attached single family units, primary town homes and twin home units.

<b>Table 20 St. Peter Detached House Sales: 2005 to 2011</b>				
Sales Year*	Number of Good Sales	Median Sale Price	Highest Sale	Lowest Sale
2011	65	\$142,000	\$350,000	\$40,758
2010	56	\$142,050	\$279,000	\$66,800
2009	79	\$152,000	\$352,000	\$45,000
2008	59	\$150,000	\$275,000	\$36,200
2007	99	\$159,000	\$395,000	\$42,900
2006	116	\$154,700	\$268,000	\$35,000
2005	142	\$147,900	\$298,000	\$42,500

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

\* The County sales year is from October 1 through September 30 each year

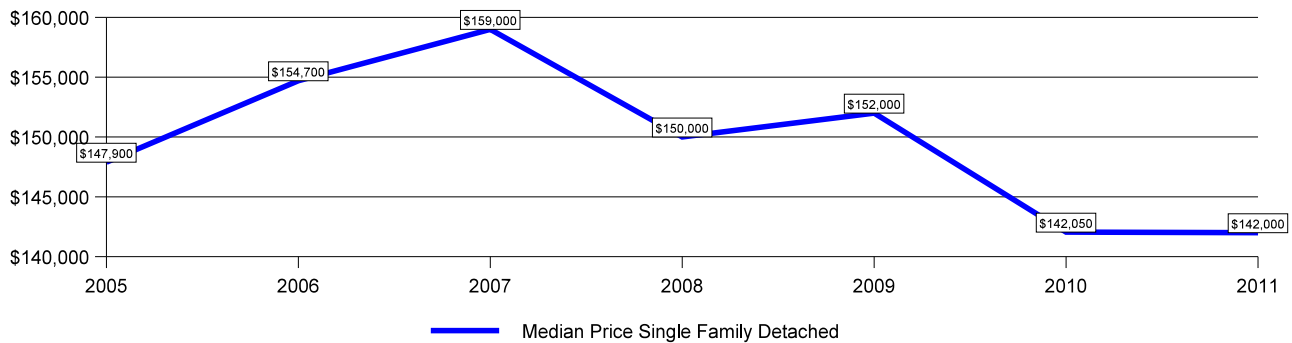


As the national economy moved toward recession, and the national housing bubble collapsed, the volume and pricing of sales in St. Peter began to decline. Of the seven 12-month sales periods reviewed, the highest volume of good sales occurred in 2005, at 142 transactions. The lowest volume of sales occurred in 2010, when only 56 good sales were recorded.

The median sale price actually peaked in 2007, at \$159,000. The lowest median sale price was in 2011, at \$142,000.



### Median Detached Home Sale Price in St. Peter: 2005 to 2011



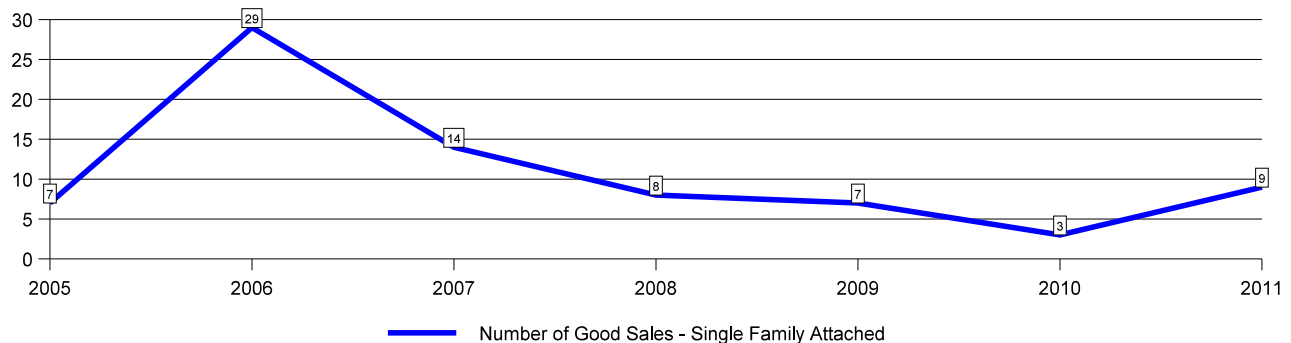
**Table 21 St. Peter Attached House Sales: 2005 to 2011**

Sales Year*	Number of Good Sales	Median Sale Price	Highest Sale	Lowest Sale
2011	9	\$165,000	\$232,500	\$125,900
2010	3	\$189,900	\$212,950	\$140,000
2009	7	\$139,500	\$165,000	\$134,000
2008	8	\$147,450	\$183,000	\$141,500
2007	14	\$155,900	\$125,000	\$180,000
2006	29	\$170,000	\$225,000	\$82,500
2005	7	\$169,900	\$216,000	\$150,000

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

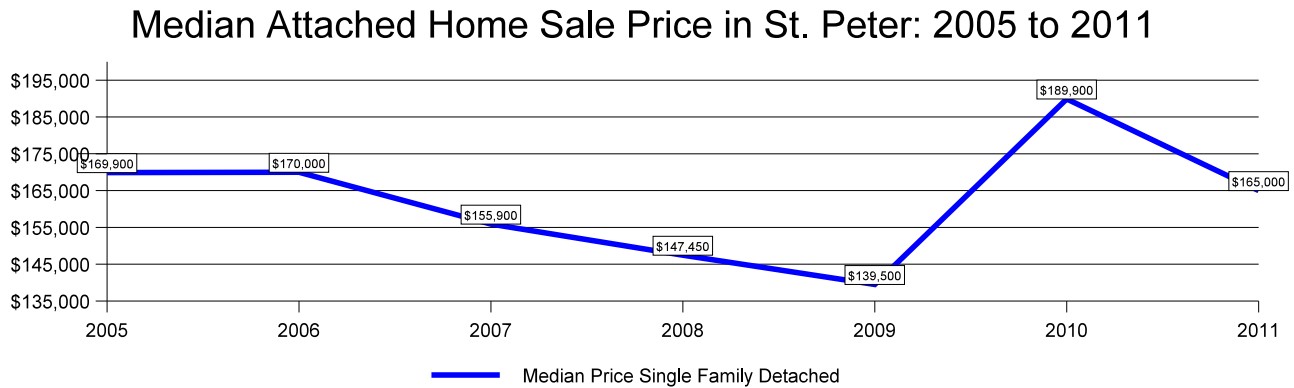
\* The County sales year is from October 1 through September 30 each year

### Sales Volume of Attached Homes in St. Peter: 2005 to 2011



In any given year, the number of attached home sales can be very limited, and may not provide an accurate reflection of overall home values in St. Peter. There have not typically been many sales of attached single family homes in St. Peter. The notable exception was 2006 when 29 good sales were recorded. That year had more than double the volume of the next highest year for the number of sales.

The median sale price for attached units peaked in 2010, at \$189,900. However, only three attached units were sold that year, and the median may not be a good indication of overall home values. In 2006, when the largest number of attached units were sold, the median value was \$170,000.



The attached housing stock in St. Peter primarily reflects newer units, constructed within the last 20 years. All nine of the attached homes that were sold in 2011 had a date of construction between 1998 and 2009. The relative age of these units tends to be reflected in their sales price.

## Multiple Listing Service Reports

As part of the research for this Study, Community Partners Research contacted the Realtor Association of Southern Minnesota (RASM), which provided an annual MLS summary report for 2011. The report covered sales activity for the calendar year and included that were listed for sale on the Multiple Listing Service. The St. Peter MLS area was based on the zip code and would include nearby jurisdictions that are outside of the City limits.

There were 91 MLS sales identified. The median sale price was \$134,500, and the average sale price was \$142,965. The MLS median was lower than the median calculated from County data, although a different 12-month period was also used for each report, and the MLS report probably included some houses that were outside the city limits.

The MLS reports did show a larger volume of sales, which again may be caused by the larger MLS area, which includes areas outside of the City of St. Peter.

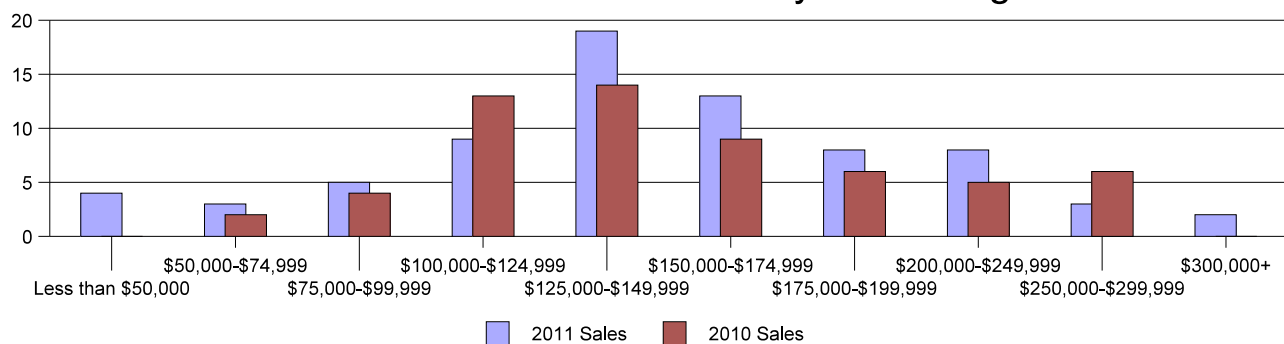
## Home Sales by Price Range

The following table looks at single family houses that sold in the 2011 and 2010 sales periods, between October 1<sup>st</sup> and September 30<sup>th</sup> of each year. This information is from Nicollet County's sales records and includes both attached and detached single family units.

<b>Table 22 St. Peter Home Sales by Price Range: 2010 and 2011</b>				
Sale Price	2011		2010	
	Number of Sales	Percent of Sales	Number of Sales	Percent of Sales
Less than \$50,000	4	5.4%	0	0%
\$50,000 - \$74,999	3	4.1%	2	3.4%
\$75,000 - \$99,999	5	6.8%	4	6.8%
\$100,000 - \$124,999	9	12.2%	13	22.0%
\$125,000 - \$149,999	19	25.7%	14	23.7%
\$150,000 - \$174,999	13	17.6%	9	15.3%
\$175,000 - \$199,999	8	10.8%	6	10.2%
\$200,000 - \$249,999	8	10.8%	5	8.5%
\$250,000 - \$299,999	3	4.1%	6	10.2%
\$300,000+	2	2.7%	0	0%
<b>Total</b>	<b>74</b>	<b>100%</b>	<b>59</b>	<b>100%</b>

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

### Recent St. Peter Home Sales by Price Range



A majority of recent residential sales in St. Peter were priced below \$150,000. In 2011, approximately 54% of all sales were under \$150,000, and in 2010, nearly 56% of sales were priced at \$149,999 or less.

For the price ranges defined above, the most active range was between \$125,000 and \$149,999. In 2011, nearly 26% of all good sales were in this range, and in 2010, nearly 24% of all sales were within this range.

In both years there was also limited activity in the higher and lower price ranges. Fewer than 20% of all sales in each year have been below \$100,000, or more than \$200,000. In 2010, no houses sold for more than \$300,000, and only two high-end sales occurred in 2011.

## **Active Residential Listings**

The website Realtor.com, maintained by the National Association of Realtors, was used to collect information on active residential real estate listings in St. Peter. On June 19, 2012, there were 68 single family detached homes listed for sale, and eight attached units. There were some additional listings that appeared to be outside of the City limits, based on the property address. Houses that appeared to be out of the City were removed from the analysis that follows.

It is important to note that the active properties are those included in the Multiple Listing Service (MLS) and would generally be offered through a real estate agent. There are other properties that are posted for sale in St. Peter that would not be part of the MLS, including most homes being offered "for sale by owner".

The following table examines the MLS listings by listing price. It includes all types of homes as posted on Realtor.com.

**Table 23 St. Peter Active MLS Listings by Price Range - June 2012**

Asking Price	Number of Listings	Percent of Listings
Less than \$50,000	2	2.6%
\$50,000 - \$74,999	2	2.6%
\$75,000 - \$99,999	5	6.6%
\$100,000 - \$124,999	8	10.5%
\$125,000 - \$149,999	15	19.7%
\$150,000 - \$174,999	18	23.7%
\$175,000 - \$199,999	14	18.4%
\$200,000 - \$249,999	9	11.8%
\$250,000 - \$299,999	0	0%
\$300,000+	3	3.9%
Total	76	100%

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

Based on the listings on Realtor.com, most of the houses currently being offered for sale are priced above \$150,000. Overall, approximately 58% of active listings are priced at \$150,000 or more. However, fewer than 4% of the listings are priced at \$250,000 or more.

There are also very few MLS listings at the lower end of the price range. Only nine active listings were priced below \$100,000. It is possible that additional lower-valued homes are for sale, but not included in the MLS.

In addition to the detached single family houses, the table above includes eight attached single family units that are listed for sale. Four of the eight were priced between \$200,000 and \$249,999.

## Residential Lots

At the time that research for this Study was being completed, there were some improved lots available in newer subdivisions in St. Peter. Unlike some neighboring communities, it does not appear that the City has an overly large inventory of residential lots. However, City staff did identify one town house subdivision that was in distress.

The following summary defines some of the subdivisions with available lot inventories

**Country View Ridge** - This residential subdivision had 14 lots available in June 2012, according to the developer, with nine lots sold. Typical pricing ranges from \$39,900 to \$54,000, and includes special assessments. These lots are generally used for moderate to higher-priced homes, starting at approximately \$200,000, but going above \$300,000.

**Rock Ridge** - In June this subdivision had 19 available lots for single family detached homes. According to the listing agent, typical lot pricing is between \$40,000 and \$50,000, including special assessments, but some larger corner lots were listed as high as \$69,900 on Realtor.com. These lots are generally used for moderate to higher-priced homes, often in the \$200,000 price range, although some of the more expensive lots may be used for more expensive homes.

**Orchard Ridge** - In June this subdivision had 12 available lots for single family detached homes. According to the listing agent, these lots are generally used for higher-priced homes, with many above \$300,000. The lots listed on Realtor.com were priced between \$46,000 and \$50,000, but it is possible that some higher priced lots also exist. The listings did not indicate if any additional special assessments would apply to the lots.

**Welco West** - This attached housing subdivision on the western edge of the City is in financial difficulty due to slow lot sales. According to County officials, there are unpaid real estate taxes back to 2009, and this property may enter the tax forfeiture process in 2012. If so, lots may be available for sale by the County in 2013. There are 63 tax parcels identified in the subdivision. It is assumed that most of these represent platted lots for attached housing construction.

**Washington Terrace** - Only two lots remain in the most recent phase of development in the publicly-owned Washington Terrace subdivision. These lots were intended for affordable new home construction. At least one of the unsold lots is a larger corner lot that is more expensive. Only one lot sold in this subdivision in the last construction year.

Assuming that there are also some miscellaneous remnant lots that remain in other subdivisions, the best available information would point to approximately 50, or more, single family detached lots, and more than 50 attached lots available for sale in St. Peter. Since 2007, the City has issued an average of fewer than 10 single family building permits per year. Based on near-term usage, the City has an adequate overall supply of buildable lots for the next few construction years, although this does not imply that inventory will be available in all price ranges.

## Nicollet County Home Foreclosure Activity

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

While tracking current foreclosures is relatively easy, predicting future foreclosure activity is difficult. Delinquent borrowers have a number of different procedural steps that must be met before actual foreclosure occurs. Our research examines information about past activity, but does not include a future prediction.

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

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

<b>Table 24 Nicollet County Home Foreclosures - 2007 to 2011</b>					
	2007	2008	2009	2010	2011
Number of foreclosures	49	60	66	64	59
Rate of foreclosures	0.50%	0.61%	0.67%	0.64%	.59%

Source: HousingLink; Community Partners Research

Based on the HousingLink data, Nicollet County has not been significantly impacted by home foreclosures. However, the number of annual foreclosures has been relatively steady since 2008.

HousingLink's methodology for calculating the rate of foreclosures may have changed somewhat in the past few years. In the early years, rates appear to have been compared to the estimated number of households, while the past few years have compared foreclosures to the number of residential parcels.

For comparative purposes, Nicollet County had the 45<sup>th</sup> lowest rate of foreclosure among Minnesota's 87 Counties in 2011. The County's rate, at 0.59%, was well below many neighboring Counties, including a rate of 1.21% in Le Sueur County, 0.94% in Blue Earth County, and 0.68% in Brown County.

## **RealtyTrac Data**

Another source of information that is often cited for national stories on home foreclosures is RealtyTrac, Inc., a private company that has been monitoring foreclosure and bank-owned sales data across the country.

RealtyTrac also reports on past foreclosure activity. They report 45 home foreclosures in the St. Peter zip code area (56082) between 2006 and 2011. While the level of activity is relatively low, Realty-Trac does show that 22 of the 45 foreclosures occurred in 2011, the single largest year for volume. The RealtyTrac information also reports activity in January 2012, with four foreclosures in the zip code area. If this monthly level is sustained, 2012 would surpass 2011 for the highest annual number of foreclosures.

In April 2012, Community Partners Research also viewed the RealtyTrac website showing available properties. There were seven bank-owned properties that were identified in St. Peter. It is possible that some of these properties may have had a St. Peter mailing address, but may be located outside of the City limits.



## Existing Rental Market Information

### U.S. Census Inventory - 2010

According to the 2010 Census, there were 1,213 occupied rental housing units and at least 95 unoccupied rental units in St. Peter, for a total estimated rental inventory of 1,308 units in the City. The City's rental tenure rate was 34.7%.

In the entire Market Area, there were 1,456 occupied rental units and 121 unoccupied units, for a total estimated inventory of 1,577 units. The rental tenure rate for the entire Market Area was 25.5%.

Although some rental opportunities do exist in the smaller cities and townships in the Market Area, more than 83% of the renter households reside in St. Peter.

### Reconciliation with 2000 Census

At the time of the 2000 Census, St. Peter had 925 occupied rental housing units and at least 69 vacant rental units, for a total estimated rental inventory of 994 units. Between 2000 and 2010, the City added 288 renter households, and 314 total rental housing units.

The building permit reports presented earlier indicated that approximately 315 multifamily rental units were constructed over the past decade, but 117 of these were permitted in 2010, and would not have been counted by the Census. This implies that some of the other net additions to the City's rental stock were the result of conversions or remodeling that was not recorded as new construction.

### City Rental Registration Program

St. Peter has a rental housing registration requirement that covers all rented units. In April 2012, there were 1,242 registered units. This total is lower than the 1,308 units counted by the 2010 Census. It would also include apartment units in Prairie Hills and Benedictine Living Center, which were not constructed at the time of the Census. Adjusting for the timing difference, the City's rental registration program would have approximately 170 fewer units than were identified by the Census Bureau.

### Recent Rental Construction

The previous section in this Study defines rental projects that have been constructed over the past 12 years. In the past five years, only four multifamily projects can be identified from building permit reports. One of

these projects, with eight units, is Chapel View student-oriented housing near Gustavus Adolphus College.

The other three projects, with a combined 117 units, are all part of senior “continuum of care” complexes, and offer housing with services and/or memory care options for seniors. There have been no general occupancy units constructed since Central Square in 2004.

### **Proposed/Pending Projects**

In April 2012, there was one rental project that had obtained a building permit. Chapel View Homes was starting construction on six additional units, oriented to student-occupancy. The Chapel View site could still accommodate up to 16 additional units in future phases of development.

At least three additional rental projects have been proposed with the past few years, but have not proceeded to the point of receiving a building permit. Each of these projects would utilize some financial assistance programs, and would target units to specific income or client groups.

The project that appears to be the closest to proceeding is known as Park Row Crossing, which would create 40 income-based rental units through the low income housing tax credit program. The application for tax credits that was submitted in 2011 was not successful, but a new application was made in June 2012. Competition is very strong and this project will not proceed without an award of tax credits.

Another project that has been proposed would create 10 units of supportive housing for people with mental illness. The Southwest MN Housing Partnership was unsuccessful in the past in securing HUD funding for this project, but may re-apply in the future.

One final project that has been discussed would create tax credit rental units that are senior-designated, for households 55 and older. The initial site plan could allow for more than 100 units, if fully developed. No application for tax credits had been made at the time that research for this Study was completed. No further information is available about this project.

## Rental Housing Survey

As part of this housing study, a telephone survey was conducted of rental buildings in the City. The survey focused on larger rental projects with eight or more units. The survey was primarily conducted in April 2012, although information for a few properties was not obtained until May.

Multiple attempts were made to contact each building. Information was tallied separately for different types of rental housing, including market rate units, tax credit units, subsidized housing and rental housing for seniors.

The telephone survey collected usable information from 848 rental units in St. Peter. The units that were successfully contacted in the telephone survey represent approximately 60% of the occupied rental units in the City. The total included 228 specialized senior housing with services units and/or beds, including assisted living and memory care. The information on specialized senior housing is provided in the next section of this Study.

The remaining 620 units that were surveyed represent market rate, tax credit/moderate rent, and subsidized segments of the local rental market. The breakdown of units surveyed is as follows:

- ▶ 278 market rate units
- ▶ 134 tax credit/other assisted moderate rent units
- ▶ 125 general occupancy subsidized units
- ▶ 83 senior/disabled designated or preference subsidized units

No attempt was made to survey student housing, including the Chapel View Homes, which are listed as part of the student residence options for Gustavus Adolphus students.

The findings of the market rate, moderate rent/tax credit and subsidized housing survey are provided below.

## Market Rate Summary

The telephone survey obtained usable information from 278 market rate rental units in 11 separate rental projects.

There were two properties that contain a mix of both income-based and market rate housing. Nicollet Meadows Townhomes has nine market rate units along with 11 income-based units. Central Square has 12 market rate units and 43 tax credit units. Since market rate units are distributed in these projects, and could represent any bedroom size, the unit mix totals that follow are based on a smaller number of units.

One additional project, Rock Ridge Apartments, received City TIF assistance, and has a certain number of units designated for households at 80% of the median income. While this threshold is being met, the units largely operate as market rate housing, and the units in this project were not split into income-based and market rate housing.

### Unit Mix

Both Central Square and Nicollet Meadows are mixed-income properties. Central Square identified a unit mix for market rate versus income-based, but Nicollet Meadows did not. An estimate was made for Nicollet Meadows based on an approximate 50% split of the units. The bedroom mix for multifamily market rate units is as follows:

- ▶ 38 one-bedroom (13.7%)
- ▶ 3 one-bedroom + den (1.1%)
- ▶ 167 two-bedroom (50.1%)
- ▶ 64 three-bedroom (23.0%)
- ▶ 6 four-bedroom (2.2%)

### Occupancy / Vacancy

There were only two market rate units reported as vacant in the 278 units providing occupancy information, for a vacancy rate of 0.7%. The vacancy rate in a prior survey, completed in May 2011, had found a vacancy rate of 0.9%.

Community Partners Research has also completed previous housing surveys in St. Peter. In 2009, the market rate survey recorded a vacancy rate of 3.2%, although most of the reported vacancies were in a single building. In 2005, the vacancy rate was recorded at 6.3%. However, a number of new rental properties had just opened in 2004 and 2005, and there was some softness in the market due to competition. A 2002 survey had found a vacancy rate of only 1.9%.

## Rental Rates

There is a wide range in the rental rates that are being charged in St. Peter. One of the projects at the highest end of the rental range, Apple Tree Village, was originally intended for owner-occupancy, but is being used as rental housing until market conditions improve and the units can be sold. There are also a number of rental projects that have been constructed in the past 15 years that are near the higher end of the prevailing range, including Alpine Meadows, Aspen Court, Central Square, Nicollet Meadows and Rock Ridge Apartments.

We have attempted to estimate tenant-paid utilities into a gross rent estimate for the following ranges. The Identified Range column defines the highest and lowest gross rents found in the survey. The Prevailing Range column attempts to define a more narrow rent spectrum where a majority of units are represented.

<u>Units Type</u>	<u>Identified Range</u>	<u>Prevailing Range</u>
1 Bedroom	\$490 - \$785	\$550 - \$720
2 Bedroom	\$550 - \$1100	\$600 - \$900
3 Bedroom	\$660 - \$1400	\$950 - \$1150

No attempt was made to survey single family homes that are used as rental property. There is some evidence than conversion of older single family houses into rental units has been occurring. It is assumed that contract rents for some older homes would be relatively moderate, but with the inclusion of tenant-paid utilities, they would be somewhat comparable to other rental options in St. Peter.

## Tax Credit Summary

There are four identified rental projects in St. Peter that have received either federal low income housing tax credits, or some other forms of State/federal assistance to produce affordable rental units. These projects are Central Square Apartments, with 43 tax credit units, Fairview Apartments, with 48 tax credit/income-based units, Nicollet Meadows Townhomes, with 11 income-based units, and Vista View, with 32 tax credit units. Three of these projects were new construction, and the fourth project, Fairview Apartments was an older HUD subsidized property that was rehabilitated with a tax credit award.

There is one additional property in St. Peter, Rock Ridge Apartments, that has a certain portion of its units designated for households at 80% of the median income level, as a result of City TIF assistance. However, the income-tied units are indistinguishable from the market rate housing, and this property has not been included in the affordable section analysis.

## Unit Mix

The total unit count of the income-based units in these four projects is 134 units. Both Central Square and Nicollet Meadows are mixed-income properties. Central Square identified a unit mix for market rate versus income-based, but Nicollet Meadows did not. An estimate was made for Nicollet Meadows based on an approximate 50% split of the units.

- ▶ 19 one-bedroom units (14.2%)
- ▶ 74 two-bedroom units (55.2%)
- ▶ 41 three-bedroom units (30.6%)

There are no four-bedroom units in the moderate rent income-based rental inventory in St. Peter.

## Occupancy/Vacancy

At the time of the 2012 survey, there was only one vacant unit in the four moderate rent projects, for an overall vacancy rate of 0.7% in this segment of the market. There was also only one vacancy identified in the 2011 survey.

In addition to full occupancy in Central Square, Nicollet Meadows and Vista View, all three projects also reported a waiting list for income-based units.

In the 2009 rental survey completed by Community Partners Research, there was a 4.5% vacancy rate in this segment of the market. However, all of the vacancies at that time were in Fairview Apartments, which was an older rental project that was rehabilitated using tax credits.

## Rental Rates

The moderate rent units within this sector have tenants that must meet different income levels, with some units at 30% of median, some at 50%, 60% or 80% of median. As a result, there are also different contract rent levels that apply to specific units.

Most of the units in this sector have received federal tax credits. Some have also been assisted through the State MARIF Program, or the Small Cities Development Program.

The use of tax credit caps the maximum rent limits at 60% of median income level, even if other subsidy sources may allow a higher limit to be used. For 2012 the maximum rents at the 60% limits for projects placed in service prior to 2008 are as follows, along with the rental range being charged in most tax credit/moderate rent projects.

<u>Unit Type</u>	<u>Current Identified Range</u>	<u>Maximum Limit 60% AMI</u>
One-bedroom	\$546 - \$675	\$803
Two-bedroom	\$673 - \$790	\$963
Three-bedroom	\$796 - \$890	\$1,113

The gross rents being charged for tax credit/moderate rent units in St. Peter are well below the 60% of income rent levels established for the tax credit program. In most cases, gross rents are closer to the limits established for households at 45% to 50% of median income.

## **Subsidized Summary**

The survey successfully contacted five of the six subsidized rental housing projects in St. Peter. No working telephone number could be obtained for Sunnyvale Court. Although no current occupancy and rent information could not be obtained for Sunnyvale Court in 2012, this property was contacted in the 2011 survey, so relatively recent information is available.

These six subsidized projects, including Sunnyvale Court, have a combined 232 subsidized units. Four of these projects, with a combined 149 units, are designated for general occupancy. The other two projects, with a combined 83 total units, are either designated for senior/disabled occupancy or offer an occupancy preference for senior households.

## **Unit Mix**

The subsidized rental projects that we contacted range in size from 20 units to 67 units. The bedroom mix breakdown is as follows:

- ▶ 14 efficiencies (6.0%)
- ▶ 112 one-bedroom (48.3%)
- ▶ 72 two-bedroom (31.0%)
- ▶ 34 three-bedroom (14.7%)

The subsidized rental options in St. Peter are primarily oriented to efficiency and one-bedroom apartments. Although most of these smaller units are for senior/disabled occupancy, even 44 of the general occupancy units have only one-bedroom. There are no subsidized rental options that offer four-bedrooms.

## **Occupancy / Vacancy**

The rental survey found two vacant units in Maplewood Apartments, but applications were being processed to fill both units, and the manager stated

that there were multiple inquiries for the available apartments. The overall vacancy rate was effectively 0% in subsidized housing specifically offering general occupancy units.

There were 13 vacancies in the senior-oriented subsidized inventory. Eleven of these were in Parkview Manor, a HUD Public Housing highrise, and two units were vacant in Estate Apartments, a HUD Section 202 project.

Parkview Manor primarily offers one-bedroom units. It is technically a general occupancy building, but it does provide an occupancy preference for seniors, near seniors (age 55+) and disabled tenants. Parkview Manor has also had vacancy issues in prior rental surveys completed by Community Partners Research. Units in this building are relatively small, and have been difficult to market to seniors as newer and larger unit options have become available.

Parkview Manor has already completed one renovation project that consolidated smaller units into larger apartments. The larger units have been more popular, and the project is proposing a second round of renovation work what would convert 10 small units into five larger apartments.

### **Possible Unit Losses**

In April 2012 there were no subsidized projects in St. Peter that were listed on the opt-out log maintained by the Minnesota Housing Finance Agency.

### **Tenant-Based Rent Assistance**

In addition to subsidized rental projects, the St. Peter zip code area has 127 households being assisted with HUD Housing Choice Vouchers (formerly Section 8 Existing Program). Voucher rent assistance is issued to income-eligible households for use in suitable, private market rental housing units. With the assistance, a household pays approximately 30% of their income for their rent, with the program subsidy paying any additional rent amounts.

The Voucher Program can be used in a multi-County area that is served by the South Central MN Multi-County HRA. Within the multi-County area, there were 315 households on the Voucher waiting list in April 2012, including 15 households from the St. Peter zip code area.

The waiting list had been longer in 2011, with more than 500 names, but due to its length, the waiting list was closed to new applicants for most of the year. As a result the number of names has grown shorter. The waiting list is currently open to new applicants that can meet one of the program preference tests, including people that currently live or work within the service area.



**Table 25 St. Peter Multifamily Rental Inventory**

Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate</b>					
Alpine Meadows Townhomes Alpine Way 866-926-4337	18 - 2 Bedroom <u>26 - 3 Bedroom</u> 44 Total Units	\$875 \$950 + heat, electric	No vacancies	Mix of tenants, mostly families	Townhouse development constructed in 2002 and 2003. Units are three-level with attached garage, 1.5 baths and laundry room. Tenants pay all utilities in addition to rent. Two-bedroom units have 1200 finished and 600 unfinished sq ft, and three-bedrooms have 1800 sq ft including finished basements with third bedroom. Owner reports no vacancies and good demand. Rents have increased by \$25 from 2011 survey.
Apple Tree Village MacIntosh Ct and Haralson Ct 612-490-2309	4 - 2 Bedroom 11 - 3 Bedroom <u>6 - 4 Bedroom</u> 21 Total Units	\$950 \$1195 \$1295 +all utilities	Occupancy information for 13 units only - fully occupied	Mix of tenants	A cooperatively-owned town house development that started in 2003 - due to lack of sales, it has converted to a mix of owned and rented units. Seven units are owner-occupied and 21 are rented - one owner has 13 rental units which are intended to be sold, and a mix of investors have 8 rentals. Units are high quality, with in-unit laundry and 2 car detached garage. Owner of 13 rentals has full occupancy in April 2012. Units range in size from 840 sq ft to 1700 sq ft. Tenants pay all utilities. Rents are largely unchanged from 2011 survey and remain at upper end of local rent range.
Aspen Court Townhomes Aspen Court 866-926-4337	24 - 2 Bedroom <u>16 - 3 Bedroom</u> 40 Total Units	\$825 \$950 + heat, electric	No vacancies	Mix of tenants, mostly families	Townhouse development with 8 buildings constructed from 1999 to 2001. Units have attached garage, 1.5 baths and laundry room. Tenants pay all utilities in addition to rent. Two-bedroom units have 1200 sq ft, and three-bedrooms have 1800 sq ft including finished basements with third bedroom. Owner reports no vacancies and good demand. Rents have increased by \$25 from 2011 survey.

**Table 25 St. Peter Multifamily Rental Inventory**

Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate</b>					
The Bungalows 1501-1571 Aspen Drive (507) 779-8242	4 - 1 Bedroom <u>32 - 2 Bedroom</u> 36 Total Units	\$695 \$795 +heat, electric	No vacancies	Mix of tenants, including some College staff	Town house units constructed in 1990 as a tax credit project. After default, converted to general occupancy market rate rental. Units have private entrance, in-unit laundry and detached garage. Tenants pay heat and electric in addition to rent. One-bedrooms have 704 sq ft, and two-bedrooms have 816 sq ft. Manager reports full occupancy in May 2011 and any turnover units fill quickly. Located near College - rarely have students but do rent to staff. Rents have increased by \$20 for 1 bedrooms and by \$30 for 2 bedrooms from 2011 survey.
Central Square 301 S Washington Ave 507-934-2545	2 - 1 Bedroom 9 - 2 Bedroom <u>1 - 3 Bedroom</u> 12 Market Rate in 55 unit mixed income project	\$750 \$840-\$880 \$925 +electric	1 vacant unit, 1 - 1 Bdrm	Mix of tax credit and market rate tenants	Mixed-income apartment project that opened for occupancy in 2005. Tax credit assistance used for 43 units and 12 units are market rate. Rents listed are for market rate units - tax credit units reported below. Rent includes heat but tenants pay electric. Amenities include exercise room, community room and underground parking included in rent. One-bedroom units have 723 sq ft, two-bedrooms range from 967-1161 sq ft, and three-bedrooms have 1276 sq ft. Manager reports 1 vacant unit due to turnover, but unmet demand for 2 and 3 bedroom market rate units. Rents are up by \$15 from 2011 survey.
EII-Mar Apartments 1403 N Washington 507-327-3030	3 - 1 Bedroom 20 - 2 Bedroom <u>1 - 3 Bedroom</u> 24 Total Units	\$455 \$595 \$610 +electric	No vacancies	Mix of tenants	Apartment project with two buildings constructed in 1973. Rent includes heat, sewer and water but not electricity. Amenities include balcony/patio, dishwasher, and garage parking for extra fee. No vacancies at time of survey. One and 2 bedroom rents are up \$10 and 3 bedroom rent up by \$30 from 2011 survey.

**Table 25 St. Peter Multifamily Rental Inventory**

Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate</b>					
Nicollet House 201-215 Park Row 507-381-1052	14 - 1 Bedroom <u>6 - 2 Bedroom</u> 20 Total Units	\$485-\$510 \$560-\$680 +heat, electric	No vacant units	Mix of tenants including seniors and students	Units in historic downtown building constructed in 1870s. Sixteen units are in apartments, and 4 two-bedroom units are town houses that were added later - higher rent 2-bedrooms are town houses. Commercial use on ground level with apartments above. Tenants pay heat and electric in addition to rent. Manager reports no vacancies and waiting list is used to fill turnover units. Rents have generally increased by \$10 from 2011 survey.
Nicollet Meadows Townhomes 1302-1342 W Menk Dr 507-934-2224	10 - 2 Bedroom <u>10 - 3 Bedroom</u> 20 Total Units with 9 Market Rate and 11 Income-based	\$755 \$820 +electric, heat	No vacancies in market rate units	Mix of low income, moderate income and market rate renters	Town house rental units that were constructed in 2003. A blend of funding sources was used so 9 units are market rate, 4 serve 80% of median income or below, and 7 units are at or below 30% of median. Rents listed are for market rate units - lower rents apply to low income households. Two-bedroom units have 1092 to 1320 sq ft, and three-bedroom units have 1500 sq ft. Amenities include playground, in-unit laundry and garage parking. Manager reports full occupancy in April 2012. Calls are received daily looking for affordable units, with a waiting list for all types of units. Market rents are up \$20 to \$30 from 2011 survey.
Rock Ridge 604 Knight St 507-934-6040	6 - 1 Bedroom 26 - 2 Bedroom <u>4 - 3 Bedroom</u> 36 Total Units	\$675 \$774-\$800 \$889 + electric	No vacancies	Mix of tenants with seniors, younger singles and couples, and a few students	Two 18-unit apartment buildings that opened for occupancy in 2003. City TIF assistance provided if 50% or more of tenants meet income qualification - have not had difficulty meeting test. Tenants pay electric in addition to rent. Garages available for \$40/month. One bedrooms have 700 sq ft, 2 bedrooms have 960 to 1080, and 3 bedrooms have 1330 to 1365 sq ft. 12 of the 2 bedrooms are at larger sq ft, but have only 1 bath; 14 of the 2 bedrooms are smaller but have 2 baths and lower rent. Full occupancy reported in April 2012 and actual vacancies are rare. Some unit rents are unchanged and some up by \$6 to \$11 from 2011 survey.

**Table 25 St. Peter Multifamily Rental Inventory**

Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate</b>					
Skyview Estates 1701-1707 Riggs Road 507-451-8524	<u>16 - 2 Bedroom</u> 16 Total Units	\$450-\$525 +all utilities	1 vacant unit - move-in special offered	Mix of tenants	Four buildings with 4 units per building. Tenants pay heat (electric), electric, water. Sewer and garbage in addition to rent. Amenities include off-street parking and coin laundry facility. Project has been offering \$75 discount for 1 year as move-in special - manager reports 1 vacant unit in April 2012. Tenant-paid utilities result in this building having higher gross rents, and it has more difficulty staying full. Units have approx. 750 sq ft with 1 bathroom. Normal rent and move-in special rent are unchanged from 2011 survey.
Washington Square 1005 Washington Ave S 507-451-8524	9 - 1 Bedroom 3 - 1 Bdrm + Den 7 - 2 Bedroom <u>1 - 3 Bedroom</u> 20 Total Units	\$550 \$560 \$600 \$775 +electric	No vacancies	Mix of tenants including students	Apartments built in 1979. Project has always appealed to students due to location near College - once charged rent per person, but later changed to normal unit rents. Completely remodeled after the 1998 tornado. Rents include heat, water and sewer, but not electricity. One-bedrooms have 750 sq ft, two-bedrooms have 780 to 850 sq ft, three-bedrooms have 950 sq ft. Fully occupied in April 2012. Most rents are unchanged from 2011 survey, but 3 bedroom rent is down \$90.

**Table 25 St. Peter Multifamily Rental Inventory**

Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Tax Credit Units/Other Assisted Moderate Rent Units</b>					
Central Square S Washington Ave 507-327-3030	1 - 1 Bedroom 37 - 2 Bedroom <u>5 - 3 Bedroom</u> 43 Tax Credit Units in 55 Unit Mixed Income Project	\$633 \$748 \$842 +electric	No vacancies, waiting list	Mix of tax credit units at 60% of median income and market rate tenants	Mixed-income apartment project that opened for occupancy in 2005. Tax credit assistance used for 43 units, and 12 units are market rate. Rents listed are for tax credit units - market rate units reported above. Rent includes heat but tenants pay electric. Ten tenants have Vouchers. Amenities include exercise room, community room and underground parking included in rent. One-bedroom units have 723 sq ft, two-bedrooms range from 967-1161 sq ft, and three-bedrooms have 1276 sq ft. Manager reports full occupancy and waiting list is maintained of income-qualified applicants. Rents have increased by \$15 from 2011 survey.
Fairview Apartments 706 Ronell St 507-934-2214	18 - 1 Bedroom 20 - 2 Bedroom <u>10 - 3 Bedroom</u> 48 Total Units	\$546-\$592 \$673-\$731 \$796-\$865	1 vacant unit, 1 - 3 Bdrm	General Occupancy 50% of median income	Section 236 project constructed in 1977 and then awarded tax credits in 2000 for rehab. Complex has 2 buildings. Rent includes all utilities. Tenants pay 30% of income but not less than basic or more than market rents listed. One-bedrooms have 557 sq, ft, two-bedrooms have 838 sq ft with 1 bathroom, and three-bedrooms have 1120 sq ft with 1 bathroom. Manager reports 1 vacant unit at time of survey. Waiting list is kept but most applicants need immediate housing. Finding tenants that meet the income test yet can afford the basic rent is sometimes an issue. Many tenants have Vouchers. Manager states that Section 236 program requires rents at 50% of median income, lower than tax credit limit - lower income tenants without a Voucher have difficulty paying even basic rent. Rents have increased by \$10 from 2011 survey.

**Table 25 St. Peter Multifamily Rental Inventory**

Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Tax Credit Units/Other Assisted Moderate Rent Units</b>					
Nicollet Meadows Townhomes 1334 W Menk Dr 507-934-2224	10 - 2 Bedroom 10 - 3 Bedroom 20 Total Units 11 Income-based and 9 Market Rate	\$318-\$640 \$350-\$695 +electric, heat	No vacant income-based units, waiting list	Mix of low income, moderate income and market rate renters	Town house rental units that were constructed in 2003. A blend of funding sources was used so 9 units are market rate, 4 serve 80% of median income or below, and 7 units are at or below 30% of median. Lowest income group must be part of MFIP Program. Rents listed are for lower income (MARIF) and moderate income (SCDP) - market rate rents are higher. Two-bedroom units have 1092 to 1320 sq ft, and three-bedroom units have 1500 sq ft. Amenities include playground, in-unit laundry and garage parking. Manager reports no vacancies in April 2012 and waiting list is maintained for all types of units. Calls are received daily looking for affordable rental. Affordable rents are generally unchanged from 2011 survey.
Vista View 1811 Vista View Dr 507-931-2800	12 - 2 Bedroom 20 - 3 Bedroom 32 Total Units	\$695 \$770 + electric	No vacancies, long waiting list	All units at 60% of median income	Tax credit townhouse units constructed in 1999. All units are tax credit assisted and serve households at or below 60% of median income. Tenants pay electric but heat is included in rent. Two-bedroom units have 1 bath and three-bedrooms have 1.5 baths. Units have laundry hookup and attached garage. Manager reports good demand for units with no vacancies and a long waiting list - at least 40 names - equally split between 2 and 3 bedroom units. Townhouse units are very desirable and they have strong demand. Rents have increased by \$10 from 2011 survey.

**Table 25 St. Peter Multifamily Rental Inventory**

Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Subsidized - General Occupancy</b>					
Maplewood Apartments 1320 N 5 <sup>th</sup> St 507-934-4745	6 - 1 Bedroom 18 - 2 Bedroom <u>6 - 3 Bedroom</u> 30 Total Units	\$485-\$515 \$515-\$535 \$545-\$575 +electric 30% of income	2 vacant units, but applications are being processed to fill both units	General Occupancy	Rural Development subsidized building constructed in 1986. Nine tenants receive rent assistance - remaining tenants pay 30% of income but not less than basic or more than market rents listed. Nearly half the tenants have rent assistance Vouchers through the County. Manager reports 2 vacancies in early April 2012, but applications were being processed to fill both units. Many phone calls received looking for housing. Basic and market rents have increased by \$10 from 2011 survey - but market rents are lower than in previous surveys - loan was re-amortized allowing large drop in top end rents.
Pioneer of St. Peter 1618 Gault St 507-451-8524	4 - 1 Bedroom 20 - 2 Bedroom <u>8 - 3 Bedroom</u> 32 Total Units	\$475-\$651 \$505-\$681 \$535-\$722 30% of income	No vacancies	General Occupancy	Rural Development subsidized building constructed in 1986. Sixteen tenants receive rent assistance - remaining tenants pay 30% of income but not less than basic or more than market rents listed. Rent assistance rarely turns over and existing tenants are given first priority. Manager reports no vacant units in April 2012. Rents are unchanged from 2011 survey.
Sunnyvale Court 1519 5 <sup>th</sup> St N 218-566-1520	18 - 1 Bedroom <u>6 - 2 Bedroom</u> 24 Total Units	N/A 30% of income	N/A	General Occupancy	Unable to contact in 2012 - information listed is from 2011 survey. Rural Development general occupancy subsidized project. Complex includes two buildings built in 1978. Sixteen tenants receive rent assistance; remainder pay 30% of income but not less than basic or more than market rents listed. Two units are accessible units. Manager reports that project is in a good location which helps with demand. Crime-Free Housing Program has been in place over many years.

**Table 25 St. Peter Multifamily Rental Inventory**

Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Subsidized - General Occupancy</b>					
Sunrise Meadows 1435 Sunrise Drive 507-931-6594	16 - 1 Bedroom 27 - 2 Bedroom <u>20 - 3 Bedroom</u> 63 Total Units	\$540 \$654 \$734 30% of income	No vacancies, waiting list	General Occupancy	MHFA/Section 8 New Construction general occupancy townhouse project constructed in 1978. Tenants pay rent based on 30% of income, up to maximum rents listed - generally a few tenants at maximum rents. Manager reports no vacancies and a combined waiting list of 75 names for all unit sizes. Most turnover in 2 bedrooms with limited turnover in 1 and 3 bedrooms. Rents have increased \$18 to \$28 from 2011 survey.
<b>Subsidized - Senior/Disabled Occupancy</b>					
Estate Apartments 409 W Myrtle 507-381-5903	14 - Efficiency <u>6 - 1 Bedroom</u> 20 Total Units	\$270-\$280 \$297	2 vacant units, 2 - Efficiency short waiting list	Senior or Disabled Occupancy	HUD 202 subsidized project for senior or disabled occupancy - up to 10% of tenants can be disabled, under age 62. No rent assistance available, but unit rents are low. Rent includes utilities. Building constructed in 1967 and in good condition. Manager reports 2 vacant efficiency units but a short waiting list for 1 bedrooms. Efficiency units are small and more difficult to rent. Rents are unchanged from 2011 survey.
Parkview Manor 1010 S 4 <sup>th</sup> St 507-931-2236	62 - 1 Bedroom <u>1 - 2 Bedroom</u> 63 Total Units	30% of income	11 vacant units	General occupancy with preference for senior and disabled occupancy	HUD Public Housing project for general occupancy but preference given to elderly and near-elderly (age 55+) and disabled renters. Majority of tenants are 55 or older, but some younger people also live in project. Building is licensed for housing with services and still offers assisted living option through private home health care provider - an office remains but no set schedule for staffing. Manager estimates that as many as 3/4 get some level of services, but through various providers. Project has had vacancy issues in recent years. Project was reconfigured and now has 4 fewer units, but 11 vacancies in April 2012 - older population leads to above-average turnover. Another possible unit reduction being proposed that would make 5 larger units from 10 smaller units.

Source: Community Partners Research, Inc.



## Senior Housing with Services

Specialized senior housing, which provides some level of services along with a housing unit, has been one of the fastest growing segments of the local housing market over the last 15 years. St. Peter has a number of specialized projects that provide housing with supportive services for an elderly population. In some cases, these housing options target one specific segment of the market. In other cases, multiple segments are being served, such as assisted living facilities with secured wings for memory care residents.

To analyze the supply of units in St. Peter, Community Partners Research examined licensing records maintained by the Minnesota Department of Health. Projects that were identified as licensed for “housing with services” within the City were identified and contacted.

Although there are some industry definitions that identify the different types of specialized senior housing, there can be some variation in how these definitions are used. For example, some senior projects may identify themselves as “independent living” rental housing for seniors, but they are licensed as housing with services providers by the State of Minnesota. The features that differentiate these units from truly independent housing are the availability of some services, such as a daily meal, weekly assistance with housekeeping and laundry, and similar offerings that are included in the basic rent package.

For the analysis that follows, Community Partners Research has grouped the State-licensed housing with services providers into the following categories:

- ▶ Senior housing with light services
- ▶ Assisted living
- ▶ Memory care
- ▶ Skilled nursing homes

Although we have attempted to clearly define each housing project by these categories, there may be some overlap in units.

### Senior Housing with Light Services

As used in this Study, senior housing with light services defines a housing project where the basic monthly rent amount is inclusive of certain mandatory offerings, including a daily meal, access to an emergency call system, and possibly other light services, such as weekly laundry service or assistance with housekeeping. In St. Peter, the projects that meet this definition are often self-described as “independent living” for seniors.

## **Unit Inventory**

The research for this Study identified three separate projects in St. Peter that offer senior housing with a light services package.

Good Samaritan's Heritage Meadows was constructed in 2000 and has 28 apartment units that include a daily meal and other services along with the basic monthly rent.

Ecumen Prairie Hill, which opened for occupancy in 2011, has 43 apartment units that offer a flexible level of services, from a light services package to more intensive assisted living. Although Prairie Hills is still in its initial occupancy phase, with only 14 of the 43 units leased, approximately half of the current tenants have opted for the light services package.

The third project, Benedictine Senior Living Center, also opened in 2011. Like Prairie Hills, Benedictine offers a flexible unit that can range from light services housing to assisted living. It is also in its initial occupancy phase with one of the four current tenants utilizing the basic light services rent package.

## **Occupancy/Vacancy**

All three projects have unoccupied units. Both Benedictine Senior Living and Ecumen Prairie Hills are in their initial occupancy phase, with light services lease-up proceeding slowly. Approximately seven light services units are occupied in Prairie Hills, and one light services unit is leased in Benedictine. The other project, Good Samaritan Heritage Meadows, had 25 of 28 units leased in April 2012.

## **Rental Rates**

Since light services projects do include certain basic amenities and services in the rent package, there is no assurance that they all provide an equal array of added items. For example, one of the projects includes a daily continental breakfast, which may not be provided at the others. There can also be variations in unit size and features.

The lowest entry-point rents are in Heritage Meadows, which opened in 2000, where the lowest-priced one-bedroom has a monthly charge of \$1,430 per month. The two projects that opened for occupancy in 2011 have a lowest-price at approximately \$1,900 per month. In all cases, adding additional services or meals would raise this monthly fee.

## **Assisted Living**

Assisted living providers are able to offer a higher level of care and services for their senior residents. Although some facilities will offer a bundled package of services with the monthly rent, and others will sell the services “a la carte”, the assisted living providers are able to offer assistance with daily living activities, as needed. Assisted living will have 24-hour on-site staffing, and the availability of skilled nursing. All meals are available, as well as the ability to assist with medication dispensing. The research for this Study identified four primary providers of senior assisted living in St. Peter.

### **Unit Inventory**

Ecumen operates two separate assisted living facilities in St. Peter. Sand Prairie opened for occupancy in 1999, and has 42 assisted living apartment units. Ecumen Prairie Hills, which opened in 2011, has 43 flexible units, as described above.

Pheasants Ridge Assisted Living opened in 2006, and has 16 assisted living units. In a separate wing, Pheasants Ridge also offers secure housing for memory care residents.

The fourth facility is the Benedictine Senior Living Center. As described previously, the 46 total units in this project are flexible, and could offer assisted living services to residents.

### **Occupancy/Vacancy**

All four providers reported some unoccupied units in April 2012, when the telephone rental survey was completed. The older projects were close to full occupancy. Sand Prairie had four of its 38 of its 42 units occupied, and Pheasant Ridge had only one vacancy in its 16 assisted living units.

The two newest projects combined still had 71 unoccupied flexible units, as initial lease-up appeared to be proceeding slowly. Prairie Hills had been open for approximately nine months, and Benedictine had been open for nearly six months when contacted by the survey.

### **Rental Rates**

Rental rates for assisted living can vary widely depending on the actual level of services provided in the basic room and care package. In most projects, the monthly fee also includes a basic array of services, typically all meals and

utilities, emergency call systems, 24-hour staffing, access to skilled nursing staff, and weekly laundry and housekeeping services. Additional, specialized services may then be purchased as needed, often on an 'a la carte' basis. Assisted living units will generally start at \$2,000 or more per month, before more advanced services are added.

Some of the assisted living options in St. Peter accept both "private pay" tenants and lower income seniors that receive assistance through the State's Elderly Waiver program administered through the County. The acceptance of Elderly Waiver assistance can vary, with some assisted living providers placing restrictions on Elderly Waiver usage. One of the projects, Ecumen Prairie Hills, does not accept Elderly Waiver clients, but its companion facility, Sand Prairie, has a majority of tenants with County assistance. Benedictine Senior Living does not currently accept Elderly Waiver, but did plan to pursue the use of this program in the future.

In many communities, the acceptance of Elderly Waiver assistance will be somewhat dependent upon unit supply and demand, with acceptance based on the vacancy rate. Since St. Peter currently has a large supply of unoccupied assisted living units, providers may be more willing to accept residents in order to boost occupancy rates.

## **Memory Care Housing**

Memory care housing represents a very specialized segment of the senior market. People with health issues due to dementia, Alzheimer's Disease, or other causes may often be housed in assisted living centers, nursing homes, or less service-intensive forms of senior housing in the earlier phases of memory loss. However, as the problems progress, it is often necessary to provide housing in special facilities that provide a secure environment and specialized care targeted to memory care residents.

## **Unit Inventory**

The research for this Study identified three primary providers of memory care housing in St. Peter. The Benedictine Care Center is a skilled nursing home that has a 20-bed wing that is dedicated to serve the specialized needs of memory care residents. Pheasant Ridge has eight rooms, with capacity for 13 memory care residents in private or shared suite room configurations. Ecumen Prairie Hills has 20 memory care units.

These specialized facilities have the combined capacity to house 53 residents, at full occupancy.

## **Occupancy/Vacancy**

At the time of the rental survey, there were 14 unoccupied beds/units available in the specialized memory care facilities. Most of these units were in the most recent addition to the inventory. Ecumen Prairie Hills opened in June 2011, and has eight of its 20 memory care rooms leased. Some unused capacity also existed in Pheasant Ridge.

## **Rental Rates**

Due to the specialized needs of residents in memory care units, this type of housing is at the higher end of the range for housing with services. Rate information was collected from Pheasant Ridge, which has a room in a shared occupancy suite available for approximately \$4,200 per month.

## **Skilled Nursing Homes**

Skilled nursing homes have historically represented the most service-intensive form of senior housing. This segment of the market has been in transition, however, as other forms of senior housing, such as assisted living, have grown in availability, and become the preferred option for many seniors.

Telephone interviews with administrators of nursing homes in Minnesota have highlighted the fact that nursing home residents are staying for shorter periods of time, and many nursing homes have designated a significant share of their beds for short-term/rehabilitation stays.

## **Unit Inventory**

There are two State-licensed skilled nursing homes in St. Peter. Benedictine Care Center is licensed for 79 beds. The Good Samaritan Home is licensed for 39 beds.

At the time of the 2005 Housing Study, there were 145 licensed nursing home beds in St. Peter, compared to 118 in 2012. Benedictine Living Center de-licensed six beds when it moved into its new facility in 2007. Good Samaritan has also de-licensed beds in recent years. While the specific number was not provided, it would appear that approximately 20 beds have been de-licensed, based on the prior Study. Much of the Good Samaritan de-licensing was achieved by converting shared occupancy rooms into private occupancy.

Both skilled nursing homes have some dedicated beds for other uses included in their licensing. Good Samaritan uses some beds for rehab stays or hospice use. Benedictine has a 20-bed specialized memory care wing, and some beds used for hospital recovery stays.

### **Occupancy/Vacancy**

Although we did not complete a formal “snapshot” occupancy survey, both nursing homes had unused beds. Annual occupancy rates were reported to be in the low to mid 80% range on an annual basis.

### **Rental Rates**

No information was collected on daily rates. Rates are generally impacted by State policy of reimbursement.

## Market Share for Existing Housing with Services Projects

### Senior Demographics

Housing with services projects can serve seniors of any age, but typically have the greatest utilization by older seniors. To analyze the market share for the various forms of housing in the Market Area, Community Partners Research has focused on demographic data for older seniors, age 75 and above.

The release of 2010 Census information provides an accurate, updated look at the area's senior population. In April 2010, there were 1,294 senior citizens (age 65+) living in St. Peter. In the St. Peter Market Area, as defined for this Study, there were 2,088 seniors, age 65 and older.

Many of the senior citizens were in the younger end of the age range. There were 695 older seniors, age 75 and above, living in St. Peter, and 1,020 older seniors in the entire Market Area.

The population of senior citizens has been growing, driven primarily by a large increase in younger seniors, age 65 to 74 years old. Between 2000 and 2010, the City of St. Peter added 89 younger senior citizens, and 54 older seniors, age 75 and above. The entire Market Area added 141 younger seniors, and 120 older seniors, age 75 and above.

The age-based projections used for this Update are based on normal aging patterns for the existing population. Over the next five years, only limited growth would be projected among senior citizens in the age groups 75 years old and older. Stronger growth will exist in the younger senior range, between 65 and 74 years old, but fewer than 100 additional people would be expected in the age groups 75 and older, unless they relocate into the Market Area from more distant locations.

However, as the baby boom generation moves through the aging cycle, there is more growth long-term. But most baby boomers will not begin entering the older senior age ranges until after the year 2020.

For senior-headed households, there were 819 households in St. Peter that had a householder age 65 or older at the time of the 2010 Census. Of these households, 455 had a householder age 75 or older.

Within the Market Area, there were 1,335 senior-headed households, including 674 households with a householder age 75 or older. Growth in senior-headed households was more pronounced in the older age ranges. For the entire Market Area, the net increase between 2000 and 2010 was 80 households in the age range between 65 and 74 years old, and 103 households in the age

ranges 75 years old and older. The difference between population change and household change was due to the fact that younger seniors tend to have more two-person households, while older seniors are more likely to have one-person households.

Once again, available projection data would show limited growth in the number of older senior households over the next five years. Based on typical age progression patterns, fewer than 50 additional older senior households would be expected in the Market Area by 2015.

There will be net growth in the number of younger senior households, in the ranges between 65 and 74 years old. A net increase of more than 200 households would be expected within this group between 2010 and 2015.

It is important to note that the senior demographic statistics from 2010 would include seniors already residing in senior housing, including nursing homes, assisted living and memory care facilities. Adjustments to the senior population and the number of senior-headed households will be made for each of the different housing types reviewed. For example, when examining the seniors that form a potential market for an assisted living unit, it is necessary to subtract the seniors that already reside in more service intensive forms of senior housing, such as nursing homes or memory care units.

### **Skilled Nursing Homes**

Since utilization of nursing home beds varies by short-term versus longer-term stays, some assumptions need to be applied to this segment of the market. After talking to nursing home administrators, it is estimated approximately 60 skilled nursing beds are generally occupied by longer-term residents.

When these statistics are compared to the Market Area senior populations, the available supply of occupied beds represents approximately 5.9% of the total population of older seniors (age 75+).

Although calculations have been performed on the market share for nursing homes, there has been a long-standing moratorium on adding beds, and any new nursing home facilities are typically limited to replacing existing beds, rather than adding to the total inventory. As a result, no additional capture by nursing homes would be expected in the future.

It is also important to recognize that there has been ongoing de-licensing of skilled nursing beds. When Benedictine relocated into their new facility in 2007, they de-licensed six skilled nursing beds and they dedicated some beds to



specific uses, such as memory care or post-hospital recovery care. Good Samaritan has also de-licensed approximately 20 beds in recent years, by converting shared-occupancy rooms into private rooms.

### **Memory Care Housing**

St. Peter has capacity for approximately 53 people in specialized memory care units. Actual utilization would depend upon the number of single-occupancy versus shared-occupancy rooms.

Within the defined Market Area, the available memory care beds in St. Peter represent approximately 5.2% of the older senior population. Since memory care represents a very specialized form of housing, no adjustment has been made for seniors residing in other forms of housing.

In the opinion of Community Partners Research, 5.2% represents a very large capture rate for memory care units. It is important to note that many beds were unoccupied in April 2012. The actual, achieved capture rate was approximately 3.8%.

It is also important to recognize that memory care housing is very specialized, and may attract people from a larger surrounding region. If an individual needs this type of care, and it is not readily available within their home community, they may be more likely to relocate to secure this type of housing.

### **Assisted Living**

When examining market demand for assisted living, calculations are generally compared to the population of older seniors, rather than senior households. This is because assisted living residents are generally older seniors that tend to live alone, rather than as couples or households.

In the Market Area there were 1,020 older senior citizens, age 75 and above, according to the 2010 Census. This population has probably changed very little since 2010, based on aging patterns for the area. When examining assisted living, a downward adjustment needs to be made to account for seniors that are living in a memory care unit or a nursing home on a permanent basis. This results in a potential target market of approximately 900 to 950 older senior citizens that would consider an assisted living unit.

The two newest additions to the St. Peter assisted living inventory both offer flexibility to residents, depending upon their individual needs. Prairie Hills and Benedictine Senior Living have a combined 89 "flexible" units that may be used

for independent living, or for assisted living. Actual utilization will probably vary over time, but for the purposes of this analysis, we have assumed that 50% of the flexible units would be available for assisted living residents.

When additional assisted living options at Sand Prairie and Pheasants Ridge are added, the City has as many as 103 units available to serve assisted living residents. This represents approximately 11% of the adjusted target population of older senior citizens. Once again, this would require an extremely high capture rate within the Market Area population of older seniors.

Although the existing supply of units represents a very high capture rate within the target population, the actual utilization rate in 2012 is much lower. Based on occupancy reported in April 2012, there are approximately 63 occupied assisted living units in St. Peter. This represents an actual capture rate of approximately 7% of the adjusted primary target market population.

### **Housing with Light Services**

St. Peter has multiple rental projects that can provide housing with light services. One of the projects, Good Samaritan Heritage Meadows, is specifically targeted to this market. Two other projects, Benedictine Senior Living and Ecumen Prairie Hills, offer flexible units that can provide either light services or service-intensive housing, depending upon the needs of the tenant.

As described previously, most of the 89 flexible units in St. Peter are currently unoccupied, so the eventual utilization as light services housing versus assisted living cannot be determined. This Update has assumed that approximately half of the flexible units can provide light services housing. This would result in a potential inventory of approximately 72 light services units.

Light services units are typically compared to the distribution of all older senior households, rather than population. Housing with light services can serve a more active and independent senior, and it is more common to see couples reside in this housing, as well as single person households.

After adjusting for senior households that already reside in more service-intensive forms of housing, we would estimate the target market at approximately 600 to 625 total households in 2012 that are age 75 or older.

The current supply of light services units would require a market capture rate above 11% to achieve full occupancy. The current capture rate, based on the initial occupancy in the two newest projects, is less than half that level, below 5.5%.

**Table 26 St. Peter Senior Housing with Services Inventory**

Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Good Samaritan Society Heritage Meadows	16 - 1 Bedroom <u>12 - 2 Bedroom</u> 28 Total Units	\$1,430 \$1,630	3 vacant units, 2 - 1 Bdrm 1 - 2 Bdrm	Senior housing with services	Senior housing with services project constructed in 2000 and part of the Good Samaritan Society complex. Rent includes all utilities and light services. Services include one daily meal, light house keeping and linen laundry, scheduled transportation and emergency call system. No nursing staff or 24 hour staffing. More intensive services can be contracted privately through home health care. Manager reports 3 vacant units due to turnover in winter. Substantial expansion of senior housing options has impacted occupancy for all providers.
Ecumen Prairie Hill Independent and Assisted Living	1 Bedroom <u>2 Bedroom</u> 43 Total Units	Lowest price starts at \$1,900 + additional services and higher charge for larger units	Initial occupancy phase with 14 units leased	Senior housing with services, including assisted living	Senior housing with services project that opened in June 2011. Independent and assisted living offered in 43 units, plus 20 specialized memory care units. Basic rent package starts at \$1900 and includes a daily meal, weekly house keeping, emergency call system, 24-hour staffing, and project amenities. Additional assisted living services can be purchased as needed. Initial occupants are approximately ½ assisted living and ½ lighter services. No County elderly waiver assistance in independent and assisted living, but companion Sand Prairie project does accept County programs.
Ecumen Prairie Hill Memory Care	Studio <u>1 Bedroom</u> 20 Total Units	N/A	Initial occupancy phase with 8 units leased	Memory Care	Senior housing project with memory care, assisted and independent living units that opened in June 2011. Memory care wing has 20 studio and 1 bedroom units. Eight memory care units had been leased in first nine months of initial occupancy. County elderly waiver assistance accepted.

**Table 26 St. Peter Senior Housing with Services Inventory**

Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Benedictine Senior Living Center Independent and Assisted Living	1 Bedroom 1 Bdrm+den <u>2 Bedroom</u> 46 Total Units	Lowest price starts at \$1,925 + additional services and higher charge for larger units	Initial occupancy phase with 4 units leased	Senior housing with services, including assisted living	Senior housing with services project that opened in Oct. 2011. Independent and assisted living offered in 46 apartment units. Basic rent package starts at \$1925 and includes a daily meal and continental breakfast, weekly house keeping, emergency call system, 24-hour staffing, and other project amenities. Additional assisted living services can be purchased as needed. Only 4 units leased to date, but Initial occupants are 3/4 assisted living and 1/4 lighter services. No County elderly waiver assistance in independent and assisted living, but facility may participate in the future.
Benedictine Senior Living Center Memory Care	Capacity for 20 residents in single or shared occupancy	N/A	Fully occupied	Memory Care	Specialized wing of Benedictine Care Center providing housing for residents with advanced memory care needs. Facility was constructed in 2007, and complex is physically attached to hospital and clinic. Memory care wing is fully utilized.
Ecumen Sand Prairie	30 - 1 Bedroom A 6 - 2 Bedroom B 2 - 1 Bedroom C <u>4 - 2 Bedroom D</u> 42 Total Units	Lowest price starts at \$1,984 + additional services and higher charge for larger units	4 vacant units	Senior Assisted Living	Senior assisted living project that opened for occupancy in 1999. Rent includes basic service package of on daily meal, light housekeeping, medication supervision and administration, laundry service, and scheduled activities. More intensive services are available for an additional charge. Skilled nursing services and 24 hour staffing. Manager reports 4 vacant units - more than 100 new senior units were added in last year and demand has not been sufficient to fill all available units. More than half of residents receive County elderly waiver assistance, but funding cuts could jeopardize future use.

**Table 26 St. Peter Senior Housing with Services Inventory**

Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Pheasants Ridge Assisted Living	<u>16 - 1 Bedroom</u> 16 Total Units	Lowest price starts at \$2,550 + additional services as needed	1 vacant unit	Senior Assisted Living	Senior facility offering assisted living which opened in 2006, with a memory care expansion in 2010. Basic package includes daily meals, 24-hour staffing, emergency call system and project amenities. Most residents have medication dispensing, with package price of \$2850. Additional services can be added as needed. Manager reports 1 vacant unit due to recent turnover. Waiting list exists, but no one was ready to move in for latest vacancy. Over half of residents receive County elderly waiver assistance.
Pheasants Ridge Memory Care	8 units with capacity for 13 residents in single or shared occupancy	\$4235 for shared and \$4735 for single occupancy	1 single occupancy and 1 shared occupancy room available	Memory Care	Senior facility offering memory care option which opened in 2010, with an assisted living facility that opened in 2006. Manager reports 1 vacant private occupancy unit and 1 shared occupancy room available at time of survey. No waiting list exists since memory care residents generally need immediate access to secured housing.

Source: Community Partners Research, Inc.

## Employment and Economy

While many factors influence the need for housing, employment opportunities represent a predominant demand-generator. Without jobs and corresponding wages, the means to afford housing is severely limited. Employment opportunities are provided by a broad range of private and public business sectors. The type of employment, wage level, and working conditions will each influence the kind of housing that is needed and at what level of affordability.

### Employment and Wages by Industry

The following table shows the annual employment and average annual wages by major employment sector in 2011. It is important to note that the major employment sectors listed do not represent all employment in the City. Some groups, including self-employment, are not represented. This information is only for the City of St. Peter.

<b>Table 27 St. Peter Average Annual Wages by Industry Detail - 2011</b>		
Industry	2011 Employment	2011 Average Annual Wage
Total All Industry	5,067	\$36,244
Manufacturing	281	\$42,692
Trade, Transportation, Utilities	458	\$21,528
Information	29	\$28,444
Financial Activities	174	\$39,208
Professional and Business Services	212	\$33,488
Education and Health Services	2,656	\$40,508
Leisure and Hospitality	303	\$9,880
Other Services	181	\$38,376
Public Administration	663	\$39,156

Source: MN Department of Employment and Economic Development

The average weekly wage for all industry in calendar year 2011 was \$36,244. The highest paying wage sectors were Manufacturing, at \$42,692, and Education and Health Services, at \$40,508 annually. Although Manufacturing was a small sector for overall employment, Education and Health Services was the largest sector for employment, representing more than 52% of all classified employment options. The lowest paying wage sector was Leisure and Hospitality, with an average annual wage of only \$9,880.

## Major Area Employers

Most of the job opportunities in the Primary Market Area are located in St. Peter. Major employers in St. Peter with more than 90 employees include:

- ▶ St. Peter Regional Treatment Center
- ▶ Gustavus Adolphus College
- ▶ St. Peter Public Schools
- ▶ St. Peter Community Hospital
- ▶ Nicollet County
- ▶ Scholarship America
- ▶ Alumacraft Boat Co.
- ▶ City of St. Peter
- ▶ Econofoods
- ▶ Creation Technologies

Source: City of St. Peter Community Development Department

According to Russ Wille, Community Development Director for the City, there have been no significant changes in the employment levels within the community for the employers listed above.

Although there has been no large-scale change in the local employment situation, the City continues to have commercial/industrial construction activity. In 2011, construction was completed on two large senior housing complexes. These projects are in their initial occupancy phases and will provide some housing with services, including memory care units. The services being offered will require skilled staffing, and 24-hour coverage for some of the units. This should result in additional job creation as these facilities become fully operational.

In 2012 there has been some additional construction work in the retail sector.

## Labor Force, Work Force and Unemployment

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

<b>Table 28 Nicollet County Labor Force and Employment: 2000 - 2011</b>						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - MN	Unemployment Rate - US
2000	18,113	17,623	490	2.7%	3.1%	4.0%
2001	18,625	18,054	571	3.1%	3.8%	4.7%
2002	18,997	18,314	683	3.6%	4.5%	5.8%
2003	18,923	18,201	722	3.8%	4.9%	6.0%
2004	18,806	18,125	681	3.6%	4.6%	5.6%
2005	18,839	18,221	618	3.3%	4.2%	5.1%
2006	19,362	18,744	618	3.2%	4.1%	4.6%
2007	19,288	18,578	710	3.7%	4.6%	4.6%
2008	19,920	19,062	858	4.3%	5.4%	5.8%
2009	19,996	18,696	1,300	6.5%	8.1%	9.3%
2010	20,154	18,943	1,211	6.0%	7.3%	9.6%
2011	20,410	19,359	1,052	5.2%	6.4%	8.9%

Source: MN Department of Employment and Economic Development

There has been growth in the size of the County's available labor force in recent years. When comparing 2011 to 2000, the labor force has increased by 2,297 people, or 12.7%.

The employed work force has shown similar patterns. When comparing 2011 to 2000, the number of employed people has increased by 1,736, or 9.9%.

With the County's available labor force growing at a faster rate than the employed work force, the unemployment rate has increased, from 2.7% in 2000 to 5.2% in 2011. In relative terms, the County's unemployment rate has consistently remained below the Statewide and National rates during the entire 12-year period reviewed.



## Projected Employment

There are two available sources of information on employment projections for Nicollet County. The State Demographer’s Office has issued projections for the size of the available labor force at the County level. Overall, the Demographer projects a steady increase in the size of the County’s labor force. Between 2010 and 2015, this projection expects the labor force to increase by 660 people, or 3.3%. This would be consistent with the Demographer’s other projections, which predict ongoing population growth for the County over the next few years.

The second available data source is the MN Department of Employment and Economic Development. Their projections are for the region, which includes all of southwestern Minnesota. For their 10-year projection period, between 2009 and 2019, they believe that total employment growth in southwestern Minnesota will be at a rate of 5%, with more than 10,000 jobs added.

## Commuting Patterns of Area Workers

Only limited information is available on area workers that commute for employment. The best information is from the 2010 American Community Survey, and has been examined for the City of St. Peter. This table only examines people that commuted, and excludes people that work at home.

<b>Table 29 Commuting Times for St. Peter Workers - 2010</b>		
Travel Time	Number	Percent
Less than 10 minutes	2,046	42.0%
10 to 19 minutes	1,141	23.4%
20 to 29 minutes	916	18.8%
30 minutes or more	770	15.8%
Total	4,873	100%

Source: 2010 American Community Survey 5-year estimates

A large majority of St. Peter residents were commuting less than 20 minutes to work in 2010. Presumably, most residents commuting fewer than 10 minutes were working in the City or just outside the City limits. People driving 10 to 19 minutes to work may have been commuting to Mankato/North Mankato, the regional center. Overall, more than 84% of St. Peter residents commuted less than 30 minutes to work.

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## **Growth Trends and Projections Overview**

The Demographic section of this Study has presented information on current population and household estimates for the City and the surrounding area. In general terms, St. Peter, the Market Area and Nicollet County have been able to consistently add population and households over the past thirty years. While growth has been occurring since at least 1980 (this Study did not analyze data prior to 1980), the last decade represented the fastest period of growth. Between the 2000 Census and the 2010 Census, the City had a net increase of 513 households and nearly 1,200 people (not residing in group quarters).

Unlike many communities in Minnesota, St. Peter did not see a significant drop in its average household size over the past 10 years. While the City does have a large segment of the population that is age 50 or older, it was more successful than most in attracting younger families. In many communities, it has been common to see household growth, but almost no population growth, due to the decrease in the average household size. St. Peter's average household had 2.46 people in 2000, compared to 2.44 people in 2010. As a result, the net growth in households also meant solid net growth in population.

Household growth within the City of St. Peter has accounted for the large majority of the growth in the immediate area. Between 2000 and 2010, the remainder of the St. Peter Market Area, made up of small cities and townships in Nicollet and Le Sueur Counties, added only 155 households, compared to net growth of 513 households in St. Peter.

The primary method for projecting future household growth is based on the continuation of past trends and patterns. Since St. Peter grew at a more rapid rate between 2000 and 2005 than it did after 2005, there is some variation in the available projections, depending on the specific time frame that is analyzed.

For the City of St. Peter, a growth-trend calculation forecast would be in a range between 33 and 60 households in a typical year. Growth at the lower end of this range appears much more realistic, based on patterns evident over the last five years. Some additional household growth could be expected within the other Market Area jurisdictions, but more than 75% of the Market Area's growth would be projected to locate within the City of St. Peter.

It is important to state that these calculations represent potential growth. In 2011, there were only five new housing units constructed in St. Peter. While some level of housing unit vacancy also exists, allowing a larger level of near-term household growth, over the longer-term, housing unit creation and household growth will be directly linked. Without a commensurate level of housing availability, the ability of new households to form or move into the community will be restricted.

## Summary of Growth Projections by Age Group

The Demographic section of this Study presented information on the changing age makeup of the City and the surrounding area. Tracking age-based changes can be informative in predicting future housing needs.

In general terms, much of the net change in households between 2000 and 2010 was generated by older adults. Nearly 68% of the City's net increase in households over the last decade was due to growth among households age 55 and older. At the time of the 2000 Census, approximately 35% of all households in the City had a head of household age 55 or older. By 2010, this had increased to nearly 40% of all households. By the year 2015, this percentage will be even larger. The same basic patterns have been present in the entire St. Peter Market Area.

Looking forward, the largest age-based changes should occur in the specific age groups between 55 and 74 years old. This would reflect the aging "baby boomers", nearly all of whom will be age 55 or older by the year 2015. Minor growth in older seniors (age 75+) may be possible, but in real numbers, the older senior groups will see much less growth than the 55 to 74 age groups.

As stated previously, St. Peter did a better job than many other communities in attracting some younger households over the last decade. While future growth is also projected within certain defined younger age ranges, overall, there will probably be a smaller number of households age 54 and younger. The advancing baby boom generation cannot be replaced by the smaller demographic segment that followed.

The following approximate ranges show the expected net change in the number of Market Area households in each 10-year age cohort between 2010 and 2015. The more conservative ends of the range are viewed as the most realistic, and have been based on the overall low-end growth projections provided previously. The higher-end projections assume that growth patterns from the early 2000s will reemerge, which now appears unlikely in the immediate future.

<u>Age Range</u>	<u>Projected Change in Households 2010 to 2015</u>
15 to 24	-13 to -3
25 to 34	-43 to -18
35 to 44	+141 to +170
45 to 54	-159 to -128
55 to 64	+49 to +83
65 to 74	+203 to +228
75 to 84	+22 to +36
85 and Older	+2 to +8

## Summary of Housing Unit Demand and Tenure Projections

St. Peter has developed a diverse range of housing options for area residents. Although the last decade was generally regarded as a very strong period for home ownership, the rental tenure rate in St. Peter actually increased, while the home ownership rate dropped. In terms of net change, St. Peter added 288 renter-occupancy households over the last decade, compared to 225 owner-occupancy households, according to the 2010 Census.

The level of owner-occupancy household growth was well below the level of single family housing unit construction. Housing units issued a building permit between 2000 and 2009 would probably have completed construction and been available for occupancy by the time the 2010 Census was completed. Based on building permit records, there were nearly 450 single family units constructed in St. Peter during this time period, but a net gain of only 225 owner-occupancy households.

Conversely, the level of renter-occupancy household growth between 2000 and 2010 exceeded the level of new unit creation, based on construction records. The City added 288 renter-occupancy households, but fewer than 220 actual rental units through new construction. The capacity to house more renter households was achieved through either access to formerly vacant housing, or through the conversion of units, as owner-occupancy housing changed use to become rental housing. The fact that owner-occupancy unit construction greatly exceeded growth in the number of owner households is probably a significant contributing factor to the slowdown in new home construction activity in recent years.

There are multiple methods available for converting projected household growth over the next five years into expected tenure preference. After examining different possibilities, Community Partners Research has made forecasts consistent with the most recent patterns present in the community. With a struggling national economy, and some continued weakness in many home ownership markets, an above-average number of households have moved away from ownership in favor of rental housing. Based on short-term patterns, it is possible to forecast that demand will be more heavily weighted toward rental housing, and that growth-generated demand will create the need for approximately 13 to 17 owner-occupancy units per year, and approximately 16 to 20 renter-occupancy units.

While household growth will be the primary demand-generator for new construction, there are other factors that will also contribute to the need for more housing. Annual construction of housing units since the year 2000 has

been greater than household growth. Unit replacement and pent-up demand can also contribute to the need for new construction. The combination growth and other contributing factors should yield the potential for 18 to 22 owner-occupancy units per year, or a cumulative total of 90 to 110 owner-occupancy units over a five-year projection period.

For rental housing, some downward adjustment can be applied for a conversion of some older units from owner-occupancy to renter-occupancy housing. In essence, unit replacement has been negated, as rental housing has been created without the need for new construction. However, some upward adjustment can also be justified for pent-up demand, as St. Peter has consistently had a low rate of vacancy in most segments of its rental housing stock.

Going forward, this Study has used a forecast that between 100 and 130 total rental units will be needed over a five-year period. On an annual basis, this would be approximately 20 to 22 units per year. However, since most rental housing is added in larger, multifamily projects, it is likely that the recommended units will be built in two or three separate construction projects.

Some additional demand for housing will also exist in the remaining jurisdictions that form the Market Area, but this demand will be much lower than within the City limits. Units constructed in the surrounding small cities and rural townships will primarily serve owner-occupants.

It is important to note that we have estimated potential demand in St. Peter. In the specific recommendations that follow, we have made an actual construction forecast that also incorporates current economic and market conditions, which have recently suppressed building activity to a lower level.

It is also probable that the five-year projections will not necessarily result in a consistent level of annual construction. For the past few years, new home construction in St. Peter has been well below 18 to 22 units per year. That level has not been reached since 2006. We would expect construction to remain below average in 2012 and 2013, and then gradually increase through the remainder of the projection period. This pattern is realistic assuming that general economic conditions tend to improve.

As stated above, rental production is most likely to occur in two or three phases of construction, as rental housing will nearly always be in multifamily structures.

## Rental Housing Recommendations

**Overview:** Rental housing is a very important part of the local market within the City of St. Peter. Although the rural Townships and small Cities that surround St. Peter primarily offer housing to owner-occupants, St. Peter serves as the rental center for the Market Area.

According to the 2010 Census, nearly 35% of all households in the City rent their unit. This percentage has increased over time, and was above the Statewide rate for rental housing of approximately 27% in 2010. According to the Census, St. Peter added more renter-occupancy households than owner-occupancy households over the last decade. For just the net increase in households between 2000 and 2010, more than 56% were renters. St. Peter also has a diverse rental inventory, with a broad mix of units serving different income levels and age groups.

Looking at the growth potential for the St. Peter Market Area over the five-year projection period yields some different possible scenarios for future housing needs. The calculation that appears to best reflect current market conditions would indicate that potential demand will exist for approximately 100 to 130 additional rental units over a five-year period.

This demand projection assumes some ongoing softness in the home ownership segment, as economic conditions and weak real estate markets result in fewer households purchasing a home. With movement from rental housing to home ownership suppressed, there has been greater than expected demand for rental units in the past few years. This does have the potential to change rapidly, if the national economy improves, but for the near-term, historical tenure preference patterns may be altered.

The following recommendations address specific segments of the St. Peter rental market. Since many of these same topics were addressed in the 2005 housing study, the specific recommendations will often summarize the earlier research, along with the updated information available in 2012.

## 1. Market Rate Rental Housing

**Findings:** At the time of the 2005 Study, there had been a significant activity in the general occupancy, market rate rental segment. Between 2002 and 2005, a number of new projects had opened for occupancy, including Alpine Meadows (44 units), Rock Ridge Apartments (36 units) and Central Square Apartments (12 market rate units). Gustavus Adolphus had also been adding on-campus student housing, resulting in approximately 100 fewer students living off-campus in 2005. The increase in the market rate inventory, and lower student demand, had resulted in the highest vacancy rate recorded by Community Partners Research, at 6.3% in October 2005.

Despite the above-average rate of vacancy that existed in 2005, the Study had recommended the need for additional unit construction. The calculations at that time had shown that growth generated demand would require between 40 and 50 additional market rate units by 2010.

Since 2005, no significant market rate rental construction has occurred, although eight student-oriented units were constructed. However, during the last half of the last decade, the best available evidence suggests that market rate rental units were added through tenure conversion, as houses formerly used for or intended for owner-occupancy were instead offering rental housing. A very tangible example of this was the Apple Tree Village project, where units constructed for cooperative ownership were slow to sell, and instead used as rental housing. At one point, as many as 25 town homes in Apple Tree Village were rented to higher income households.

Since 2010, there has still been no general occupancy market rate construction. Some of the units in two new senior complexes may be available to independent seniors, but these projects make services, including assisted living, readily available, and largely cater to a more frail senior population.

Since 2005, the vacancy rate has continued to drop in the City's market rate units. A 2009 rental survey recorded a vacancy rate of 3.9% in market rate multifamily housing. In 2011, the vacancy rate was only 0.9%, and in the 2012 survey, was at only 0.7%.

**Recommendation:** The research completed in 2012 would support the creation of between 50 and 60 market rate rental units in St. Peter over the next five years. This would help to relieve the low rate of vacancy that currently exists, and address demand that is expected from renter household growth.



The age-based projections to the year 2015 that we have used in this Study continue to point to strong growth in the number of senior and near-senior households, age 55 and older. Growth will be especially strong in the younger end of these age ranges, between 55 and 74 years old. Near-seniors, and younger seniors, in particular, will form a strong market for life-cycle housing choices that offer independence and maintenance-free living opportunities. We are not aware of any independent living projects. Part of the new unit recommendation could be met through construction of age-restricted market rate rental housing.

Rental rates in the City's newest market rate projects are above the prevailing rates for other market rate housing, but are still very moderate for newly constructed housing. A two-bedroom market rate unit in Central Square Apartments has a gross rent of approximately \$860 to \$920 per month, including underground parking. Two bedroom units in Rock Ridge Apartments have gross rents ranging from \$800 to approximately \$830, depending on the type of unit. Units in Alpine Meadows and Aspen Court are approximately \$950 to \$1,000 for a town house unit with attached garage. Two-bedroom options in Apple Tree Village are above \$1,000 for gross rent.

Although rental rates are relatively high in the City's newer complexes, most of these units also offer significant amenities, including ample square footage. The town house units tend to be large, and offer with single family-living, including an attached garage. Apartments in Central Square offer an underground parking garage. With the possible exception of Apple Tree Village, it does not appear that any of the newer market rate projects achieve a gross rent of \$1.00 per square foot of living space in their two-bedroom and three-bedroom units.

There are some additional factors identified in the 2012 research that could impact the future development of market rate rental housing in St. Peter. One is the impact of past tenure conversion activity. Over the last few years, it appears that units once intended for owner-occupancy have converted to rental use. This has largely been a response to market conditions, as demand for owner-occupied units did not keep pace with new unit construction. It is possible that converted units may remain in the rental stock. However, it is also possible that these units would convert back to owner-occupancy housing if market conditions improve. For example, some units in Apple Tree Village that are currently being rented are also actively listed for sale. If a substantial number of renter-occupied homes are sold to owner-occupants, the demand for additional market rate rental production could increase.

It is also acknowledged that unit production in other segments of the market could address part of the calculated demand for market rate housing. For example, one developer has proposed building moderate rent, income restricted rental units that would be senior-designated for households age 55 and older. While these would not be classified as market rate housing, they would tend to overlap for a portion of the market. Seniors living on fixed retirement incomes could potentially qualify to live in income restricted housing, even though they may also maintain a large financial asset base and also be candidates for market rate housing. To the extent that some additional units are built in specialized segments of the market in St. Peter, they should be evaluated for their potential impact on market rate demand.

## **2. Tax Credit Rental Units/Other Assisted Units for Moderate Income Renters**

**2002 Findings and Recommendation:** Low income housing tax credits remain as the primary federal financial incentive for the production of more affordable rental housing. St. Peter has a number of rental complexes that have used tax credits for new construction or renovation. These projects include Central Square Apartments, with 42 tax credit units, Vista View, with 32 tax credit units, and Fairview Apartments, with 42 units that were renovated with tax credit assistance. St. Peter also has some moderate rent units in Nicollet Meadows that did not use tax credits, but operate with somewhat similar income and occupancy restrictions.

At the time of the 2005 Study, Central Square was just opening for initial occupancy, and had added 42 income-restricted units to the local inventory. The 2005 Study had recommended only a modest addition of new units to serve household growth through the year 2010. After 2005, no additional units have been constructed in the City.

The recent rental surveys completed in St. Peter have tended to find a high rate of occupancy in most of the tax credit/moderate rent units. The 2012 survey found a vacancy rate of only 0.7%. A similarly low vacancy rate was present in the 2011 survey. In the 2009 rental survey completed by Community Partners Research, there was a 4.5% vacancy rate in this segment of the market. However, all of the vacancies at that time were in Fairview Apartments, which was an older rental project that was rehabilitated using tax credits. The new construction tax credit projects have consistently reported very high occupancy rates.

In 2012, a nonprofit developer submitted an application for tax credits that would be used to construct 40 additional units in St. Peter. Four of the units would be used as supportive housing for the long-term homeless, and the remaining 36 units would be in one-bedroom, two-bedroom and three-bedroom configurations for moderate income renters. If selected for funding, this project would begin construction in 2013, with initial occupancy in 2014.

**Recommendation:** Community Partners Research completed a separate market analysis for the 40-unit tax credit project that was submitted in the 2012 application cycle. That analysis showed adequate demand for the project. Both household growth and pent-up demand were contributing factors for the need for additional affordable rental units in the City. If awarded, there would be a net gain of 36 moderate rent units added to the community in 2014. The other four units would provide supportive housing and serve a very targeted group that meet the State definition of long-term homeless.

St. Peter's current inventory of tax credit/moderate rent housing is 134 units. The proposed project would raise this total to 170 units. This would represent housing opportunities for approximately 2.8% of all households within the Market Area, and 4.7% of all St. Peter households in 2014.

### **3. Subsidized Rental Housing Units**

**Findings:** Previous research completed for the City by Community Partners Research has found that St. Peter generally has a good supply of subsidized rental housing. The 2012 rental survey identified 234 units that are defined as federally subsidized. There are 149 units that are designated for general occupancy. There are two projects, with a combined 83 total units, are either designated for senior/disabled occupancy or offer an occupancy preference for senior households.

There is one additional general occupancy project in St. Peter, Fairview Apartments that has a mix of subsidy sources, including low income housing tax credits. Although this is also a HUD-subsidized project, there is no rent assistance available, so all tenants pay 30% of income, but not less than a basic rent established for the unit. In Fairview Apartments the base rent for a two-bedroom unit is \$673. As a result, this project is viewed as being more comparable to other tax credit housing in St. Peter, rather than the other subsidized projects.

Over the last decade there have been some losses from the subsidized inventory. A project once known as St. Peter Apartments had once been part of the Rural Development subsidy program, but converted to market rate housing in the early 2000's. Another project, Parkview Manor, has done some renovation work that has combined some smaller units into larger apartments. Despite a reduction in units over time, Parkview has had long-standing vacancy issues, and is considering another possible consolidation project that would once again reduce the number of units, but make some of the remaining units larger and more marketable. If this project proceeds, 10 smaller apartments would be reconfigured into five larger units.

With the exception of Parkview Manor, occupancy rates in subsidized housing were high in 2012. There were effectively no vacancies in the general occupancy units, as any unoccupied apartments were in the process of being filled. Parkview Manor did have 11 vacant units, and there were also two unoccupied units in Estate Apartments, which is designated for senior and/or disabled tenant occupancy.

The 2005 Study had acknowledged the difficulty in developing new subsidized rental housing, as nearly all of the federal subsidized housing production programs have disappeared in recent decades. Instead of attempting to build new units, that Study had recommended preservation of existing subsidized housing, combined with any available expansion of the tenant-based Housing Choice Voucher Rent Assistance Program.

In 2012, there were 127 households residing in the St. Peter zip code area that had rent assistance Vouchers. No comparable information was collected in 2005. There was a very long waiting list for Voucher assistance in 2012. The list had been closed to new applicants in 2011 because of its length.

**Recommendations:** There have been no significant changes in the availability of subsidized housing for very low income renters. With few federal subsidy programs still available, any expansions of subsidized housing have been rare in recent decades. But, St. Peter has also had few losses of subsidized units, and no changes over the past five years.

The renter household income and cost-burden data provided earlier in this Study continue to point to a large number of lower income renter households. According to the 2010 American Community Survey, nearly 50% of the City's renters were paying 30% or more of their income for housing. Overall, nearly 600 renter households reported that a large share of their monthly income was required for rent. Approximately 93% of these cost-burdened households had an annual income below \$35,000, and most would be income-eligible for a subsidized housing unit.

There could be a small expansion of very affordable units in the proposed Park Row Crossing tax credit project. Four units would offer supportive housing for the long-term homeless and would have a very low rent structure. However, only households that could meet the homeless definition would be allowed to live in these units.

The recommendations made in the 2005 Study continue to apply. Preservation of existing resources and future expansions of tenant-based rent assistance remain as important community affordable housing strategies. A review of the MHFA subsidized housing “opt-out log” found no properties in St. Peter at risk of leaving their subsidy program.

Consistent with the 2005 findings, greater emphasis should be placed on non-senior households, as vacancies persist in units oriented to senior and disabled renters. In the cost-burden data contained in the American Community Survey there were 106 senior-headed households and 491 non-senior households reporting housing cost issues in 2010.

#### **4. Senior Housing With Services**

**Findings:** Senior housing with services is a term that can cover a wide range of housing types. Assisted living and memory care housing are generally the most service-intensive units outside of nursing homes. High-service housing provides 24-hour staffing and assistance with daily living needs of residents. Memory care units are secure and designed to accommodate people with advanced memory loss issues.

A less service-intensive type of housing is often referred to as congregate senior housing, or housing with light services. This type of housing is largely independent, but some services, such as a daily meal and weekly light housekeeping, are included in the monthly rent. Typically, additional can be purchased as needed.

Over the past few decades, a number of senior housing with services projects have been built in St. Peter. In 2011, a major expansion occurred when two new projects opened for initial occupancy. Ecumen Prairie Hill has 43 apartment units that offer a flexible level of services, from a light services package to more intensive assisted living. The Benedictine Senior Living Center also offers a flexible unit that can range from light services housing to assisted living. At the time of the research for this Study, both of these new projects were in their initial occupancy phase and had a majority of units still available.

Although St. Peter has attracted many senior housing developments in recent decades, there had not been any projects at the time of the 2005 research that specifically addressed the needs of people with memory care issues. That has changed since 2005, as three providers are operating in 2012, with the combined capacity to house 53 residents, at full occupancy.

**Recommendation:** A specific section of this 2012 Study addresses the inventory and market share for the different types of specialized senior housing in St. Peter. In general terms, all segments are well served, with unused capacity present in light services, assisted living and memory care housing. With the two new projects added in 2012, St. Peter has a relatively large supply of units, compared to the local population of older senior citizens. Until the current supply of units is fully absorbed, and occupancy patterns stabilize, no additional unit expansion would be recommended.

While the overall size of the inventory is adequate in 2012, there will always be issues with the costs compared to the income levels for some senior households. A number of the assisted living projects will accept residents using County assistance programs, but others do not participate, due to the low reimbursement rate. Those projects that do accept County elderly waiver recipients were very concerned about continued cutbacks in funding, and their ability to serve lower income elderly residents needing services in the future.

## **5. Gustavus Adolphus Student Housing**

**Findings:** The previous housing studies completed for the City of St. Peter have included some analysis of student housing issues, related to Gustavus Adolphus College. The 2012 research process also included a discussion with a representative of the College.

In 2012, the College continues to emphasize its “residential college” approach to student housing. The goal is to maximize beds and rooms that exist on campus. Over the past 15 years, the College has gradually added and upgraded its housing options. The number of students living off campus has therefore declined over time.

In the past few years, the College has added options in Chapel View Townhomes. Although these units are not College-owned, the College lists them among their student housing options, and oversees the maintenance of the facility. Chapel View currently has eight units with capacity for 32 students, and six additional units are being planned.

One other issue identified in 2012 was overall enrollment patterns. For the current academic year, enrollment was lower than in the past. While historical enrollment has generally been relatively stable, year-to-year changes can occur based on the acceptance rate of prospective students offered admittance. With an emphasis on filling on-campus housing first, a lower enrollment does result in fewer students living off-campus.

Although next year's enrollment is expected to be higher than the current year, College officials also pointed to a near-term reduction of high school graduates in the region. This could also impact enrollment going forward, although the College will attempt to keep a steady class size. Any future discussions in changes to student housing will not be made for the next few years.

**Recommendation:** Consistent with past studies, there is no indication that issues at Gustavus Adolphus College will have any near-term impact, either positively or negatively, on general housing availability within the City. We would continue to recommend that the City monitor both student housing on-campus and enrollment patterns as part of its planning for future housing needs.

## Home Ownership and New Construction Recommendations

**Findings:** The City of St. Peter experienced a significant amount of new housing construction and development intended for owner-occupants over the past 10+ years. Most of this activity took place in the first half of the last decade. Single family housing starts peaked in 2003 and 2004, when 106 and 74 building permits, respectively, were issued for single family houses. But by 2007, this level of activity had dropped to only 11 issued permits.

Subdivision development was also proceeding on a pace that was consistent with construction demands. Unlike some other communities in the region, St. Peter did not have an overly large number of subdivisions and improved residential lots when market conditions began to change. However, as the volume of construction activity dropped, subdivision developers saw their annual number of sales greatly reduced.

The downward trend in single family housing development in St. Peter has mirrored broader regional and national trends. The combination of a poor national economy and the perceived collapse of a “housing bubble” has made potential buyers hesitant to enter the market. Developers and home builders that were left with unsold inventory and investments have been discouraged from taking further risks by making any speculative development in the marketplace.

While the impact of a weak housing market can clearly be seen in the building construction statistics, it also appears to be evident in the home resale market. The research for this Study examined the median home sale price in St. Peter dating back to 2005. There has been a clearly defined reduction in both the volume of single family home sales, and in the median sale price. The median price for detached homes peaked in 2007, at \$159,000. The lowest median price was in 2011, at \$142,000.

The number of existing home sales that were “fair market transactions” also dropped significantly. The Nicollet County Assessor’s Office had recorded 142 good sales in 2005, the peak year for volume. By 2011, only 65 good sales were recorded in the City.

One of the reasons that the number of fair market sale transactions may have decreased is a probable increase in “bad” sales, such as foreclosures and short-sale activity. Since these types of transactions are not considered to be fair market value transfers, they are not included in County sales studies. The exact level of foreclosure and short-sale activity in St. Peter cannot be accurately tracked in County records, since no specific code is used to define distressed property transactions.



Other data sources exist about the number of distressed transfers, some based on Sheriff's Sale activity. At the County level, it is known that there were approximately 60 to 70 Sheriff's Sales per year between 2008 and 2011, although the actual number in St. Peter is not defined by this source. Another data source, RealtyTrac, showed only 45 foreclosures in the St. Peter zip code area between 2006 and 2011. While this is a relatively low number, nearly half of the foreclosures occurred in 2011, pointing to a growing, rather than a diminishing problem going forward.

One final issue that needs to be summarized when examining home ownership demand is the conflicting statistics that exist between new unit construction and actual demand for ownership housing. According to the 2010 Census, St. Peter had a net increase of 225 owner-occupied households over the decade, although nearly 450 single family housing units were constructed during this same time period. Based on these statistics, the level of new home construction was nearly double the actual level of demand. This would imply that tenure conversion was taking place, possibly with either newly constructed units or older single family houses converting to rental use, or being unoccupied when the Census was completed.

There are some examples of newly built units never being sold, such as in the Apple Tree Village development. However, it is assumed that most of the new construction homes were sold to owner-occupants, but that a number of older, existing houses were also being converted to rental use. This may have been due to inadequate demand, or the owners may have been unwilling to sell for the price that could be achieved in a down market.

The household growth projections used for this Study expect continued demand for owner-occupied housing to the year 2015. Most of the net growth that is anticipated over the five-year projection period will be among households in the age ranges between 55 and 74 years old. Households in these age ranges tend to be predominantly home owners, and have historically formed a strong market for higher priced housing.

However, while the number of older adult households should increase, there are projected reductions in the number of households in the age ranges below 55 years old. This should result in somewhat diminished demand for entry-level homes, which will limit the trade-up potential. There is growth projected in one younger age group between 35 to 44 years old, but projected net losses in the adjoining age ranges will still result in fewer households age 54 and younger.

Despite the demand for owner-occupancy housing that will be present within certain segments of the market, the combination of factors cited earlier will continue to create a difficult environment for the home ownership market in 2012. Before a significant rebound can be expected, there will need to be improvement in the national economy, unemployment rate and stability in the real estate market, including lower national levels of activity in foreclosures and short sales.

## 6. Incentives and Assistance for Affordable Home Ownership

**Findings:** At the time of the 2005 Study, promotion of home ownership assistance programs was a very active market opportunity in St. Peter. Between 2001 and 2005, the single family home new construction market was extremely active in the City. In each of those five years, more than 50 single family building permits were issued. The City was actively involved in developing affordable lots, with both the Nicollet Meadows and Washington Terrace subdivisions.

In the 2005 Study, the City had been encouraged to continue with home buyer assistance programs, and to explore new program ideas, such as employer involvement in housing programs.

**Recommendation:** Although the provision of assistance programs still can be part of a community strategy, the significant downturn in housing market conditions has significantly changed the demand for this type of assistance. After averaging approximately 70 single family housing starts per year over the five-year period from 2001 to 2005, the annual average dropped to approximately eight starts per year between 2007 and 2011.

As housing markets weakened, housing agencies and funding partners have largely pulled back from ownership assistance programs. In many cases, a greater priority has been placed on helping existing home owners remain in their homes, through foreclosure prevention, or through rehabilitation programs that allow owners to remain in their current unit.

In addition to a significant decrease in new construction activity, sales of existing homes also appear to have slowed. County sales ratio records showed 142 fair market sales transactions in the 2005 sales year, compared to only 65 in the 2011 sales year. It is possible that some of the decline in volume was due to an increase in “distressed” sales, such as foreclosures, but this could not be directly tracked and compared over time.

While home ownership assistance programs may be in less demand than in the past, they can still be offered to promote the sale of both new and existing houses, in an attempt to increase the level of local activity.

## **7. Monitor the need for future lot development**

**Findings:** The research in 2012 indicates that St. Peter was more fortunate than many communities in not having a large oversupply of improved residential lots. The City does have multiple active subdivisions, but only one was found to be in financial distress. In some communities, an overly active development community had introduced hundreds of new lots into the market shortly before the burst of the housing bubble. These communities are seeing large numbers of lots move to foreclosure and possible tax forfeiture.

The research in 2012 did identify approximately 50 available lots for single family detached housing construction in at least four different subdivisions. There were also more than 50 identified lots for attached single family construction, although these were all in a single subdivision, and were heading toward tax forfeiture status.

While only one subdivision is known to be in financial difficulties, with past due real estate taxes and special assessments, other subdivisions have not been overly active, with only a few lots selling per year in recent years. At least one of the subdivisions is exploring the prospect of constructing a speculative home in 2012 in an attempt to increase sales activity.

Although the City itself was very successful with its two phases of affordable lot development, there are no immediate plans to proceed with another round of lot creation. This is partly due to a recognition that private developers have unsold inventory, and adding public competition would negatively impact existing projects. The City does still have two lots available for sale in Washington Terrace, and only one lot was sold in 2011. The two remaining lots are more expensive than other options that were offered in Washington Terrace, due to their size and location.

There would also be fewer incentives available if a new affordable subdivision was created. When Nicollet Meadows and Washington Terrace were developed, housing groups such as the Greater Minnesota Housing Fund, were active financial participants, and gap loans and deferred loans were often part of a package offered to first-time buyers. State and nonprofit agencies have largely withdrawn from assisting the new construction market, due to the losses that occurred when housing markets slowed.

**Recommendation:** In recent years, St. Peter has been averaging fewer than 10 single family housing starts per year. Until a significant turnaround occurs in housing markets, the existing lot supply should be more than adequate to meet overall demand.

The projections used for this Study do anticipate demand increasing as the national economy improves, with annual average demand calculated at 18 to 22 owner-occupancy units per year. Even if demand reaches this level soon, there would be an adequate supply of lots for at least the next two or three years, providing time for new subdivision planning to get underway.

While the overall inventory may be adequate in numbers, there is no assurance that these lots can address all segments of the potential demand. The best available evidence indicates that different prices are present, and that the type and price of houses that would be built also offer some variation. Although it cannot be directly documented, it is probable that some level of price concession may also exist, especially in subdivisions that have been less successful in selling lots. There are listed options in the MLS for lots priced below \$40,000, including special assessments.

In the past, the private development community has responded to market demand and has proceeded with subdivision creation as needed. Supply and demand should be monitored. If the available inventory appears to be inadequate to meet near-term needs, additional land development should be promoted.

There will probably be no near-term options that will be as affordable as Washington Terrace, unless some lots are sold via tax forfeiture. Still, it is equally doubtful that a publicly-owned subdivision could replicate the price-point of the past, when deferred loans and gap financing could lower the end purchase price below \$15,000 for income-eligible buyers.

## **8. Town house, twin home and other life-cycle housing development**

**Findings:** Prior to the collapse of the housing bubble, attached single family housing was taking on a greater share of new construction activity in many markets. The research completed in 2005 found multiple attached housing developments proceeding successfully in St. Peter. At that time, we had calculated that attached housing represented approximately 22% of all single family construction, and we had projected that this percentage would grow to 25% of the annual activity.

Since there was active private-sector involvement underway, there was a limited public role required, other than to assure that adequate land was available and zoned for attached housing construction.

The popularity of attached unit styles had multiple causes. One advantage was price, as twin homes and town houses generally represented a cost advantage in both land and construction compared to detached houses. A second advantage of attached single family housing was lifestyle-related. A growing number of empty-nesters and younger seniors resulted in increased demand for age-appropriate housing that provided appropriate amenities to older adult buyers, and offered a “no maintenance” option of ownership.

As the national housing markets retreated in the late 2000s, alternative housing products, such as attached single family, often suffered the greatest hit. As people became concerned about owning or investing in new construction, they became even more concerned about less traditional products. Now, attached housing tends to represent a small share of new construction in most communities.

Concerns also developed in the lending community about projects that had resident associations. As unit sales slowed, projects that had associations were not able to get the monthly payments out of unsold or foreclosed units. As a result, people that had bought into the project were required to pay extra amounts to support the association.

The sales statistics for attached housing in St. Peter show a significant drop in the annual volume. In 2006, there were 29 good sales of attached single family units. This dropped as low as three good sales in 2010, before rebounding to nine good sales in 2011. The median price information may be skewed by the limited number of annual sales, but between 2005 and 2009, there was a definite downward trend in the median price. This did jump upward in 2011, but again only nine units were sold, and the median may not be a good reflection of overall pricing.

In St. Peter, one large subdivision that was platted for attached housing, Welco West, was experiencing financial difficulty in 2012. There were unpaid property taxes and special assessment for many tax parcels dating back to 2009. It is possible that the County may begin the tax forfeiture process in late 2012.

Another attached housing development, Apple Tree Village, experienced slow sales and dropping prices for its units. In recent years, as many as 25 units have been used as rental housing. If market conditions improve, owners and investors still hope to sell these units to individual buyers, but this has been a gradual process to date.

**Recommendation:** Despite the difficulties experience in this segment of the market, it still tends to be very well matched to the aging patterns of area residents. At the time of the 2000 Census, approximately 35% of all households in the City had a head of household age 55 or older. By 2010, this had increased to nearly 40% of all households. By the year 2015, this percentage will be even larger.

Although demographic patterns are conducive to attached ownership housing construction, this segment of the market will probably remain suppressed until confidence returns in the national economy and housing markets. Later in the five-year projection period, it is possible that attached units could attract approximately 20% of the new construction market, or potentially four to five units in an average year. We believe that demand will primarily come from older adult households and the features and amenities should be conducive to the life-cycle needs of empty-nester and senior households.

The eventual disposition of lots in Welco West does have the ability to impact this projection. If some of these lots are sold at a deeply discounted price, it may allow for above-average levels of construction. However, the uncertainty tied to these lots, and unsold units in Apple Tree Village could also suppress other developers' interest in entering this segment of the market.

## Other Housing Issues

### 9. Monitor the Impact of Possible Tenure Conversion

**Findings:** One potentially troublesome trend that emerged through analysis of the 2010 Census data for St. Peter was the discrepancy between owner-occupancy households and the construction of units that were probably intended for owner-occupants. When the 2010 Census is compared to 2000 data, the City added only 225 owner-occupancy households. Over half of the City's net household growth that occurred in the last decade was attributable to an increase in renters.

While a greater level of growth in the number of renter households was not atypical for many Minnesota Cities, it was the difference between unit construction and tenure change that was surprising. During the years between 2000 and 2009, City records show that nearly 450 single family housing units were built in St. Peter, yet the net increase in the number of home owners was only half of this amount.

As mentioned previously, there are some possible explanations, including residual impacts from the 1998 tornado disaster. It is also known that some other unit losses may have occurred, such as the removal of some mobile homes. Vacant units and foreclosures could also have impacted the statistics. However, these mitigating factors would not appear to account for all of the difference. If the Census is to be believed, then there was also a level of tenure conversion that was also occurring in St. Peter, as houses that had previously been used for owner-occupancy were instead changed to rental use.

If the Census figures are accurate, then there was not enough demand for existing home ownership options, compared to the supply of units available. Some neighborhoods may be experiencing a decrease in the number of owner-occupants, which has the potential to impact neighborhood stability.

**Recommendation:** The City may need to monitor the possible conversion changes that could be occurring in the older housing stock. One readily available method is through the City's rental property registration program. To the extent that converted units remain as rental housing for an extended period and are properly registered in the future, the City will have the ability to assess the number and location of houses that are being used for rental occupancy.

Another possible method for checking the accuracy of the Census is through County property tax records, which could indicate a change in homestead status for individual parcels.

## 10. Monitor the Impact of Home Foreclosures and Distressed Sales

**Findings:** The research completed for this Study did not identify any significant issues concerning home foreclosures in St. Peter. Some foreclosures have been occurring, but overall, Nicollet County does relatively well when compared to other locations in the State. According to HousingLink, Nicollet County had the 45<sup>th</sup> lowest rate of foreclosure among Minnesota's 87 Counties in 2011. The County's 2011 foreclosure rate, at 0.64%, was below the rate of 0.98% in Blue Earth County. Since North Mankato would be included in Nicollet County statistics, it is probable that many of the foreclosures were within that City.

Another data source that was reviewed, RealtyTrac, reported only 45 home foreclosures in the St. Peter zip code area (56082) between 2006 and 2011. While the level of activity is relatively low, Realty-Trac did show that 22 of the 45 foreclosures occurred in 2011, the single largest year for volume. The RealtyTrac information also reported activity in January 2012, with four foreclosures in the zip code area. If this monthly level is sustained, 2012 would surpass 2011 for the highest annual number of foreclosures.

**Recommendation:** Although home foreclosures have not been a pressing housing issue in St. Peter, the City is encouraged to monitor the situation for future changes. HousingLink, in cooperation with the Greater Minnesota Housing Fund, has been producing quarterly reports on Sheriff's Sales by County. These reports also include the comparative information between Counties cited earlier in the section.

While Nicollet County has not previously produced information on distressed sales, it may be possible to work with the County to identify specific rejection codes that could be used in the sales ratio studies to identify transactions that are forced sales.

## 11. Continue to Promote Housing Rehabilitation/Neighborhoods

**Findings:** The 2010 American Community Survey for St. Peter contained an estimate of the age of the City's housing stock. For owner-occupancy units, the estimated median year of construction was 1973. Nearly half of the single family houses in the City are 40 or more years old, according to this source. Rental housing was slightly newer, with the median year of construction estimated at 1976.

Much of the housing stock is even older. The ACS estimated that 385 owner-occupied housing units were constructed before 1940. This represented more than 16% of all owner-occupancy units in the City. For comparison, the



Statewide average for pre-1940 owner-occupancy housing was approximately 18%. For rental housing, 384 units, or approximately 32% of the total stock, were built before 1960.

While age does not always indicate a need for rehabilitation, older housing does require more maintenance to remain in good condition. If investments in maintenance and improvement are deferred, older housing can quickly slip into disrepair.

**Recommendation:** St. Peter has been successful in the past in securing funding and delivering programs for owner and rental housing rehabilitation. Ongoing efforts will be required to maintain and improve the older housing stock. Older housing often provides the most affordable ownership option for area families.

One of the primary programs that was available in the past for concentrated rehabilitation activity was the Small Cities Development Program (SCDP). Over the last several years, the focus of SCDP grant awards had moved away from projects that achieved concentrated impact, such as a targeted neighborhood project. However, in 2012, the SCDP program is once again emphasizing neighborhood projects, including revitalization efforts that include housing rehabilitation.

In addition to the SCDP-funded activities, other resources have recently become available for rental rehab. In October 2011, the Minnesota Housing Finance Agency (MHFA) announced a new rental rehabilitation demonstration program for use in Greater Minnesota.

In 2012, a Gustavus Adolphus student research project was examining neighborhoods in the City. This analysis included a map showing the distribution of houses in need of repair. This research will yield valuable information on future prioritization and approaches to neighborhood revitalization efforts.

## 12. Continue to Address Mobile Home Quality and Condition Issues

**Findings:** The 2005 Housing Study had identified the physical condition of mobile homes as a housing issue for the City. A visual survey of the mobile home parks had found 16 mobile homes that were in very poor condition and presumably beyond repair. Specific program ideas were identified that had been used in other Minnesota communities.

The 2012 research did not include a new visual survey. However, statistical information is available from other sources. St. Peter continues to have an inventory of mobile home units that primarily provide owner-occupancy housing. The 2010 American Community Survey estimated that 301 mobile homes existed in St. Peter. This total included 292 owner-occupied mobile homes and nine rental units. This represented more than 8% of the City's occupied housing inventory.

The American Community Survey also provided an estimate of the age for units. There were 147 mobile homes, or approximately 49% of the total, that were constructed between 1960 and 1979. The median estimated value for all mobile homes in the City was only \$10,000, according to the 2010 ACS.

The City has been aggressively addressing mobile home issues, primarily in the Green Valley Park. A collaboration between the City, the SW MN Housing Partnership and the MN housing Finance Agency has yielded a pilot program that acquires dilapidated mobile homes for \$2,000 and helps to provide gap funding for a replacement home in a different location. A rehabilitation program can also be offered to mobile homes built after 1978.

In a separate issue impacting mobile homes, a transportation project will result in the removal of more than 20 mobile homes from a different park in St. Peter. However, this park does have vacant pads, and an attempt will be made to relocate units to other lots. As a result, a net loss of homes may not occur, although a net loss of mobile home capacity would exist after the project.

**Recommendation:** Although mobile homes represent a relatively small percentage of all housing options in St. Peter, ongoing efforts to improve both the living units and the condition of mobile home parks are recommended. The City and area housing agencies have already taken aggressive actions to improve the quality and condition of mobile homes in the community.

### 13. Continue to Monitor Housing Issues and Population Diversity

**Findings:** The 2005 Housing Study had reported on the growing racial and ethnic diversity in St. Peter. The 2000 Census had reported that 4.3% of City's households were racial and ethnic minorities.

In 2005 there were Statewide efforts underway to promote home ownership for minority households. A new Emerging Markets Housing Initiative was being launched in an attempt to bring the home ownership rate to a level that was more comparable to White non-Hispanic households.

Although strong percentage growth occurred between 2000 and 2010, in real numbers most of St. Peter's households are still classified as White and non-Hispanic/Latino. Overall, 8.1% of the households were in a racial or ethnic minority group in 2010. But this still represents only 282 households of the 3,491 total households counted by the Census.

According to the 2010 Census, the home ownership rate for Hispanic/Latino households is almost identical to the rate for White non-Hispanic households. However, ownership rates are lower for most of the racial minority groups.

**Recommendation:** The innovative approaches intended to accelerate the rate of home ownership for minority households have largely disappeared after the retreat in housing markets. Instead, efforts have often shifted to foreclosure prevention and rehab of existing housing.

The slowdown in household growth in St. Peter in recent years has also probably slowed the rate of increase in minority populations. However, improving the rate of home ownership among racial minority groups can still be a community strategy going forward.