

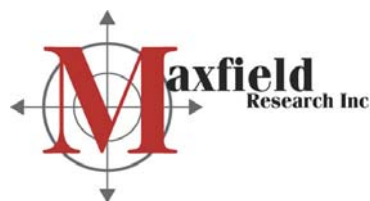
# Comprehensive Housing Market Analysis for The City of Mora, Minnesota

*Prepared for:*

**Mora Housing and Redevelopment Authority**  
Mora, Minnesota

**May 2014**





May 15, 2014

Ms. Rose Dunn  
Executive Director  
Mora HRA  
160 Valhall Circle  
Mora, MN 55051

Dear Ms. Dunn:

Attached is the *Comprehensive Housing Market Analysis for Mora, Minnesota* conducted by Maxfield Research Inc. The study projects housing demand from 2014 through 2025, and gives recommendations on the amount and type of housing that could be built in Mora to satisfy demand from current and future residents over the next decade.

The study identifies a potential demand for about 350 new housing units through 2025. Demand was nearly equally divided between general-occupancy housing and age-restricted senior housing. Demand was highest for affordable senior housing; showing a need for nearly 70 units. The for-sale market has bottomed out and is slowly recovering but appreciation and new development is not expected to increase significantly until the lender-mediated supply of homes dwindles. Therefore, the existing lot supply will meet demand in short-term. Detailed information regarding recommended housing concepts can be found in the *Conclusions and Recommendations* section at the end of the report.

We have enjoyed performing this study for you and are available should you have any questions or need additional information.

Sincerely,

MAXFIELD RESEARCH INC.

A handwritten signature in black ink that reads 'Matt Mullins'.

Matt Mullins  
Vice President

A handwritten signature in black ink that reads 'David Sajeveic'.

David Sajeveic  
Analyst

Attachment

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### ***Purpose and Scope of Study***

Maxfield Research Inc. was engaged by the City of Mora to conduct a *Comprehensive Housing Needs Analysis* for the City of Mora. The Housing Needs Analysis provides recommendations on the amount and types of housing that should be developed in order to meet the needs of current and future households who choose to reside in the City.

The scope of this study includes: an analysis of the demographic and economic characteristics of the City; a review of the characteristics of the existing housing stock and building permit trends; an analysis of the market condition for a variety of rental and for-sale housing products; and an assessment of the need for housing by product type in the City. Recommendations on the number and types of housing products that should be considered in the City are also supplied.

### ***Demographic Analysis***

- As of the 2010 Census, the City of Mora had 3,571 people and 1,513 households. The City of Mora is forecast to add an additional 48 people and 113 households between 2010 and 2019.
- The population in Mora is aging and older age cohorts are accounting for a significant percentage of the total population. Baby boomers (comprising the age groups 45 to 54 and 55 to 64 in 2010), accounted for an estimated 29.7% of the City's population. Over the next five years, the age 65 to 74 cohort will have the highest growth by percentage and numerically (101 people, or 32.8%). The growth in this age cohort can be primarily attributed to the baby boom generation aging into their young senior years.
- Mora had an estimated median household income of \$40,349 in 2014. Overall, non-senior households had a higher median household income (\$48,698) compared to senior households (\$28,430).
- Between 2000 and 2010, homeownership rates decreased from 64.3% to 58% in the City of Mora.
- Approximately 38% of all households in Mora lived alone in 2010. Married without children households accounted for the second highest percentage at 25%.
- Kanabec County's unemployment rate of 9.3% in as of 2013 is higher than the State of Minnesota (5.1%). Kanabec County's unemployment rate has been higher than the State of Minnesota in every year from 2000 to 2013.
- The majority of Mora residents are employed outside of the area (61%). Most residents commuted to jobs in the Hinckley, Cambridge, Pine City, and the Metro Area.

### ***Housing Characteristics***

- The City of Mora issued permits for the construction of 134 new residential units from 2000 to 2013. Between 2000 and 2006, residential construction averaged over 19 units per year. However, beginning in 2007, which was the start of the Great Recession, building permits started declining rapidly and from 2007 to 2013 the City has averaged only two new units per year.
- In total, Mora is reported to have approximately 1,471 housing units, of which about 888 are owner-occupied, 493 are renter-occupied, and 90 are vacant as of 2010.
- The majority of the homes in Mora are older. Approximately 45% of Mora's housing stock was built in the 1950's or prior.
- Approximately 62% of Mora homeowners have a mortgage. About 13% of homeowners with mortgages also have a second mortgage or home equity loan.
- The median owner-occupied home in Mora was \$127,500 in 2012. The majority of the owner-occupied housing stock in the City of Mora was estimated to be valued between \$100,000 and \$199,999 (57.5%).
- The median contract rent in Mora was \$642 in 2012. Approximately 47% of Mora renters paying cash have monthly rents ranging from \$500 to \$749.

### ***Rental Housing Market Analysis***

- In order to assess the current market conditions for rental housing in Mora, Maxfield Research Inc. conducted an inventory of subsidized (i.e. housing that is income-restricted to households earning at or below 30% of the Area Median Income), affordable (i.e. housing that is income-restricted between 30% and 80% of the Area Median Income) and market rate (i.e. housing that is not income-restricted) projects located in the City.
- In total, Maxfield Research inventoried 110 general occupancy market rate rental units in the City of Mora spread across nine multifamily developments (3 units and larger). At the time of the survey, there were three vacant units resulting in an overall vacancy rate of 4.1%. Typically, a healthy rental market maintains a vacancy rate of roughly 5%, which promotes competitive rates, ensures adequate consumer choice, and allows for unit turnover.
- Affordable/subsidized projects make-up 83 units and posted no vacancies. Combined with the market rate projects, the overall vacancy rate for rental housing in Mora is about 2%.



### ***Senior Housing Market Analysis***

- There are 11 senior housing facilities located in Mora with a total of 276 units. Combined, the overall vacancy for senior projects is 1.1% in Mora. Generally, healthy senior housing vacancy rates range from 5% to 7% depending on service level.
- There is one adult/few services rental project with 54 units in Mora. There are no active adult ownership developments in Mora.
- There are three assisted living projects located in Mora. These projects account for 60 units and a vacancy rate of 1.7%. The newest project in Mora is Eastwood Senior Living, which was built in 2010.
- There are two memory care developments, which have been built in the last five years. Combined the projects have 15 units and no vacancies.

### ***For-Sale Housing Market Analysis***

- The average and median resale price of homes in Mora was approximately \$107,734 and \$98,000 respectively as of 2013. The median sales price over the last decade peaked in 2005. Since 2005, median sales prices have declined by over 33%.
- An average of 124 homes has been sold annually in Mora since 2000. Considering that Mora has a supply of nearly 1,513 owned-occupied housing units in 2010, this represents turnover of almost 8% of the owned homes annually.
- The median list price of single-family homes for sale in Mora was about \$112,400 in February 2013. Based on a median list price of \$112,400, a household would need an income of about \$32,115 to \$37,465 based on an industry standard of 3.0 to 3.5 times the median income. About 61% of Mora households have annual incomes at or above \$32,100.
- There are only three active subdivisions in the Mora area with available lots. Collectively there are 63 vacant single-family lots and 13 duplex lots. However, there are no builders actively marketing new construction at this time.
- The lot supply benchmark for growing communities is a three- to five-year lot supply. This supply of lots is appropriate as it provides adequate consumer choice but minimizes developers' carrying costs. Given the number of existing platted lots and the annual absorption of single-family lots over the past few years, we conclude that Mora has an adequate lot supply in the short-term.

### ***Housing Needs Analysis***

- Based on our calculations, demand exists for the following general occupancy product types between 2014 and 2025:
  - Market rate rental 43 units
  - Affordable rental 37 units
  - Subsidized rental 26 units
  - For-sale single-family 39 units
  - For-sale multifamily 22 units
- In addition, we find demand for multiple senior housing product types. By 2019, demand in Mora for senior housing is forecast for the following:
  - Active adult ownership 28 units
  - Active adult market rate rental 8 units
  - Active adult affordable 68 units
  - Active adult subsidized 21 units
  - Congregate 37 units
  - Assisted living 2 units
  - Memory care 21 units

### ***Recommendations and Conclusions***

- Based on the finding of our analysis and demand calculations, the chart on the following page provides a summary of the recommended development concepts by product type for the City of Mora through 2025. Detailed findings are described in the *Conclusions and Recommendations* section of the report.

## EXECUTIVE SUMMARY

RECOMMENDED HOUSING DEVELOPMENT				
CITY OF MORA				
2014 to 2025				
		Purchase Price/ Monthly Rent Range <sup>1</sup>	No. of Units	Development Timing
Owner-Occupied Homes				
Single Family <sup>2</sup>				
	Entry-level	>\$150,000	26 - 28	2016+
	Move-up	\$150,000 - \$250,000	20 - 22	2017+
	Executive	\$250,000+	8 - 10	2018+
	Total		54 - 60	
Townhomes/Twinhomes <sup>2</sup>				
	Entry-level	>\$150,000	12 - 14	2016+
	Move-up	\$150,000+	16 - 18	2017+
	Total		28 - 32	
Total Owner-Occupied			82 - 92	
General Occupancy Rental Housing				
Market Rate Rental Housing				
	Apartment-style	\$725/1BR - \$1,150/3BR	20 - 26	2016+
	Townhomes	\$850/2BR - \$1,250/3BR	12 - 14	2016+
	Total		32 - 40	
Affordable Rental Housing				
	Townhomes	Moderate Income <sup>3</sup>	30 - 40	2015+
	Subsidized	30% of Income <sup>4</sup>	24 - 26	2015+
	Total		54 - 66	
Total Renter-Occupied			86 - 106	
Senior Housing (i.e. Age Restricted)				
	Active Adult Senior Coop	\$35,000 to \$70,000	24 - 28	2017+
	Active Adult Affordable Rental <sup>5</sup>	Moderate Income <sup>3</sup>	50 - 60	2014+
	Independent Living (Congregate)	\$1,500/1BR - \$1,750/2BR	30 - 36	2015+
	Memory Care	\$3,500/EFF - \$5,000/2BR	18 - 20	2018+
	Total		122 - 144	
Total - All Units			290 - 342	
<sup>1</sup> Pricing in 2014 dollars. Pricing can be adjusted to account for inflation.				
<sup>2</sup> Recommendations include the absorption of some existing previously platted lots.				
<sup>3</sup> Affordability subject to income guidelines per Minnesota Housing Finance Agency (MHFA). See Table HA-1 for Kanabec County Income limits.				
<sup>4</sup> Subsized housing will be difficult to develop financially				
Note - Recommended development does not coincide with total demand. Mora may not be able to accommodate all recommended housing types based on a variety of factors (i.e. development constraints, land availability, etc.)				
Source: Maxfield Research Inc.				

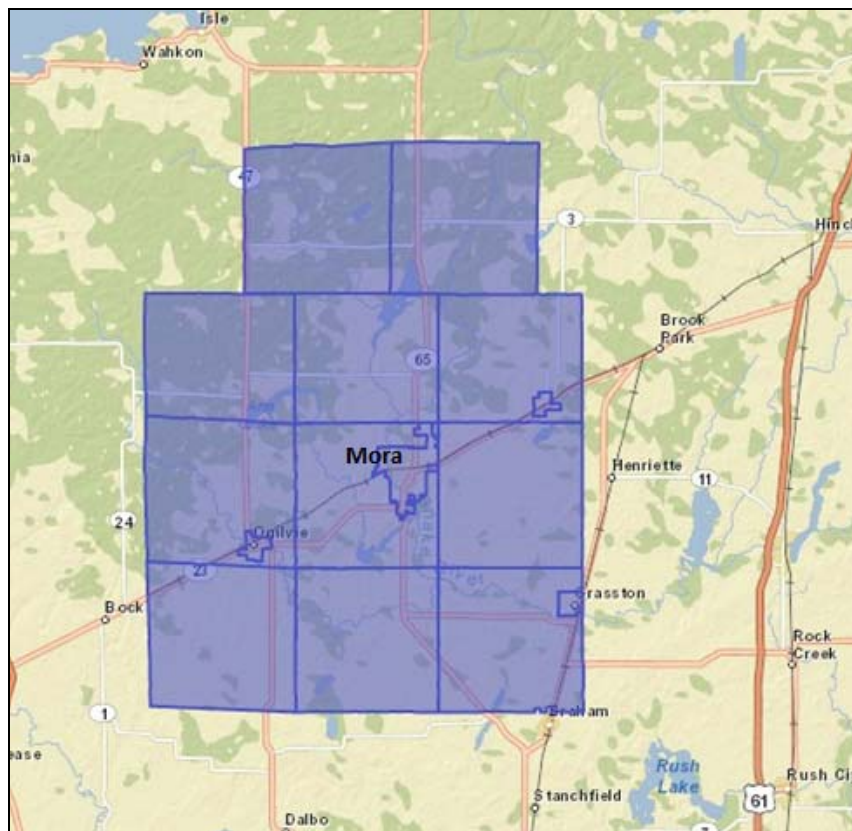
### Introduction

This section of the report examines factors related to the current and future demand for both owner- and renter-occupied housing in Mora, Minnesota. It includes an analysis of population and household growth trends and projections, projected age distribution, household income, household types, household tenure, employment growth trends and characteristics, age of housing stock, and housing characteristics for Mora. A review of these characteristics will provide insight into the demand for various types of housing in the Market Area.

### Market Area Definition

The primary draw area (Market Area) for housing in Mora was defined based on traffic patterns, community and school district boundaries, and geographic and our general knowledge of the draw area. The Market Area includes 11 townships (Ann Lake, Arthur, Brunswick, Comfort, Grass Lake, Hillman, Kanabec, Knife Lake, Peace, South Fork, and Whited) and 3 cities (Grasston, Ogilvie, and Quamba) surrounding Mora. These communities in the Market Area serve as "bedroom communities" for Mora. Some persons prefer a more rural atmosphere while others have attachments to the communities where they currently live or a spouse working in that community.

**Mora Market Area**



### Population and Household Growth from 1990 to 2010

Tables D-1 and D-2 present the population and household growth, respectively, of each Market Area city and township for 1990, 2000, and 2010. The data is from the U.S. Census.

#### *Population*

- Mora's population grew by 289 people (+10%) between 1990 and 2000. Population growth was faster during the 2000s, increasing by 378 people (+11.8%) to 3,571 in 2000.
- The majority of the growth in the Market Area can be attributed to the growth in the Remainder of the Market Area. Approximately 86% of all population growth in the Market Area occurred in the Remainder of the Market Area between 1990 and 2000.
- Growth slowed during the late 2000s due to the housing downturn. While the City of Mora's population grew by 11.8% between 2000 and 2010, the Remainder of the Market Area gained 786 people (7.3%). Overall, the Market Area added +1,164 persons between 2000 and 2010, increasing the Market Area population to 15,157 persons in 2010. This was a growth rate of 8.3%.
- Market Area includes roughly 93% of the total population in Kanabec County.

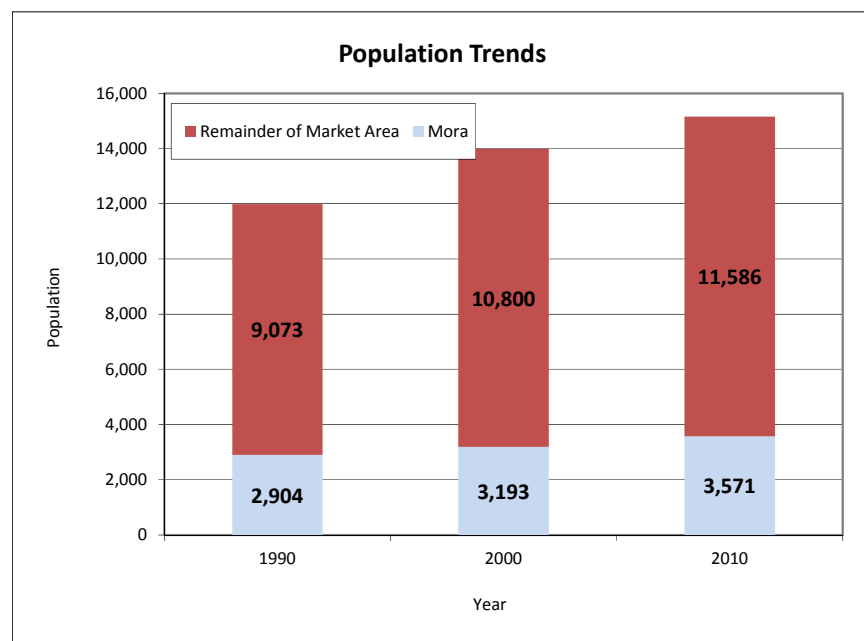
#### *Households*

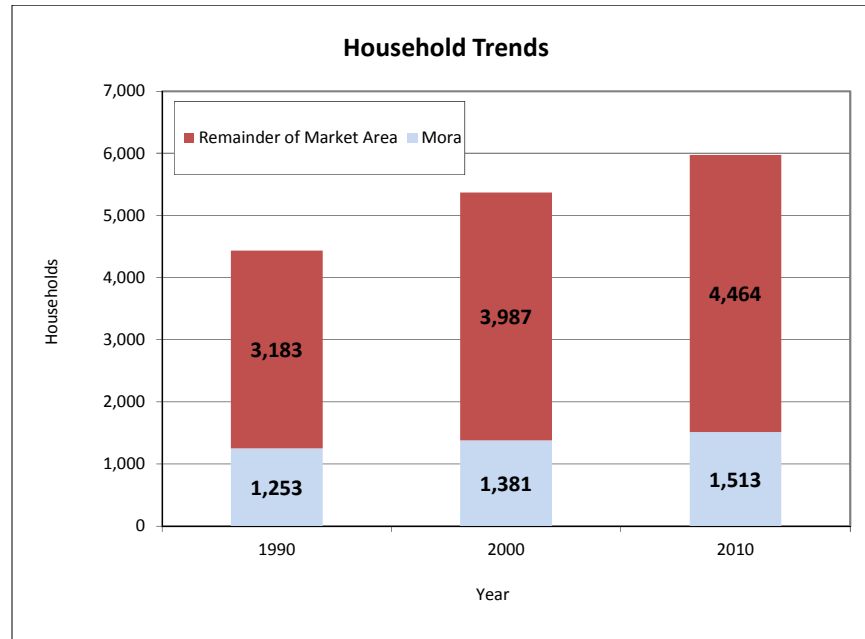
- Household growth trends are typically a more accurate indicator of housing needs than population growth since a household is, by definition, an occupied housing unit. However, additional demand can come from changing demographics of the population base, which results in demand for different housing products.
- Mora added 132 households during the 2000s (an increase of 9.6%), increasing its household base to 1,513 households as of 2010. The Remainder of the Market Area added 477 households during the decade (a 12.0% increase), increasing to 4,464 households.
- Household growth rates outpaced population growth in the Market Area during both the 1990s and 2000s. The Market Area's population increased 8.3% compared to an 11.3% increase in households between 2000 and 2010. This is the result of fewer persons in each household, caused by demographic and social trends such as increasing divorce rates, an increasing senior base, and couples' decisions to have fewer children or no children at all.

<b>TABLE D-1</b> <b>HISTORIC POPULATION GROWTH TRENDS</b> <b>MORA MARKET AREA</b> <b>1990-2010</b>							
	1990	2000	2010	1990-2000		2000-2010	
				No.	Pct.	No.	Pct.
<b>Mora</b>	<b>2,904</b>	<b>3,193</b>	<b>3,571</b>	<b>289</b>	<b>10.0%</b>	<b>378</b>	<b>11.8%</b>
<b>Remainder of Market Area</b>							
Grasston City	119	105	158	-14	-11.8%	53	50.5%
Ogilvie City	510	474	369	-36	-7.1%	-105	-22.2%
Quamba City	124	98	123	-26	-21.0%	25	25.5%
Ann Lake	264	377	447	113	42.8%	70	18.6%
Arthur	1,533	1,905	1,843	372	24.3%	-62	-3.3%
Brunswick	1,107	1,263	1,333	156	14.1%	70	5.5%
Comfort	819	931	1,078	112	13.7%	147	15.8%
Grass Lake	888	928	1,038	40	4.5%	110	11.9%
Hillman	335	384	444	49	14.6%	60	15.6%
Kanabec	633	853	943	220	34.8%	90	10.6%
Knife Lake	825	1,049	1,156	224	27.2%	107	10.2%
Peace	609	963	939	354	58.1%	-24	-2.5%
South Fork	614	662	789	48	7.8%	127	19.2%
Whited	693	808	926	115	16.6%	118	14.6%
<b>Sub-total</b>	<b>9,073</b>	<b>10,800</b>	<b>11,586</b>	<b>1,727</b>	<b>19.0%</b>	<b>786</b>	<b>7.3%</b>
<b>Market Area Total</b>	<b>11,977</b>	<b>13,993</b>	<b>15,157</b>	<b>2,016</b>	<b>16.8%</b>	<b>1,164</b>	<b>8.3%</b>
<i>Kanabec County</i>	<i>12,802</i>	<i>14,996</i>	<i>16,239</i>	<i>2,194</i>	<i>17.1%</i>	<i>1,243</i>	<i>8.3%</i>
Sources: U.S. Census Bureau; Maxfield Research Inc.							

<b>TABLE D-2</b> <b>HISTORIC HOUSEHOLD GROWTH TRENDS</b> <b>MORA MARKET AREA</b> <b>1990-2010</b>							
				1990-2000		2000-2010	
	1990	2000	2010	No.	Pct.	No.	Pct.
<b>Mora</b>	<b>1,253</b>	<b>1,381</b>	<b>1,513</b>	<b>128</b>	<b>10.2%</b>	<b>132</b>	<b>9.6%</b>
<b>Remainder of Market Area</b>							
Grasston City	44	42	53	-2	-4.5%	11	26.2%
Ogilvie City	188	182	160	-6	-3.2%	-22	-12.1%
Quamba City	43	33	42	-10	-23.3%	9	27.3%
Ann Lake	103	147	185	44	42.7%	38	25.9%
Arthur	543	672	683	129	23.8%	11	1.6%
Brunswick	362	454	501	92	25.4%	47	10.4%
Comfort	274	344	420	70	25.5%	76	22.1%
Grass Lake	302	340	394	38	12.6%	54	15.9%
Hillman	117	165	182	48	41.0%	17	10.3%
Kanabec	232	303	346	71	30.6%	43	14.2%
Knife Lake	300	412	459	112	37.3%	47	11.4%
Peace	230	358	397	128	55.7%	39	10.9%
South Fork	204	235	286	31	15.2%	51	21.7%
Whited	241	300	356	59	24.5%	56	18.7%
<b>Sub-total</b>	<b>3,183</b>	<b>3,987</b>	<b>4,464</b>	<b>804</b>	<b>25.3%</b>	<b>477</b>	<b>12.0%</b>
<b>Market Area Total</b>	<b>4,436</b>	<b>5,368</b>	<b>5,977</b>	<b>932</b>	<b>21.0%</b>	<b>609</b>	<b>11.3%</b>
<i>Kanabec County</i>	<i>4,753</i>	<i>5,759</i>	<i>6,413</i>	<i>1,006</i>	<i>21.2%</i>	<i>654</i>	<i>11.4%</i>

Sources: U.S. Census Bureau; Maxfield Research Inc.



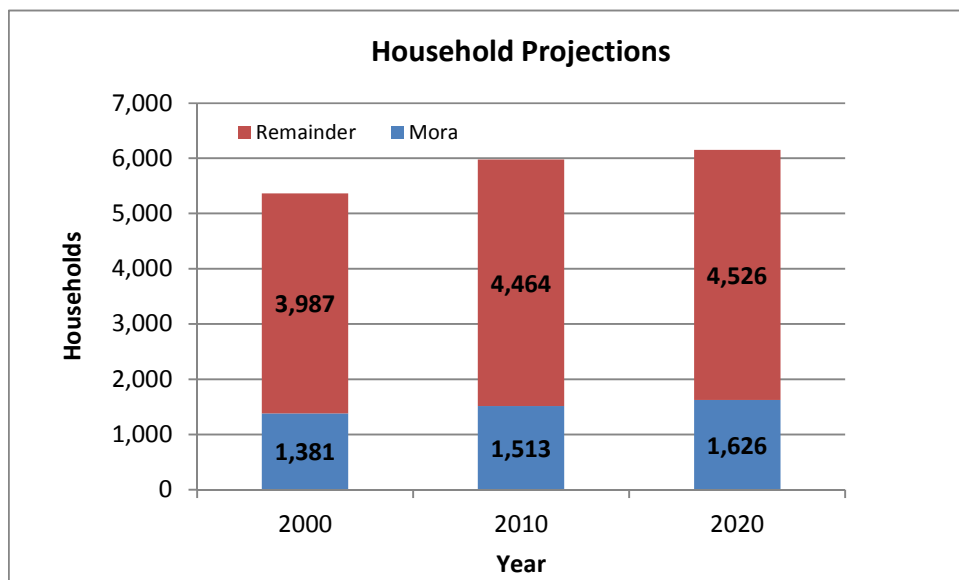
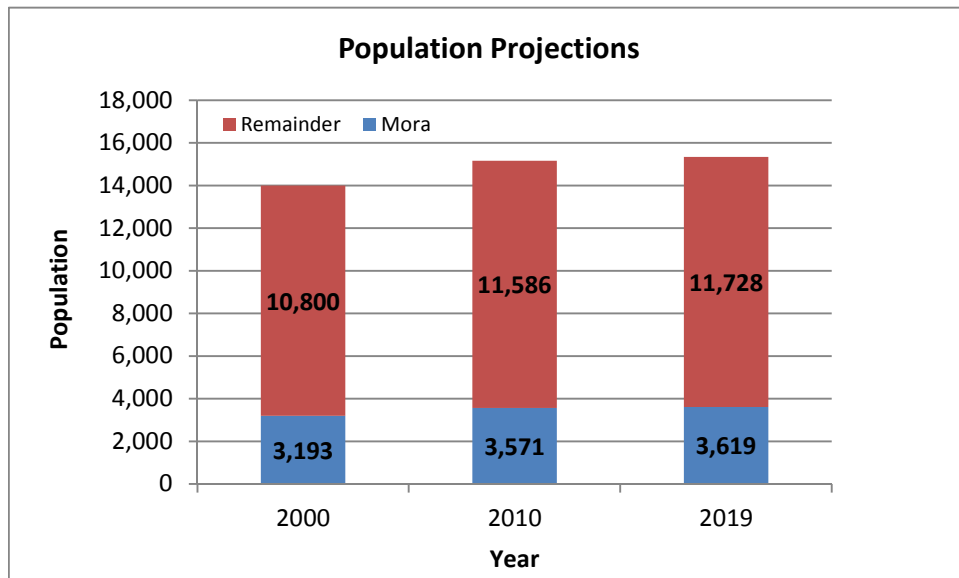


## Population and Household Estimates and Projections

Table D-3 presents population and household growth estimates and projections for the Market Area through 2025. Estimates for 2014 and projections through 2025 are based on information from ESRI (a national demographics service provider) and Minnesota Planning with adjustments calculated by Maxfield Research Inc. The adjustments are intended to reflect growth that will likely be realized after considering the impact of the housing market slowdown and recession.

- Due to the slowdown in the housing market and other economic pressures, we project that the City of Mora will slightly grow during the next decade. We project that Mora will increase by 59 persons (+1.7%) and 118 households (+7.8%) between 2010 and 2020.
- Between 2000 and 2010, the population in the Remainder of the Market Area increased by 786 persons (7.3%). It is projected to increase by 179 people (+1.5%) between 2010 and 2020. The number of households is also projected to increase by 77 households (+1.7%).
- Overall, the Market Area population is projected to increase between 2010 and 2020. The Market Area is expected to increase by nearly 238 people (+1.6%) by 2020, for a total of 15,395 people. Household growth is projected to increase by 196 households (+3.3%) by 2020.





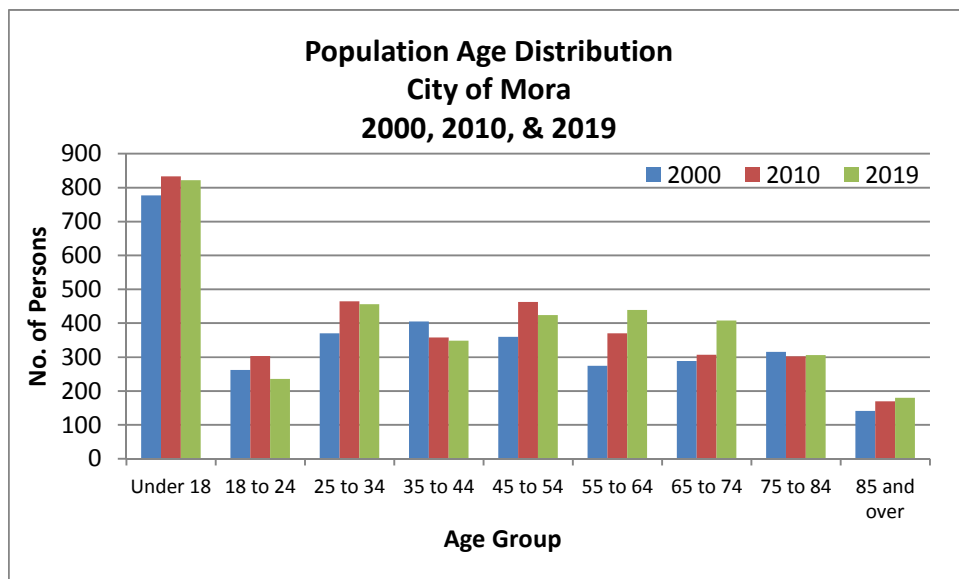
## DEMOGRAPHIC ANALYSIS

<b>TABLE D-3</b> <b>POPULATION AND HOUSEHOLD GROWTH TRENDS AND PROJECTIONS</b> <b>MORA MARKET AREA</b> <b>2000 to 2025</b>									
	U.S. Census		Estimate	Forecast	Forecast	Change			
						2000 to 2010		2010 to 2019	
	2000	2010	2014	2019	2025	No.	Pct.	No.	Pct.
<b>POPULATION</b>									
Mora	3,193	3,571	3,562	3,619	3,740	378	11.8	48	1.3
Remainder of the PMA	10,800	11,586	11,543	11,728	12,121	786	7.3	142	1.2
<b>Primary Market Area</b>	<b>13,993</b>	<b>15,157</b>	<b>15,105</b>	<b>15,346</b>	<b>15,861</b>	<b>1,164</b>	<b>8.3</b>	<b>189</b>	<b>1.2</b>
<i>Kanabec County</i>	<i>14,996</i>	<i>16,239</i>	<i>16,190</i>	<i>16,448</i>	<i>17,000</i>	<i>1,243</i>	<i>8.3</i>	<i>209</i>	<i>1.3</i>
<b>HOUSEHOLDS</b>									
Mora	1,381	1,513	1,598	1,626	1,681	132	9.6	113	7.4
Remainder of the PMA	3,987	4,464	4,447	4,526	4,681	477	12.0	62	1.4
<b>Primary Market Area</b>	<b>5,368</b>	<b>5,977</b>	<b>6,045</b>	<b>6,151</b>	<b>6,362</b>	<b>609</b>	<b>11.3</b>	<b>174</b>	<b>2.9</b>
<i>Kanabec County</i>	<i>5,759</i>	<i>6,413</i>	<i>6,390</i>	<i>6,503</i>	<i>6,725</i>	<i>654</i>	<i>11.4</i>	<i>90</i>	<i>1.4</i>
Sources: U.S. Census Bureau; State Demographic Center; Maxfield Research Inc.									

## Age Distribution Trends

Age distribution affects demand for different types of housing since needs and desires change at different stages of the life cycle. Table D-4 shows the distribution of persons within nine age cohorts for the Market Area in 2000 and 2010 with estimates for 2014 and projections for 2019. The 2000 and 2010 age distribution is from the U.S. Census Bureau and the 2014 figures are an estimate based on 2010 Census data. Maxfield Research Inc. derived the 2019 projections by adjustments made to data obtained from ESRI. The following are key points from the table.

- The majority of the growth in the Market Area occurred in the middle aged and senior population (ages 45+). There has been an outmigration of young adults from the Market Area partially due to Metro Area communities offering higher paying jobs. Between 2000 and 2010, the 18 to 44 age cohort lost -354 people.
- The Market Area's population of 18 to 34 year olds, which consists primarily of renters and first-time homebuyers, increased by 1.0% between 2000 and 2010, and is projected to slightly decline between 2014 and 2019.



<b>TABLE D-4</b> <b>POPULATION AGE DISTRIBUTION</b> <b>MORA MARKET AREA</b> <b>2000 to 2020</b>								
Age	Census		Estimate	Projection	Change			
	2000	2010	2014	2020	2000-2010		2010-2020	
	No.	No.	No.	No.	No.	Pct.	No.	Pct.
<b>Mora</b>								
Under 18	777	834	828	822	57	7.3	-12	-1.5
18 to 24	262	303	251	235	41	15.6	-68	-27.0
25 to 34	370	464	453	456	94	25.4	-8	-1.7
35 to 44	405	358	355	348	-47	-11.6	-10	-2.7
45 to 54	360	463	458	424	103	28.6	-39	-8.5
55 to 64	274	370	418	439	96	35.0	69	16.5
65 to 74	288	307	342	408	19	6.6	101	29.4
75 to 84	316	302	292	306	-14	-4.4	4	1.5
85 and over	141	170	165	180	29	20.6	10	6.2
<b>Subtotal</b>	<b>3,193</b>	<b>3,571</b>	<b>3,562</b>	<b>3,619</b>	<b>378</b>	<b>11.8</b>	<b>48</b>	<b>1.3</b>
<b>Remainder of Market Area</b>								
Under 18	3,087	2,824	2,741	2,740	-263	-8.5	-84	-3.1
18 to 24	732	706	758	721	-26	-3.6	15	1.9
25 to 34	1,213	1,219	1,237	1,251	6	0.5	32	2.6
35 to 44	1,879	1,457	1,410	1,389	-422	-22.5	-68	-4.8
45 to 54	1,531	2,004	1,914	1,783	473	30.9	-221	-11.5
55 to 64	1,142	1,669	1,694	1,784	527	46.1	115	6.8
65 to 74	795	1,116	1,165	1,408	321	40.4	292	25.1
75 to 84	352	478	492	519	126	35.8	41	8.4
85 and over	69	113	131	131	44	63.8	18	13.9
<b>Subtotal</b>	<b>10,800</b>	<b>11,586</b>	<b>11,543</b>	<b>11,727</b>	<b>786</b>	<b>7.3</b>	<b>141</b>	<b>1.2</b>
<b>Market Area Total</b>								
Under 18	3,864	3,658	3,569	3,561	-206	-5.3	-97	-2.7
18 to 24	994	1,009	1,009	956	15	1.5	-53	-5.3
25 to 34	1,583	1,683	1,690	1,708	100	6.3	25	1.5
35 to 44	2,284	1,815	1,765	1,738	-469	-20.5	-77	-4.4
45 to 54	1,891	2,467	2,372	2,207	576	30.5	-260	-11.0
55 to 64	1,416	2,039	2,113	2,223	623	44.0	184	8.7
65 to 74	1,083	1,423	1,507	1,816	340	31.4	393	26.1
75 to 84	668	780	784	826	112	16.8	46	5.8
85 and over	210	283	295	311	73	34.8	28	9.6
<b>Total</b>	<b>13,993</b>	<b>15,157</b>	<b>15,105</b>	<b>15,346</b>	<b>1,164</b>	<b>8.3</b>	<b>189</b>	<b>1.3</b>
Sources: U.S. Census Bureau; ESRI; Maxfield Research Inc.								

- Mirroring trends observed across the Nation, the aging baby boomer generation is substantially impacting the composition of the Market Area's population. Born between 1946 and 1964, these individuals comprised the age groups 45 to 54 and 55 to 64 in 2010. As of 2010, baby boomers accounted for an estimated 29.7% of the Market Area's population.
- The 65 to 74 age cohort is projected to have the greatest growth (by percentage and numerically) increasing by 393 people (+27.6%). The growth in this age cohort can be primarily attributed to the baby boom generation aging into their young senior years.
- The social changes that occurred with the aging of the baby boom generation, such as higher divorce rates, higher levels of education, and lower birth rates has led to a greater variety of lifestyles than existed in the past – not only among the baby boomers, but also among their parents and children. The increased variety of lifestyles has fueled demand for alternative housing products to the single-family homes. Seniors, in particular, and middle-aged persons tend to do more traveling and participate in more activities than previous generations, and they increasingly prefer maintenance-free housing that enables them to spend more time on activities outside the home.

### Household Income by Age of Householder

The estimated distribution of household incomes in Mora and the Market Area for 2014 and 2019 are shown in Tables D-5 and D-6. The data was estimated by Maxfield Research Inc. based on income trends provided by ESRI. The data helps ascertain the demand for different housing products based on the size of the market at specific cost levels.

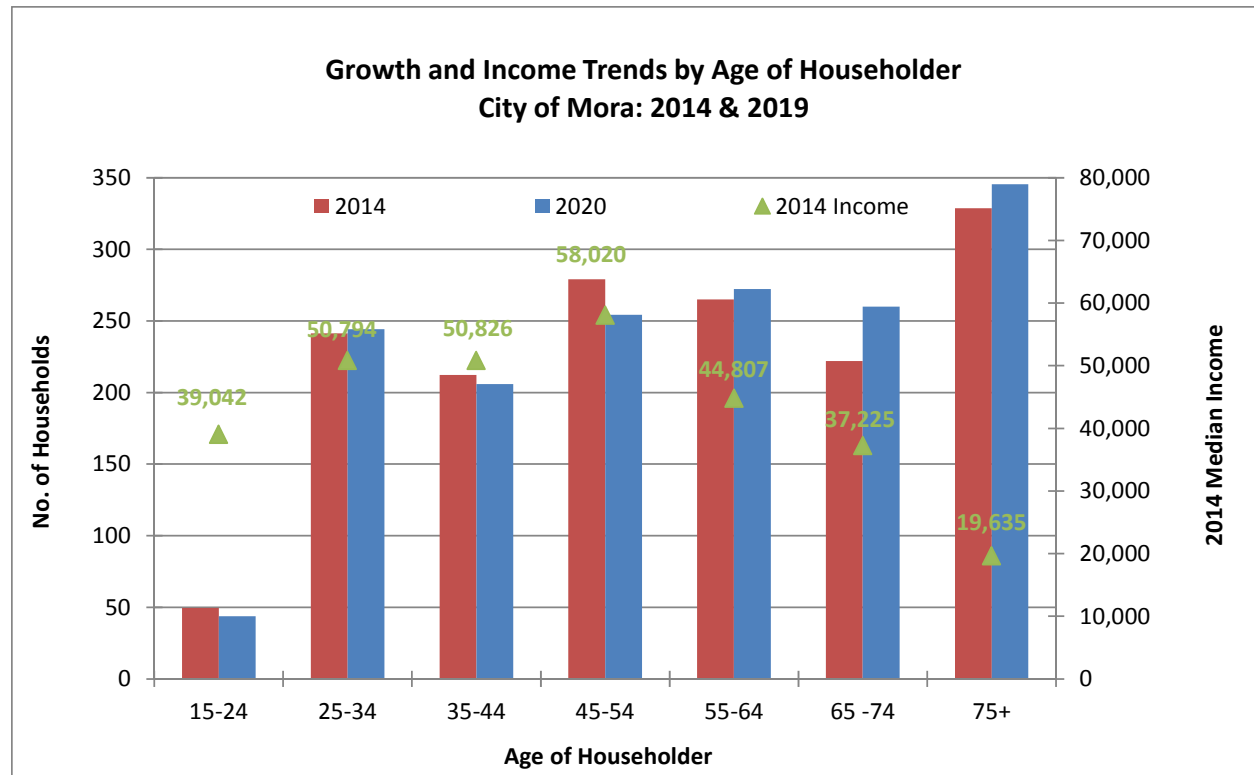
The Department of Housing and Urban Development defines affordable housing costs as 30% of a household's adjusted gross income. For example, a household with an income of \$50,000 per year would be able to afford a monthly housing cost of about \$1,250. Maxfield Research Inc. uses a figure of 25% to 30% for younger households and 40% or more for seniors, since seniors generally have lower living expenses and can often sell their homes and use the proceeds toward rent payments.

A generally accepted standard for affordable owner-occupied housing is that a typical household can afford to pay 3.0 to 3.5 times their annual income on a single-family home. Thus, a \$50,000 income would translate to an affordable single-family home of \$150,000 to \$175,000. The higher end of this range assumes that the person has adequate funds for down payment and closing costs, but also does not include savings or equity in an existing home which would allow them to purchase a higher priced home.

- Mora had an estimated median household income of \$40,349 in 2014. It is projected to increase over the next 6 years to \$44,417 in 2019 (+10.1%).

## DEMOGRAPHIC ANALYSIS

- With a household income of \$50,794, a younger household (the median household income for the 25 to 34 cohort) could afford a monthly housing cost of about \$1,270, based on an allocation of 30% of income toward housing. A senior household (65+) with an income of \$28,430 (the median household income of seniors in Mora) could afford a monthly housing cost of \$948, based on an allocation of 40% of income toward housing.



### ***Non-Senior Households***

- In 2014, 8.4% of the non-senior (under age 65) households in the Market Area had incomes under \$15,000 (369 households). All of these households would be eligible for subsidized rental housing. Another 9.0% of the Market Area's non-senior households had incomes between \$15,000 and \$25,000 (396 households). Many of these households would qualify for subsidized housing, but many could also afford "affordable" or older market rate rentals. If housing costs absorb 30% of income, households with incomes of \$15,000 to \$25,000 could afford to pay \$375 to \$625 per month.
- Median incomes for households in the Market Area peak at \$60,460 for the 45 to 54 age group in 2014. Households in this age group are in their peak earning years. By 2019, the median income for the 45 to 54 age group is projected to increase to \$64,815, a 7.2% increase.
- The median resale price of homes in Mora was roughly \$98,000 through 2013 (see Table FS-1). The income required to afford a home at this price would be about \$28,000 to \$32,665,

based on the standard of 3.0 to 3.5 times the median income (and assuming these households do not have a high level of debt).

- Incomes are expected to increase by 6.9% between 2014 and 2019 in the Market Area. This equates to an increase of 1.2% annually.

### ***Senior Households***

- The oldest householders are likely to have lower incomes in 2014. In the Market Area, 16.3% of households ages 65 to 74 had incomes below \$15,000, compared to 25.3% of households ages 75 and over. Many of these low-income older senior households rely solely on social security benefits. Typically, younger seniors have higher incomes due to the fact they are still able to work or are married couples with two pensions or higher social security benefits. The 2014 median income for Market Area householders age 65 to 74 and 75+ are \$37,301, and \$21,401, respectively.
- Generally, senior households with incomes greater than \$30,000 can afford market rate senior housing. Based on a 40% allocation of income for housing, this translates to monthly rents of at least \$1,000. About 807 senior households in Mora (48.8% of senior households) had incomes above \$30,000 in 2014.
- Seniors who are able and willing to pay 80% or more of their income on assisted living housing would need an annual income of \$33,000 to afford monthly rents of \$2,200, which is about the beginning monthly rent for assisted living projects in the Market Area. There were an estimated 240 older senior (ages 75 and over) households with incomes greater than \$30,000 in 2014. Seniors age 75 and over are the primary market for assisted living housing.
- The median income for seniors age 65+ in the Market Area is \$29,351 in 2014. It is projected to increase by \$2,171 (7.4%) to \$31,522 by 2019.

## DEMOGRAPHIC ANALYSIS

<b>TABLE D-5</b> <b>HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER</b> <b>CITY OF MORA</b> <b>(Number of Households)</b> <b>2014 &amp; 2019</b>								
	Age of Householder							
	Total	Under 25	25-34	35-44	45-54	55-64	65 -74	75+
<b>2014</b>								
Less than \$15,000	217	3	15	17	20	33	28	99
\$15,000 to \$24,999	273	6	32	23	22	39	43	108
\$25,000 to \$34,999	199	11	24	29	27	26	31	52
\$35,000 to \$49,999	251	12	44	33	36	47	42	37
\$50,000 to \$74,999	385	13	85	64	80	70	47	26
\$75,000 to \$99,999	117	4	18	23	33	25	8	6
\$100,000 to \$149,999	92	0	14	20	31	14	12	0
\$150,000 to \$199,999	18	0	0	2	6	8	2	0
\$200,000+	46	0	9	1	24	3	9	1
<b>Total</b>	<b>1,598</b>	<b>50</b>	<b>241</b>	<b>212</b>	<b>279</b>	<b>265</b>	<b>222</b>	<b>329</b>
<i>Median Income</i>	<i>\$40,349</i>	<i>\$39,042</i>	<i>\$50,794</i>	<i>\$50,826</i>	<i>\$58,020</i>	<i>\$44,807</i>	<i>\$37,225</i>	<i>\$19,635</i>
<b>2019</b>								
Less than \$15,000	217	3	15	14	17	32	33	105
\$15,000 to \$24,999	254	6	29	18	14	36	45	107
\$25,000 to \$34,999	194	10	23	24	23	25	35	55
\$35,000 to \$49,999	210	8	36	28	25	37	42	35
\$50,000 to \$74,999	416	12	90	65	75	78	63	33
\$75,000 to \$99,999	153	5	25	28	39	34	12	10
\$100,000 to \$149,999	107	0	17	24	33	17	17	0
\$150,000 to \$199,999	24	0	0	3	7	10	3	0
\$200,000+	51	0	10	2	23	5	10	1
<b>Total</b>	<b>1,626</b>	<b>44</b>	<b>244</b>	<b>206</b>	<b>254</b>	<b>272</b>	<b>260</b>	<b>345</b>
<i>Median Income</i>	<i>\$44,417</i>	<i>\$39,161</i>	<i>\$53,101</i>	<i>\$54,897</i>	<i>\$63,539</i>	<i>\$51,268</i>	<i>\$40,072</i>	<i>\$20,031</i>
<b>Change - 2014 to 2019</b>								
Less than \$15,000	1	0	-0	-4	-4	-2	5	6
\$15,000 to \$24,999	-18	-1	-3	-5	-8	-3	2	-1
\$25,000 to \$34,999	-6	-1	-1	-5	-4	-1	4	3
\$35,000 to \$49,999	-41	-4	-8	-5	-11	-10	-0	-2
\$50,000 to \$74,999	32	-1	5	2	-4	8	16	7
\$75,000 to \$99,999	36	0	6	6	6	9	5	4
\$100,000 to \$149,999	15	0	3	3	1	3	5	0
\$150,000 to \$199,999	5	0	0	1	0	3	1	0
\$200,000+	4	0	2	1	-1	1	2	0
<b>Total</b>	<b>28</b>	<b>-6</b>	<b>3</b>	<b>-6</b>	<b>-25</b>	<b>7</b>	<b>38</b>	<b>17</b>
<i>Median Income</i>	<i>\$4,068</i>	<i>\$119</i>	<i>\$2,307</i>	<i>\$4,071</i>	<i>\$5,519</i>	<i>\$6,461</i>	<i>\$2,847</i>	<i>\$396</i>
Sources: ESRI; Maxfield Research Inc.								



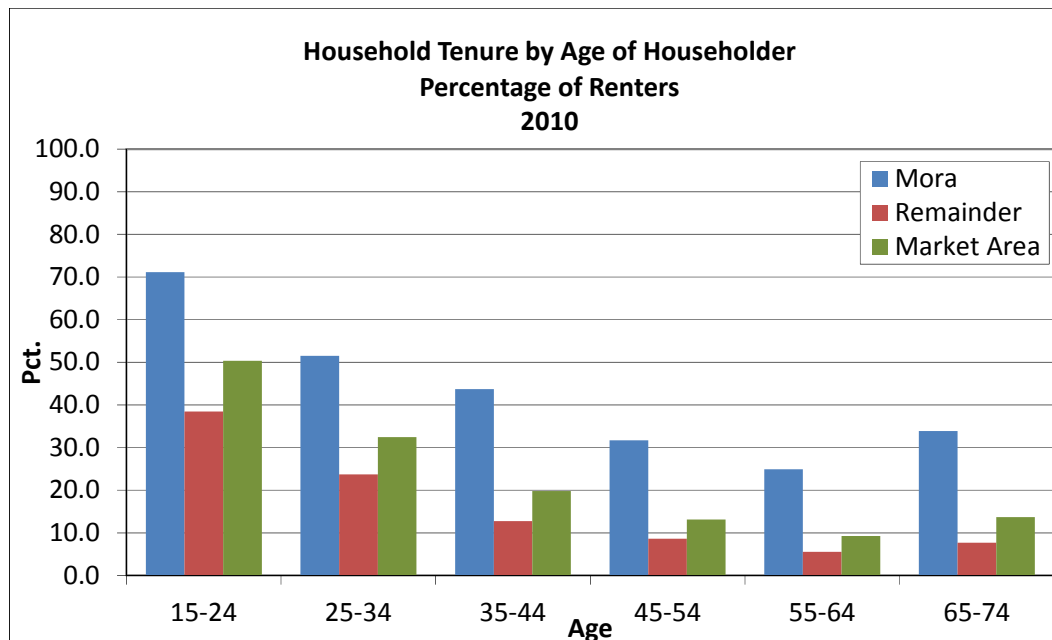
## DEMOGRAPHIC ANALYSIS

TABLE D-6 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER MORA MARKET AREA (Number of Households) 2014 & 2019								
	Total	Age of Householder						
		Under 25	25-34	35-44	45-54	55-64	65 -74	75+
2014								
Less than \$15,000	705	9	42	66	89	162	149	188
\$15,000 to \$24,999	766	15	82	83	72	143	127	243
\$25,000 to \$34,999	762	34	90	98	118	138	140	144
\$35,000 to \$49,999	1,001	28	130	152	168	227	191	105
\$50,000 to \$74,999	1,469	33	258	252	396	301	179	49
\$75,000 to \$99,999	617	13	61	140	190	145	58	10
\$100,000 to \$149,999	521	2	77	116	187	85	52	2
\$150,000 to \$199,999	98	1	3	10	35	45	4	0
\$200,000+	106	0	17	2	69	4	13	1
Total	6,045	136	762	919	1,324	1,250	912	742
Median Income	\$46,039	\$38,833	\$51,942	\$53,873	\$60,460	\$46,189	\$37,301	\$21,401
2019								
Less than \$15,000	687	9	38	49	72	152	169	199
\$15,000 to \$24,999	650	11	68	56	43	111	125	236
\$25,000 to \$34,999	689	30	77	76	86	120	151	150
\$35,000 to \$49,999	900	20	112	128	124	202	201	111
\$50,000 to \$74,999	1,678	32	293	274	399	359	258	63
\$75,000 to \$99,999	735	13	72	163	201	183	89	14
\$100,000 to \$149,999	581	2	89	123	186	104	75	2
\$150,000 to \$199,999	120	1	3	16	36	58	6	0
\$200,000+	110	0	18	6	67	5	13	1
Total	6,151	119	770	891	1,215	1,294	1,087	775
Median Income	\$51,347	\$40,477	\$54,637	\$59,327	\$64,815	\$52,684	\$40,996	\$22,048
Change - 2014 to 2019								
Less than \$15,000	-18	0	-4	-18	-18	-10	20	11
\$15,000 to \$24,999	-116	-4	-15	-28	-29	-31	-1	-8
\$25,000 to \$34,999	-72	-4	-14	-23	-32	-17	11	6
\$35,000 to \$49,999	-101	-8	-17	-23	-43	-25	10	6
\$50,000 to \$74,999	209	-1	35	22	3	57	79	13
\$75,000 to \$99,999	118	0	10	23	11	38	31	4
\$100,000 to \$149,999	60	0	12	8	-1	19	23	0
\$150,000 to \$199,999	22	0	0	6	1	12	2	0
\$200,000+	4	0	1	4	-3	1	0	0
Total	106	-16	9	-29	-109	44	174	33
Median Income	\$5,308	\$1,644	\$2,695	\$5,454	\$4,355	\$6,495	\$3,695	\$647
Sources: ESRI; Maxfield Research Inc.								

## Tenure by Age of Householder

Table D-7 shows the number of owner and renter households in the Market Area by age group in 2000 and 2010. This data is useful in determining demand for certain types of housing since housing preferences change throughout an individual's life cycle. The following are key findings from Table D-7.

- In 2000, 83.8% of all households in the Market Area owned their housing. By 2010, that percentage decreased to 81.2%. The housing market downturn contributed to the decrease in the homeownership rate during the late 2000s as it became more difficult for households to secure mortgage loans, households delayed purchasing homes due to the uncertainty of the housing market, and foreclosures forced households out of their homes.
- The number of owner households in the Market Area increased by 7.8% compared to a 29.6% in renter households between 2000 and 2010.
- In 2000, 64.3% of all households in Mora owned their own housing. By 2010, that percentage decreased to 58%. These percentages are much lower than the Remainder of the Market Area. In 2000, 90.6% of all households in the Remainder of the Market Area owned their own housing. In 2010, that percentage decreased to 89%.
- As households progress through their life cycle, housing needs change. The proportion of renter households decreases significantly as households age out of their young-adult years. However, by the time households reach their senior years, rental housing often becomes a more viable option than homeownership, reducing the responsibility of maintenance and a financial commitment.



# DEMOGRAPHIC ANALYSIS

**TABLE D-7  
TENURE BY AGE OF HOUSEHOLDER  
MORA MARKET AREA  
2000 & 2010**

Age		City of Mora				Remainder of Market Area				Market Area Total			
		2000		2010		2000		2010		2000		2010	
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
15-24	Own	30	39.5	15	28.8	75	62.5	56	61.5	105	53.6	71	49.7
	Rent	46	60.5	37	71.2	45	37.5	35	38.5	91	46.4	72	50.3
	<b>Total</b>	<b>76</b>	<b>100.0</b>	<b>52</b>	<b>100.0</b>	<b>120</b>	<b>100.0</b>	<b>91</b>	<b>100.0</b>	<b>196</b>	<b>100.0</b>	<b>143</b>	<b>100.0</b>
25-34	Own	114	60.3	116	48.5	450	81.1	396	76.3	564	75.8	512	67.5
	Rent	75	39.7	123	51.5	105	18.9	123	23.7	180	24.2	246	32.5
	<b>Total</b>	<b>189</b>	<b>100.0</b>	<b>239</b>	<b>100.0</b>	<b>555</b>	<b>100.0</b>	<b>519</b>	<b>100.0</b>	<b>744</b>	<b>100.0</b>	<b>758</b>	<b>100.0</b>
35-44	Own	177	74.1	120	56.3	906	91.6	629	87.2	1,083	88.2	749	80.2
	Rent	62	25.9	93	43.7	83	8.4	92	12.8	145	11.8	185	19.8
	<b>Total</b>	<b>239</b>	<b>100.0</b>	<b>213</b>	<b>100.0</b>	<b>989</b>	<b>100.0</b>	<b>721</b>	<b>100.0</b>	<b>1,228</b>	<b>100.0</b>	<b>934</b>	<b>100.0</b>
45-54	Own	171	78.8	183	68.3	825	93.2	1,007	91.4	996	90.4	1,190	86.9
	Rent	46	21.2	85	31.7	60	6.8	95	8.6	106	9.6	180	13.1
	<b>Total</b>	<b>217</b>	<b>100.0</b>	<b>268</b>	<b>100.0</b>	<b>885</b>	<b>100.0</b>	<b>1,102</b>	<b>100.0</b>	<b>1,102</b>	<b>100.0</b>	<b>1,370</b>	<b>100.0</b>
55-64	Own	122	74.8	172	75.1	611	96.2	906	94.5	733	91.9	1,078	90.7
	Rent	41	25.2	57	24.9	24	3.8	53	5.5	65	8.1	110	9.3
	<b>Total</b>	<b>163</b>	<b>100.0</b>	<b>229</b>	<b>100.0</b>	<b>635</b>	<b>100.0</b>	<b>959</b>	<b>100.0</b>	<b>798</b>	<b>100.0</b>	<b>1,188</b>	<b>100.0</b>
65-74	Own	116	64.1	129	66.2	481	95.1	610	92.3	597	86.9	739	86.3
	Rent	65	35.9	66	33.8	25	4.9	51	7.7	90	13.1	117	13.7
	<b>Total</b>	<b>181</b>	<b>100.0</b>	<b>195</b>	<b>100.0</b>	<b>506</b>	<b>100.0</b>	<b>661</b>	<b>100.0</b>	<b>687</b>	<b>100.0</b>	<b>856</b>	<b>100.0</b>
75-84	Own	126	54.1	102	51.0	227	91.5	300	90.9	353	73.4	402	75.8
	Rent	107	45.9	98	49.0	21	8.5	30	9.1	128	26.6	128	24.2
	<b>Total</b>	<b>233</b>	<b>100.0</b>	<b>200</b>	<b>100.0</b>	<b>248</b>	<b>100.0</b>	<b>330</b>	<b>100.0</b>	<b>481</b>	<b>100.0</b>	<b>530</b>	<b>100.0</b>
85+	Own	32	38.6	40	34.2	37	75.5	71	87.7	69	52.3	111	56.1
	Rent	51	61.4	77	65.8	12	24.5	10	12.3	63	47.7	87	43.9
	<b>Total</b>	<b>83</b>	<b>100.0</b>	<b>117</b>	<b>100.0</b>	<b>49</b>	<b>100.0</b>	<b>81</b>	<b>100.0</b>	<b>132</b>	<b>100.0</b>	<b>198</b>	<b>100.0</b>
<b>TOTAL</b>	Own	888	64.3	877	58.0	3,612	90.6	3,975	89.0	4,500	83.8	4,852	81.2
	Rent	493	35.7	636	42.0	375	9.4	489	11.0	868	16.2	1,125	18.8
	<b>Total</b>	<b>1,381</b>	<b>100.0</b>	<b>1,513</b>	<b>100.0</b>	<b>3,987</b>	<b>100.0</b>	<b>4,464</b>	<b>100.0</b>	<b>5,368</b>	<b>100.0</b>	<b>5,977</b>	<b>100.0</b>

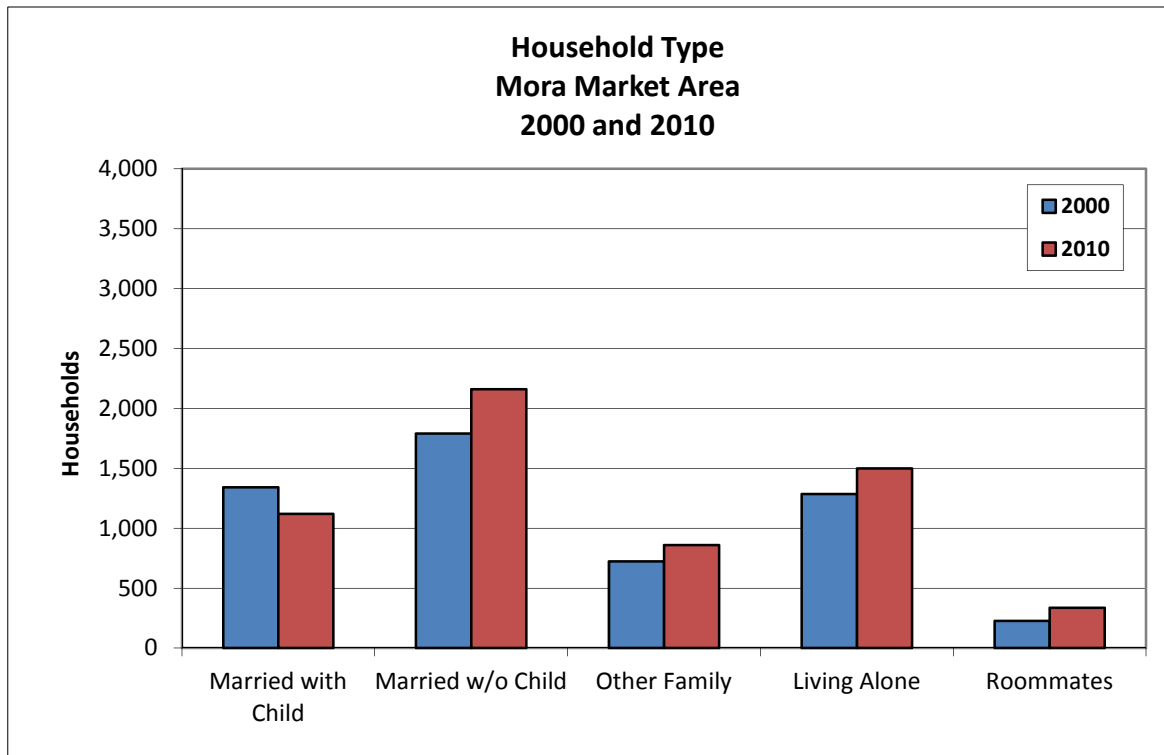
Sources: U.S. Census Bureau; Maxfield Research Inc.

- In 2010, 50.3% of the Market Area's households between the ages of 15 and 24 rented their housing, compared to 32.5% of households between the ages of 25 and 34. Householders between 35 and 64 were overwhelmingly homeowners, with no more than 20% of the householders in each 10-year age cohort renting their housing.
- The significantly higher homeownership rates in the Remainder of the Market Area (89.0%) compared to the City of Mora (58.0%) reflects the rural character of the area, where lack of infrastructure typically cannot support higher density rental housing. In addition, homeownership is more feasible in outlying rural areas because the cost of owning a single-family home is typically lower than in communities the size of Mora or larger.

### Household Type

Table D-8 shows a breakdown of the type of households present in the Market Area in 2000 and 2010. The data is useful in assessing housing demand since the household composition often dictates the type of housing needed and preferred.

- Between 2000 and 2010, the Market Area experienced an increase in all types of households except families that are married with children (-16.4%). Married families without children experienced the largest numerical increase (370 households or +20.7%). The increase in households married without children can be attributed to couples waiting longer to have children, and the baby boomers aging into empty nester years.
- Persons Living Alone experienced an increase of 214 households (16.7%). This could indicate an aging senior population. As the frailty level of these seniors increases, they typically move out of their homes in pursuit of housing with services. However, the recession has affected many seniors, and their fears of the market can be affecting their decisions to move out of the homes and into age-restricted housing.
- The Market Area also had significant increases in other family households (a gain of 136 households, or 18.8%). Other families include single-parents and unmarried couples with children. With only one income, these families are most likely to need affordable or modest housing, both rental and for-sale.



- To some extent, differences between Mora and the Remainder of the Market Area reflect the availability of a wider range of housing options in Mora compared to the rural areas. For example, non-family householders tend to rent their housing more so than the other categories. This category includes many elderly widows as well as young persons. Young people typically do not have sufficient incomes to purchase housing, while single seniors are more likely to move to multifamily housing to shed the burden of home maintenance and to have more opportunities for socialization. About 43% of Mora's households were non-family households in 2010, while only 26% of the Remainder of the Market Area's households was non-family. This reflects the availability of multifamily rental housing in Mora.

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**TABLE D-8  
HOUSEHOLD TYPE  
MORA MARKET AREA  
2000 & 2010**

	<b>Total HH's</b>		<b>Family Households</b>						<b>Non-Family Households</b>			
			<b>Married w/o Child</b>		<b>Married w/ Child</b>		<b>Other *</b>		<b>Living Alone</b>		<b>Roommates</b>	
	<b>2000</b>	<b>2010</b>	<b>2000</b>	<b>2010</b>	<b>2000</b>	<b>2010</b>	<b>2000</b>	<b>2010</b>	<b>2000</b>	<b>2010</b>	<b>2000</b>	<b>2010</b>
<b>Number of Households</b>												
Mora	1,381	1,513	356	378	241	191	218	288	509	572	57	84
Rem. of Market Area	3,987	4,464	1,435	1,783	1,100	930	505	571	776	927	171	253
<b>Market Area Total</b>	<b>5,368</b>	<b>5,977</b>	<b>1,791</b>	<b>2,161</b>	<b>1,341</b>	<b>1,121</b>	<b>723</b>	<b>859</b>	<b>1,285</b>	<b>1,499</b>	<b>228</b>	<b>337</b>
<b>Percent of Total</b>												
Mora	100.0	100.0	25.8	25.0	17.5	12.6	15.8	19.0	36.9	37.8	4.1	5.6
Rem. of Market Area	100.0	100.0	36.0	39.9	27.6	20.8	12.7	12.8	19.5	20.8	4.3	5.7
<b>Market Area Total</b>	<b>100.0</b>	<b>100.0</b>	<b>33.4</b>	<b>36.2</b>	<b>25.0</b>	<b>18.8</b>	<b>13.5</b>	<b>14.4</b>	<b>23.9</b>	<b>25.1</b>	<b>4.2</b>	<b>5.6</b>
<b>Change</b>												
	<b>No.</b>	<b>Pct.</b>	<b>No.</b>	<b>Pct.</b>	<b>No.</b>	<b>Pct.</b>	<b>No.</b>	<b>Pct.</b>	<b>No.</b>	<b>Pct.</b>	<b>No.</b>	<b>Pct.</b>
Mora	132	9.6	22	6.2	-50	-20.7	70	32.1	63	12.4	27	47.4
Rem. of Market Area	477	12.0	348	24.3	-170	-15.5	66	13.1	151	19.5	82	48.0
<b>Market Area Total</b>	<b>609</b>	<b>11.3</b>	<b>370</b>	<b>20.7</b>	<b>-220</b>	<b>-16.4</b>	<b>136</b>	<b>18.8</b>	<b>214</b>	<b>16.7</b>	<b>109</b>	<b>47.8</b>
* Single-parent families, unmarried couples with children.												
Sources: U.S. Census Bureau; Maxfield Research Inc.												

## Employment Trends

Since employment growth generally fuels household growth, employment trends are a reliable indicator of housing demand. Typically, households prefer to live near work for convenience. However, housing is often less expensive in smaller towns, making commuting from outlying communities to work in larger employment centers attractive for households concerned about housing affordability.

## Employment Growth & Projections

Table E-1 shows projected employment growth in central Minnesota. Table E-1 shows employment growth trends and projections from 2010 to 2020 based on the most recent information available from the Minnesota Department of Employment and Economic Development (DEED). The 2020 forecast is based on 2010-2020 industry projections for the central Minnesota region and the Twin Cities Metro Area. Maxfield Research applied the projected ten-year growth rate of 12.0% for the Twin Cities to the 2010 employment data to arrive at the 2020 forecast for the Metro Area.

TABLE E-1 EMPLOYMENT PROJECTIONS CENTRAL MINNESOTA 2010-2020				
	Estimate	Forecast		
	2010	2020	2010-2020	
	No.	No.	No.	Pct.
<b>Central Minnesota</b>	281,615	333,237	51,622	18.3%
Twin Cities Metro Area	1,544,613	1,729,967	185,354	12.0%
Note: Twin Cities Metro represents the 7-County planning region				
Sources: MN Dept of Employment and Economic Development; Maxfield Research, Inc.				

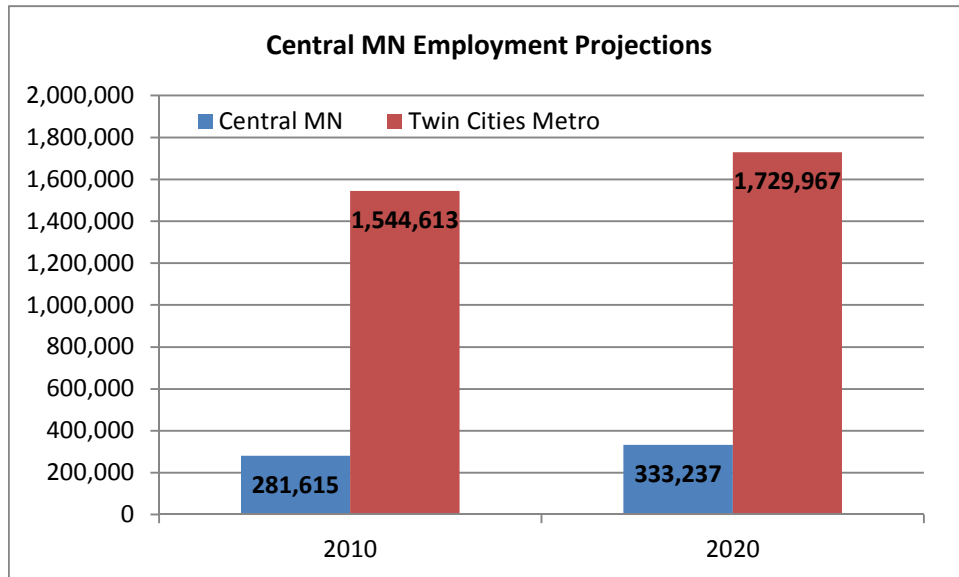
## Resident Labor Force

Recent employment growth trends for Kanabec County are shown in Tables E-2 and E-3. Table E-2 presents resident employment data for Kanabec County from 2000 through 2013. Resident employment data is calculated as an annual average *and reveals the work force and number of employed persons living in the County*. It is important to note that not all of these individuals necessarily work in the County. Table E-3 presents covered employment in Kanabec County from 2000 through 2012. Covered employment data is calculated as an annual average and *reveals the number of jobs in the County*, which are covered by unemployment insurance. Most

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farm jobs, self-employed persons, and some other types of jobs are not covered by unemployment insurance and are not included in the table. The data in both tables is from the Minnesota Department of Employment and Economic Development. The following are key trends derived from the employment data:



- Resident employment in Kanabec County decreased by about -194 people between 2000 and 2013 (-2.6%). The number of individuals in the labor market increased the unemployment rate from 4.7% (2000) to 9.3% (2013).
- Kanabec County's unemployment rate has been higher than the State of Minnesota in every year from 2000 to 2013.
- Since 2006, the unemployment rate in Kanabec County has increased rapidly to a high of 13.5% (2009). However, as of 2013, the unemployment rate has fallen to 9.3%, however it is 4.2 percentage points higher than the State of Minnesota.



<b>TABLE E-2</b> <b>ANNUAL AVERAGE RESIDENT EMPLOYMENT</b> <b>KANABEC COUNTY &amp; MINNESOTA</b> <b>2000 to 2013</b>				
<b>Year</b>	<b>Labor Force</b>	<b>Employed</b>	<b>Unemployed</b>	<b>Rate</b>
<b>KANABEC COUNTY</b>				
2000	7,915	7,540	375	4.7%
2001	8,102	7,578	524	6.5%
2002	8,050	7,450	599	7.4%
2003	7,947	7,301	646	8.1%
2004	7,914	7,321	593	7.5%
2005	7,783	7,247	536	6.9%
2006	7,796	7,245	551	7.1%
2007	7,932	7,268	664	8.4%
2008	8,026	7,206	820	10.2%
2009	8,156	7,056	1,100	13.5%
2010	8,232	7,241	991	12.0%
2011	8,176	7,291	885	10.8%
2012	8,193	7,387	806	9.8%
2013	8,100	7,346	754	9.3%
<b>Change 2000-2013</b>				
<b>Number</b>	185	-194	379	--
<b>Percent</b>	2.3%	-2.6%	101.1%	--
<b>MINNESOTA</b>				
2000	2,807,668	2,720,492	87,176	3.1%
2001	2,866,023	2,755,808	110,215	3.8%
2002	2,880,329	2,749,525	130,804	4.5%
2003	2,891,661	2,750,938	140,723	4.9%
2004	2,885,974	2,752,403	133,571	4.6%
2005	2,876,953	2,756,709	120,244	4.2%
2006	2,893,029	2,774,524	118,505	4.1%
2007	2,903,453	2,768,068	135,385	4.7%
2008	2,929,859	2,771,749	158,110	5.4%
2009	2,950,277	2,713,601	236,676	8.0%
2010	2,962,633	2,744,470	218,163	7.4%
2011	2,969,696	2,777,285	192,411	6.5%
2012	2,969,366	2,801,671	167,695	5.6%
2013	2,977,558	2,825,572	151,986	5.1%
<b>Change 2000-2013</b>				
<b>Number</b>	169,890	105,080	64,810	--
<b>Percent</b>	6.1%	3.9%	74.3%	--
Sources: MN Workforce Center, Maxfield Research Inc.				

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### Covered Employment by Industry

- The Education and Health Services Sector accounted for about 32% of the County's jobs in 2012, which is a far greater percentage than any other sector in the County. Trade, Transportation, & Utilities (TTU) and Manufacturing Sectors accounted for 17.3% and 13.5% of the all jobs in Kanabec County, respectively.
- Between 2000 and 2012, the number of jobs decreased by -26, a -0.7% decrease. Trade, Transportation, and Utilities lost, by far, the greatest number of jobs (-316 jobs) between 2000 and 2012, while Professional and Business Services lost the greatest percentage of jobs (-65.8%). The Natural Resources & Mining Sector grew the fastest (+50.0%), while Education and Health Services increased by the most jobs (+370), a 46.1% increase between 2000 and 2012.
- There were two other sectors that experienced growth which include by numerical growth: Leisure and Hospitality added 33 jobs (12%) and Public Administration added 72 jobs (27.9%). However, there were three other sectors that experienced a decline: Construction lost 55 jobs (-16.9%), Manufacturing lost 157 jobs (-24.0%), and Other Services lost 38 jobs (-18.4%).

TABLE E-3 COVERED EMPLOYMENT TRENDS KANABEC COUNTY 2000, 2005, 2010-2012 North American Industrial Classification System (NAICS)										
Average Number of Employees					Change		% of Total			
					2000 - 2012					
Industry	2000	2005	2010	2012	No.	Pct.	2000	2005	2010	2012
Natural Resources & Mining	24	21	29	36	12	50.0	0.7%	1.2%	0.8%	1.0%
Construction	325	392	258	270	-55	-16.9	8.8%	22.8%	7.2%	7.4%
Manufacturing	653	482	331	496	-157	-24.0	17.7%	28.0%	9.2%	13.5%
Trade, Transportation, and Utilities	950	na	642	634	-316	-33.3	25.8%	na	17.9%	17.3%
Information	na	31	43	33	na	na	na	1.8%	1.2%	0.9%
Financial Services	na	165	159	149	na	na	na	9.6%	4.4%	4.1%
Professional and Business Services	196	167	146	67	-129	-65.8	5.3%	9.7%	4.1%	1.8%
Education and Health Services	802	na	1,153	1,172	370	46.1	21.7%	na	32.2%	32.0%
Leisure and Hospitality	275	277	288	308	33	12.0	7.5%	16.1%	8.0%	8.4%
Other Services	206	185	213	168	-38	-18.4	5.6%	10.8%	5.9%	4.6%
Public Administration	258	na	324	330	72	27.9	7.0%	na	9.0%	9.0%
Totals	3,689	1,720	3,586	3,663	-26	-0.7				
Source: Minnesota Workforce Center										

Source: Minnesota Workforce Center

### Commuting Patterns

Proximity to employment is often a primary consideration when choosing where to live, since transportation costs often accounts for a large proportion of households' budgets. Table E-4 highlights the commuting patterns of workers in Mora in 2011 (the most recent data available),

## DEMOGRAPHIC ANALYSIS

based on Employer-Household Dynamics data from the U.S. Census Bureau. Likewise, Table E-5 highlights commuting patterns of all Kanabec County workers.

- A large number of Mora residents also work in Mora (39.0%). Of the 61% of Mora residents that commuted to jobs outside the City, the most commuted to jobs in Hinckley, Cambridge, and Pine City.
- Of the workers who work in Mora, only 17.5% live in Mora. The remaining 82.5% of the workers are commuting from a large variety of cities including Pine City, Cambridge, Braham, Ogilvie, and Hinckley.
- A large number of Kanabec County residents also work in Kanabec County (36.0%). Of the 64% of Kanabec County residents that commuted to jobs outside the County, the most commuted to jobs in Isanti, Pine, and Hennepin Counties.

<b>TABLE E-4 COMMUTING PATTERNS MORA 2011</b>					
<b>Home Destination</b>			<b>Work Destination</b>		
<u>Place of Residence</u>	<u>Count</u>	<u>Share</u>	<u>Place of Employment</u>	<u>Count</u>	<u>Share</u>
Mora	548	17.5%	Mora	548	39.0%
Pine City	43	1.4%	Hinckley	90	6.4%
Cambridge	38	1.2%	Cambridge	62	4.4%
Braham	36	1.2%	Pine City	51	3.6%
Ogilvie	31	1.0%	Duluth	29	2.1%
Hinckley	29	0.9%	St. Cloud	25	1.8%
Rock Creek	23	0.7%	Minneapolis	23	1.6%
Milaca	22	0.7%	St. Paul	20	1.4%
Grasston	19	0.6%	Rush City	19	1.4%
Isanti	17	0.5%	North Branch	15	1.1%
All Other Locations	2,323	74.2%	All Other Locations	524	37.3%
Total All Jobs	3,129		Total All Jobs	1,406	
Home Destination = Where workers live who are employed in the selection area					
Work Destination = Where workers are employed who live in the selection area					
Sources: US Census Bureau Local Employment Dynamics; Maxfield Research, Inc.					

**TABLE E-5  
COMMUTING PATTERNS  
KANABEC COUNTY  
2011**

Home Destination			Work Destination		
<u>Place of Residence</u>	<u>Count</u>	<u>Share</u>	<u>Place of Employment</u>	<u>Count</u>	<u>Share</u>
Kanabec	2,348	60.8%	Kanabec	2,348	36.0%
Pine	398	10.3%	Isanti	751	11.5%
Isanti	276	7.1%	Pine	718	11.0%
Mille Lacs	219	5.7%	Hennepin	487	7.5%
Chisago	69	1.8%	Anoka	417	6.4%
Aitkin	63	1.6%	Mille Lacs	304	4.7%
Stearns	51	1.3%	St. Louis	194	3.0%
Crow Wing	38	1.0%	Ramsey	182	2.8%
Anoka	35	0.9%	Chisago	181	2.8%
Sherburne	34	0.9%	Stearns	168	2.6%
All Other Locations	331	8.6%	All Other Locations	777	11.9%
Total All Jobs	3,862		Total All Jobs	6,527	

Home Destination = Where workers live who are employed in the selection area

Work Destination = Where workers are employed who live in the selection area

Sources: US Census Bureau Local Employment Dynamics; Maxfield Research, Inc.

**TABLE E-6  
COMMUTING INFLOW/OUTFLOW  
CITY OF MORA/KANABEC COUNTY  
2011**

	MORA	
	<u>Num.</u>	<u>Pct.</u>
Employed in the Selection Area	3,129	100%
Employed in the Selection Area but Living Outside	2,581	82.5%
Employed and Living in the Selection Area	548	17.5%
Living in the Selection Area	1,406	100%
Living in the Selection Area but Employed Outside	858	61.0%
Living and Employed in the Selection Area	548	39.0%
	KANABEC COUNTY	
	<u>Num.</u>	<u>Pct.</u>
Employed in the Selection Area	3,862	100%
Employed in the Selection Area but Living Outside	1,514	39.2%
Employed and Living in the Selection Area	2,348	60.8%
Living in the Selection Area	6,527	100%
Living in the Selection Area but Employed Outside	4,179	64.0%
Living and Employed in the Selection Area	2,348	36.0%

Sources: Longitudinal Employer-Household Dynamics; Maxfield Research Inc.

### Inflow/Outflow

Table E-6 provides a summary of the inflow and outflow of workers in Mora. Outflow reflects the number of workers living in Mora but employed outside of the Mora while inflow measures the number of workers that are employed in the Mora but live outside. Interior flow reflects the number of workers that both live and work in the Mora.

- Mora can be considered an importer of workers, as the number of residents coming into the Mora (inflow) for employment exceeded the number of residents leaving the Mora for work (outflow). Approximately 2,581 workers came into the Mora for work while 858 workers left, for a net difference of 1,723.
- Kanabec County can be considered an exporter of workers, as the number of residents leaving the County for work (outflow) exceeded the number of residents coming into the County (inflow). Approximately 1,514 workers came into the County for work while 4,179 workers left, for a net difference of -2,665.

### Existing Business Mix by NAICS

Table E-7 presents business data as compiled from ESRI and Infogroup in 2012. The business inventory database is compiled from multiple sources; including directory resources from the yellow and white pages, annual reports, 10ks, SEC filings, government data, U.S. Postal Service, business trade directories, newspapers, etc. To ensure accurate information, phone telephone verifications are completed for each business in the database. The data is characterized based on the six-digit North American Industry Classification System (NAICS). The NAICS is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy.

- There are approximately 303 businesses with 2,871 employees in the City of Mora.
- Other Services is the largest industry type (51 businesses), but has a moderate number of employees (194). Health Care and Social Assistance has the most employees (653) in Mora.
- Manufacturing has the second largest number of employees at 449, which accounts for 15.6% of the total employees in Mora. Retail Trade has the third most with 402 employees.

## DEMOGRAPHIC ANALYSIS

<b>TABLE E-7</b> <b>BUSINESS SUMMARY - BY NAICS CODE</b> <b>CITY OF MORA</b> <b>2012</b>				
Business/Industry	Businesses		Employees	
	Number	Pct	Number	Pct
<b>NAICS CODES</b>				
Agriculture, Forestry, Fishing and Hunting	3	1.0%	4	0.1%
Mining	0	0.0%	0	0.0%
Utilities	0	0.0%	0	0.0%
Construction	20	6.6%	162	5.6%
Manufacturing	10	3.3%	449	15.6%
Wholesale Trade	6	2.0%	50	1.7%
Retail Trade	44	14.5%	402	14.0%
Transportation & Warehousing	5	1.7%	43	1.5%
Information	7	2.3%	42	1.5%
Finance & Insurance	15	5.0%	116	4.0%
Real Estate, Rental & Leasing	15	5.0%	41	1.4%
Professional, Scientific & Tech Services	20	6.6%	43	1.5%
Management of Companies & Enterprises	0	0.0%	0	0.0%
Administrative & Support & Waste Management & Remediation Services	28	9.2%	44	1.5%
Educational Services	8	2.6%	373	13.0%
Health Care & Social Assistance	43	14.2%	653	22.7%
Arts, Entertainment & Recreation	4	1.3%	22	0.8%
Accommodation & Food Services	15	5.0%	150	5.2%
Other Services (except Public Administration)	51	16.8%	194	6.8%
Public Administration	9	3.0%	83	2.9%
<b>Total</b>	<b>303</b>	<b>100.0%</b>	<b>2,871</b>	<b>100.0%</b>
Sources: ESRI, Maxfield Research Inc.				

## Major Employers

Table E-8 shows the major employers in Mora based on 2013 data provided by the City of Mora.

- FirstLight Health System is the largest employer with a total of 375 employees. FirstLight Health System had 234 full-time employees, 99 part-time employees, and 42 on-call employees.
- Mora Public Schools is the second largest employer with nearly 320 employees. Mora Public Schools had 178 full-time employees, 75 part-time employees, and 66 on-call employees.
- EPC is the third largest employer in Mora with 222 employees. All of EPC's employees are full-time.
- Kanabec County is the fourth largest employer with nearly 220 employees. Kanabec County had 181 full-time employees and 38 part-time employees.

<b>TABLE E-8 MAJOR EMPLOYERS CITY OF MORA 2013</b>			
<b>Name</b>	<b>City</b>	<b>Industry/Product/Service</b>	<b>Employee Size</b>
<b>City of Mora</b>			
FirstLight Health System	Mora	Medical/Hospital Services	375
Mora Public Schools	Mora	Education Services	319
EPC	Mora	Engineering	222
Kanabec County	Mora	Government	219
Coborns	Mora	Retail/Grocery	170
St. Clare Living Community	Mora	Medical/Hospital Services	147
OlymPak	Mora	Printing	138
Lakes & Pines CAC	Mora	Government	104
City of Mora	Mora	Government	85
RJ Mechanical	Mora	Mechanical Services	50
Source: City of Mora; Maxfield Research Inc.			

## Employer Survey

Maxfield Research surveyed representatives of the largest employers in Mora during May 2014. The questions covered topics such as recent trends in job growth, average wages and salaries, employee turnover, projected job growth. In addition, representatives were asked their opinion about issues related to housing in the area. Specifically, they were asked whether the current supply of housing in the area matches the needs of their workforce. The following points summarize the findings of this survey process.

- Employers could not identify a central location that most of their employees commute to their workplace, but believe most employees commute between 10 to 30 miles to their work destination. However, many employers said they several employees who commute from the Minneapolis/St. Paul area.
- Hiring is expected to remain steady or increase over the next three to five years as service needs and business conditions dictate.
- There was a general consensus that most employees in the area currently own their homes, but many new employees relocating to area from other areas tend to rent at first.
- Employers were satisfied with the availability of single-family homes in the area. Employers said there are no concerns with new employees finding adequate housing.

### Introduction

The variety and condition of the housing stock in a community provides the basis for an attractive living environment. Housing functions as a building block for neighborhoods and goods and services. We examined the housing market in Mora and the Market Area by reviewing data on the age of the existing housing supply; examining residential building trends since 2000; and reviewing housing data from the American Community Survey that relates to the Mora area.

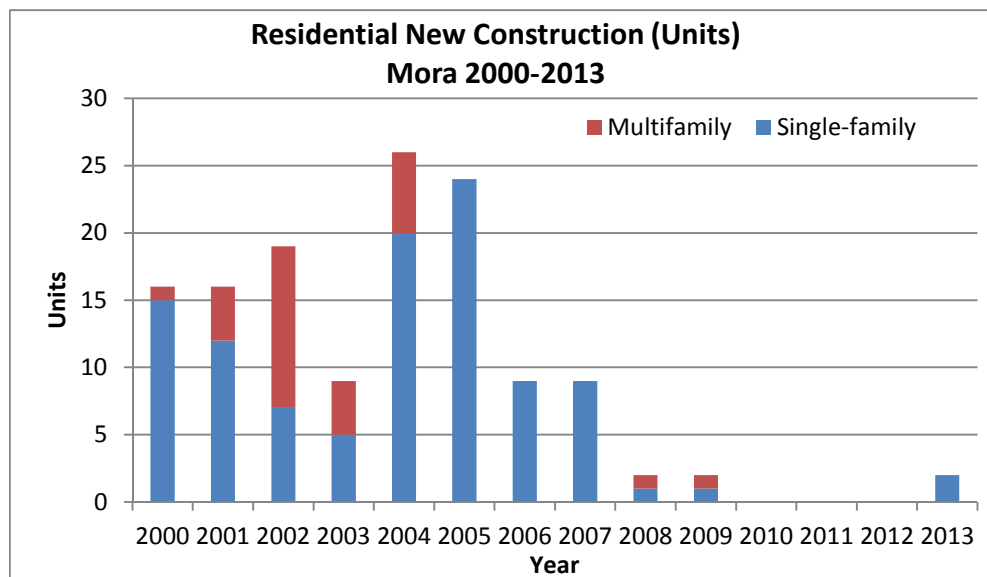
### Residential Construction Trends 2000 to Present

Maxfield Research obtained data from the City of Mora on the number of building permits issued for new housing units in Mora from 2000 to 2013. Table HC-1 displays permits issued for single-family and multifamily dwellings. Multifamily units include both for-sale (condominium, townhomes, and townhomes) and rental projects. The following are key points about housing development since 2000.

- The City of Mora issued permits for the construction of 134 new residential units from 2000 to 2013. That equates to about 9 units annually since 2000.
- Through 2006, the City of Mora issued about 89% of the overall permitted units for the period. Over this period, residential construction averaged over 18 units per year. However, beginning in 2007, which was the start of the Great Recession, building permits started declining rapidly, and from 2007 to 2013 the City has averaged only 2 units per year. Over 86% of the units (13) since 2007 have been single-family homes with the remaining (2 units) being multifamily homes.
- A large number of housing units were built in 2004 and 2005, constructing 26 and 24 units, respectively.



<b>TABLE HC-1</b> <b>RESIDENTIAL CONSTRUCTION/ANNUAL BUILDING PERMITS ISSUED</b> <b>City of Mora</b> <b>2000 to 2013</b>			
	City Of Mora Permits		
	Single-Family Homes	Multifamily (5+ units)	Total Housing Permits
2000	15	1	16
2001	12	4	16
2002	7	12	19
2003	5	4	9
2004	20	6	26
2005	24	0	24
2006	9	0	9
2007	9	0	9
2008	1	1	2
2009	1	1	2
2010	0	0	0
2011	0	0	0
2012	0	0	0
2013	2	0	2
<b>Total</b>	<b>105</b>	<b>29</b>	<b>134</b>
Sources: City of Mora; Maxfield Research Inc.			



## Housing Units by Occupancy Status & Tenure

Tenure is a key variable that analyzes the propensity for householders to rent or own their housing unit. Tenure is an integral statistic used by numerous governmental agencies and private sector industries to assess neighborhood stability. Table HC-2 shows historic trends from 2000 and 2010.

- Even though owner-occupied housing units increased substantially over the decade, the percentage decreased from 72.5% in 2000 to 68.1% in 2010 due to an increased number of renter and vacant units. Consequently, the percentage of renter-occupied housing units increased from 14.0% to 15.8% and vacant units increased from 13.5% to 16.1%.
- The City of Mora had significantly higher percentage of renter occupied units compared to the Remainder of the Market Area (37.8% compared to 9.0% in 2010). However, there are fewer vacant units in Mora than in the Remainder of the Market Area (10.2% compared to 18.0%).
- About 16.1% of the Market Area's housing stock was vacant in 2010. It is important to note, however, that the Census's definition of vacant housing units includes: units that have been rented or sold, but not yet occupied, seasonal housing (vacation or second homes), housing for migrant workers, and even boarded-up housing. Thus, the U.S. Census vacancy figures are not always a true indicator of adequate housing available for new households wishing to move into the area.

<b>TABLE HC-2</b> <b>HOUSING UNITS BY OCCUPANCY STATUS &amp; TENURE</b> <b>MORA MARKET AREA</b> <b>2000 to 2010</b>						
Year/Occupancy	MORA		REMAINDER		MARKET AREA	
	No.	Pct.	No.	Pct.	No.	Pct.
<b>2000</b>						
Owner Occupied	888	60.4	3,612	76.3	4,500	72.5
Renter Occupied	493	33.5	375	7.9	868	14.0
Vacant	90	6.1	749	15.8	839	13.5
<b>Total</b>	<b>1,471</b>	<b>100.0</b>	<b>4,736</b>	<b>100.0</b>	<b>6,207</b>	<b>100.0</b>
<b>2010</b>						
Owner Occupied	877	52.1	3,975	73.1	4,852	68.1
Renter Occupied	636	37.8	489	9.0	1,125	15.8
Vacant	171	10.2	977	18.0	1,148	16.1
<b>Total</b>	<b>1,684</b>	<b>100.0</b>	<b>5,441</b>	<b>100.0</b>	<b>7,125</b>	<b>100.0</b>
Sources: U.S. Census Bureau; Maxfield Research Inc.						

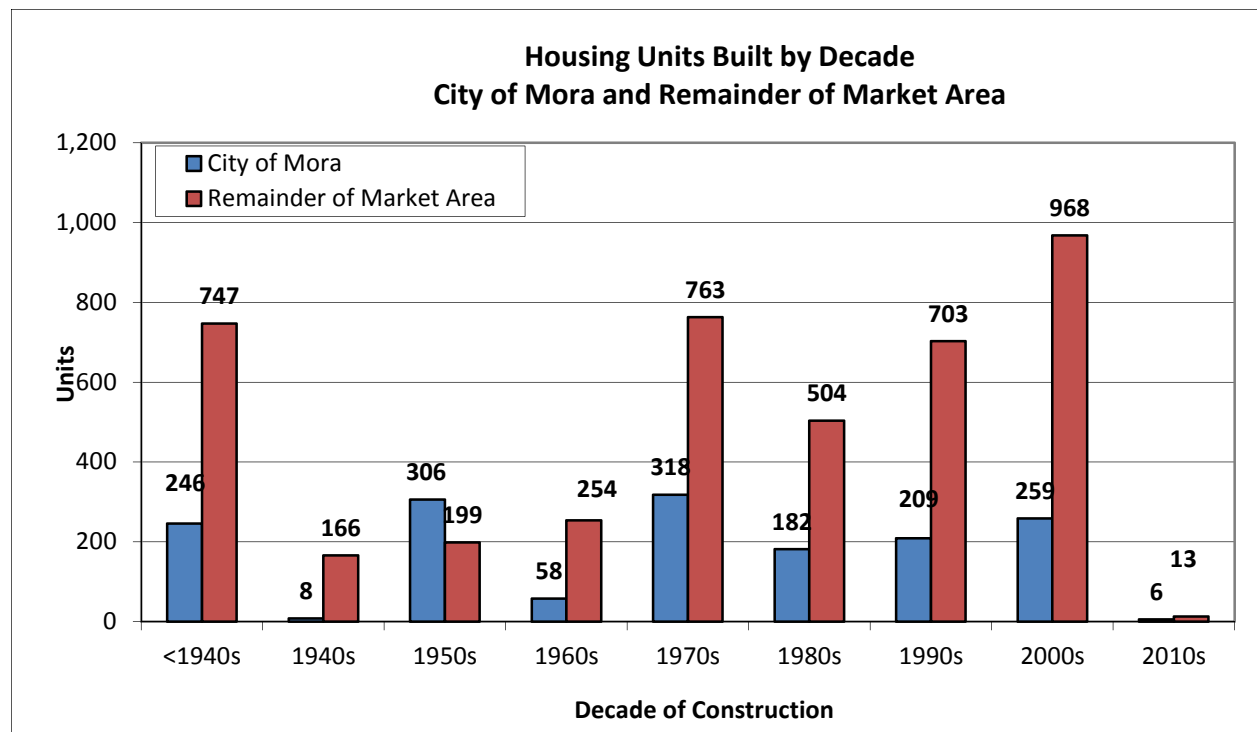
## American Community Survey

The American Community Survey (“ACS”) is an ongoing statistical survey administered by the U.S. Census Bureau that is sent to approximately 3 million addresses annually. The survey gathers data previously contained only in the long form of the decennial census. As a result, the survey is ongoing and provides a more “up-to-date” portrait of demographic, economic, social, and household characteristics every year, not just every ten years. The most recent ACS highlights data collected between 2008 and 2012. Tables HC-3 to HC-7 show key data for Mora and the Market Area.

## Age of Housing Stock

The following graph shows the age distribution of the housing stock in 2012 based on data from the U.S. Census Bureau and 2012 from the American Community Survey (5-Year). Table HC-3 includes the number of housing units built in the Market Area, prior to 1940 and during each decade since.

- In total, the Market Area is estimated to have 5,909 housing units, of which roughly 81% are owner-occupied and 19% are renter-occupied.



## HOUSING CHARACTERISTICS

TABLE HC-3  
AGE OF HOUSING STOCK  
MORA MARKET AREA  
2012

			Year Unit Built																	
			<1940		1940s		1950s		1960s		1970s		1980s		1990s		2000s		2010s	
Total Units	Med. Yr. Built	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	
CITY OF MORA																				
Owner-Occupied	887	1970	193	21.8	8	0.9	201	22.7	38	4.3	188	21.2	55	6.2	57	6.4	147	16.6	0	0.0
Renter-Occupied	705	1984	53	7.5	0	0.0	105	14.9	20	2.8	130	18.4	127	18.0	152	21.6	112	15.9	6	0.9
Total	1,592	1978	246	15.5	8	0.5	306	19.2	58	3.6	318	20.0	182	11.4	209	13.1	259	16.3	6	0.4
REMAINDER OF MARKET AREA																				
Owner-Occupied	3,903	1955	661	16.9	150	3.8	151	3.9	218	5.6	715	18.3	439	11.2	633	16.2	923	23.6	13	0.3
Renter-Occupied	414	1975	86	20.8	16	3.9	48	11.6	36	8.7	48	11.6	65	15.7	70	16.9	45	10.9	0	0.0
Total	4,317	1957	747	17.3	166	3.8	199	4.6	254	5.9	763	17.7	504	11.7	703	16.3	968	22.4	13	0.3
MARKET AREA TOTAL																				
Owner-Occupied	4,790	1958	854	17.8	158	3.3	352	7.3	256	5.3	903	18.9	494	10.3	690	14.4	1,070	22.3	13	0.3
Renter-Occupied	1,119	1980	139	12.4	16	1.4	153	13.7	56	5.0	178	15.9	192	17.2	222	19.8	157	14.0	6	0.5
Total	5,909	1962	993	16.8	174	2.9	505	8.5	312	5.3	1,081	18.3	686	11.6	912	15.4	1,227	20.8	19	0.3

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research Inc.

## HOUSING CHARACTERISTICS

- Homes in Mora are newer than homes in the Market Area. The highest numbers of homes in Mora were constructed in the 1970s. Overall, roughly 20% of housing units were built during this period. As a comparison, the highest numbers of homes in the Remainder of the Market Area were built in the 2000s (22.4%). About 32% of the Remainder of the Market Area's housing stock was built before 1970. Some of these housing units may be dilapidated and in need of replacement or repair.

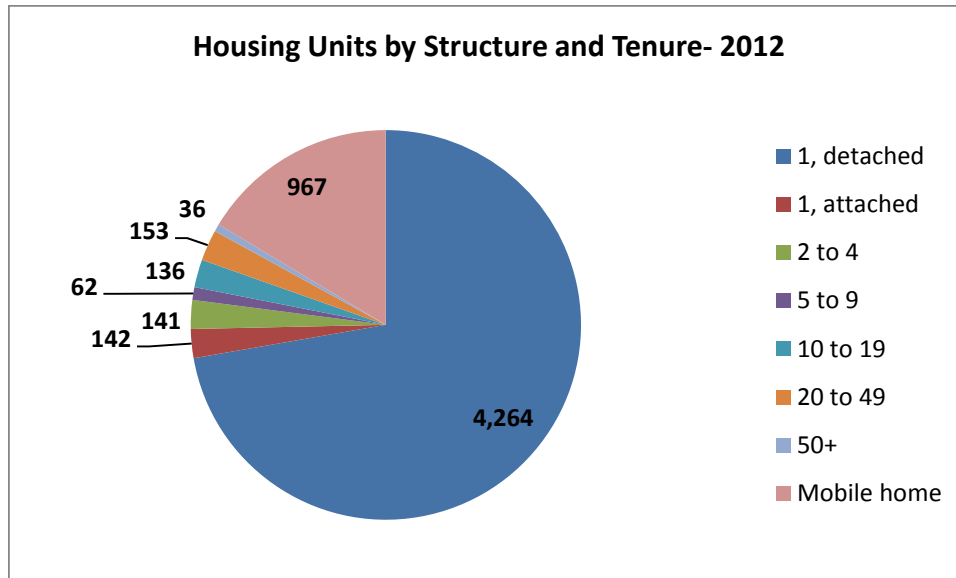
### Housing Units by Structure and Occupancy or (Housing Stock by Structure Type)

Table HC-4 shows the housing stock in the Market Area by type of structure and tenure as of 2012.

- The dominant housing type in the Market area is the single-family detached home, representing an estimated 80.4% of all owner-occupied housing units and 36.9% of renter-occupied housing units as of 2012.
- Most of the housing units with five or more units are renter-occupied. About 85% of renter-occupied housing units with five or more units are located in the City of Mora.
- Mobile homes account for about 16.4% of all housing units in the Market Area.

TABLE HC-4 HOUSING UNITS BY STRUCTURE & TENURE MORA MARKET AREA 2012												
Units in Structure	MORA				REMAINDER				MARKET AREA TOTAL			
	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.
1, detached	708	79.8%	188	26.7%	3,143	80.5%	225	54%	3,851	80.4%	413	36.9%
1, attached	46	5.2%	54	7.7%	35	0.9%	7	2%	81	1.7%	61	5.5%
2	24	2.7%	61	8.7%	2	0.1%	13	3%	26	0.5%	74	6.6%
3 to 4	0	0.0%	38	5.4%	0	0.0%	3	1%	0	0.0%	41	3.7%
5 to 9	0	0.0%	35	5.0%	0	0.0%	27	7%	0	0.0%	62	5.5%
10 to 19	12	1.4%	103	14.6%	0	0.0%	21	5%	12	0.3%	124	11.1%
20 to 49	0	0.0%	146	20.7%	0	0.0%	7	2%	0	0.0%	153	13.7%
50 or more	0	0.0%	36	5.1%	0	0.0%	0	0%	0	0.0%	36	3.2%
Mobile home	97	10.9%	36	5.1%	723	18.5%	111	27%	820	17.1%	147	13.1%
Boat, RV, van, etc.	0	0.0%	8	1.1%	0	0.0%	0	0%	0	0.0%	8	0.7%
Total	887	100%	705	100%	3,903	100%	414	100%	4,790	100%	1,119	100%
Sources: U.S. Census Bureau - American Community Survey; Maxfield Research Inc.												

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research Inc.



**TABLE HC-5  
OWNER-OCCUPIED HOUSING UNITS BY MORTGAGE STATUS  
MORA MARKET AREA  
2012**

Mortgage Status	MORA		REMAINDER		MARKET AREA	
	No.	Pct.	No.	Pct.	Pct.	Pct.
Housing units without a mortgage	339	38.2	1,270	32.5	1,609	33.6
Housing units with a mortgage/debt	548	61.8	2,633	67.5	3,181	66.4
<i>Second mortgage only</i>	30	3.4	186	4.8	216	4.5
<i>Home equity loan only</i>	88	9.9	412	10.6	500	10.4
<i>Both second mortgage and equity loan</i>	0	0.0	57	1.5	57	1.2
<i>No second mortgage or equity loan</i>	430	48.5	1,978	50.7	2,408	50.3
<b>Total</b>	<b>887</b>	<b>100.0</b>	<b>3,903</b>	<b>100.0</b>	<b>4,790</b>	<b>100.0</b>
<b>Average Value by Mortgage Status</b>						
Housing units with a mortgage	\$142,800		\$162,528		\$159,129	
Housing units without a mortgage	\$97,600		\$145,153		\$135,134	

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research Inc.

### Owner-Occupied Housing Units by Mortgage Status

Table HC-5 shows mortgage status and average values from the American Community Survey for 2012 (5-Year). Mortgage status provides information on the cost of homeownership when analyzed in conjunction with mortgage payment data. A mortgage refers to all forms of debt where the property is pledged as security for repayment of debt. A first mortgage has priority claim over any other mortgage or if it's the only mortgage. A second (and sometimes third) mortgage is called a "junior mortgage," a home equity line of credit (HELOC) would also fall into this category. Finally, a housing unit without a mortgage is owned free and clear and is debt free.

## HOUSING CHARACTERISTICS

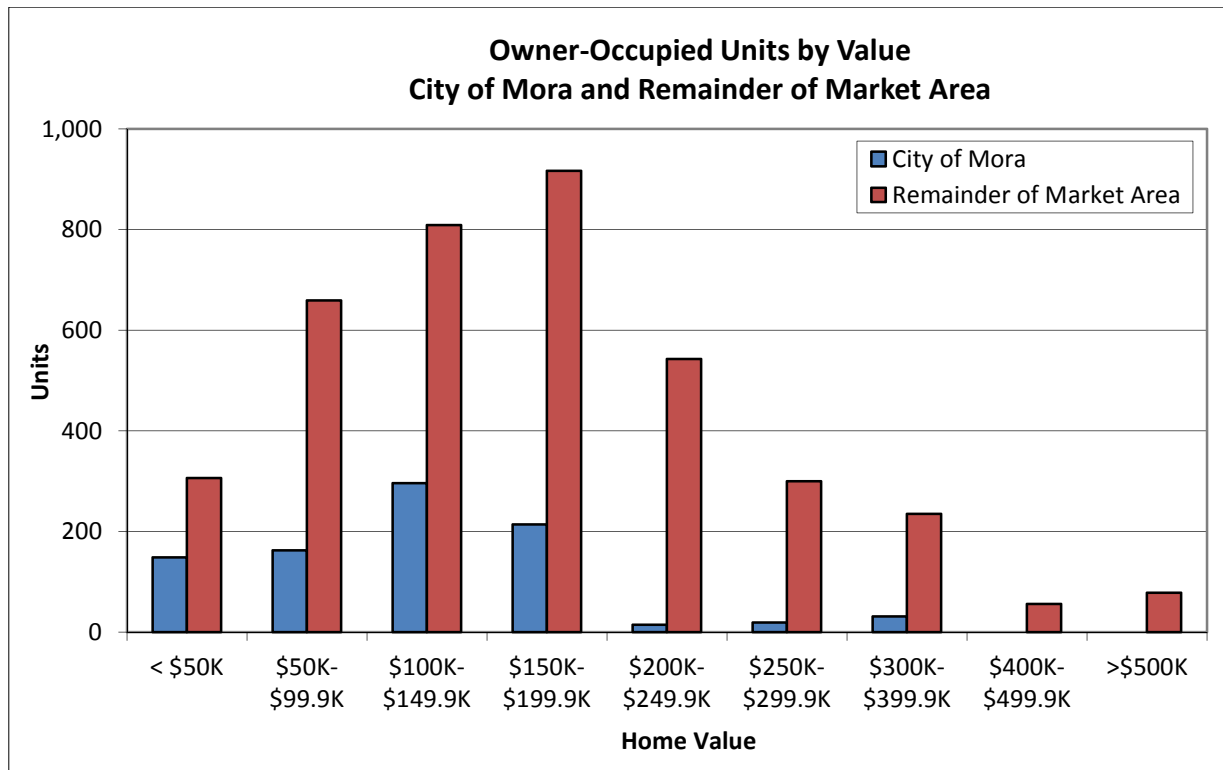
- Approximately 62% of Mora homeowners and 68% of homeowners in the Remainder of the Market Area have a mortgage. About 13% of homeowners with mortgages in Mora also have a second mortgage and/or home equity loan.
- The median value for homes with a mortgage for the City of Mora homeowners is approximately \$142,800. By comparison, the Remainder of the Market Area is about \$163,000.

### Owner-Occupied Housing Units by Value

Table HC-6 presents data on housing values summarized by nine price ranges. Housing value refers to the estimated price point the property would sell if the property were for sale. For single-family and townhome properties, value includes both the land and the structure. For condominium units, value refers to only the unit.

- The majority of the owner-occupied housing stock in the City of Mora is estimated to be valued between \$100,000 and \$199,999 (57.5%).
- The median owner-occupied home in Mora is \$127,500, or \$30,625 less than the Remainder of the Market Area median home value (\$158,126). There is a greater percentage of higher valued homes in the Remainder of the Market Area (\$300,000 or greater) than the City of Mora. Approximately 3% of homes in Mora are valued at \$300,000 or greater compared to 9% in the Remainder of the Market Area. A percentage of these in the Remainder of the Market Area are located on lakes or farmsteads.

TABLE HC-6 OWNER-OCCUPIED UNITS BY VALUE MORA MARKET AREA 2012						
Home Value	MORA		REMAINDER		MARKET AREA	
	No.	Pct.	No.	Pct.	Pct.	Pct.
Less than \$50,000	149	16.8	306	7.8	455	9.5
\$50,000-\$99,999	163	18.4	659	16.9	822	17.2
\$100,000-\$149,999	296	33.4	809	20.7	1,105	23.1
\$150,000-\$199,999	214	24.1	917	23.5	1,131	23.6
\$200,000-\$249,999	15	1.7	543	13.9	558	11.6
\$250,000-\$299,999	19	2.1	300	7.7	319	6.7
\$300,000-\$399,999	31	3.5	235	6.0	266	5.6
\$400,000-\$499,999	0	0.0	56	1.4	56	1.2
Greater than \$500,000	0	0.0	78	2.0	78	1.6
Total	887	100.0	3,903	100.0	4,790	100.0
Median Home Value	\$127,500		\$158,126		\$152,454	
Sources: U.S. Census Bureau - American Community Survey; Maxfield Research Inc.						



### Renter-Occupied Units by Contract Rent

Table HC-7 presents information on the monthly housing costs for renters called contract rent (also known as asking rent). Contract rent is the monthly rent agreed to regardless of any utilities, furnishings, fees, or services that may be included.

- The median contract rent in Mora and the Remainder of the Market Area was \$642 and \$623, respectively. Based on a 30% allocation of income to housing, a household in Mora would need an income of about \$25,680 to afford an average monthly rent of \$642 and an income of \$24,920 in the Remainder of the Market Area to afford an average monthly rent of \$623.
- Approximately 47% of Mora renters paying cash have monthly rents ranging from \$500 to \$749. Only 4.1% of renters have monthly rents of \$1,000 or greater. Due to the limited number of units with rents over \$1,000, we can assume the majority of these renters are renting single-family homes.
- Housing units without payment of rent (“no cash rent”) make up only 9.1% of Mora renters. Typically units may be owned by a relative or friend who lives elsewhere whom allow occupancy without charge. Other sources may include caretakers or ministers who may occupy a residence without charge.



TABLE HC-7 RENTER-OCCUPIED UNITS BY CONTRACT RENT MORA MARKET AREA 2012						
Contract Rent	MORA		REMAINDER		MARKET AREA	
	No.	Pct.	No.	Pct.	Pct.	Pct.
No Cash Rent	64	9.1	59	14.3	123	11.0
Cash Rent	641	90.9	355	85.7	996	89.0
\$0 to \$249	35	5.0	38	9.2	73	6.5
\$250-\$499	113	16.0	80	19.3	193	17.2
\$500-\$749	331	47.0	126	30.4	457	40.8
\$750-\$999	133	18.9	81	19.6	214	19.1
\$1,000+	29	4.1	30	7.2	59	5.3
Total	705	100.0	414	100.0	1,119	100.0
Median Contract Rent	\$642		\$623		\$635	
Sources: U.S. Census Bureau - American Community Survey; Maxfield Research Inc.						

### Introduction

Maxfield Research Inc. identified and surveyed larger rental properties of 3 or more units in the Mora. In addition, interviews were conducted with real estate agents, developers, rental housing management firms, and others in the community familiar with Mora's rental housing stock.

For purposes of our analysis, we have classified rental projects into two groups, general occupancy and senior (age restricted). All senior projects are included in the *Senior Rental Analysis* section of this report. The general occupancy rental projects are divided into three groups, market rate (those without income restrictions), affordable, (those receiving tax credits in order to keep rents affordable), and subsidized (those with income restrictions based on 30% allocation of income to housing).

### Overview of Rental Market Conditions

Maxfield Research utilized data from the American Community Survey (ACS) to summarize rental market conditions in Mora Market Area and selected communities in the surrounding area. The ACS is an ongoing survey conducted by the United States Census Bureau that provides data every year rather than every ten years as presented by the decennial census. We use this data because these figures are not available from the decennial census. Please note that the ACS data includes all rental units, regardless of household type.

Table R-1 on the following page presents a breakdown of median gross rent and monthly gross rent ranges by number of bedrooms in renter-occupied housing units from the 2008-2012 ACS in Mora Market Area, broken down into three submarkets, in comparison to Minnesota. Gross rent is defined as the amount of the contract rent plus the estimated average monthly cost of utilities (electricity, gas, and water and sewer) and fuels (oil, coal, wood, etc.) if these are paid by the renter.

- Because of the difference in methodology between the decennial census and the ACS, there are slight differences in the total number of renter-occupied units presented between the two surveys. Census data indicates that there were 1,125 renter-occupied housing units in Mora Market Area in 2010 while the ACS shows 1,119 renter-occupied housing units.
- Mora Market Area has relatively affordable rents when compared to Minnesota. The median gross rent in the area is at \$785 which is 2% lower than the median rent of \$802 in Minnesota. Rural communities often have lower rents than metropolitan areas due to wage rates and the age of rental properties in rural areas.

# RENTAL MARKET ANALYSIS

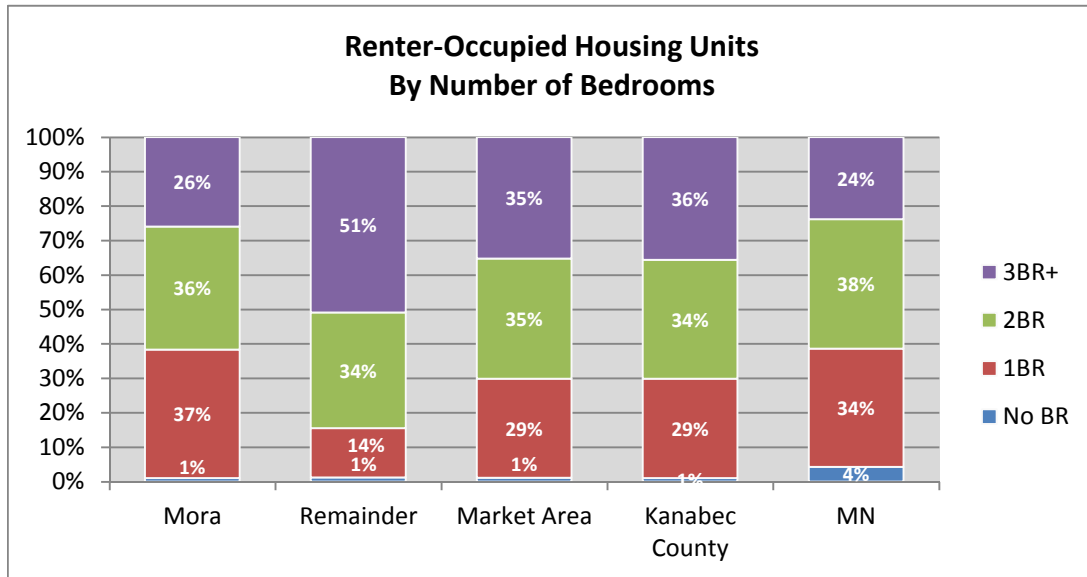
**TABLE R-1**  
**BEDROOMS BY GROSS RENT, RENTER-OCCUPIED HOUSING UNITS**  
**MORA MARKET AREA**  
**2012**

	Mora		Remainder		Market Area		Kanabec County		MN
	#	% of Total	#	% of Total	#	% of Total	#	% of Total	% of Total
<b>Total:</b>	<b>705</b>	<b>100%</b>	<b>414</b>	<b>100%</b>	<b>1,119</b>	<b>100%</b>	<b>1,174</b>	<b>100%</b>	<b>100%</b>
<b>Median Gross Rent</b>	<b>\$730</b>		<b>\$880</b>		<b>\$785</b>		<b>\$750</b>		<b>\$802</b>
<b>No Bedroom</b>	<b>7</b>	<b>1%</b>	<b>5</b>	<b>1%</b>	<b>12</b>	<b>1%</b>	<b>12</b>	<b>1%</b>	<b>4%</b>
Less than \$200	0	0%	0	0%	0	0%	10	1%	4%
\$200 to \$299	0	0%	0	0%	0	0%	0	0%	0%
\$300 to \$499	0	0%	0	0%	0	0%	0	0%	0%
\$500 to \$749	7	1%	3	1%	10	1%	0	0%	1%
\$750 to \$999	0	0%	0	0%	0	0%	10	1%	2%
\$1,000 or more	0	0%	0	0%	0	0%	0	0%	0%
No cash rent	0	0%	2	0%	2	0%	0	0%	0%
<b>1 Bedroom</b>	<b>263</b>	<b>37%</b>	<b>59</b>	<b>14%</b>	<b>322</b>	<b>29%</b>	<b>339</b>	<b>29%</b>	<b>34%</b>
Less than \$200	8	1%	7	2%	15	1%	285	24%	34%
\$200 to \$299	57	8%	5	1%	62	6%	15	1%	1%
\$300 to \$499	36	5%	12	3%	48	4%	62	5%	3%
\$500 to \$749	63	9%	19	5%	82	7%	48	4%	5%
\$750 to \$999	44	6%	8	2%	52	5%	99	8%	11%
\$1,000 or more	9	1%	0	0%	9	1%	52	4%	9%
No cash rent	46	7%	8	2%	54	5%	9	1%	4%
<b>2 Bedrooms</b>	<b>252</b>	<b>36%</b>	<b>139</b>	<b>34%</b>	<b>391</b>	<b>35%</b>	<b>405</b>	<b>34%</b>	<b>38%</b>
Less than \$200	0	0%	0	0%	0	0%	374	32%	36%
\$200 to \$299	0	0%	0	0%	0	0%	0	0%	1%
\$300 to \$499	17	2%	21	5%	38	3%	0	0%	1%
\$500 to \$749	92	13%	39	9%	131	12%	38	3%	2%
\$750 to \$999	127	18%	30	7%	157	14%	131	11%	8%
\$1,000 or more	16	2%	23	6%	39	3%	162	14%	12%
No cash rent	0	0%	26	6%	26	2%	43	4%	12%
<b>3 or More Bedrooms</b>	<b>183</b>	<b>26%</b>	<b>211</b>	<b>51%</b>	<b>394</b>	<b>35%</b>	<b>418</b>	<b>36%</b>	<b>24%</b>
Less than \$200	0	0%	0	0%	0	0%	366	31%	21%
\$200 to \$299	0	0%	0	0%	0	0%	0	0%	0%
\$300 to \$499	9	1%	5	1%	14	1%	0	0%	0%
\$500 to \$749	54	8%	40	10%	94	8%	21	2%	1%
\$750 to \$999	71	10%	39	9%	110	10%	94	8%	3%
\$1,000 or more	31	4%	104	25%	135	12%	112	10%	4%
No cash rent	18	3%	23	6%	41	4%	139	12%	12%

Sources: 2008-2012 American Community Survey; Maxfield Research, Inc.

## RENTAL MARKET ANALYSIS

- Three bedroom or more units are the most common rental unit type in Market Area, representing 35% of all occupied rental units in the Market Area. However, in the State of Minnesota, three bedroom or more units are the third most common (24%). In Minnesota, two-bedroom units make up the largest percentage (38%).



- Approximately 35% of the renter-occupied housing units in Market Area have two bedrooms compared to 38% in Minnesota. One-bedroom units comprise 29% of Market Area's renter-occupied housing supply and units while only 1% of the renter-occupied units have no bedrooms. By comparison, roughly 34% of Minnesota's renter-occupied housing units are one-bedroom and 4% have no bedrooms.
- Nearly 14% of the two-bedroom units in Market Area have gross monthly rents ranging from \$750 to \$999, and 12% have a rental rate range of \$500 to \$749. Units with rents of \$1,000 or more represent roughly 3% of the two-bedroom units in Market Area.
- Roughly 12% of the units with three or more bedrooms in Market Area rent for \$1,000 or more per month. Nearly 10% have a rental rate range of \$750 to \$999 and 8% have a rental range of \$500 to \$749 per month.
- The majority of the units without a bedroom in Market Area have gross monthly rents between \$500 and \$749.

## General-Occupancy Rental Projects

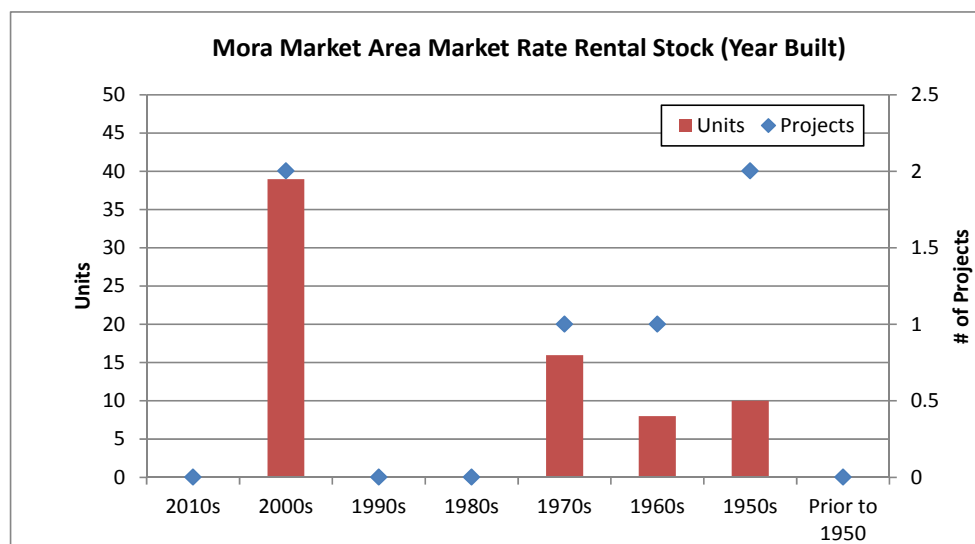
Our research of Mora’s general occupancy rental market included a survey of 9 market rate apartment properties (3 units and larger) and three affordable/subsidized communities in 2nd Quarter 2014. These projects represent a combined total of 193 units, including 110 market rate units and 83 affordable/subsidized units. Although we were able to contact and obtain up-to-date information on the majority of rental properties, there were some projects we were unable to reach. In these circumstances, we identified the properties as unavailable and those properties will not be included in our average rent or vacancy rate calculations.

At the time of our survey, 3 market rate units and zero affordable/subsidized units were vacant, resulting in an overall vacancy rates of 4.1% for market rate units and 0% for affordable/subsidized. The overall market rate vacancy rate of 4.1% is lower than the industry standard of 5% vacancy for a stabilized rental market, which promotes competitive rates, ensures adequate choice, and allows for unit turnover.

Table R-2 summarized information on market rate projects, while Table R-3 summarizes information affordable and subsidized projects. Table R-4 summarizes unit features and common area amenities among all general-occupancy housing developments.

### Market Rate

- Overall, Mora’s rental housing stock is older as the median year built is 1970.
- Nearly 66% of the projects were built in the 1970s or prior. However, these projects only comprise 46% of the total market rate units. Please note: year built percentages may be skewed due to lack of participation in the rental survey.



## RENTAL MARKET ANALYSIS

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- A total of 3 vacancies were found, resulting in a vacancy rate of 4.1% as of 2nd Quarter 2014.
- Over half of the market rate units in Mora are two-bedroom units. The breakout by unit type is summarized below.
  - Efficiency units: 7.6%
  - One-bedroom units: 30.4%
  - One-bedroom/Den units: 2.5%
  - Two-bedroom units: 53.2%
  - Three-bedroom units: 6.3%
- The following is the monthly rent ranges and average rent for each unit type:
  - Efficiency units: Unavailable
  - One-bedroom units: \$400 to \$615
  - One-bedroom/Den units: \$665
  - Two-bedroom units: \$675 to \$715
  - Three-bedroom units: \$785 to \$825
- The majority of the properties surveyed have a common laundry room with coin-operated washers and dryers. In-unit washer and dryers has become the norm in new apartment developments constructed today.

## RENTAL MARKET ANALYSIS

TABLE R-2  
GENERAL OCCUPANCY RENTAL DEVELOPMENTS  
MORA MARKET AREA  
2nd Quarter 2014

Development/Location	Date Opened	No. of Units	Vacant	Unit Mix	Unit Size	Monthly Rent/Fees	Rent/Fees per Sq. Ft.	Comments
<b>Meadow Brook Apartments</b> 107 7th St. <i>Mora</i>	1975	16	2	6 - 1BR 2 - 1BR/Den 8 - 2BR	n/a n/a n/a	\$615 \$665 \$715	n/a n/a n/a	Utilities incl. except electricity and cable.
<b>Dala Estates</b> 650 South Union St. <i>Mora</i>	n/a	14	n/a	6 - EFF 6 - 1BR 2 - 3BR/2BA	n/a n/a n/a	n/a n/a n/a	n/a n/a n/a	
<b>Whispering Pines</b> 100 West Maple Ave. <i>Mora</i>	2000	18	0	6 - 1BR/1BA 10 - 2BR/1BA 2 - 3BR/2BA	687 - 761 872 - 999 1,197	\$510 - \$550 \$675 - \$700 \$825	\$0.74 - \$0.72 \$0.77 - \$0.68 \$0.69	Recently updated. Secured access. Low turnover each year. Typically 100% occupied.
<b>Meadow Ridge Apartments</b> 431 West Central Ave. <i>Mora</i>	2002	21	1	21 - 2BR	950	\$675	\$0.71	Controlled access. Fire alarm system. Mixed of all types.
<b>Villa View Apartments</b> 205 North 7th St. <i>Mora</i>	n/a	16	n/a	n/a n/a	n/a n/a	n/a n/a	n/a n/a	
<b>Fairview Apartments</b> 626 McLean Street <i>Mora</i>	1965	8	0	2 - 1 BR 6 - 2BR	n/a n/a	\$575 \$635	n/a	
<b>The Dovern Apartments</b> 550 South Park Street <i>Mora</i>	n/a	7	n/a	n/a n/a	n/a n/a	n/a n/a	n/a n/a	
<b>Dunker Apts I</b> 144-146 Ford Street <i>Mora</i>	1950s	3	0	3 - 2BR	800	\$675	\$0.84	All utilities included except for electricity and cable. Townhome facility.
<b>Dunker Apts II</b> 615 Watkins Street <i>Mora</i>	1950s	7	0	6 - 1BR 1 - 3BR	n/a n/a	\$400 - \$500 \$785	n/a n/a	Utilities incl. except electricity and cable.
<b>Totals</b>		<b>110</b>	<b>3</b>	<b>4.1%*</b>				

\*Vacancy rate does not include properties that were unable to participate in rental survey.

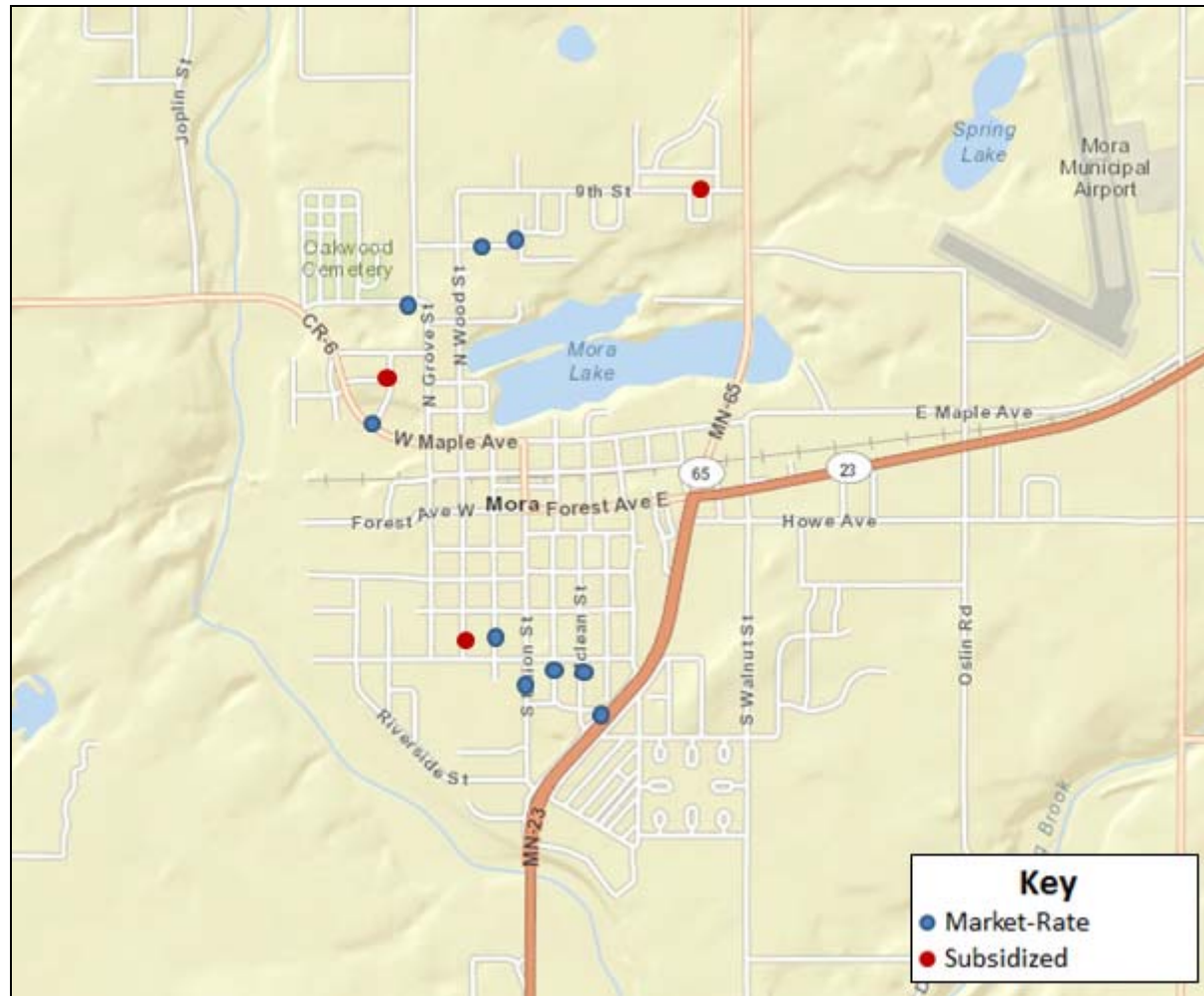
Source: Maxfield Research Inc.

## RENTAL MARKET ANALYSIS

<b>TABLE R-3</b> <b>SUBSIDIZED/AFFORDABLE DEVELOPMENTS</b> <b>MORA MARKET AREA</b> <b>2nd Quarter 2014</b>							
<b>Development/Location</b>	<b>Date Opened</b>	<b>No. of Units</b>	<b>Vacant</b>	<b>Unit Mix</b>	<b>Unit Size</b>	<b>Monthly Rent/Fees</b>	<b>Comments</b>
<b>North Mora Estates</b> 562 South Wood Street <i>Mora</i>	1979	35	0	2 - 1BR/1BA 24 - 2BR/1BA 6 - 3BR/2BA 2 - 4BR/2BA	n/a 1,100 n/a n/a	Based on Income Based on Income Based on Income Based on Income	Townhome Facility
<b>Northcrest Townhomes</b> 501 9th Street <i>Mora</i>	n/a	24	0	n/a - 2BR n/a - 3BR	n/a n/a	Based on Income	Townhome Facility
<b>Mora Evergreen Apartments</b> 310/320 Evergreen St. <i>Mora</i>	1992	24	0	4 - 1BR 16 - 2BR 4 - 3BR	614 910 764	Based on Income Based on Income Based on Income	Small portion of rent is allocated towards util. Income restricted
<b>Totals</b>		<b>83</b>	<b>0</b>				
Source: Maxfield Research Inc.							



Mora General-Occupancy Developments



## RENTAL MARKET ANALYSIS

TABLE R-4 UNIT FEATURES/BUILDING AMENITIES COMPETITIVE RENTAL DEVELOPMENTS MORA MARKET AREA 2nd Quarter 2014														
	Unit Features							Building Amenities						
	A/C	Dishwasher	Microwave Oven	W/D	Refrigerator	Balcony/Patio	Stove	Community Rm.	Dining Rm.	Laundry Rm.	Swimming Pool	Exercise Rm.	Garage Parking	Guest Suite
Market Rate Apartment Projects														
Meadowbrook Apts Mora, MN	Y	Y	N	N	Y	N	Y	N	N	Y	N	N	N	N
Pine Property (EBC Group) Mora, MN	n/a	Y	N	S	Y	N	Y	N	N	n/a	N	N	N	N
Whispering Pines Mora, MN	Y	Y	N	S HU	Y	S	Y	Y	N	Y	N	N	DG/S	N
Meadow Ridge Apts Mora, MN	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Dunker I Apts Mora, MN	Y	Y	N	N	Y	N	Y	N	N	Y	N	N	N	N
Dunker II Apts Mora, MN	Y	Y	N	N	Y	N	Y	N	N	Y	N	N	N	N
Affordable/Subsidized Apartment Projects														
Mora Evergreen Apts Mora, MN	n/a	N	N	N	Y	N	Y	N	N	Y	N	N	N	N
North Mora Estates Mora, MN	N	Y	N	N	Y	Y	Y	N	N	Y	N	N	N	N
Northcrest Townhomes Mora, MN	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Y=Included, N=Not Included, O=Optional, S=Some, HU=Hook-Ups, C=Common/Shared, UG=Underground Parking, G=Garage														
Source: Maxfield Research Inc.														

### ***Affordable/Subsidized***

- There are a total of three income-restricted projects in Mora with 83 total units. Combined, zero units are vacant posting a vacancy rate of 0%. Typically, subsidized and affordable rental properties should be able to maintain vacancy rates of 3% or less in most housing markets. The low vacancy rates in the market indicate pent-up demand for affordable and subsidized units and also are an indication of the current economic climate in the area.
- Mora Evergreen Apartments is the newest affordable/subsidized development in the Mora Market Area. Project amenities include refrigerator and common laundry room.
- North Mora Estates, which was built in 1979, is the largest affordable/subsidized development in the Mora Market Area. With a total of 35 units, North Mora Estates offers attractive amenities such as: refrigerator, common laundry room, stove, and balconies.

### Rental Market Interview Summary

Interviews with area rental property managers, real estate agents, developers, and other persons familiar with the rental market in Mora were conducted to solicit their impressions of the rental housing market in the community. The following are some key points from these interviews:

- It is very difficult for prospective residents to search for apartments online. Most apartments do not have websites and do not advertise on Rent.com, ForRent.com, or Apartments.com. Many of the smaller apartment units are managed by individuals rather than management companies and only advertise with a phone number on the building or the local newspaper. As a result, it can be difficult for transplant residents to search for apartments.
- Managers at each property stated they had a wide mix of tenants. Some properties indicated that their tenant mix ranged from college students to seniors and was very diverse. However, most property managers believed that the average tenant was a young professional.
- Some developers and real estate agents agreed that smaller unit sizes like studio apartments have become less attractive to prospective residents over the past years. Although studio apartments are less expensive, the price per square footage is typically much higher than other units.

### Senior Housing Defined

The term “senior housing” refers to any housing development that is restricted to people age 55 or older. Today, senior housing includes an entire spectrum of housing alternatives, which occasionally overlap, thus making the differences somewhat ambiguous. However, the level of support services offered best distinguishes them. Maxfield Research Inc. classifies senior housing projects into five categories based on the level of support services offered:

Adult/Few Services; where few, if any, support services are provided, and rents tend to be modest as a result;

Congregate/Optional-Services; where support services such as meals and light housekeeping are available for an additional fee;

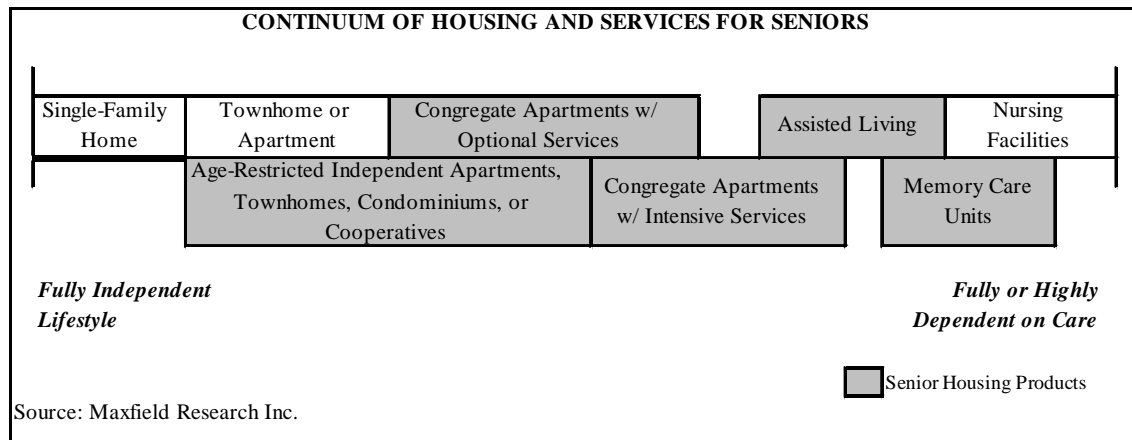
Congregate/Service-Intensive; where support services such as meals and light housekeeping are included in the monthly rents;

Assisted Living; where two or three daily meals as well as basic support services such as transportation, housekeeping and/or linen changes are included in the fees. Personal care services such as assistance with bathing, grooming and dressing is included in the fees or is available either for an additional fee or included in the rents.

Memory Care; where more rigorous and service-intensive personal care is required for people with dementia and Alzheimer’s disease. Typically, support services and meal plans are similar to those found at assisted living facilities, but the heightened levels of personalized care demand more staffing and higher rental fees.

These five senior housing products tend to share several characteristics. First, they usually offer individual living apartments with living areas, bathrooms, and kitchens or kitchenettes. Second, they generally have an emergency response system with pull-cords or pendants to promote security. Third, they often have a community room and other common space to encourage socialization. Finally, they are age-restricted and offer conveniences desired by seniors, although assisted living projects sometimes serve non-elderly people with special health considerations.

The five senior housing products offered today form a continuum of care (see Figure 2 on the following page), from a low level to a fairly intensive one; often the service offerings at one type overlap with those at another. In general, however, adult/few services projects tend to attract younger, more independent seniors, while assisted living and memory care projects tend to attract older, frailer seniors.



### Senior Housing in Mora and the Market Area

As of 1<sup>st</sup> Quarter 2014, Maxfield Research identified 10 senior housing developments in Mora. Combined, these projects contain a total of 261 units. Four of the projects are subsidized, while the remaining six are market rate. Tables S-1 and S-2 provide information on the market rate and subsidized projects. Information in the table includes year built, number of units, unit mix, number of vacant units, rents, and general comments about each project. Table S-3 identifies amenities and services at each of the projects.

The following are key points from our survey of the senior housing supply.

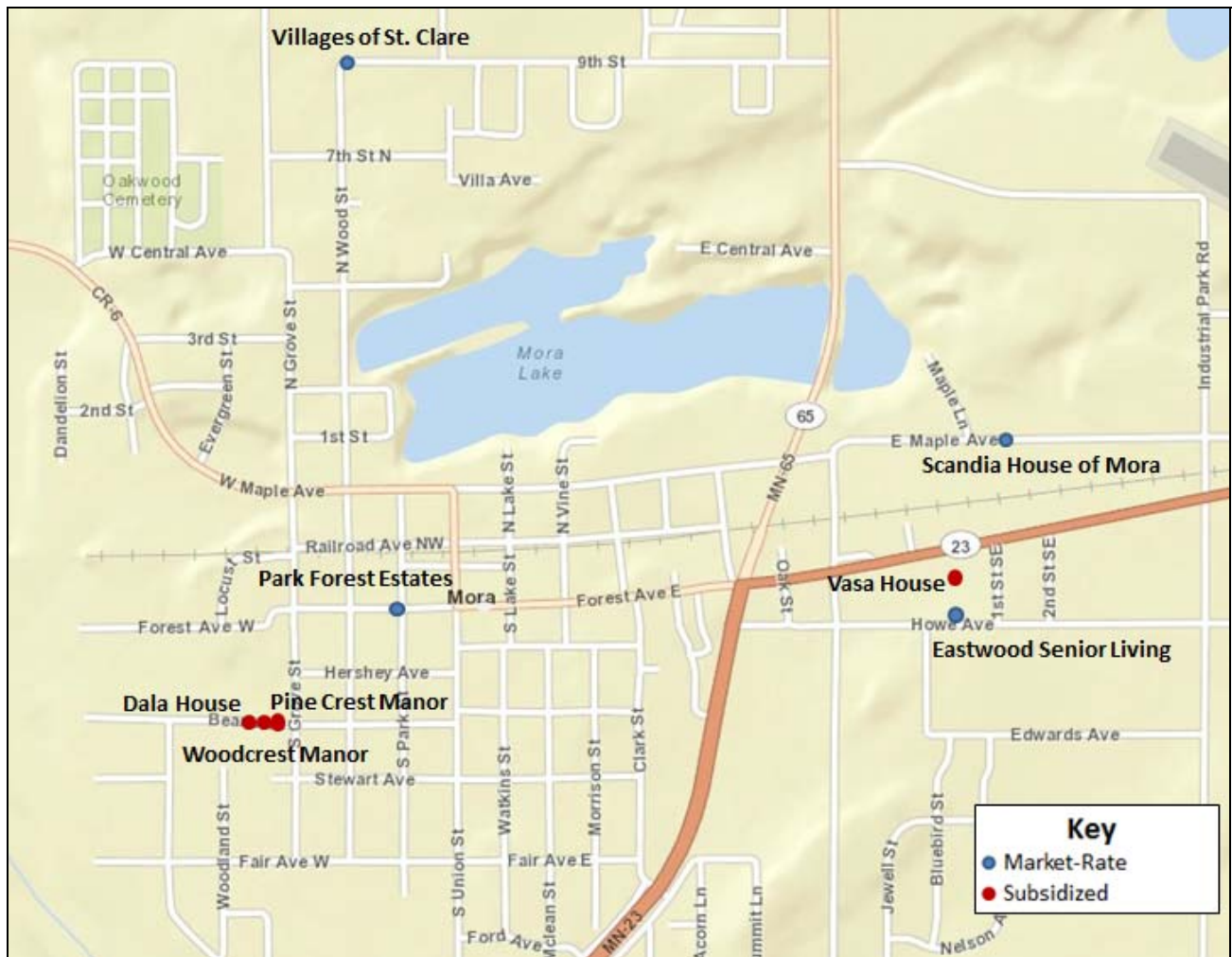
#### ***Affordable/Subsidized Senior Housing Projects***

- Subsidized senior housing offers affordable rents to qualified lower income seniors and handicapped/disabled persons. Typically, rents are tied to residents' incomes and based on 30 percent of adjusted gross income (AGI), or a rent that is below the fair market rent. For those households meeting the age and income qualifications, subsidized senior housing is usually the most affordable rental option available. Affordable projects are typically tax-credit projects that are limited to households earning less than 80% of Kanabec County's area median income.
- There are a total of 132 units in five affordable/subsidized senior projects. As of 1<sup>st</sup> Quarter 2014, all units were occupied indicating pent-up demand for affordable/subsidized senior rental units.
- Most of the units are one bedrooms. Typically units sizes at subsidize senior projects are smaller than many of the market rate senior rental projects.

## SENIOR HOUSING ANALYSIS

- Typically subsidized senior housing offers limited to no amenities. However, many of the subsidized senior housing offered community rooms, dining rooms, and craft/hobby rooms for their guests. Dala House offers additional storage for their residents.

### Mora Senior Developments



## SENIOR HOUSING ANALYSIS

TABLE S-1 SENIOR HOUSING DEVELOPMENTS MORA MARKET AREA 1st Quarter 2014								
Development/Location	Date Opened	No. of Units	Vacant	Unit Mix	Unit Size	Monthly Rent/Fees		Comments
Adult/Few Services Developments								
Park Forest Estates 200 South Park St. Mora	1997	54	2	19 - 1BR/1BA 18 - 2BR/1BA 14 - 2BR/2BA 3 - 3BR/2BA	668 - 720 1,010 929 - 968 1,340	\$840 - \$860 \$960 - \$1,080 \$1,040 \$1,230		Average Age is 80 Everything except phone included in rent. Low turnover
Assisted Living								
Villages of St. Clare 101 9th St. Mora	1986	35	0	25 - 1BR 10 - 2BR	625 840	\$2,200 \$2,410 base package		Basic utilities incld in rent
Scandia House of Mora 973 Maple Avenue Mora	2009	5	1	5 - EFF	n/a	\$3,000		Typically 100% occupied.
Eastwood Senior Living 170 Valhalla Circle Mora	2010	20	0	20 - EFF	n/a	\$2,700	\$2,800	Waiting list.
Memory Care								
Eastwood Senior Living 170 Valhalla Circle Mora	2010	10	0	10 EFF	668 720	\$3,700	\$3,800	Waiting list.
Scandia House of Mora 973 Maple Avenue Mora	2009	5	0	5 - EFF	n/a	\$3,700	\$4,300	Typically 100% occupied.
Total		129	3	2.3%				
Source: Maxfield Research Inc.								

## SENIOR HOUSING ANALYSIS

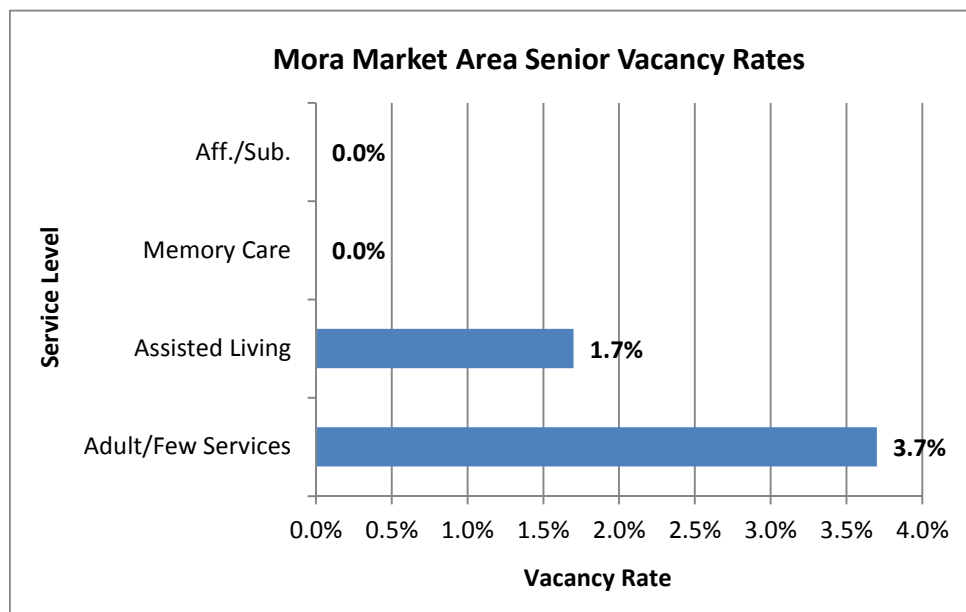
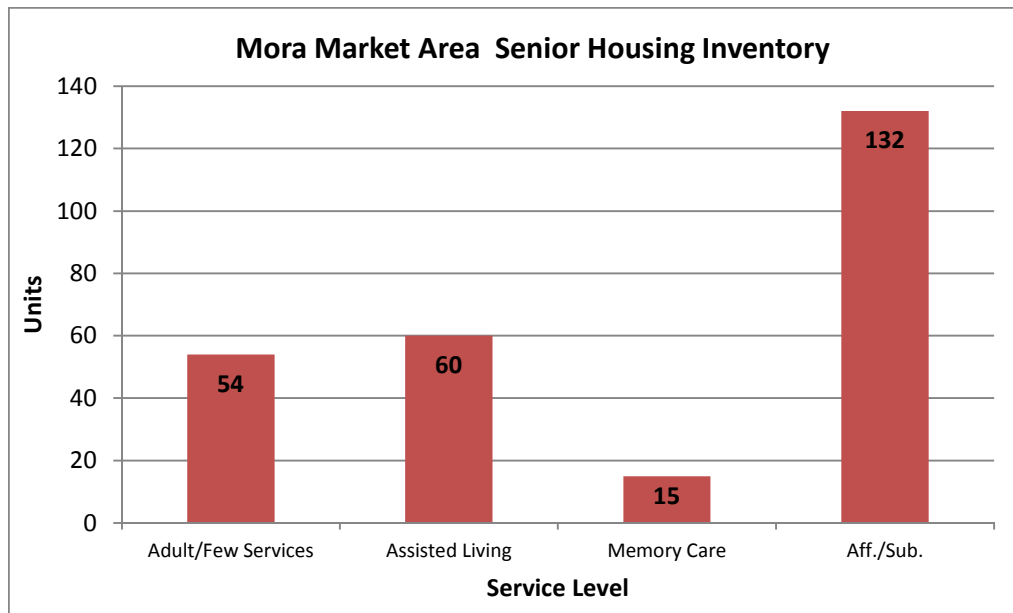
<b>TABLE S-2</b> <b>AFFORDABLE/SUBSIDIZED SENIOR HOUSING DEVELOPMENTS</b> <b>MORA MARKET AREA</b> <b>1st Quarter 2014</b>							
<b>Development/Location</b>	<b>Date Opened</b>	<b>No. of Units</b>	<b>Vacant</b>	<b>Unit Mix</b>	<b>Unit Size</b>	<b>Monthly Rent/Fees</b>	<b>Comments</b>
<b>Dala House</b> 470 Bean Avenue <i>Mora</i>	N/A	24	0	20 - 1BR 4 - 2BR	668 720	Based on Income	HUD.
<b>Pine Crest Manor</b> 420 Bean Avenue <i>Mora</i>	N/A	43	0	42 - 1BR 1 - 2BR	n/a	Based on Income	HUD.
<b>Woodcrest Manor</b> 450 Bean Avenue <i>Mora</i>	N/A	42	0	42 - 1BR	525	Based on Income	HUD.
<b>Vasa House</b> 160 Valhalla Circle <i>Mora</i>	N/A	23	0	23 - EFF	n/a	Based on Income	HUD.
<b>Total</b>		<b>132</b>	<b>0</b>	<b>0.0%</b>			
Source: Maxfield Research Inc.							



# SENIOR HOUSING ANALYSIS

**TABLE S-3**  
**UNIT FEATURES/BUILDING AMENITIES/SERVICES**  
**COMPETITIVE SENIOR HOUSING PROJECTS**  
**MORA MARKET AREA**  
**1st Quarter 2014**

	Unit Features							Building Amenities								Services				Other Features	
	A/C	Dishwasher	Microwave Oven	W/D	Walk-in Closet	Balcony/Patio	Emergency Call	Community Rm.	Dining Rm.	Craft/Hobby Rm.	Library	Solarium	Storage Lockers	Exercise Rm.	Garage Parking	Guest Suite	Transportation	Activities	Housekeeping		Meals
Adult/Few Services Projects																					
Park Forest Estates Mora	Y	Y	Y	Y	S	Y	N	Y	N	Y	N	N	n/a	Y	UG	Y	S	S	N	S 1/wk	9 annual activities that are well attended, 3 activity rooms, all except for phone is included in rent.
Assisted Living																					
Villages of Mora Mora	Y	Y	N	N	Y	Y	Y	Y	Y	N	N	N	n/a	N	G	N	Y	Y	Y	Y	All except for phone is included in rent, weekly housekeeping included, regular activities.
Scandia House Mora	Y	N	N	N	N	N	Y	Y	Y	N	N	N	Y	N	N	N	Y	Y	Y	Y	
Eastwood Senior Living Mora	Y	Y	Y	N	Y	N	Y	Y	Y	N	N	N	n/a	N	N	N	Y	Y	Y	Y	All utilities included.
Affordable Projects																					
Dala House Mora	Y	N	N	N	N	N	Y	Y	Y	Y	N	N	Y	N	G	N	O	Y	N	N	Some utilities included in rent.
Pine Crest Manor Mora	Y	N	N	N	N	N	Y	Y	Y	Y	N	N	N	N	G	N	O	Y	N	N	Some utilities included in rent.
Woodcrest Manor Mora	Y	N	N	N	N	N	Y	Y	Y	Y	N	N	N	N	G	N	O	Y	N	N	Some utilities included in rent. Central laundry facility.
Vasa House Mora	Y	N	N	N	N	N	Y	Y	Y	Y	N	N	N	N	G	N	O	Y	N	N	Some utilities included in rent.
Y=Included, N=Not Included, O=Optional, S=Some, HU=Hook-Ups, C=Common/Shared, UG=Underground Parking, G=Garage																					
Source: Maxfield Research Inc.																					



### ***Active Adult/Few Services Projects***

- There is one existing adult/few services senior project in the Mora Market Area for a total of 54 units. As of 1<sup>st</sup> Quarter 2014, Park Forest Estates has two vacancies which results in an overall vacancy rate of 3.7%. Generally a healthy senior housing market will have a vacancy rate of around 5.0% in order to allow for sufficient consumer choice and turnover.

## SENIOR HOUSING ANALYSIS

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- Park Forest Estates was built in 1997. Unit sizes range from roughly 670 to 720 square feet for one-bedroom units, 930 to 1,010 square feet for two-bedroom units, and 1,340 for three-bedroom units.
- Rents range from \$840 to \$860 for one-bedroom units, \$960 to \$1,080 for two-bedroom units, and \$1,230 for three-bedroom units. All utilities are included except for telephone. The apartments included open kitchens, microwave, stove, air conditioning, in-home washer and dryer, and balconies.

### ***Assisted Living***

- The Market Area has a total of three assisted living facilities with 60 units with a vacancy rate of 1.7%. There was only one vacancy at this time, which was located at the Scandia House of Mora.
- The newest assisted living project in Market Area is Eastwood Senior Living. The project was built in 2010 and includes 20 units. Scandia House of Mora was built in 2009 and includes 5 units. The largest assisted living complex in Mora, Villages of St. Clare, was built in 1986 and includes 35 units.
- Rents range from \$2,220 to \$3,000 per month, which includes all utilities. Typical unit features include air conditioning, spacious closets, and emergency call systems.
- All of the assisted living projects include scheduled activities, weekly housekeeping, laundry, 24-hour staff, and at least one meal daily. Base monthly fees vary from project to project, depending largely on the personal care package and health services that are included in the monthly rent.

### ***Memory Care***

- There are a total of two memory care developments in the Mora Market Area with 15 units with a vacancy rate of 0%. Both projects were developed recently; Eastwood Senior Living (2010) and Scandia House of Mora (2009).
- Rents range from \$3,700 to \$4,300 depending on the level of care, which includes all utilities. Scheduled activities, weekly housekeeping, laundry, 24-hour staff, and meal plans are available as well.

## Introduction

Affordable housing is a term that has various definitions according to different people and is a product of supply and demand. According to the U.S. Department of Housing and Urban Development (HUD), the definition of affordability is for a household to pay no more than 30% of its annual income on housing (including utilities). Families who pay more than 30% of their income for housing (either rent or mortgage) are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care.

Generally, housing that is income-restricted to households earning at or below 80% of Area Median Income (AMI) is considered affordable. However, many individual properties have income restrictions set anywhere from 30% to 80% of AMI. Rent is not based on income but instead is a contract amount that is affordable to households within the specific income restriction segment. Moderate-income housing, often referred to as “workforce housing,” refers to both rental and ownership housing. Hence the definition is broadly defined as housing that is income-restricted to households earning between 50% and 120% AMI. Figure 1 below summarizes income ranges by definition.

FIGURE 1 AREA MEDIAN INCOME (AMI) DEFINITIONS	
Definition	AMI Range
Extremely Low Income	0% - 30%
Very Low Income	31% - 50%
Low Income	51% - 80%
Moderate Income   Workforce Housing	50% - 120%
Note: Olmsted County 4-person AMI = \$80,500 (2013)	

### ***Naturally-Occurring Affordable Housing (i.e. Unsubsidized Affordable)***

Although affordable housing is typically associated with an income-restricted property, there are other housing units in communities that indirectly provide affordable housing. Housing units that were not developed or designated with income guidelines (i.e. assisted) yet are more affordable than other units in a community are considered “naturally-occurring” or “unsubsidized affordable” units. This rental supply is available through the private market, versus assisted housing programs through various governmental agencies. Property values on these units are lower based on a combination of factors, such as: age of structure/housing stock, location, condition, size, functionally obsolete, school district, etc. Because of these factors, housing costs tend to be lower.

According to the *Joint Center for Housing Studies of Harvard University*, the privately unsubsidized housing stock supplies three times as many low-cost affordable units than assisted

projects nationwide. Unlike assisted rental developments, most unsubsidized affordable units are scattered across small properties (one to four unit structures) or in older multifamily structures. Many of these older developments are vulnerable to redevelopment due to their age, modest rents, and deferred maintenance.

Because many of these housing units have affordable rents, project-based and private housing markets cannot be easily separated. Some households (typically those with household incomes of 50% to 60% AMI) income-qualify for both market rate and project-based affordable housing.

### ***Rent and Income Limits***

Table HA-1 shows the maximum allowable incomes by household size to qualify for affordable housing and maximum gross rents that can be charged by bedroom size in Kanabec County. These incomes are published and revised annually by the Department of Housing and Urban Development (HUD) and also published separately by the Minnesota Housing Finance Agency (MHFA) based on the date the project was placed into service. Fair market rent is the amount needed to pay gross monthly rent at modest rental housing in a given area. This table is used as a basis for determining the payment standard amount used to calculate the maximum monthly subsidy for families at financially assisted housing.

Table HA-2 shows the maximum rents by household size and AMI based on income limits illustrated in Table HA-1. The rents on Table HA-2 are based on HUD's allocation that monthly rents should not exceed 30% of income. In addition, the table reflects maximum household size based on HUD guidelines of number of persons per unit. For each additional bedroom, the maximum household size increases by two persons.

TABLE HA-1 MHFA/HUD INCOME AND RENT LIMITS KANABEC COUNTY- 2014								
	Income Limits by Household Size							
	1 pph	2 phh	3 phh	4 phh	5 phh	6 phh	7 phh	8 phh
30% of median	\$12,750	\$14,580	\$16,410	\$18,210	\$19,680	\$21,150	\$22,590	\$24,060
50% of median	\$21,250	\$24,300	\$27,350	\$30,350	\$32,800	\$35,250	\$37,650	\$40,100
60% of median	\$25,500	\$29,160	\$32,820	\$36,420	\$39,360	\$42,300	\$45,180	\$48,120
80% of median	\$34,000	\$38,880	\$43,760	\$48,560	\$52,480	\$56,400	\$60,240	\$64,160
100% of median	\$42,500	\$48,600	\$54,700	\$60,700	\$65,600	\$70,500	\$75,300	\$80,200
120% of median	\$51,000	\$58,320	\$65,640	\$72,840	\$78,720	\$84,600	\$90,360	\$96,240
	Maximum Gross Rent							
	EFF	1BR	2BR	3BR	4BR			
30% of median	\$318	\$364	\$410	\$455	\$492			
50% of median	\$531	\$607	\$683	\$758	\$820			
60% of median	\$637	\$729	\$820	\$910	\$984			
80% of median	\$850	\$972	\$1,094	\$1,214	\$1,312			
100% of median	\$1,062	\$1,215	\$1,367	\$1,517	\$1,640			
120% of median	\$1,275	\$1,458	\$1,641	\$1,821	\$1,968			
	Fair Market Rent							
	EFF	1BR	2BR	3BR	4BR			
Fair Market Rent	\$512	\$569	\$770	\$1,022	\$1,029			
Sources: MHFA, HUD, Maxfield Research Inc.								

## HOUSING AFFORDABILITY

**TABLE HA-2**  
**MAXIMUM RENT BASED ON HOUSEHOLD SIZE AND AREA MEDIAN INCOME**  
**KANABEC COUNTY - 2014**

Unit Type <sup>1</sup>	HHD Size		Maximum Rent Based on Household Size (@30% of Income)											
	Min	Max	30%		50%		60%		80%		100%		120%	
			Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
Studio	1	1	\$319	- \$319	\$531	- \$531	\$638	- \$638	\$850	- \$850	\$1,063	- \$1,063	\$1,275	- \$1,275
1BR	1	2	\$319	- \$365	\$531	- \$608	\$638	- \$729	\$850	- \$972	\$1,063	- \$1,215	\$1,275	- \$1,458
2BR	2	4	\$365	- \$455	\$608	- \$759	\$729	- \$911	\$972	- \$1,214	\$1,215	- \$1,518	\$1,458	- \$1,821
3BR	3	6	\$410	- \$529	\$684	- \$881	\$821	- \$1,058	\$1,094	- \$1,410	\$1,368	- \$1,763	\$1,641	- \$2,115
4BR	4	8	\$455	- \$602	\$759	- \$1,003	\$911	- \$1,203	\$1,214	- \$1,604	\$1,518	- \$2,005	\$1,821	- \$2,406

<sup>1</sup> One-bedroom plus den and two-bedroom plus den units are classified as 1BR and 2BR units, respectively. To be classified as a bedroom, a den must have a window and closet.

Note: 4-person Kanabec County AMI is \$60,700 (2014)

Sources: HUD, MHFA, Maxfield Research Inc.

### Housing Cost Burden

Table HA-3 shows the number and percentage of owner and renter households in Mora and the East Central Minnesota Area that pay 30% or more of their gross income for housing. This information was compiled from the American Community Survey 2012 estimates. This information is different than the 2000 Census which separated households that paid 35% or more in housing costs. As such, the information presented in the tables may be overstated in terms of households that may be “cost burdened.” The Federal standard for affordability is 30% of income for housing costs. Without a separate break out for households that pay 35% or more, there are likely a number of households that elect to pay slightly more than 30% of their gross income to select the housing that they choose. Moderately cost-burdened is defined as households paying between 30% and 50% of their income to housing; while severely cost-burdened is defined as households paying more than 50% of their income for housing.

Higher-income households that are cost-burdened may have the option of moving to lower priced housing, but lower-income households often do not. The figures focus on owner households with incomes below \$50,000 and renter households with incomes below \$35,000.

Key findings from Table HA-3 follow.

- About 30% of owner households and 51% of renter householders are estimated to be paying more than 30% of their income for housing costs in Mora. Compared to the Minnesota average, the percentage of cost burdened households is higher in Mora. Minnesota cost burdened households are 50% for owner households and 27% for renter households.
- The number of cost burdened households in Mora increases proportionally based on lower incomes. About 74% of renters with incomes below \$35,000 are cost burdened and 58% of owners with incomes below \$50,000 are cost burdened.
- Median contract rents in Mora and Kanabec County (\$642 and \$624, respectively) are higher than the surrounding counties. Only Isanti County has higher median contract rents (\$772).



## HOUSING AFFORDABILITY

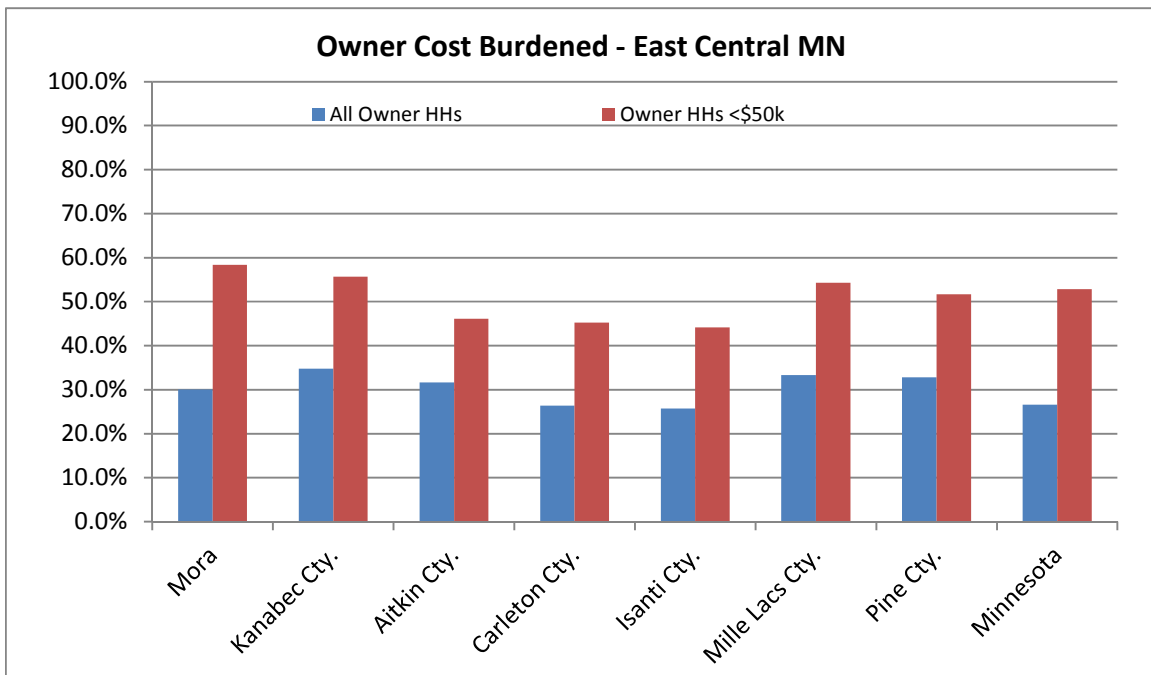
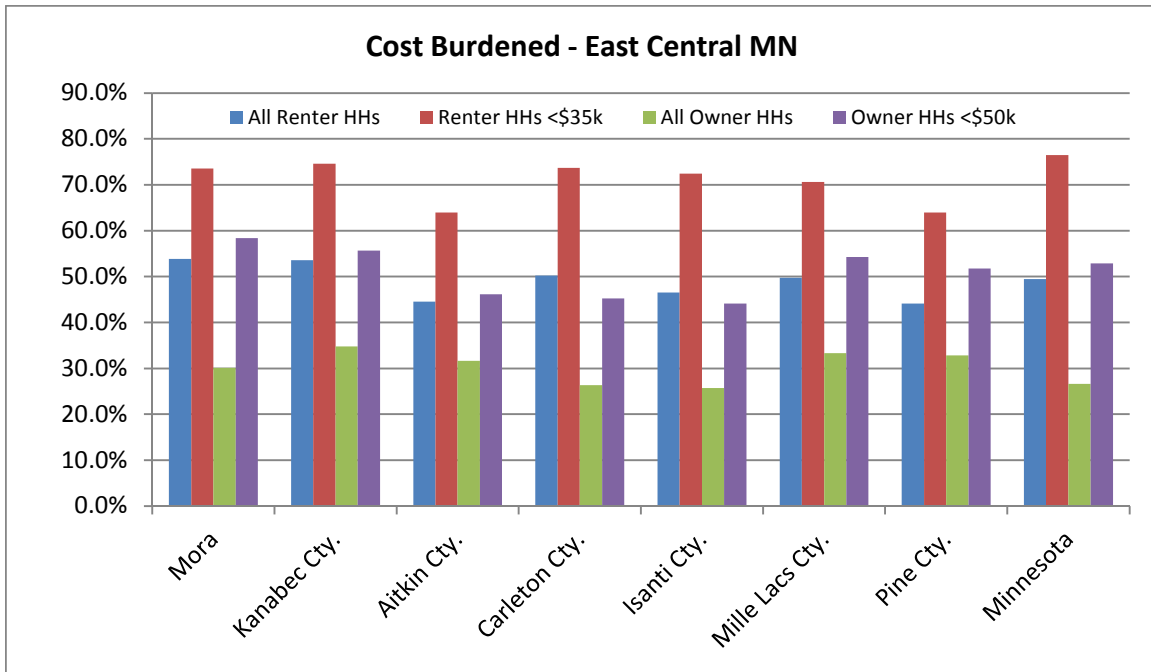
TABLE HA-3  
HOUSING COST BURDEN  
MORA, KANABEC COUNTY & SELECT GEOGRAPHIES  
2012

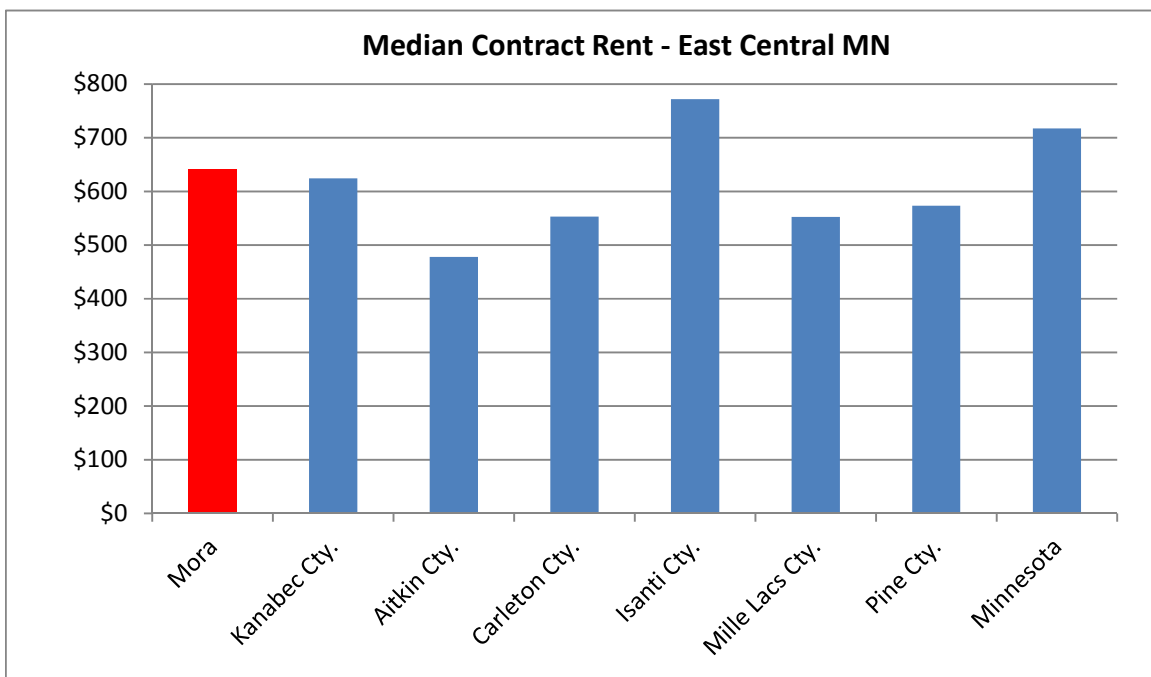
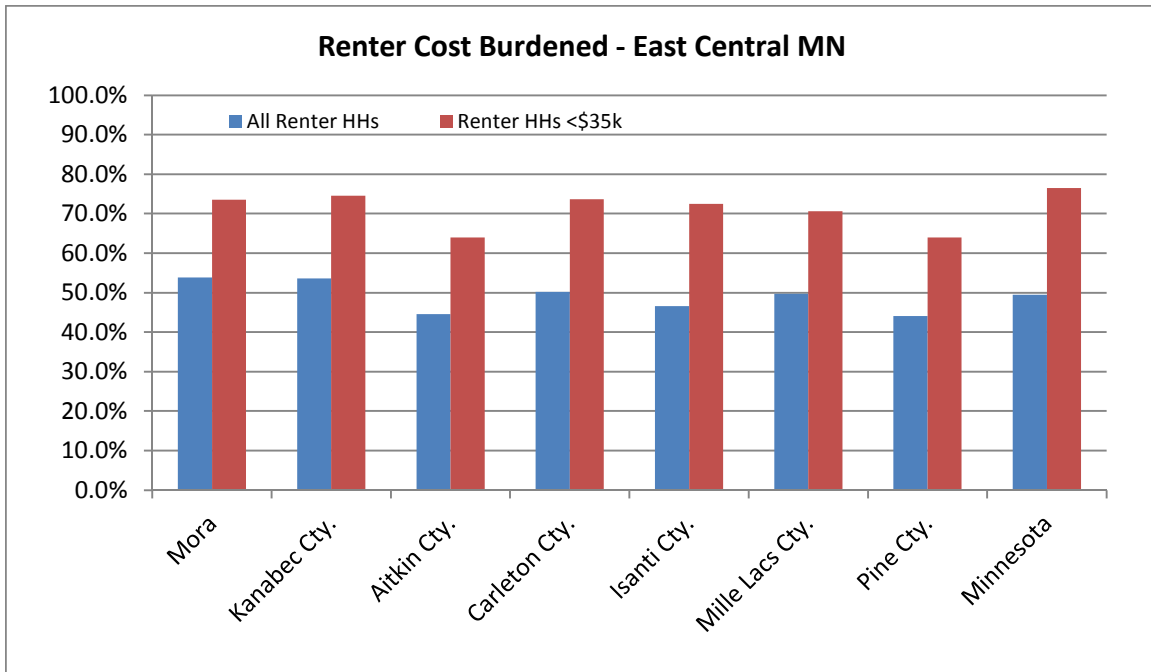
	Mora		Kanabec Cty.		Aitkin Cty.		Carleton Cty.		Isanti Cty.		Mille Lacs Cty.		Pine Cty.		Minnesota	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
<b>Owner Households</b>																
All Owner Households	887		5,172		6,411		10,781		15,265		7,944		9,632		1,534,719	
Cost Burden 30% or greater	267	30.1%	1,788	34.8%	2,015	31.6%	2,837	26.4%	3,912	25.7%	2,639	33.3%	3,138	32.8%	406,695	26.6%
Owner Households w/ incomes <\$50,000	425		2,523		3,581		4,175		7,018		3,559		4,880		478,063	
Cost Burden 30% or greater	248	58.4%	1,387	55.7%	1,632	46.1%	1,877	45.2%	3,069	44.1%	1,916	54.3%	2,485	51.7%	249,456	52.9%
<b>Renter Households</b>																
All Renter Households	705		1,174		1,350		2,958		2,461		2,513		2,335		567,156	
Cost Burden 30% or greater	345	53.8%	552	53.6%	464	44.5%	1,354	50.2%	1,053	46.5%	1,109	49.8%	884	44.1%	263,984	49.5%
Renter Households w/ incomes <\$35,000	505		778		875		1,917		1,359		1,746		1,483		321,192	
Cost Burden 30% or greater	336	73.5%	505	74.6%	433	64.0%	1,261	73.7%	917	72.4%	1,064	70.6%	797	64.0%	228,707	76.5%
Median Contract Rent <sup>1</sup>	\$642		\$624		\$478		\$553		\$772		\$552		\$573		\$717	

<sup>1</sup> Median Contract Rent 2012

Note: Calculations exclude households not computed.

Sources: American Community Survey, 2008-2012 estimates; Maxfield Research Inc.





## Housing Vouchers

In addition to subsidized apartments, “tenant-based” subsidies like *Housing Choice Vouchers*, can help lower income households afford market-rate rental housing. The tenant-based subsidy is funded by the Department of Housing and Urban Development (HUD), and is managed by the Mora County HRA. Under the Housing Choice Voucher program (also referred to as Section 8) qualified households are issued a voucher that the household can take to an apartment that has rent levels with Payment Standards. The household then pays approximately 30% of their adjusted gross income for rent and utilities, and the Federal government pays the remainder of the rent to the landlord. The maximum income limit to be eligible for a Housing Choice Voucher is 50% AMI based on household size, as shown in Table HA-1.

Currently, the HRA administers approximately 31 Housing Choice Vouchers in Kanabec County and 13 portability clients. Portability clients are households who hold a Housing Choice Voucher issued from another jurisdiction but have chosen to live in Kanabec County.

**TABLE HA-4**  
**HOUSING VOUCHERS - KANABEC COUNTY AREA**  
**2013**

<b>Month</b>	<b>Kanabec Cty. City</b>	<b>Kanabec Cty. Rural</b>	<b>Pine Cty.</b>	<b>Port-Out Vouchers</b>	<b>Total Vouchers</b>
January	33	3	31	13	80
February	30	3	32	13	78
March	29	3	31	13	76
April	29	3	31	13	76
May	28	3	31	13	75
June	28	3	31	13	75
July	30	3	30	13	76
August	26	3	31	13	73
September	26	3	30	14	73
October	26	3	28	13	70
November	26	3	31	12	72
December	25	3	30	12	70
<b>Average</b>	<b>28.0</b>	<b>3.0</b>	<b>30.6</b>	<b>12.9</b>	<b>74.5</b>

Source: Mora HRA, Maxfield Research Inc.

### Housing Costs as Percentage of Household Income

Housing costs are generally considered affordable at 30% of a households' adjusted gross income. Table HA-5 on the following page illustrates key housing metrics based on housing costs and household incomes in the Mora Market Area. The table estimates the percentage of Mora Market Area householders that can afford rental and for-sale housing based on a 30% allocation of income to housing. Housing costs are based on the Mora Market Area average.

The housing affordability calculations assume the following:

#### For-Sale Housing

- 10% down payment with good credit score
- Closing costs rolled into mortgage
- 30-year mortgage at 4.5% interest rate
- Private mortgage insurance (equity of less than 20%)
- Homeowners insurance for single-family homes and association dues for townhomes
- Owner household income per 2012 ACS

#### Rental Housing

- Background check on tenant to ensure credit history
- 30% allocation of income
- Renter household income per 2012 ACS

Because of the down payment requirement and strict underwriting criteria for a mortgage, not all households will meet the income qualifications as outlined above.

- Nearly 90% of existing owner households could afford to buy an entry-level home (\$75,000) in Mora. Furthermore, nearly 50% of owner households could afford to purchase a home of \$200,000.
- About two-thirds of existing renter households can afford to rent a one-bedroom unit in Mora (\$500/month). The percentage of renter income-qualified households decreases to only 36% that can afford an existing three-bedroom unit (\$785/month). Furthermore, only 35% of renters could afford to rent a one-bedroom apartment within a new development.

## FOR-SALE HOUSING ANALYSIS

TABLE HA-5  
MORA MARKET AREA HOUSING AFFORDABILITY - BASED ON HOUSEHOLD INCOME

### For-Sale (Assumes 10% down payment and good credit)

	Single-Family			Townhome/Twinhome/Condo		
	Entry-Level	Move-Up	Executive	Entry-Level	Move-Up	Executive
Price of House	\$75,000	\$150,000	\$200,000	\$70,000	\$125,000	\$150,000
Pct. Down Payment	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Total Down Payment Amt.	\$7,500	\$15,000	\$20,000	\$7,000	\$12,500	\$15,000
Estimated Closing Costs (rolled into mortgage)	\$2,250	\$4,500	\$6,000	\$2,100	\$3,750	\$4,500
Cost of Loan	\$69,750	\$139,500	\$186,000	\$65,100	\$116,250	\$139,500
Interest Rate	4.500%	4.500%	4.500%	4.500%	4.500%	4.500%
Number of Pmts.	360	360	360	360	360	360
Monthly Payment (P & I)	-\$353	-\$707	-\$942	-\$330	-\$589	-\$707
(plus) Prop. Tax	-\$98	-\$195	-\$260	-\$91	-\$163	-\$195
(plus) HO Insurance/Assoc. Fee for TH	-\$25	-\$50	-\$67	-\$100	-\$100	-\$100
(plus) PMI/MIP (less than 20%)	-\$30	-\$60	-\$81	-\$28	-\$50	-\$60
Subtotal monthly costs	-\$506	-\$1,012	-\$1,350	-\$549	-\$902	-\$1,062
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	\$20,246	\$40,491	\$53,988	\$21,962	\$36,076	\$42,491
Pct. of Mora MA owner HHDS who can afford*	87.0%	63.9%	48.1%	85.3%	69.5%	61.4%
No. of Mora MA owner HHDS who can afford*	4,169	3,059	2,305	4,087	3,328	2,943
No. of Mora MA owner HHDS who cannot afford*	621	1,731	2,485	703	1,462	1,848

### Rental (Market Rate)

	Existing Rental			New Rental		
	1BR	2BR	3BR	1BR	2BR	3BR
Monthly Rent	\$500	\$700	\$785	\$800	\$1,000	\$1,150
Annual Rent	\$6,000	\$8,400	\$9,420	\$9,600	\$12,000	\$13,800
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	\$20,000	\$28,000	\$31,400	\$32,000	\$40,000	\$46,000
Pct. of Mora MA renter HHDS who can afford*	64.8%	40.3%	36.2%	35.4%	27.7%	22.9%
No. of Mora MA renter HHDS who can afford*	725	451	405	397	310	256
No. of Mora MA. renter HHDS who cannot afford*	394	669	714	723	809	863

\* Based on 2012 ACS household income by tenure (i.e. owner and renter incomes. Owner incomes = \$82,837 vs. renter incomes = \$42,902)

Source: Maxfield Research Inc.

### Introduction

Maxfield Research Inc. analyzed the for-sale housing market in Mora by analyzing data on single-family and multifamily home sales and active listings, identifying active subdivisions and pending for-sale developments; and conducting interviews with local real estate professionals, developers and planning officials.

### Overview of For-Sale Housing Market Conditions

Table FS-1 presents home resale data on single-family and multifamily housing in Mora from 2000 through 2013. The data was obtained from the Regional Multiple Listing Services of Minnesota and shows annual number of sales, median and average pricing, average days of market, cumulative days on market, and percentage of sales that are lender-mediated (i.e. short-sale or foreclosure). It should be noted that lender-mediated sales were not categorized until July 2008 and the cumulative days on market were not calculated until 2006.

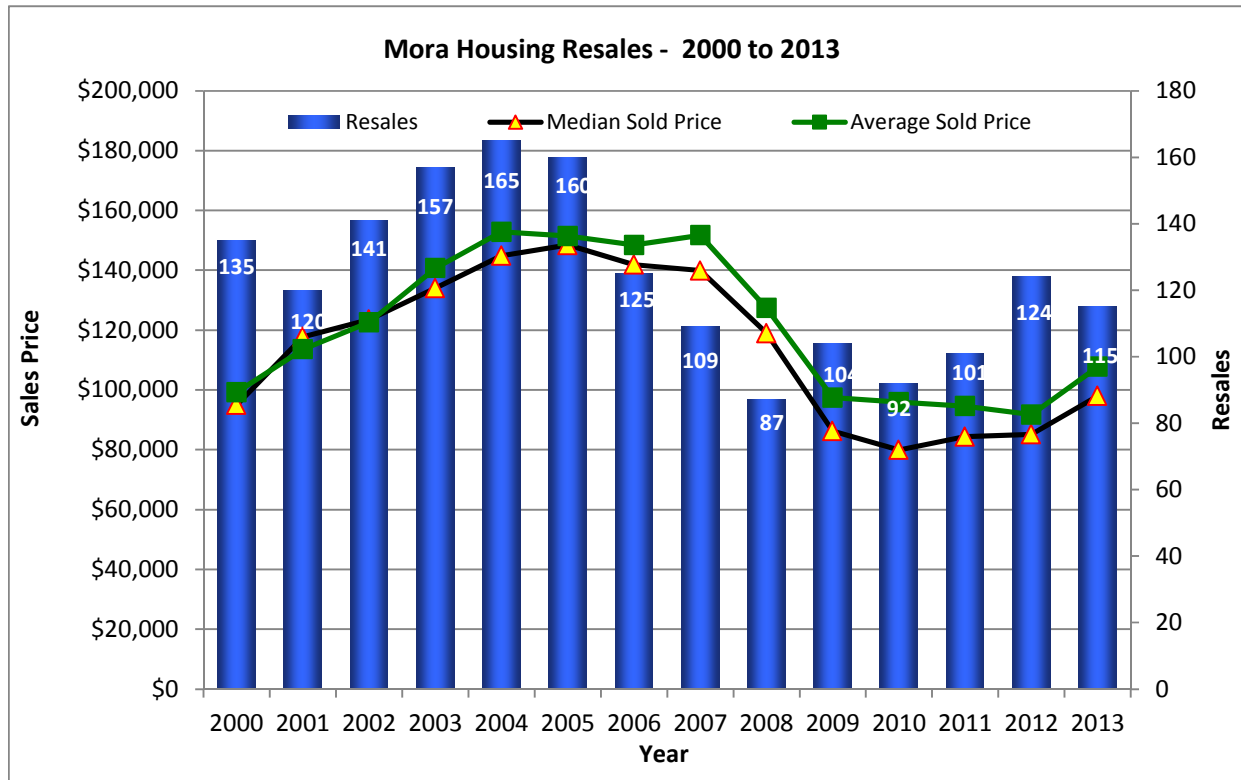
Table FS-2 breaks down resale activity from Table FS-1 into single-family and multifamily resales. The following are key points observed from our analysis of this data.

- Like across Minnesota and the nation, pricing peaked in 2005 at the height of the real estate boom. The median and average sales price peaked at \$148,450 (2005) and \$152,836 (2004) respectively.
- Between 2000 and 2005, the median sales price increased annually from \$95,000 to \$148,450, a gain of +56.3%. However, from 2005 to 2010 the median sales price declined to \$79,950 (-46.1%).
- The median sales price bottomed out in 2010 at \$79,950 and has increased annually since. Over the past three years, the median sales price increased to \$98,000 in 2013 (+22.6%).
- The number of lender-mediated properties accounted for over one-half of transactions between 2009 and 2011. Over the past two years the percentage of lender-mediated transactions has averaged about 44%. Pricing will likely remain depressed until the number of lender-mediated properties begins to wane.
- Single-family housing types accounted for about 96% of all resales since 2000 in Mora. Multifamily resales were highest in 2004 when 15 units were sold. There were no multifamily sales in the Remainder of the Market Area.
- Although multifamily housing units accounted for only 4% of all resales in Mora since 2000; multifamily housing units have sold for higher values than single-family. Over this time

## FOR-SALE HOUSING ANALYSIS

frame the median sales price for a single-family unit has been about \$112,000 compared to \$138,100 for multifamily housing.

- Approximately two-thirds of all single-family resales in the Market Area occurred in Mora. Like the City of Mora, the Remainder of the Market Area experienced steep pricing declines since 2006. Pricing plateaued at \$158,750 in 2006 before declining to \$70,000 in 2009 and 2011. However, the Remainder of the Market Area experienced strong appreciation between 2012 and 2013 (+31%).





## FOR-SALE HOUSING ANALYSIS

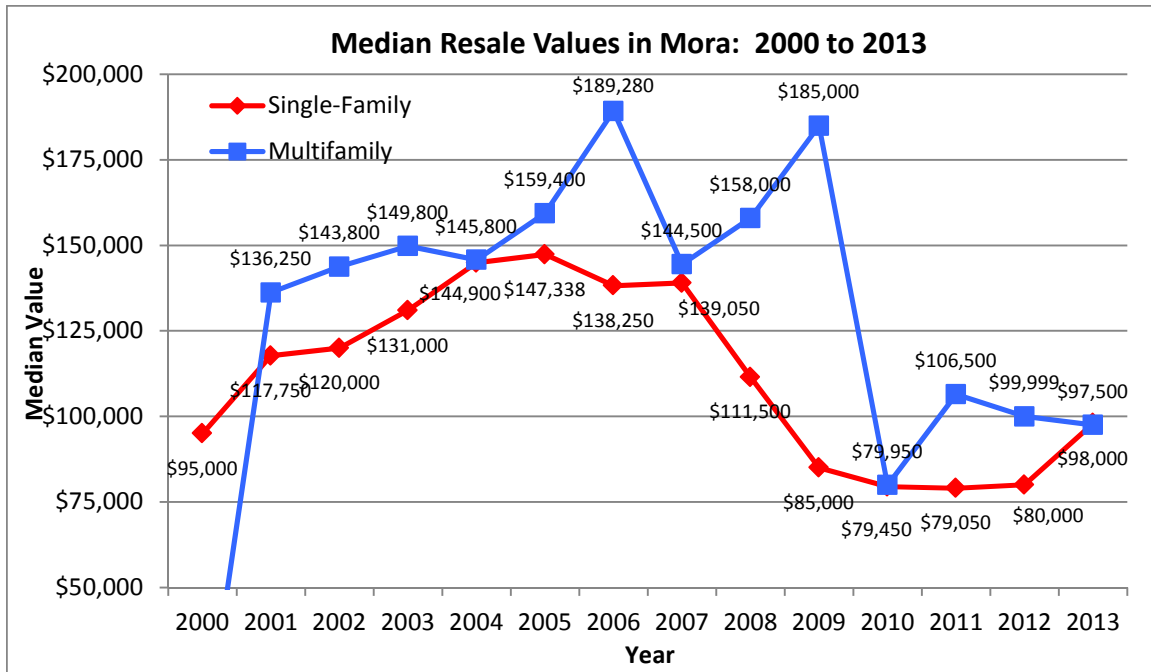
**TABLE FS-1  
HOME RESALES  
CITY OF MORA  
2000 to 2013**

<b>Year</b>	<b>No. Sold</b>	<b>Avg. Sales Price</b>	<b>Avg. % Change</b>	<b>Med. Sales Price</b>	<b>Median % Change</b>	<b>Days on Market</b>		<b>Cumul. DOM<sup>1</sup></b>		<b>% Lender Mediated<sup>2</sup></b>
						<b>Avg.</b>	<b>Median</b>	<b>Avg.</b>	<b>Median</b>	
2000	135	\$99,204	-	\$95,000	-	82	44	-	-	-
2001	120	\$113,589	14.5%	\$117,750	23.9%	100	68	-	-	-
2002	141	\$122,626	8.0%	\$123,500	4.9%	89	52	-	-	-
2003	157	\$140,738	14.8%	\$134,050	8.5%	85	65	-	-	-
2004	165	\$152,836	8.6%	\$144,900	8.1%	106	74	-	-	-
2005	160	\$151,424	-0.9%	\$148,450	2.4%	105	72	-	-	-
2006	125	\$148,434	-2.0%	\$141,900	-4.4%	95	66	-	-	-
2007	109	\$151,709	2.2%	\$139,900	-1.4%	85	67	181	147	-
2008	87	\$127,377	-16.0%	\$119,000	-14.9%	93	74	196	151	13.8%
2009	104	\$97,420	-23.5%	\$86,250	-27.5%	89	68	192	155	51.0%
2010	92	\$95,911	-1.5%	\$79,950	-7.3%	97	53	186	129	53.3%
2011	101	\$94,600	-1.4%	\$84,400	5.6%	72	53	136	82	50.5%
2012	124	\$91,769	-3.0%	\$85,200	0.9%	112	68	210	154	42.7%
2013	115	\$107,734	17.4%	\$98,000	15.0%	96	62	172	100	45.2%
<b>Total 00'-13'</b>	<b>1,735</b>									
<b>Summary 00' to 13'</b>										
<i>Change</i>		<b>8.6%</b>		<b>3.2%</b>						
<i>Average</i>	<b>124</b>	<b>\$121,098</b>		<b>\$114,161</b>		<b>93</b>	<b>67</b>	<b>182</b>	<b>147</b>	
<sup>1</sup> Cumulative Days on Market initiated in 2006. Cumulative days equals the number of days on market over the course of the past year (i.e. covers number of days if the property was relisted)  <sup>2</sup> Lender Mediated Properties include foreclosures and short sales. MLS data for this property type began in July 2008.										
Sources: RMLS, Maxfield Research Inc.										

# FOR-SALE HOUSING ANALYSIS

TABLE FS-2  
SINGLE-FAMILY AND MULTIFAMILY RESIDENTIAL RESALES  
CITY OF MORA & MARKET AREA  
2000 through 2013

Mora						Remainder of Market Area						Market Area Total					
Year	Number of Sales	Median Sales Price	% Chg.	Average Sales Price	% Chg.	Year	Number of Sales	Median Sales Price	% Chg.	Average Sales Price	% Chg.	Year	Number of Sales	Median Sales Price	% Chg.	Average Sales Price	% Chg.
Single-Family						Single-Family						Single-Family					
2000	135	\$95,000	--	\$99,204	--	2000	40	\$80,950	--	\$98,305	--	2000	175	\$90,000	--	\$98,998	--
2001	119	\$117,750	23.9%	\$113,589	14.5%	2001	51	\$100,000	23.5%	\$115,072	17.1%	2001	170	\$11,750	-86.9%	\$118,302	19.5%
2002	134	\$120,000	1.9%	\$121,086	6.6%	2002	54	\$126,000	26.0%	\$126,962	10.3%	2002	188	\$120,000	921.3%	\$122,774	3.8%
2003	151	\$131,000	9.2%	\$140,069	15.7%	2003	49	\$125,000	-0.8%	\$132,365	4.3%	2003	200	\$129,950	8.3%	\$138,181	12.5%
2004	150	\$144,900	10.6%	\$152,201	8.7%	2004	80	\$129,950	4.0%	\$133,585	0.9%	2004	230	\$137,750	6.0%	\$145,726	5.5%
2005	150	\$147,338	1.7%	\$150,891	-0.9%	2005	54	\$137,347	5.7%	\$145,395	8.8%	2005	203	\$147,000	6.7%	\$149,716	2.7%
2006	120	\$138,250	-6.2%	\$146,092	-3.2%	2006	52	\$158,750	15.6%	\$162,992	12.1%	2006	172	\$142,850	-2.8%	\$151,201	1.0%
2007	105	\$139,050	0.6%	\$152,118	4.1%	2007	42	\$138,480	-12.8%	\$153,203	-6.0%	2007	147	\$139,050	-2.7%	\$152,428	0.8%
2008	80	\$111,500	-19.8%	\$125,442	-17.5%	2008	37	\$89,777	-35.2%	\$96,916	-36.7%	2008	117	\$99,500	-28.4%	\$116,421	-23.6%
2009	103	\$85,000	-23.8%	\$96,569	-23.0%	2009	49	\$70,000	-22.0%	\$89,035	-8.1%	2009	152	\$81,200	-18.4%	\$94,141	-19.1%
2010	86	\$79,450	-6.5%	\$94,812	-1.8%	2010	81	\$90,500	29.3%	\$106,394	19.5%	2010	167	\$80,000	-1.5%	\$100,430	6.7%
2011	98	\$79,050	-0.5%	\$94,063	-0.8%	2011	94	\$70,000	-22.7%	\$90,846	-14.6%	2011	191	\$72,100	-9.9%	\$92,700	-7.7%
2012	119	\$80,000	1.2%	\$91,301	-2.9%	2012	112	\$78,750	12.5%	\$95,063	4.6%	2012	230	\$79,750	10.6%	\$93,239	0.6%
2013	111	\$98,000	22.5%	\$108,269	18.6%	2013	76	\$103,250	31.1%	\$109,264	14.9%	2013	187	\$100,000	25.4%	\$108,673	16.6%
Pct. Change 00' - 13'						Pct. Change 00' - 13'						Pct. Change 00' - 13'					
-17.8%						90.0%						6.9%					
3.2%						27.5%						11.1%					
9.1%						11.1%						9.8%					
Multifamily**						Multifamily**						Multifamily**					
2000	--	--	--	--	--	2000	--	--	--	--	--	2000	--	--	--	--	--
2001	1	\$136,250	--	\$136,250	--	2001	--	--	--	--	--	2001	1	\$136,250	--	\$136,250	--
2002	7	\$143,800	5.5%	\$152,107	11.6%	2002	--	--	--	--	--	2002	7	\$143,800	5.5%	\$152,107	11.6%
2003	6	\$149,800	4.2%	\$157,573	3.6%	2003	--	--	--	--	--	2003	6	\$149,800	4.2%	\$157,573	3.6%
2004	15	\$145,800	-2.7%	\$159,181	1.0%	2004	--	--	--	--	--	2004	15	\$145,800	-2.7%	\$159,181	1.0%
2005	10	\$159,400	9.3%	\$159,415	0.1%	2005	--	--	--	--	--	2005	10	\$159,400	9.3%	\$159,415	0.1%
2006	5	\$189,280	18.7%	\$204,636	28.4%	2006	--	--	--	--	--	2006	5	\$189,280	18.7%	\$204,636	28.4%
2007	4	\$144,500	-23.7%	\$140,975	-31.1%	2007	--	--	--	--	--	2007	4	\$144,500	-23.7%	\$140,975	-31.1%
2008	7	\$158,000	9.3%	\$149,486	6.0%	2008	--	--	--	--	--	2008	7	\$158,000	9.3%	\$149,486	6.0%
2009	1	\$185,000	17.1%	\$185,000	23.8%	2009	--	--	--	--	--	2009	1	\$185,000	17.1%	\$185,000	23.8%
2010	6	\$79,950	-56.8%	\$111,667	-39.6%	2010	--	--	--	--	--	2010	6	\$79,950	-56.8%	\$111,667	-39.6%
2011	3	\$106,500	33.2%	\$112,133	0.4%	2011	--	--	--	--	--	2011	3	\$106,500	33.2%	\$112,133	0.4%
2012	5	\$99,999	-6.1%	\$102,900	-8.2%	2012	--	--	--	--	--	2012	5	\$99,999	-6.1%	\$102,900	-8.2%
2013	4	\$97,500	-2.5%	\$92,875	-9.7%	2013	--	--	--	--	--	2013	4	\$97,500	-2.5%	\$92,875	-9.7%
Pct. Change 01' - 13'						Pct. Change 01' - 13'						Pct. Change 01' - 13'					
300.0%						300.0%						300.0%					
-28.4%						-28.4%						-28.4%					
-31.8%						-31.8%						-31.8%					
** Multifamily includes twinhomes, townhomes, and condominiums (cooperatives are typically not listed in the MLS)																	
Source: RMLS; Maxfield Research Inc.																	



### Current Supply of Homes on the Market

To more closely examine the current market for available owner-occupied housing in Mora, we reviewed the current supply of homes on the market (listed for sale). Table FS-3 homes shows currently listed for sale in Mora and the Market Area distributed into 14 price ranges. The data was provided by the Regional Multiple Listing Services of Minnesota and is based on active listings in February 2014. MLS listings generally account for the vast majority of all residential sale listings in a given area. Table FS-4 shows listings by home style (i.e. one-story, two-story, townhome, condominium) and Table FS-5 shows listings by property type and pricing.

- As of February 2014, there were 51 homes listed for sale in Mora and 37 homes in the Remainder of the Market Area. Only one listing is a multifamily property.
- The median list price in Mora for a single-family home is \$112,400. The median sale price is generally a more accurate indicator of housing values in a community than the average sale price. Average sale prices can be easily skewed by a few very high-priced or low-priced home sales in any given year, whereas the median sale price better represents the pricing of a majority of homes in a given market.

# FOR-SALE MARKET ANALYSIS

**TABLE FS-3**  
**HOMES CURRENTLY LISTED FOR-SALE**  
**CITY OF MORA AND MARKET AREA**  
**FEBRUARY 2013**

Price Range	City of Mora				Remainder of Market Area				Market Area Total			
	Single-Family		Multifamily <sup>1</sup>		Single-Family		Multifamily <sup>1</sup>		Single-Family		Multifamily <sup>1</sup>	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
< \$49,999	5	10.0%	0	0.0%	2	5.4%	0	n/a	7	8.0%	0	0.0%
\$50,000 to \$74,999	5	10.0%	0	0.0%	2	5.4%	0	n/a	7	8.0%	0	0.0%
\$75,000 to \$99,999	11	22.0%	0	0.0%	7	18.9%	0	n/a	18	20.7%	0	0.0%
\$100,000 to \$124,999	7	14.0%	1	100.0%	4	10.8%	0	n/a	11	12.6%	1	100.0%
\$125,000 to \$149,999	9	18.0%	0	0.0%	4	10.8%	0	n/a	13	14.9%	0	0.0%
\$150,000 to \$174,999	1	2.0%	0	0.0%	4	10.8%	0	n/a	5	5.7%	0	0.0%
\$175,000 to \$199,999	7	14.0%	0	0.0%	3	8.1%	0	n/a	10	11.5%	0	0.0%
\$200,000 to \$249,999	3	6.0%	0	0.0%	8	21.6%	0	n/a	11	12.6%	0	0.0%
\$250,000 to \$299,999	0	0.0%	0	0.0%	3	8.1%	0	n/a	3	3.4%	0	0.0%
\$300,000 to \$349,999	0	0.0%	0	0.0%	0	0.0%	0	n/a	0	0.0%	0	0.0%
\$350,000 to \$399,999	1	2.0%	0	0.0%	0	0.0%	0	n/a	1	1.1%	0	0.0%
\$400,000 to \$449,999	0	0.0%	0	0.0%	0	0.0%	0	n/a	0	0.0%	0	0.0%
\$450,000 to \$499,999	1	2.0%	0	0.0%	0	0.0%	0	n/a	1	1.1%	0	0.0%
\$500,000 and Over	0	0.0%	0	0.0%	0	0.0%	0	n/a	0	0.0%	0	0.0%
	50	100%	1	100%	37	100%	0	n/a	87	100%	1	100%
Minimum	\$29,900		\$124,900		\$45,000		n/a		\$29,900		\$124,900	
Maximum	\$458,410		\$124,900		\$299,900		n/a		\$458,410		\$124,900	
Median	\$112,400		\$124,900		\$148,000		n/a		\$127,540		\$124,900	
Average	\$130,590		\$124,900		\$154,504		n/a		\$140,760		\$124,900	

<sup>1</sup> Includes townhomes, twinhomes, and condominiums

Sources: Regional Multiple Listing Service of Minnesota  
Maxfield Research Inc.

## FOR-SALE MARKET ANALYSIS

- Based on a median list price of \$112,400, the income required to afford a home at this price would be about \$32,100 to \$37,500, based on the standard of 3.0 to 3.5 times the median income (and assuming these households do not have a high level of debt). A household with significantly more equity (in an existing home and/or savings) could afford a higher priced home. About 61% of Mora households have annual incomes at or above \$32,100.
- About 42% of homes of sale in Mora are priced under \$100,000; however most of these listings are priced between \$75,000 and \$99,999. Only 10% of Mora's listings are priced more than \$200,000.
- Single-family homes account for all but one listing in the Market Area. The one multifamily property is located in Mora.

TABLE FS-4 ACTIVE LISTINGS BY HOUSING TYPE CITY OF MORA February 2014		
Property Type	Listings	Pct.
Single-family	49	98.0%
Townhome/Twinhome	1	2.0%
Condominium	0	0.0%
<b>Total</b>	<b>50</b>	<b>100.0%</b>
Sources: Regional Multiple Listing Service of MN; Maxfield Research Inc.		

- One-story homes made up the highest percentage (54%) of active single-family listings. One and half story homes and two homes have the second and third highest percentages at 20% and 14%, respectively.
- Overall, the average list price per square foot ("PSF") among all active single-family listings is \$68/foot. One-story homes have the highest PSF costs at \$82. Two-story homes have the lowest list price PSF (\$47), however because of the larger homes the average list price is about \$155,000.
- Although there is only one townhome on the market, the unit is newer (built in 2001) and has the highest PSF costs in Mora (\$95).

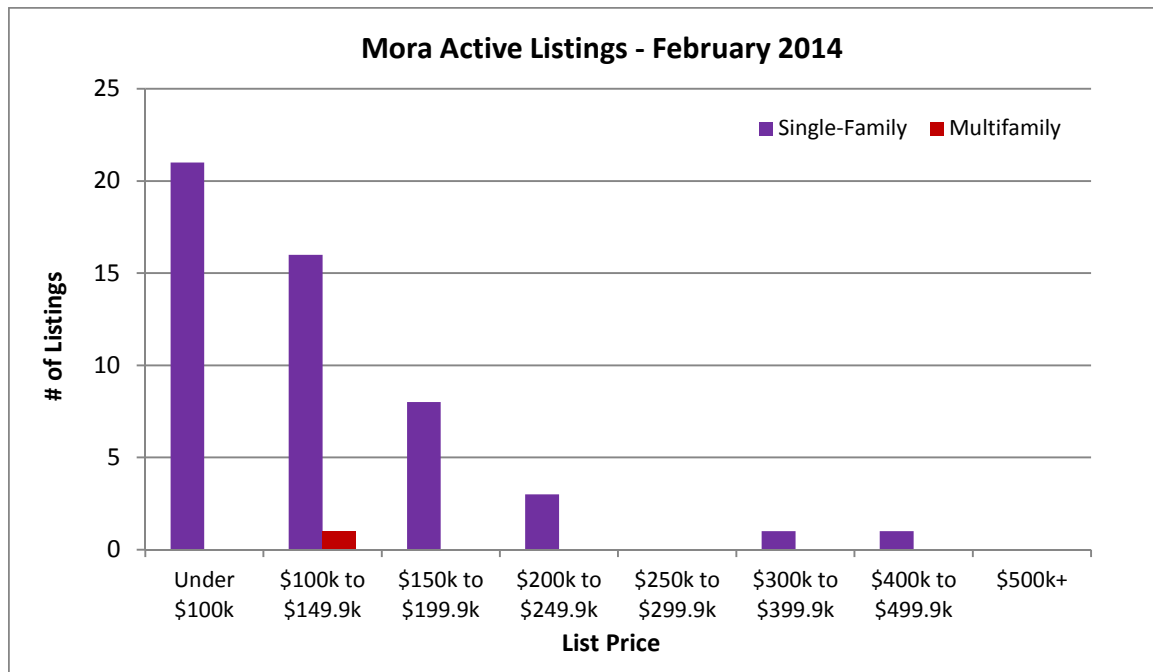
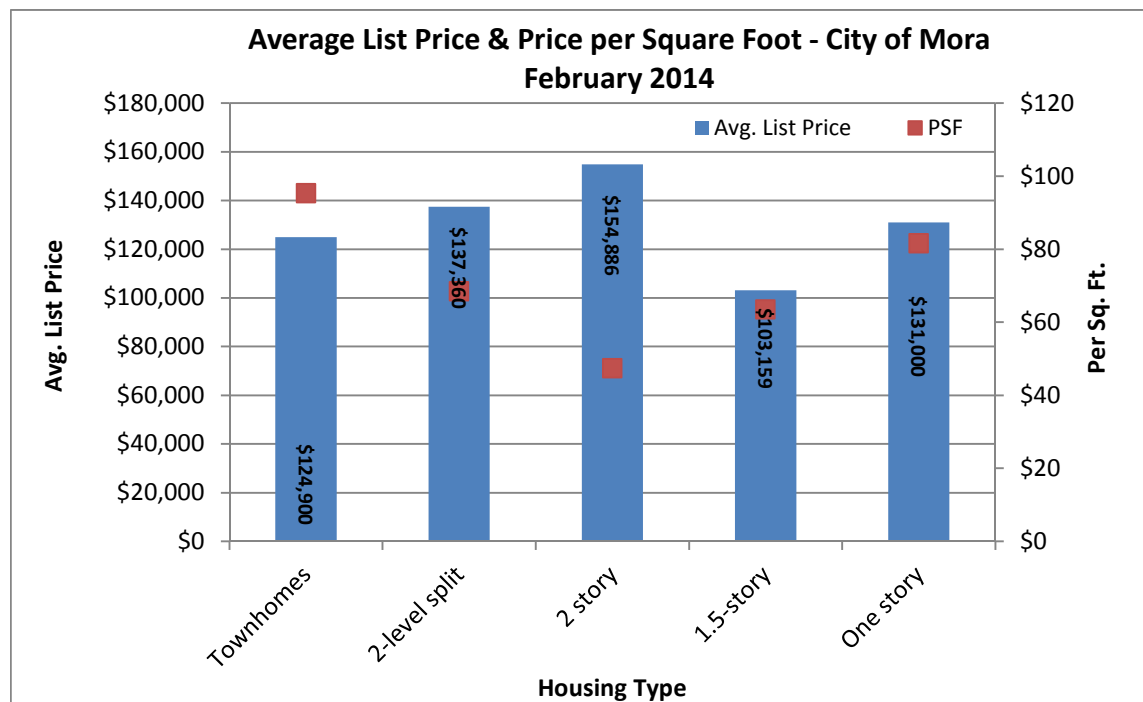
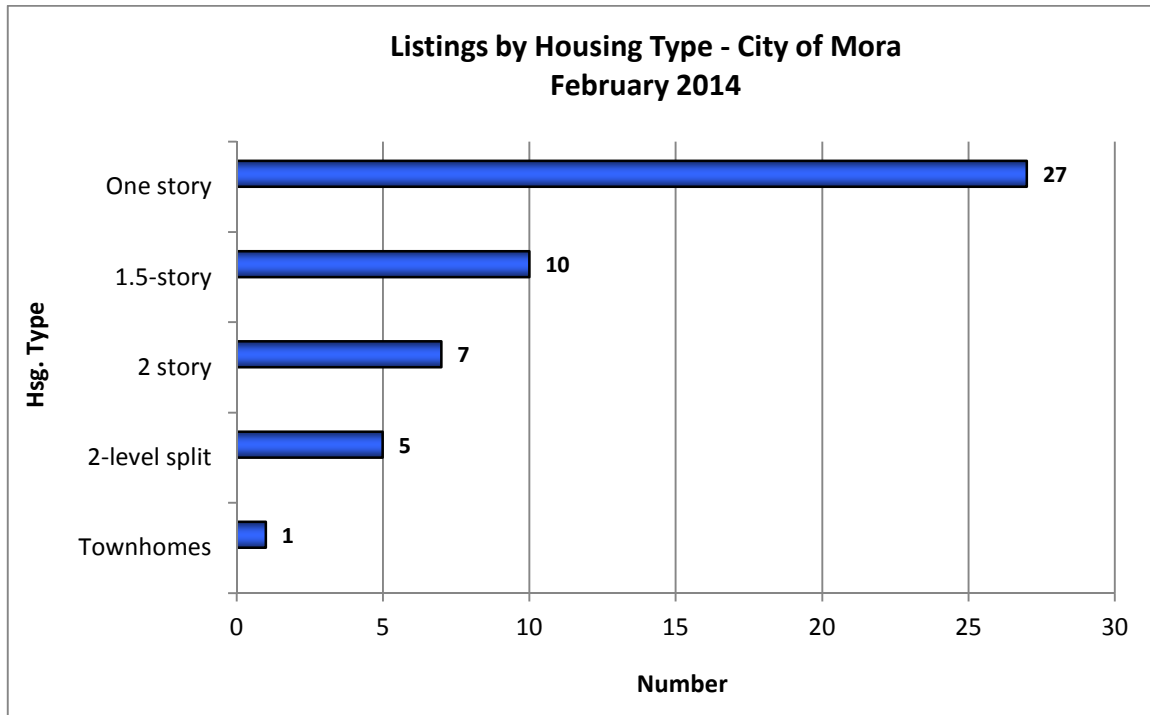


TABLE FS-5  
ACTIVE LISTINGS BY HOUSING TYPE  
CITY OF MORA  
February 2014

Property Type	Listings	Pct.	Avg. List Price	Avg. Size (Sq. Ft.)	Avg. List Price Per Sq. Ft.	Avg. Bedrooms	Avg. Bathrooms	Avg. Age of Home
<b>Single-Family</b>								
One story	27	54.0%	\$131,000	1,605	\$82	2.6	1.8	1974
1.5-story	10	20.0%	\$103,159	1,624	\$64	2.5	1.5	1943
2-story	7	14.0%	\$154,886	3,270	\$47	2.9	2.4	1939
Split entry/Bi-level	5	10.0%	\$137,360	2,005	\$69	3.6	2.6	1984
Other	1	2.0%	\$189,900	4,013	\$47	4.0	3.0	1918
<b>Total</b>	<b>50</b>	<b>100.0%</b>	<b>\$130,590</b>	<b>1,930</b>	<b>\$68</b>	<b>2.8</b>	<b>1.9</b>	<b>1963</b>
<b>Townhomes/Twinhomes</b>								
Side-by-Side	1	100.0%	\$124,900	1,310	\$95	2.0	2.0	2001

Source: Regional Multiple Listing Service of MN; Maxfield Research Inc.



## Months of Active Supply

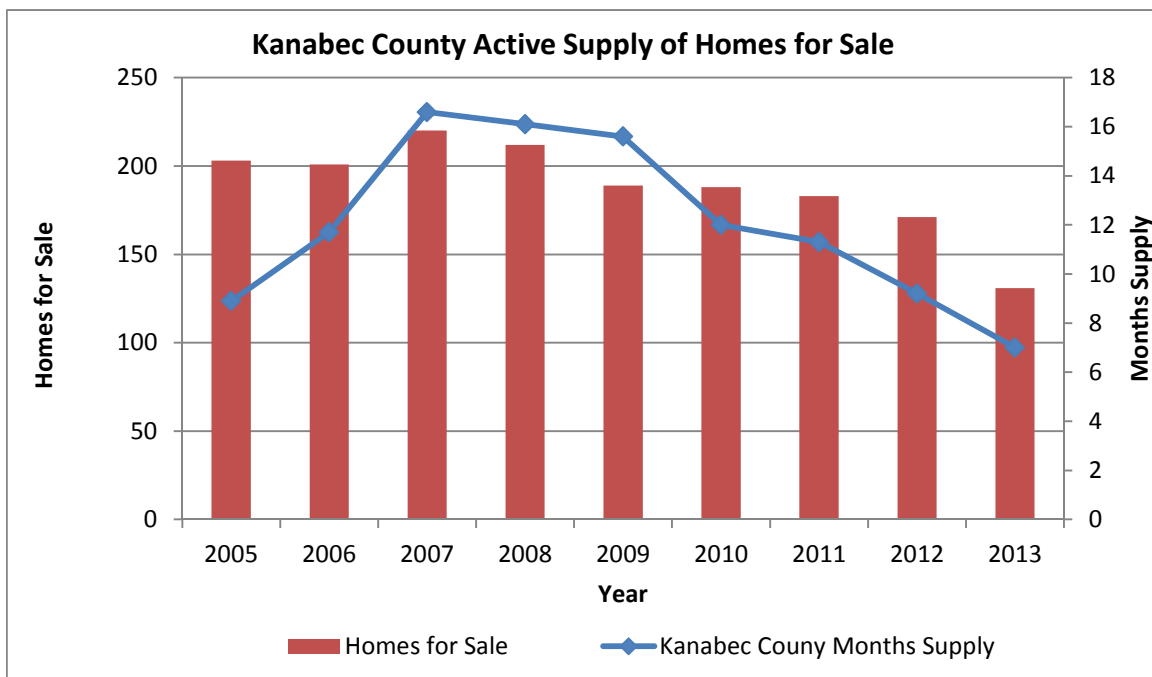
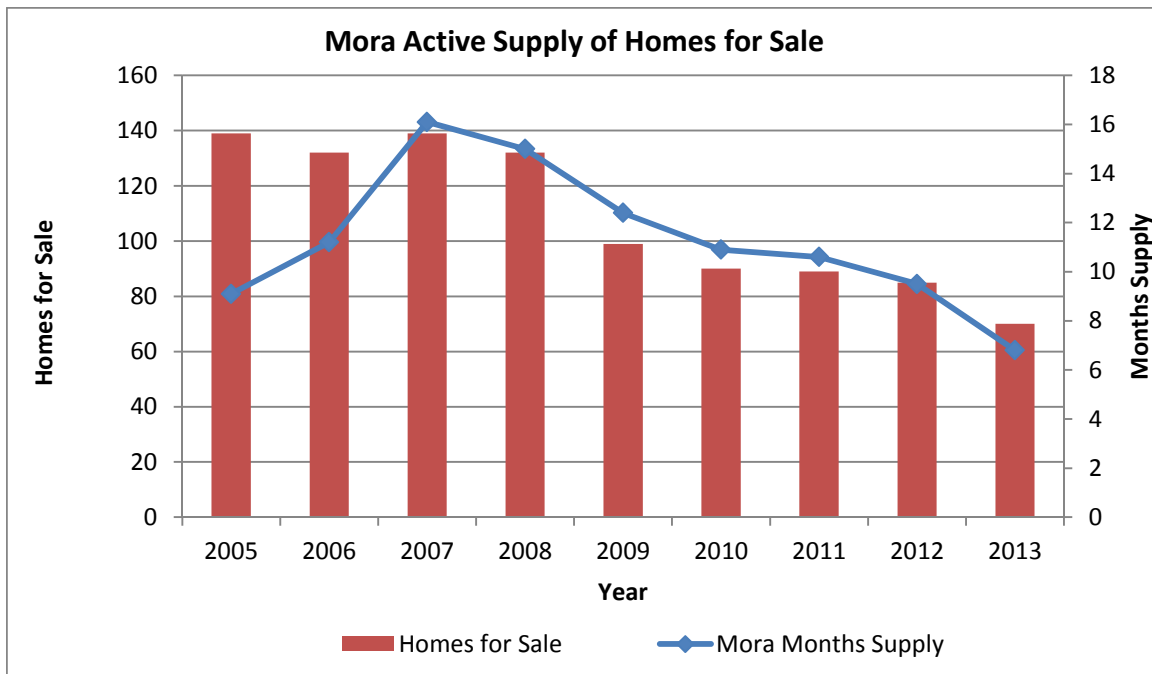
Table FS-6 illustrates the historic supply of actively marketing properties in Mora and Kanabec County from 2005 to 2013. The table depicts the number of homes for sale at the end of each year and the months of supply. The months of supply metric calculates the number of months it would take for all the current homes for sale to sell given the monthly sales absorption. Generally a balanced supply is considered four to six months. The higher the months of supply indicates there are more sellers than buyers; and the lower the months of supply indicates there are more buyers than sellers. Key findings from Table FS-6 follow.

- The number of homes for-sale in Mora peaked in 2007 at 139 homes. However the supply has decreased annually since 2007 and there are about half of the homes on the market at the end of 2013 then 2007.
- The number of homes for sale has a direct correlation with the months supply. Mora has been a buyers' market every year since 2005 as the months supply has exceeded nine months between 2005 and 2012. However, in 2013 Mora's months supply dropped to 6.8 months which is near a balanced supply.
- As Tables FS-1 indicated, home values bottomed out in 2010 and are slowly rising. Because of rising prices, some sellers who would have previously been underwater may consider listing their home thereby increasing the supply of homes for sale.
- Since 2005, Mora has accounted for about 57% of all homes for sale in Kanabec County.

<b>TABLE FS-6</b> <b>ACTIVE SUPPLY OF HOMES FOR SALE</b> <b>MORA &amp; KANABEC COUNTY</b> <b>2005 to 2013</b>				
Year	Months Supply		Homes for Sale	
	Mora	Kanabec County	Mora	Kanabec County
2005	9.1	8.9	139	203
2006	11.2	11.7	132	201
2007	16.1	16.6	139	220
2008	15	16.1	132	212
2009	12.4	15.6	99	189
2010	10.9	12.0	90	188
2011	10.6	11.3	89	183
2012	9.5	9.2	85	171
2013	6.8	7.0	70	131

Source: 10K Research & Marketing, Maxfield Research Inc.





### Owner-Occupied Turnover

Table FS-7 illustrates existing home turnover as a percentage of owner occupied units in Mora and the Market Area. Resales are based on historic transaction volume between 2000 and 2013 as listed on the Multiple Listing Service. Owner-occupied housing units are sourced to the U.S. Census as of 2010.

As displayed in the table, approximately 3% of the Mora Market Area's owner-occupied housing stock is sold annually. Mora had a turnover rate of 8.2% while the Remainder of the Market Area had a low turnover of only 1.4%. The low turnover outside of Mora is typical in rural setting. Typically we find owner-occupied turnover ranges from 3% at the low-end to 8% at the high-end in many communities throughout Minnesota.

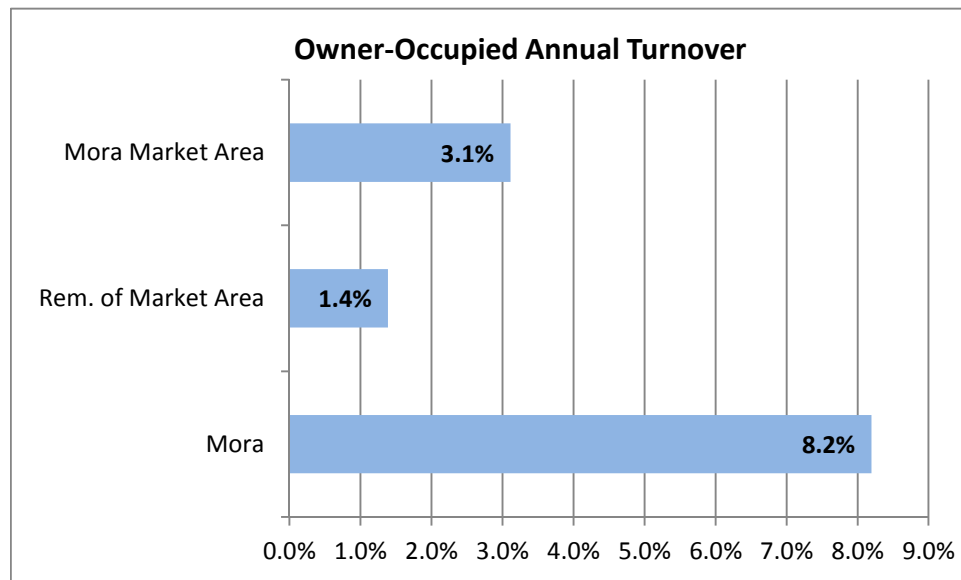
**TABLE FS-7  
OWNER-OCCUPIED TURNOVER  
MORA MARKET AREA**

<b>Submarket</b>	<b>Owner-occupied Housing Units<sup>1</sup></b>	<b>Resales Annual Avg.<sup>2</sup></b>	<b>Turnover Pct.</b>
Mora	1,513	124	8.2%
Remainder of Market Area	4,464	62	1.4%
<b>Mora Market Area</b>	<b>5,977</b>	<b>186</b>	<b>3.1%</b>

<sup>1</sup> Owner-occupied housing units in 2010

<sup>2</sup> Average of MLS resales between 2000 and 2013

Source: U.S. Census Bureau, RMLS, Maxfield Research Inc.



## Lender-Mediated Properties

Table FS-8 identifies lender-mediated real estate sales activity in Mora and Kanabec County as listed on the Regional Multiple listing Service of Minnesota (RMLS). Lender-mediated transactions (foreclosures and short sales) are different from traditional sales because a third party (often the lender) is involved in the transaction; either acting as the seller in the case of foreclosures, or as an intermediary with approval powers in the case of a short sale.

Foreclosures are properties in which the financial institutions or lender has taken possession of the home from the owner due to non-payment of mortgage obligations/default by the borrower. In a short sale, the lender(s) and the home owner work together and attempt to sell the home prior to foreclosure. Because the net proceeds from the sale are not enough to cover the sellers' mortgage obligations, the difference is forgiven by the lender, or other arrangements are made with the lender to settle the remainder of the debt. In either circumstance, lenders want to move the debt off their books and will hence discount the asking price.

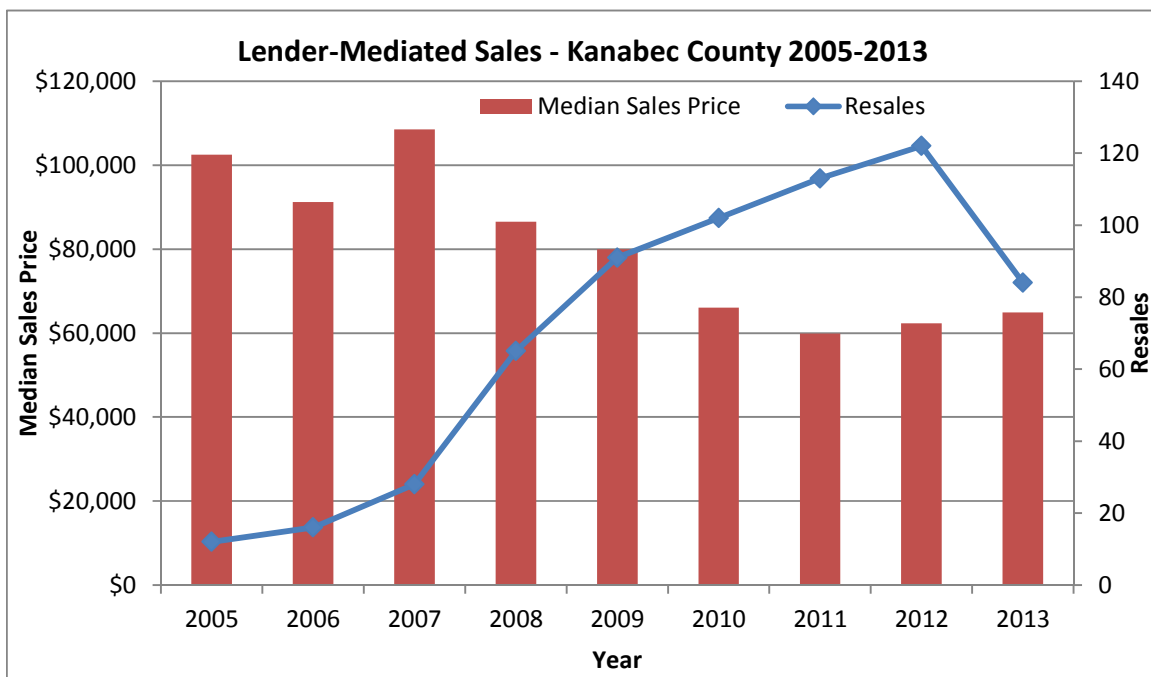
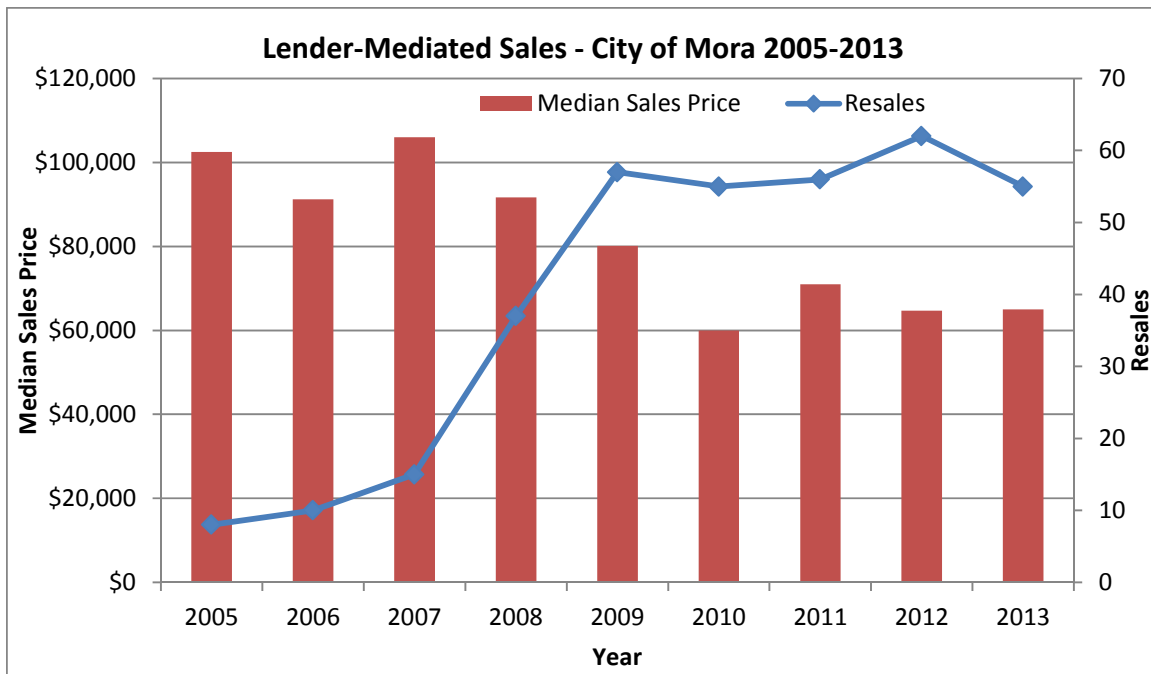
Lender-mediated property information is an important metric when reviewing the health of real estate markets. After the real estate bust and ensuing Great Recession, lender-mediated homes increased substantially as an overall market share of the for-sale inventory. The higher market share resulted in downward pricing on aggregate sales price figures, giving the impression that the entire housing market was losing considerable value. However, real estate sales data shows stark differences between traditional and lender-mediated transactions. Key points from the table follow.

- The percentage of lender-mediated sales in Mora was only 5% in 2005 before increasing to about 60% of transactions in 2010. Since 2010 the percentage has decreased annually, however about 48% of transactions were lender-mediated in 2013. For comparison purposes, about 26% of transactions in the Metro Area were lender mediated in 2013.
- Pricing for lender-mediated properties was also the lowest in 2010 when the median sales price was \$60,000. Pricing will likely remain low given the high percentage of lender-mediated properties. As the number of lender-mediated properties continues to decrease, pricing should start to appreciate.
- About 60% of all lender-mediated transactions in Kanabec County have been located in the City of Mora.

<b>TABLE FS-8</b> <b>LENDER-MEDIATED SALES</b> <b>CITY OF MORA AND KANABEC COUNTY</b> <b>2005 to 2013</b>						
Year	CITY OF MORA			KANABEC COUNTY		
	Resales	Average	Median	Resales	Average	Median
2005	8	\$102,925	\$102,500	12	\$100,574	\$102,500
2006	10	\$104,565	\$91,250	16	\$99,634	\$91,250
2007	15	\$108,179	\$106,000	28	\$119,920	\$108,500
2008	37	\$100,395	\$91,700	65	\$95,576	\$86,500
2009	57	\$91,808	\$80,150	91	\$88,141	\$79,950
2010	55	\$69,397	\$60,000	102	\$80,695	\$66,053
2011	56	\$77,091	\$71,000	113	\$73,652	\$59,900
2012	62	\$78,958	\$64,700	122	\$74,411	\$62,325
2013	55	\$78,181	\$65,000	84	\$80,838	\$64,950

Note: Lender-mediated includes short sales and foreclosures

Source: 10kResearch, Maxfield Research Inc.



### Actively Marketing Subdivisions

Table FS-9 identifies subdivision with available lots in the Mora Area. The table identifies the year platted, number of lots, available lots, typical lot sizes, and assessed and marketing values for lots and homes. Please note, the table does not include scattered, infill lots. Key points from the table follow.

## FOR-SALE MARKET ANALYSIS

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- There are three subdivisions with available lots; two of which are located in the City of Mora. Combined, there are over 75 lots.
- There have been no new platted subdivisions since the Eldris subdivision in 2007
- All of the subdivisions are “open builder” developments with no builder restrictions. However, new construction still must abide by subdivision design guidelines regardless of builder.
- The Eldris subdivision on the north side of Mora has sold only three of the 32 lots. The subdivision has design guidelines that adhere to Scandinavian architecture. At the time of the study the subdivision was not actively marketing new lots.
- The Fox Run subdivision is actively marketing duplex lots for only \$10,000 per lot. The development went into foreclosure during the recession and many of the lots and homes were sold to investors. At this time there are no builders developing or pursuing spec housing.
- New construction activity in Mora has been extremely slow since the market plateaued in 2007. There are very few builders active in Mora as the new home market is still recovering from the housing downturn.

## FOR-SALE MARKET ANALYSIS

TABLE FS-9  
ACTIVELY MARKETING SUBDIVISION IN AND NEAR MORA  
2nd Quarter 2014

Subdivision/location	Year Platted	No. of Lots	Vacant Lots	Typical Lot Size (Acres)	Lot Costs (Avg.)		Home Price (Avg.)		Notes
					Assessed	Marketing	Assessed	Marketing	
<b>Eldris</b> Eldris Way, Vasa Way	2007	32	29	0.20	\$36,000	n/a	\$177,000	n/a	Unique subdivision tailored to Scandanavian architectural design. Subdivision is not actively marketing new lots. Previous lot sales averaged \$60k/lot.
<b>Fox Run</b> Blue Bird St,	2003/ 2005	70 SF 18 Duplex (36 units)	25 13	0.25	\$22,000	\$10,000	\$110,000	n/a	Lots sold from \$23,000 to \$32,000 and homes from \$140,000 to \$190,000 on average through 2006. Existing homes selling today for about \$100k to \$125k. No builders marketing new construction at this time
<b>Beaver Lodge Estates</b> Colin St, Parker St.	n/a	13	9	1.0 to 4.0	\$22,600	\$20,000 - \$31,200	\$238,000	n/a	Large lots located outside of Mora city limits. Three homes constructed, but four lots sold.
<b>Total Vacant Lots</b>									
<b>Single-family</b>			63						
<b>Duplex</b>			13						
<b>Total</b>			76						

Source: Maxfield Research Inc.

## Manufactured Homes (i.e. “Mobile Homes”)

Maxfield Research Inc. inventoried manufactured homes and manufactured home parks in Mora. Traditionally, research shows that manufactured homes usually serve as an alternative to permanent housing. During times of housing scarcity, the number of homes usually rises.

Table FS-10 displays information pertaining to the three manufactured home parks in Mora. The following are key points.

- The Mora Market Area has three manufactured home parks with a total of 148 manufactured home pads/lots. However, Edgewood Mobile Home Park’s total lots were unable to be confirmed.

TABLE FS-10 MOBILE HOME PARKS MORA MARKET AREA 2nd Quarter 2014				
Project Name/ Address	Total Pads	Vacant	Rent Range	Comments
<b>Regency of Minnesota</b> 952 Frankie Lane Mora	124	48	\$369 - \$394	73 occupied, 3 abandoned, senior discount \$369. General occupancy rate is \$394.
<b>Edgewood Mobile Home Park</b> 86 Malmgren Lane Mora	n/a	n/a	n/a	Not available for comments.
<b>TowerView</b> 160 N. Prospect Ave Ogilvie	24	10	\$325 - \$350	Phase 2 adding 20-24 more pads. Water and sewer for an additional price.
Source: Maxfield Research Inc.				

- Combined, the manufactured home parks have a vacancy rate of approximately 39%.
- Lot rents range from \$325 to \$394 per month. Lot rents vary depending on utility package provided.

## Pending For-Sale Developments

According to the City of Mora, there are no pending for-sale housing developments in the planning process at this time.

### Realtor/Builder Interviews

Maxfield Research Inc. interviewed real estate agents, home builders, and other professionals familiar with Mora's owner-occupied market to solicit their impressions of the for-sale housing market in the community. Key points are summarized by topic as follows.

#### *Market Overview*

- Realtor sentiment is that the market activity has picked-up in Mora this past year. Although the market has bottomed-out and a recovery is occurring; the market is slowly recovering.
- The Mora area was especially hit hard by the housing bubble burst and recession. According to Realtors 2010 was generally considered the low point in Mora's housing market. Furthermore, rising gas prices severely hurt Mora's housing market has many residents commuted to the north-side of the Metro Area.
- Realtors commented on the relative lack of good, higher-paying jobs in Kanabec County and the need for diversification in the employment sector. Many Realtors stated that the county has some of the lowest wages in the State of Minnesota.
- Home inventory is very low and is estimated to be at a decade-long low. Move-up inventory is especially low and there is little available product. Real estate activity in Mora could be higher should additional listings increase.
- Buyer confidence is improving and more buyers are beginning to begin the search process after years of being on the "fence."
- Foreclosure activity has decreased substantially over the past few years. This decrease should lead to a more stable housing market with positive appreciation.
- The Mora area has a number of lakes that attractive to second home-buyers in the Metro Area given the commute time. Many seasonal lake properties can be purchased from around \$100,000 to \$150,000.
- Mora housing costs are generally defined as follows:
  - Entry-level: less than \$75,000
  - Move-up: \$75,000 to \$150,000
  - Executive: \$200k+ (mostly lake properties or large acreages)
- Single-family housing has historically been the preferred housing type in Mora. However, Realtors commented that additional products would be in demand that target one-level living.



### ***Land/Lots***

- Interviewees all indicated there is not a market for lots today; even those with steep discounts have had prolonged days on market.
- During the real estate boom many Mora lots were priced from \$25,000 to \$30,000. However, today those same lots sell from \$10,000 to \$12,000. Most of the recent lot sales have been bank-owned or sold via an investor who purchased them from a lender.
- Acreage outside of Mora has generally been selling from about \$800 to \$2,800/acre.
- Lot activity has been more active outside of Mora than within municipal limits. This is due to some lot sales on lacks and larger parcels.

### ***New Construction***

- New construction in Mora has been near a stand-still since 2008. Since the recession Mora has been only averaging about one new home per year.
- Builders and contractors are still weary to construct any speculative homes in today's real estate environment. However, some Realtors have expressed that builders are at least exploring the option to build a spec home.
- New construction pricing in Mora cannot compete against the existing resale product that declined substantially during the recession.

### Introduction

Previous sections of this study analyzed the existing housing supply and the growth and demographic characteristics of the population and household base in Mora and the Mora Market Area. This section of the report presents our estimates of housing demand in Mora and the Market Area from 2014 through 2025.

### Demographic Profile and Housing Demand

The demographic profile of a community affects housing demand and the types of housing that are needed. The housing life-cycle stages are:

1. *Entry-level householders*
  - Often prefer to rent basic, inexpensive apartments
  - Usually singles or couples in their early 20's without children
  - Will often "double-up" with roommates in apartment setting
2. *First-time homebuyers and move-up renters*
  - Often prefer to purchase modestly-priced single-family homes or rent more upscale apartments
  - Usually married or cohabiting couples, in their mid-20's or 30's, some with children, but most are without children
3. *Move-up homebuyers*
  - Typically prefer to purchase newer, larger, and therefore more expensive single-family homes
  - Typically families with children where householders are in their late 30's to 40's
4. *Empty-nesters (persons whose children have grown and left home) and never-nesters (persons who never have children)*
  - Prefer owning but will consider renting their housing
  - Some will move to alternative lower-maintenance housing products
  - Generally couples in their 50's or 60's
5. *Younger independent seniors*
  - Prefer owning but will consider renting their housing
  - Will often move (at least part of the year) to retirement havens in the Sunbelt and desire to reduce their responsibilities for upkeep and maintenance
  - Generally in their late 60's or 70's

### 6. *Older seniors*

- May need to move out of their single-family home due to physical and/or health constraints or a desire to reduce their responsibilities for upkeep and maintenance
- Generally single females (widows) in their mid-70's or older

Demand for housing can come from several sources including: household growth, changes in housing preferences, and replacement need. Household growth necessitates building new housing unless there is enough desirable vacant housing available to absorb the increase in households. Demand is also affected by shifting demographic factors such as the aging of the population, which dictates the type of housing preferred. New housing to meet replacement need is required, even in the absence of household growth, when existing units no longer meet the needs of the population and when renovation is not feasible because the structure is physically or functionally obsolete.

Smaller, outstate communities and rural areas tend to have higher proportions of younger households that own their housing than in the larger growth centers or metropolitan areas. In addition, senior households tend to move to alternative housing at an older age. These conditions are a result of housing market dynamics, which typically provide more affordable single-family housing for young households and a scarcity of senior housing alternatives for older households. Therefore, the age categories for housing life cycles will be somewhat different in Mora than in communities located closer to the Twin Cities Metro Area.

The graphic on the following page provides greater detail of various housing types supported within each housing life cycle. Information on square footage, average bedrooms/bathrooms, and lot size is provided on the subsequent graphic.

## Housing Demand Overview

The previous sections of this assessment focused on demographic and economic factors driving demand for housing in the Mora Market Area. In this section, we utilize findings from the economic and demographic analysis to calculate demand for new general occupancy housing units in Mora.

Housing markets are driven by a range of supply and demand factors that vary by location and submarket. The following points outline several of the key variables driving housing demand.

## HOUSING DEMAND ANALYSIS

DEMOGRAPHICS & HOUSING DEMAND							
Age Cohort	Student Housing	Rental Housing	1st-time Home Buyer	Move-up Home Buyer	2nd Home Buyer	Empty Nester/ Downsizer	Senior Housing
18-24	18 - 24						
25-29		18-34					
30-34			25-39				
35-39				30-49			
40-44							
45-49							
50-54					40-64		
55-59							
60-64						55-74	
65-69		65-79					
70-74							55+ & 65+
75-79							
80-84							
85+							

Source: Maxfield Research Inc.

## HOUSING DEMAND ANALYSIS

TYPICAL HOUSING TYPE CHARACTERISTICS				
	Housing Types	Target Market/ Demographic	Unit/Home Characteristics	Lot Sizes/ Units Per Acre
For-Sale Housing	Entry-level single-family	First-time buyers: Families, couples w/no children, some singles	1,200 to 2,200 sq. ft. 2-4 BR   2 BA	80'+ wide lot 2.5-3.0 DU/Acre
	Move-up single-family	Step-up buyers: Families, couples w/no children	2,000 sq. ft.+ 3-4 BR   2-3 BA	80'+ wide lot 2.5-3.0 DU/Acre
	Executive single-family	Step-up buyers: Families, couples w/no children	2,500 sq. ft.+ 3-4 BR   2-3 BA	100'+ wide lot 1.5-2.0 DU/Acre
	Small-lot single-family	First-time & move-down buyers: Families, couples w/no children, empty nesters, retirees	1,700 to 2,500 sq. ft. 3-4 BR   2-3 BA	40' to 60' wide lot 5.0-8.0 DU/Acre
	Entry-level townhomes	First-time buyers: Singles, couples,	1,200 to 1,600 sq. ft. 2-3 BR   1.5BA+	6.0-12.0 DU/Acre
	Move-up townhomes	First-time & step-up buyers: Singles, couples, some families, empty-nesters	1,400 to 2,000 sq. ft. 2-3 BR   2BA+	6.0-8.0 DU/Acre
	Executive townhomes/twinhomes	Step-up buyers: Empty-nesters, retirees	2,000+ sq. ft. 3 BR+   2BA+	4.0-6.0 DU/Acre
	Detached Townhome	Step-up buyers: Empty-nesters, retirees, some families	2,000+ sq. ft. 3 BR+   2BA+	4.0-6.0 DU/Acre
	Condominiums	First-time & step-up buyers: Singles, couples, empty-nesters, retirees	800 to 1,700 sq. ft. 1-2 BR   1-2 BA	Low-rise: 18.0-24.0 DU/Acre Mid-rise: 25.0+ DU/Acre Hi-rise: 75.0+ DU/Acre
Rental Housing	Apartment-style rental housing	Singles, couples, single-parents, some families, seniors	675 to 1,250 sq. ft. 1-3 BR   1-2 BA	Low-rise: 18.0-24.0 DU/Acre Mid-rise: 25.0+ DU/Acre Hi-rise: 75.0+ DU/Acre
	Townhome-style rental housing	Single-parents, families w/children, empty nesters	900 to 1,700 sq. ft. 2-4 BR   2BA	8.0-12.0 DU/Acre
	Student rental housing	College students, mostly undergraduates	550 to 1,400 sq. ft. 1-4BR   1-2 BA	Low-rise: 18.0-24.0 DU/Acre Mid-rise: 25.0+ DU/Acre Hi-rise: 50.0+ DU/Acre
Both	Senior housing	Retirees, Seniors	550 to 1,500 sq. ft. Suites - 2BR   1-2 BA	Varies considerably based on senior product type

Source: Maxfield Research Inc.

### Demographics

Demographics are major influences that drive housing demand. Household growth and formations are critical (natural growth, immigration, etc.), as well as household types, size, age of householders, incomes, etc.

### Economy & Job Growth

The economy and housing market are intertwined; the health of the housing market affects the broader economy and vice versa. Housing market growth depends on job growth (or the prospect of); jobs generate income growth which results in the formation of more households and can stimulate household turnover. Historically low unemployment rates have driven both existing home purchases and new-home purchases. Lack of job growth leads to slow or diminishing household growth, which in-turn relates to reduced housing demand. Additionally, low

income growth results in fewer move-up buyers which results in diminished housing turnover across all income brackets.

### Consumer Choice/Preferences

A variety of factors contribute to consumer choice and preferences. Many times a change in family status is the primary factor for a change in housing type (i.e. growing families, empty-nest families, etc.). However, housing demand is also generated from the turnover of existing households who decide to move for a range of reasons. Some households may want to move-up, downsize, change their tenure status (i.e. owner to renter or vice versa), or simply move to a new location.

### Supply (Existing Housing Stock)

The stock of existing housing plays a crucial component in the demand for new housing. There are a variety of unique household types and styles, not all of which are desirable to today's consumers. The age of the housing stock is an important component for housing demand, as communities with aging housing stocks have higher demand for remodeling services, replacement new construction, or new home construction as the current inventory does not provide the supply that consumers seek.

Pent-up demand may also exist if supply is unavailable as householders postpone a move until new housing product becomes available.

### Housing Finance

Household income is the fundamental measure that dictates what a householder can afford to pay for housing costs. According to the U.S. Department of Housing and Urban Development (HUD), the definition of affordability is for a household to pay no more than 30% of its annual income on housing (including utilities). Families who pay more than 30% of their income for housing (either rent or mortgage) are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care.

The ability of buyers to obtain mortgage financing has been increasingly challenging over the past few years as lenders have overcorrected from the subprime mortgage crisis. As a result, many borrowers have remained on the sidelines as lenders have enforced tight lending requirements, thereby increasing the demand for rental housing.

### Mobility

It is important to note that demand is somewhat fluid between submarkets and will be impacted by development activity in nearby areas, including other communities outside Kanabec County.

### Estimated Demand for For-Sale Housing

Table HD-1 presents our demand calculations for general occupancy for-sale housing in the Mora Market Area between 2014 and 2025.

Between 2014 and 2025, the Mora Market Area is projected to add 317 new households. Because the 65 and older cohort is typically not a target market for new general occupancy for-sale housing, we limit demand from household growth to only those households under the age of 65. Based on our analysis of household growth forecast in specific age cohorts, we estimate that only 16% (50 households) will be added from non-senior households.

Demand for housing is apportioned between ownership and rental housing products. According to historic U.S. Census data, approximately 82% of households under age 65 owned their housing in 2010 in the Mora Market Area. Applying this percentage to the total demand for general occupancy units yields demand for 41 for-sale units between 2014 and 2025.

Demand is also forecast to emerge from existing Market Area householders through turnover. An estimated 3,600 owner-occupied households are located in the Mora Market Area in 2014. Based on mobility data from the Census Bureau, an estimated 66% of owner households will turnover in a ten-year period, resulting in 2,376 existing households projected to turnover. Finally, we estimate 5% of the existing owner households will seek new for-sale housing, resulting in demand for nearly 120 for-sale units through 2025.

Next, we estimate that 15% of the total demand for new for-sale units in the Mora Market Area will come from people currently living outside of the Market Area. A portion of this market will be former residents of the area, such as “snow-birds” heading south for the winters. Adding demand from outside the Mora Market Area to the existing demand potential, results in a total estimated demand for 188 for-sale housing units by 2025.

Based on land available, building trends, and demographic shifts (increasing older adult population), we project 80% of the for-sale owners will prefer traditional single-family product types while the remaining 20% will prefer a maintenance-free multi-family product (i.e. twin homes, townhomes, or condominiums).

We then subtract the current identified platted lots that are under construction or approved. After subtracting the current lot supply in subdivisions (63 total single-family lots and 13 duplex lots) we find total demand through 2025 resulting in 87 single-family lots and 25 multifamily lots.

Finally, we estimate that 45% of the excess single family demand and 90% of the excess multifamily demand from the Mora Market Area demand could be captured in Mora.

**Therefore, total for-sale demand in Mora through 2025 is about 40 single-family units and 22 multifamily units.**

## HOUSING DEMAND ANALYSIS

**TABLE HD-1  
FOR-SALE HOUSING DEMAND  
MORA MARKET AREA  
2014 to 2025**

<b>Demand from Projected Household Growth</b>			
Projected HH growth under age 65 in the Mora Market Area 2014 to 2025 <sup>1</sup>			50
(times) % propensity to own <sup>2</sup>	x	82%	
(equals) Projected demand from new HH growth	=		<b>41</b>
<b>Demand from Existing Owner Households</b>			
Number of owner households (age 64 and younger) in Mora Market Area, 2014)			3,600
(times) Estimated percent of owner turnover <sup>4</sup>	x	66%	
(equals) Total existing households projected to turnover	=		2,376
(times) Estimated percent desiring new housing	x	5%	
(equals) Demand from existing households			119
<b>(equals) Total demand from HH growth and existing HHs 2014 to 2025</b>	<b>=</b>		<b>160</b>
(times) Demand from outside Mora Market Area			15%
<b>(equals) Total demand potential for ownership housing, 2014-2025</b>			<b>188</b>
		<b>Single Family</b>	<b>Multi-family*</b>
(times) Percent desiring for-sale single-family vs. multifamily <sup>5</sup>	x	80%	20%
(equals) Total demand potential for new single-family & multifamily for-sale housing	=	150	38
(minus) Units under construction or approved platted lots (undeveloped and developed lots) <sup>6</sup>	-	63	13
(equals) Excess demand for new general occupancy for-sale housing	=	<b>87</b>	<b>25</b>
(times) Percent of Market Area demand capturable by Mora	x	45%	90%
<b>(equals) number of units supportable by the City of Mora</b>		<b>39</b>	<b>22</b>
<sup>1</sup> Estimated household growth based on data from Table D-3 as adjusted by Maxfield Research Inc. <sup>2</sup> Pct. of owner households under the age of 65 (U.S. Census - 2010, ESRI, Maxfield Research Inc.). <sup>3</sup> Pct. Owner households age 65 and younger in the Market Area (2010) <sup>4</sup> Based on on turnover from 2010 American Community Survey for households moving over 10-year period. <sup>5</sup> Based on preference for housing type and land availability <sup>6</sup> Approved platted lot data does not account for the scattered lot supply which includes individual lots and lots in older non-marketing subdivisions. * Multi-family demand includes demand for townhomes, twinhomes, and condominium units.			
Source: Maxfield Research Inc.			



### Estimated Demand for General-Occupancy Rental Housing

Table HD-2 presents our calculation of general-occupancy rental housing demand in the Mora Market Area. This analysis identifies potential demand for rental housing that is generated from both new households and turnover households. A portion of the demand will be drawn from existing households in Mora that want to upgrade their housing situations.

First, we calculate potential demand from new household growth by age group based on the propensity of households to rent their housing. For purposes of our analysis, we focus on households between the ages of 18 and 64 that will account for the vast majority of general-occupancy rental demand. Based on our analysis of household growth forecast in specific age cohorts, household growth will be highest in the ages 45 to 64 age cohort (+131 households). Next, we calculate the percentage of household growth that will likely rent their housing. In 2010 the percentage of renters ranged from about 50% among the under 25 age cohort to 11% among the 45 to 64 age cohort.

The second part of our analysis calculates demand from existing households, or turnover demand. Younger households tend to be highly mobile, relative to older households. Mobility rates were calculated for the renter population based on Census data and were applied to the existing renter household base. Finally, we estimate the percentage of the existing renter households will seek new rental housing by age cohort resulting in demand for just over 100 units through 2025.

Like for-sale housing, we estimate that 15% of the total demand for new rental housing units in the Mora Market Area will come from people currently living outside of the Market Area. As a result, we find demand for 120 renter households based on household growth and existing households alone between 2014 and 2025.

Based on a review of rental household incomes and sizes and monthly rents at existing projects, we estimate that approximately 22% of the total demand will be for subsidized housing (30% AMI), 36% will be for affordable housing (40% to 60% AMI), and 42% will be for market rate housing (non-income restricted).

Next we subtract housing projects that are under construction or pending at this time, since these projects will satisfy some of the calculated demand for general occupancy rental housing. However, since there are no rental housing projects moving forward at this time there is no supply subtracted from the demand. Therefore, there is demand in the Mora Market Area for 26 subsidized units, 43 affordable units, and 50 market rate units through 2025.

**Finally, we estimate that a site in Mora can capture from 85% to 100% of the total Market Area demand, resulting in demand for 26 subsidized units, 37 affordable units, and 43 market rate units in Mora.**

## HOUSING DEMAND ANALYSIS

TABLE HD-2 RENTAL HOUSING DEMAND MORA MARKET AREA 2014 to 2025					
	Number of Households				
	Under 25	Age 25 to 34	Age 35 to 44	Age 45 to 64	Age 65 & Over
Demand From Household Growth					
Projected Growth in Household Base by 2025	7	39	48	131	81
(times) Proportion Estimated to Be Renting Their Housing <sup>1</sup>	x 50.3%	32.5%	19.8%	11.3%	21.0%
(equals) Projected Demand for Rental Housing Units	= 4	13	10	15	17
Demand From Existing Households					
Number of renter households in 2014	72	246	185	290	332
(times) Estimated % of renter turnover between 2014 & 2025 <sup>2</sup>	x 100.0%	95.6%	88.5%	77.4%	73.0%
(equals) Total Existing Renter Households Projected to Turnover	= 72	235	164	224	242
(times) Estimated % Desiring New Rental Housing	x 8%	12%	10%	5%	5%
(equals) Demand From Existing Households	= 6	28	16	11	12
Total Demand From Household Growth and Existing Households	9	41	26	26	29
<div><div></div><div>Total Demand from Household Growth and Existing Households102</div><div>(plus) Demand from outside Market Area (15%)18</div></div>					
(equals) Total Demand for Rental Housing in the Mora Market Area		120			
	Subsidized	Affordable	Market Rate		
(times) Percent of rental demand by product type <sup>3</sup>	x 22%	36%	42%		
(equals) Total demand for new general occupancy rental housing units	= 26	43	50		
(minus) Units under construction or pending*	- 0	0	0		
(equals) Excess demand for new general occupancy rental housing	= 26	43	50		
(times) Percent of Market Area Demand capturable by Mora	x 100.0%	85.0%	85.0%		
(equals) Excess demand for new general occupancy rental housing in Mora	= 26	37	43		
<div><div><sup>1</sup> Based on 2010 Census data.</div><div><sup>2</sup> Based on Turnover from 2010 American Community Survey for households moving between 2000 and 2010.</div><div><sup>3</sup> Based on the combination of current rental product and household incomes of area renters (non-senior households)</div><div>*Pending/proposed competitive units at 95% occupancy.</div></div>					
Source: Maxfield Research Inc.					

It should be noted demand could be higher to account for pent-up housing demand. With pent-up demand (a shortage of units), people who would normally form their own rental households instead room with other persons in a housing unit, live with their parents, live in single-family rentals, or live in housing outside of the area and commute to jobs. A healthy rental market is expected to have a vacancy rate of about 5% to allow for sufficient consumer choice and unit turnover. In Mora, we found that the overall general-occupancy vacancy rate was about 4.5 % among the general-occupancy rental supply – indicating stabilized occupancy operating at equilibrium.

### **Estimated Demand for Independent Adult/Few Service Senior Housing**

Table HD-3 presents our demand calculations for market rate independent senior housing in Mora in 2014 and 2019.

In order to determine demand for independent senior housing, the potential market is reduced to those households that are both age and income qualified. The age-qualified market is defined as seniors age 55 and older, although independent living projects will primarily attract seniors age 65 and older.

We calculate that the minimum income needed to afford monthly rents is \$35,000 or more plus homeowner households with incomes between \$25,000 and \$34,999 who would be able to supplement their incomes with the proceeds from a home sale. We estimate the number of age/income-qualified senior households in the Mora Market Area in 2014 to be 1,819 households.

Adjusting to include appropriate long-term capture rates for each age cohort (0.5% of households age 55 to 64, about 5.5% of households age 65 to 74, and 16.5% of households age 75 and over) results in a market rate demand potential for 83 independent senior rental units in 2014.

Some additional demand will come from outside the Mora Market Area. We estimate that 25% of the long-term demand for independent senior housing will be generated by seniors currently residing outside the Mora Market Area. This demand will consist primarily of parents of adult children living in the Mora area, individuals who live just outside of the Mora Market Area and have an orientation to the area, as well as former residents who desire to return. Together, the demand from Mora Market Area seniors and demand from seniors who would relocate to Mora results in a demand for 111 active adult units in 2014.

Independent demand in Mora is apportioned between ownership and rental housing. Based on the age distribution, homeownership rates and current product available in Mora, we project that 35% of Mora's demand will be for adult ownership housing (39 units) and 65% will be for rental housing (72 units).

## HOUSING DEMAND ANALYSIS

TABLE HD-3

MARKET RATE ACTIVE ADULT HOUSING DEMAND

MORA MARKET AREA

2014 & 2019

	2014			2019		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of >\$35,000 <sup>1</sup>	807	497	168	951	574	154
# of Households w/ Incomes of \$25,000 to \$34,999 <sup>1</sup>	+ 138	140	144	+ 182	67	37
(times ) Homeownership Rate	x 91%	86%	70%	x 91%	86%	70%
(equals) Total Potential Market Base	= 933	617	269	= 1,117	632	180
(times) Potential Capture Rate	x 0.5%	5.5%	16.5%	x 0.5%	5.5%	16.5%
(equals) Demand Potential	= 5	34	44	= 6	35	30
Potential Demand from Mora Residents	= 83			= 70		
(plus) Demand from Outside Mora (25%)	+ 28			+ 23		
(equals) Total Demand Potential	= 111			= 93		
	Owner-Occupied		Renter-Occupied	Owner-Occupied		Renter-Occupied
(times) % by Product Type	x 35%		x 65%	x 35%		x 65%
(equals) Demand Potential by Product Type	= 39		= 72	= 33		= 61
(minus) Existing and Pending MR Active Adult Units <sup>2</sup>	- 0		- 51	- 0		- 51
(equals) Excess Demand for MR Active Adult Units	= 39		= 21	= 33		= 10
(times) Percent that could be captured in Mora	x 85%			x 85%		
(equals) Excess market rate active adult demand in Mora	= 33	18		= 28	8	

<sup>1</sup> 2019 calculations define income-qualified households as all households with incomes greater than \$40,000 and homeowner households with incomes between \$30,000 and \$39,999.

<sup>2</sup> Existing and pending are deducted at market equilibrium (95% occupancy).

Source: Maxfield Research Inc.

Next, we subtract existing competitive market rate units (minus a vacancy factor of 5% to allow for sufficient consumer choice and turnover) from the owner and rental demand. Subtracting the existing competitive market rate units results in total demand potential for 39 adult owner-occupied units and 21 adult rental units in 2014.

No one community, including Mora, would be able to capture 100% of the demand. Since Mora is the primary service center, containing health care and shopping in addition to other services, we believe that it can capture 85% of the demand for ownership projects and rental projects. This results in total demand for 33 adult owner-occupied units and 18 adult rental units in Mora in 2014.

Adjusting for inflation, we have estimated that households with incomes of \$40,000 or more and homeowners with incomes of \$30,000 to \$39,999 would income qualify for market rate independent senior housing in 2019. Considering the growth in the older adult base and the income distribution of the older adult population in 2019, the methodology projected that demand will be 28 adult owner-occupied units and 8 adult rental units in the City of Mora by 2019.

### Estimated Demand for Subsidized/ Affordable Independent Senior Housing

Table HD-4 presents our demand calculations for subsidized/affordable independent senior housing in the City of Mora in 2014 and 2019.

While the methodology used to calculate demand for subsidized/affordable housing closely mirrors the methodology used to calculate demand for market rate housing, we make several adjustments to more precisely quantify demand among this market segment. The following points summarize these adjustments:

- **Income-Qualifications:** Seniors who earn up to 60% of the Area Median Income (AMI) would be qualified for income-restricted housing products. Based on Minnesota Housing Finance Agency data, current income-restrictions for the upper end of the range for affordable housing (60% AMI) are \$25,500 for a one-person households and \$29,160 for a two-person household. It is important to note that individual affordable developments may have unique income-guidelines that are more precise than these income-restrictions due to subsidy type or other factors.

We exclude homeowner households with incomes between \$30,000 and \$39,999, as these households would have additional equity that could be converted to monthly income following the sales of their single-family homes.

- **Capture Rates:** Households in a need-based situation (either requiring services or financial assistance) more readily move to housing alternatives than those in non-need based situations. Hence, the capture rate among each age group is higher than for market rate housing. Capture rates are employed at 2.0% for households age 55 to 64, 10.0% for households age 65 to 74 and 20.0% for households age 75 and older.
- **Potential Demand Capture:** Seniors in need-based situations are less selective when securing housing than those in non-need based situations. We estimate that a high-quality site would capture a greater proportion of total demand for financially-assisted housing than for market rate housing.

Using the methodology described above results in a demand potential for 131 subsidized units and 71 affordable units.

Next we subtract existing competitive units from the overall demand (minus a vacancy factor of 5% to allow for sufficient consumer choice and turnover). There are 125 existing subsidized independent units in the Market Area.

No single site can capture all of the demand in the Mora Market Area. We estimate that a Site in Mora could capture approximately 85% of the Market Area excess demand for a total of 5 subsidized units and 60 affordable units through 2014.

## HOUSING DEMAND ANALYSIS

Adjusting for inflation, we estimate that households with incomes up to \$45,000 would be candidates for financially-assisted independent housing in 2019. We reduce the potential market by homeowner households earning between \$35,000 and \$44,999 that would exceed income-restrictions once equity from their home sales is converted to monthly income. Following the same methodology, we project demand in Mora for 21 subsidized units and 68 affordable units through 2019.

<b>TABLE HD-4</b> <b>SUBSIDIZED/AFFORDABLE INDEPENDENT HOUSING DEMAND</b> <b>MORA MARKET AREA</b> <b>2014 &amp; 2019</b>						
	2014			2019		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of <\$40,000	517	478	610	462	578	657
Less Households w/ Incomes of \$30,000 to \$39,999 <sup>1</sup>	- 144	133	107	- 244	133	74
(times ) Homeownership Rate	x 91%	86%	70%	x 91%	86%	70%
(equals) Total Potential Market Base	= 386	364	535	= 240	464	605
(times) Potential Capture Rate	x 2.0%	10.0%	20.0%	x 2.0%	10.0%	20.0%
(equals) Demand Potential	= 8	36	107	= 5	46	121
<b>(equals) Potential Demand from Mora Residents</b>	<b>= 151</b>			<b>172</b>		
(plus) Demand from Outside Mora (25%)	+ 50			+ 57		
<b>(equals) Total Demand Potential</b>	<b>= 201</b>			<b>= 230</b>		
	<b>Subsidized</b>		<b>Affordable</b>	<b>Subsidized</b>		<b>Affordable</b>
(times) % by Product Type	x 65%		x 35%	x 65%		x 35%
(equals) Demand Potential by Product Type	= 131		= 71	= 149		= 80
(minus) Existing and Pending Independent Units <sup>2</sup>	- 125		- 0	- 125		- 0
<b>(equals) Excess Demand for Aff/Sub Units</b>	<b>= 6</b>		<b>= 71</b>	<b>= 24</b>		<b>= 80</b>
(times) Percent that could be captured in Mora	x 85%			x 85%		
<b>(equals) Excess sub/aff independent demand in Mora</b>	<b>= 5</b>	<b>60</b>		<b>21</b>	<b>68</b>	
<sup>1</sup> 2019 calculations define income-qualified households as all households with incomes less than \$45,000. Homeowner households with incomes between \$35,000 and \$44,999 are excluded from the market potential for financially-assisted housing. <sup>2</sup> Existing units are deducted at market equilibrium, or 95% occupancy.						
Source: Maxfield Research Inc.						

## Estimated Demand for Congregate Senior Housing

Table HD-5 presents our demand calculations for congregate housing in Mora in 2014 and 2019.

The potential age- and income-qualified base for congregate senior housing includes all senior (65+) households with incomes of \$35,000 as well as homeowner households with incomes between \$30,000 and \$34,999 who would qualify with the proceeds from the sales of their homes. The proportion of eligible homeowners is based on the 2010 Census homeownership rates of the Mora Market Area seniors. The number of age, income, and asset-qualified households in Mora is estimated to be 775 households in 2014.

## HOUSING DEMAND ANALYSIS

Demand for congregate housing is need-drive, which reduces the qualified market to only the portion of seniors who need some assistance. Adjusting to include appropriate capture rates for each age cohort (1.5% of households age 65 to 74 and 13.0% of households age 75 and older) results in a local demand potential for 37 congregate units in 2014.

We estimate that seniors currently residing outside of the Mora area will generate 25% of the demand for congregate senior housing. Together, the demand from Mora Market Area seniors and demand from seniors who are willing to locate to the Mora Market Area totals 49 congregate units in 2014.

TABLE HD-5				
MARKET RATE CONGREGATE RENTAL HOUSING DEMAND				
MORA MARKET AREA				
2014 & 2019				
	2014		2019	
	Age of Householder		Age of Householder	
	65-74	75+	65-74	75+
# of Households w/ Incomes of >\$35,000 <sup>1</sup>	497	168	574	154
# of Households w/ Incomes of \$30,000 to \$34,999 <sup>1</sup>	+ 70	72	+ 66	37
(times) Homeownership Rate	x 86%	70%	x 86%	70%
(equals) Total Potential Market Base	= 557	218	= 631	180
(times) Potential Capture Rate <sup>2</sup>	x 1.5%	13.0%	x 1.5%	13.0%
(equals) Potential Demand	= 8	+ 28	= 9	+ 23
<b>Potential Demand from PMA Residents</b>	<b>= 37</b>		<b>= 33</b>	
(plus) Demand from Outside Market Area (25%)	+ 12		+ 11	
<b>(equals) Total Demand Potential</b>	<b>= 49</b>		<b>= 44</b>	
(minus) Existing and Pending Congregate Units <sup>3</sup>	- 0		- 0	
(equals) Total Congregate Demand Potential	<b>= 49</b>		<b>= 44</b>	
(times) Percent that could be captured in Mora	x 85%		85%	
<b>(equals) Excess market rate assisted living demand in Mora</b>	<b>= 42</b>		<b>37</b>	

<sup>1</sup> 2019 calculations define income-qualified households as all households with incomes greater than \$40,000 and homeowner households with incomes between \$35,000 and \$39,999.

<sup>2</sup> The potential capture rate is derived from data from the Summary Health Statistics for the U.S. Population: National Health Interview Survey, 2008 by the U.S. Department of Health and Human Services. The capture rate used is the percentage of seniors needing assistance with IADLs, but not ADLs (seniors needing assistance with ADLs typically need assistance with multiple IADLs and are primary candidates for service-intensive assisted living).

<sup>3</sup> Competitive units include congregate units at 95% occupancy (market equilibrium).

Source: Maxfield Research Inc.

Adjusting for inflation, we estimate that households with incomes of \$40,000 or more and senior homeowners with incomes between \$35,000 and \$39,999 would qualify for congregate housing in 2019. Following the same methodology, demand is calculated to decline slightly to 44 units through 2019.

### Demand Estimate for Assisted Living Housing

Table HD-6 presents our demand calculations for assisted living senior housing in Mora in 2014 and 2019. This analysis focuses on the potential *private pay/market rate* demand for assisted living units.

The availability of more intensive support services such as meals, housekeeping and personal care at assisted living facilities usually attracts older, frailer seniors. According to the 2009 Overview of Assisted Living (which is a collaborative research project by the American Association of Homes and Services for the Aging, the American Seniors Housing Association, National Center for Assisted Living, and National Investment Center for the Seniors Housing and Care Industry), the average age of residents in freestanding assisted living facilities was 87 years in 2008. Hence, the age-qualified market for assisted living is defined as seniors ages 75 and over, as we estimate that of the half of demand from seniors under age 87, almost all would be from seniors over age 75. In 2014, there were 1,096 seniors age 75 and older in the Mora Market Area.

Demand for assisted living housing is need-driven, which reduces the qualified market to only the portion of seniors who need assistance. According to a study completed by the U.S. Census Bureau (1999 panels of the Survey of Income and Program Participation (SIPP) files), 30% of seniors needed assistance with everyday activities (from 25.5% of 75-to-79-year-olds, to 33.6% of 80-to-84-year-olds and 51.6% of 85+ year olds). Applying these percentages to the senior population yields a potential assisted living market of 385 seniors in the Mora Market Area.

Due to the supportive nature of assisted living housing, most daily essentials are included in monthly rental fees, which allow seniors to spend a higher proportion of their incomes on housing with basic services. Therefore, the second step in determining the potential demand for assisted living housing in the Mora Market Area is to identify the income-qualified market based on a senior's ability to pay the monthly rent. We consider seniors in households with incomes of \$40,000 or greater to be income-qualified for assisted living senior housing in the Mora Market Area. Households with incomes of \$40,000 could afford monthly assisted living fees of \$3,000 by allocating 90% of their income toward the fees.

According to the 2009 Overview of Assisted Living, the average arrival income of assisted living residents in 2008 was \$27,260, while the average annual assisted living fee was \$37,281 (\$3,107/month). This data highlights that seniors are spending down assets to live in assisted living and avoid institutional care. Thus, in addition to households with incomes of \$30,000 or greater, there is a substantial base of senior households with lower incomes who income-qualify based on assets – their homes, in particular.



## HOUSING DEMAND ANALYSIS

<b>TABLE HD-6</b> <b>MARKET RATE ASSISTED LIVING DEMAND</b> <b>MORA MARKET AREA</b> <b>2014 &amp; 2019</b>						
Age group	2014			2019		
	People	Percent Needing Assistance <sup>1</sup>	Number Needing Assistance <sup>1</sup>	People	Percent Needing Assistance <sup>1</sup>	Number Needing Assistance <sup>1</sup>
75 - 79	466	25.5%	<b>119</b>	506	25.5%	<b>129</b>
80 - 84	330	33.6%	<b>111</b>	319	33.6%	<b>107</b>
85+	300	51.6%	<b>155</b>	311	51.6%	<b>161</b>
Total	1,096		<b>385</b>	1,137		<b>397</b>
<b>Percent Income-Qualified<sup>2</sup></b>			<b>41%</b>			<b>42%</b>
Total potential market			158			167
(times) Percent living alone			x 47%			47%
(equals) Age/income-qualified singles needing assistance			= 74			78
(plus) Proportion of demand from couples (12%) <sup>3</sup>			+ 10			11
(equals) Total age/income-qualified market needing assistance			= 84			89
(times) Potential penetration rate <sup>4</sup>			x 40%			40%
(equals) Potential demand from PMA residents			= 34			36
(plus) Proportion from outside the PMA (25%)			+ 11			12
(equals) Total potential assisted living demand			= 45			47
(minus) Existing market rate assisted living units <sup>5</sup>			- 45			45
<b>(equals) Total excess market rate assisted living demand</b>			<b>= 0</b>			<b>2</b>
(times) Percent that could be captured in Mora			x 85%			85%
<b>(equals) Excess market rate assisted living demand in Mora</b>			<b>= 0</b>			<b>2</b>
<sup>1</sup> The percentage of seniors unable to perform or having difficulty with ADLs, based on the publication Health, United States, 1999 Health and Aging Chartbook, conducted by the Centers for Disease Control and Prevention and the National Center for Health Statistics.						
<sup>2</sup> Includes households with incomes of \$40,000 or more (who could afford monthly rents of \$2,800+ per month) plus 40% of estimated owner households with incomes below \$40,000 (who will spend down assets, including home-equity, in order to live in assisted living housing).						
<sup>3</sup> The 2009 Overview of Assisted Living (a collaborative project of AAHSA, ASHA, ALFA, NCAL & NIC) found that 12% of assisted living residents are couples.						
<sup>4</sup> We estimate that 60% of the qualified market needing assistance with ADLs could either remain in their homes or reside at less advanced senior housing with the assistance of a family member or home health care, or would need greater care provided in a skilled care facility.						
<sup>5</sup> Existing and pending units at 93% occupancy. We exclude 20% of units to account for seniors utilizing public subsidy.						
Source: Maxfield Research Inc.						

Seventy percent of the age 75+ households in the Mora Market Area are homeowners, and the median resale price of homes through 2013 in Mora was \$98,000. Seniors selling their homes for the median resale price would generate about \$91,140 in proceeds after selling costs. With an average monthly fee of \$2,500, these proceeds would last just over 3 years in an assisted living facility, which is slightly higher than the average length of stay in assisted living (27 months according to the 2009 Overview of Assisted Living). For each age group in Table HD-7, we estimate the income-qualified percentage to be all seniors in households with incomes above \$40,000 (who could afford monthly rents of \$3,500+ per month) plus 40% of the estimated seniors in homeowner households with incomes below \$40,000 (who will spend down assets, including home-equity, in order to live in assisted living housing). This results in a total potential market of 158 units from the Mora Market Area in 2014.

Because the vast majority of assisted living residents are single (88% according to the 2009 Overview of Assisted Living), our demand methodology multiplies the total potential market by the percentage of seniors age 75+ in the Mora Market Area living alone. Based on 2010 Census data, 47% of age 75+ households in Mora lived alone. Applying this percentage results in a total base of 74 age/income-qualified singles. The 2009 Overview of Assisted Living found that 12% of residents in assisted living were couples. There are a total of 84 age/income-qualified seniors needing assistance in the Mora Market Area including both couples and singles.

We estimate that roughly 60% of the qualified market needing significant assistance with Activities of Daily Living (“ADLs”) would either remain in their homes or less service-intensive senior housing with the assistance of a family member or home health care, or would need greater care provided in a skilled care facility. The remaining 40% could be served by assisted living housing. Applying this potential market penetration rate of 40% results in demand for 34 assisted living units in 2014.

We estimate that a portion of demand for assisted living units (25%) will come from outside of the Mora Market Area. Applying this figure results in total potential demand for 45 market rate assisted living units in the Mora Market Area.

There are a total of 60 assisted living units in the Mora Market Area. However, a portion of these units are occupied by residents with financial assistance, estimated to account for 20% of the total units in the Market Area. After deducting these competitive units (minus a 93% occupancy rate) from the total demand potential, we calculate the excess supply of assisted living units in the Mora Market Area.

The same calculations are applied to the age/income-qualified base in 2019. However, given the existing supply of assisted living product in the Mora Market Area excess supply is calculated in 2019.

Additional demand could come from seniors that will need to receive supplemental income in order to afford assisted living or memory care housing. While some of these seniors will receive income from the sales of their homes, others will need to rely on other sources of

public aid. The Elderly Waiver program in Minnesota has provided public funding for seniors who wish to receive “alternative” care that allows them to stay in the community as opposed to receiving similar care at a nursing home.

Most assisted living developments require residents to have lived in their facility for a certain amount of time before they can use a waiver, and many try to limit the amount of waivers accepted within the community to around roughly 10% to 15%. Some facilities accept higher amounts of residents on waivers and many newer facilities do not accept any waivers.

### **Estimated Demand for Memory Care Housing**

Table HD-7 presents our demand calculations for market rate memory care senior housing in Mora in 2014 and 2019.

Demand is calculated by starting with the estimated Mora senior (age 65+) population in 2014 and multiplying by the incidence rate of Alzheimer’s/dementia among this population’s age cohorts. According to the Alzheimer’s Association (Alzheimer’s Disease Facts and Figures, 2007), 2% of seniors ages 65 to 74, 19% of seniors ages 75 to 84, and 42% of seniors ages 85+ are inflicted with Alzheimer’s Disease. This yields a potential market of 308 seniors in the Mora Market Area in 2014.

Because of the staff-intensive nature of dementia care, typical monthly fees for this type of housing are at least \$4,000 and range upwards of \$5,000 when including service packages. Based on our review of senior household incomes in the Mora Market Area, homeownership rates and home sale data, we estimate that 32% of seniors in the Mora Market Area would have incomes and/or assets to sufficiently cover the costs of memory care housing. This figure takes into account married couple households where one spouse may have memory care needs and allows for a sufficient income for the other spouse to live independently. Multiplying the number of seniors with Alzheimer’s/dementia (308 seniors) by the income-qualified percentage results in a total of 99 age/income-qualified seniors in the Mora Market Area in 2014.

According to data from the National Institute of Aging, about 25% of all individuals with memory care impairments comprise the market for memory care housing units. This figure considers that seniors in the early stages of dementia will be able to live independently with the care of a spouse or other family member, while those in the later stages of dementia will require intensive medical care that would only be available in skilled care facilities. Applying this figure to the estimated population with memory impairments yields a potential market of about 25 seniors in the Mora Market Area.

## HOUSING DEMAND ANALYSIS

<b>TABLE HD-7</b> <b>MARKET RATE MEMORY CARE DEMAND</b> <b>MORA MARKET AREA</b> <b>2014 &amp; 2019</b>		
	<b>2014</b>	<b>2019</b>
65 to 74 Population	1,531	1,815
(times) Dementia Incidence Rate <sup>1</sup>	x 2%	x 2%
(equals) Estimated Age 65 to 74 Pop. with Dementia	= 31	= 36
75 to 84 Population	796	825
(times) Dementia Incidence Rate <sup>1</sup>	x 19%	x 19%
(equals) Estimated Age 75 to 84 Pop. with Dementia	= 151	= 157
85+ Population	300	311
(times) Dementia Incidence Rate <sup>1</sup>	x 42%	x 42%
(equals) Estimated Age 85+ Pop. with Dementia	= 126	= 131
<b>(equals) Total Senior Population with Dementia</b>	<b>= 308</b>	<b>= 324</b>
(times) Percent Income/Asset-Qualified <sup>2</sup>	x 32%	x 33%
(equals) Total Income-Qualified Market Base	= 99	= 107
(times) Percent Needing Specialized Memory Care Assistance	x 25%	x 25%
(equals) Total Need for Dementia Care	= 25	= 27
(plus) Demand from Outside the PMA (25%)	+ 8	+ 9
Total Demand for Memory Care Units	= 33	= 36
(minus) Existing and Pending Memory Care Units <sup>3</sup>	- 11	- 11
(equals) Excess PMA Demand Potential	= 22	= 25
(times) Estimated Percent Capturable in Mora	x 85%	x 85%
<b>(equals) Memory Care Demand Capturable in Mora</b>	<b>= 19</b>	<b>= 21</b>
<sup>1</sup> Alzheimer's Association: Alzheimer's Disease Facts & Figures (2007) <sup>2</sup> Includes seniors with income at \$60,000 or above (\$65,000 in 2019) plus 40% of homeowners with incomes below this threshold (who will spend down assets, including home-equity, in order to live in memory care housing). <sup>3</sup> Existing memory care units at 7% vacancy rate. We exclude 20% of units to account for seniors utilizing public subsidy. Source: Maxfield Research Inc.		

We estimate that 25% of the overall demand for memory care housing would come from outside of the Mora Market Area. Together, demand totals 33 memory care units in 2014.

We reduce the demand potential by accounting for the existing memory care product in the Mora Market Area. There are a total of 15 units; however we reduce the competitive units to include only the private pay units (estimated at 11 units). Subtracting these competitive units results in a demand of 22 units.

No single site can capture all of the demand in the Mora Market Area. We estimate that a Site in Mora could capture approximately 85% of the Mora Market Area excess demand for a total of 19 memory care units in 2014.

The same calculations are applied to the age/income-qualified base in 2019. Following the same methodology, potential demand for market rate memory care units is expected to increase to 21 units in Mora through 2019.

## Introduction/Overall Housing Recommendations

This section summarizes demand calculated for specific housing products in Mora and recommends development concepts to meet the housing needs forecast for the City. All recommendations are based on findings of the *Comprehensive Housing Market Analysis*. The following table and charts illustrate calculated demand by product type.

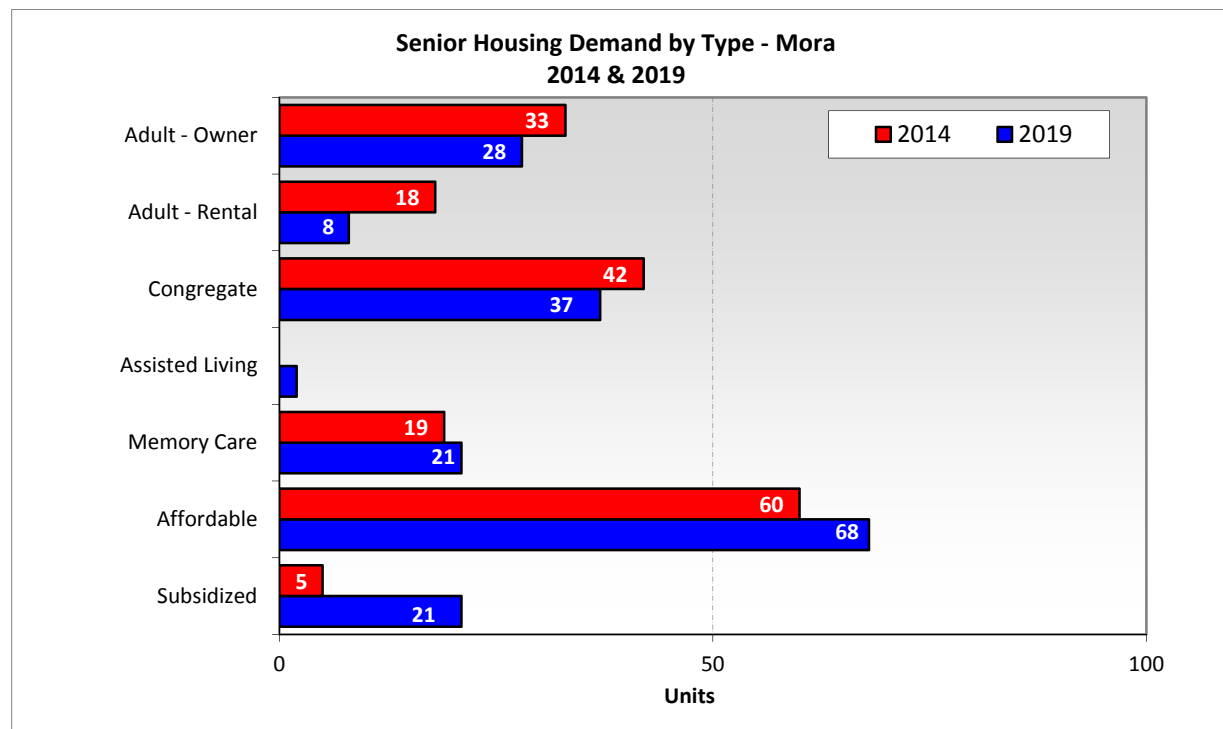
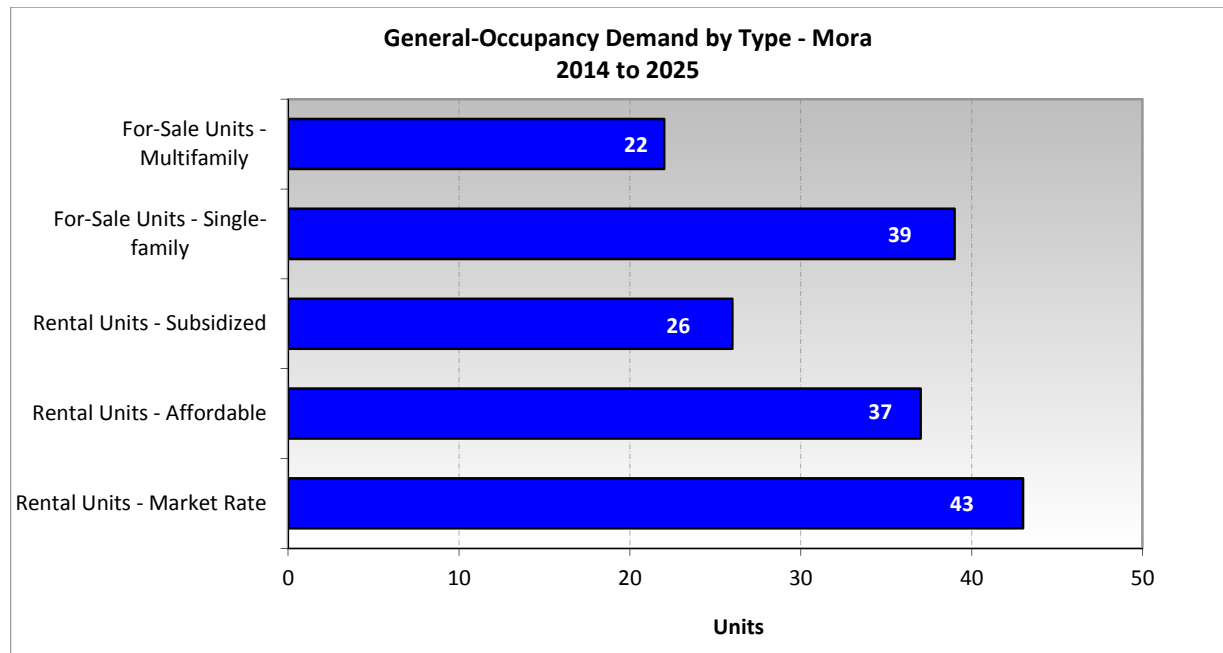
TABLE CR-1 SUMMARY OF HOUSING DEMAND MORA MARKET AREA May 2014				
Type of Use	Demand in Market Area		Demand in Mora	
	2014-2025		2014-2025	
<b>General-Occupancy</b>				
Rental Units - Market Rate	50		43	
Rental Units - Affordable	43		37	
Rental Units - Subsidized	26		26	
For-Sale Units - Single-family	87		39	
For-Sale Units - Multifamily	25		22	
<b>Total General Occupancy Supportable</b>	<b>231</b>		<b>167</b>	
	Demand in Market Area		Demand in Mora	
	2014	2019	2014	2019
<b>Age-Restricted (Senior)</b>				
<b>Market Rate</b>				
Adult Few Services (Active Adult)	60	43	51	36
Ownership	39	33	33	28
Rental	21	10	18	8
Congregate	49	44	42	37
Assisted Living	0	2	0	2
Memory Care	22	25	19	21
<b>Total Market Rate Senior Supportable</b>	<b>131</b>	<b>114</b>	<b>112</b>	<b>96</b>
<b>Affordable/Subsidized</b>				
Active Adult - Subsidized	6	24	5	21
Active Adult - Affordable	71	80	60	68
<b>Total Affordable Senior Supportable</b>	<b>77</b>	<b>104</b>	<b>65</b>	<b>89</b>
Source: Maxfield Research Inc.				

Based on the finding of our analysis and demand calculations, Table CR-2 provides a summary of the recommended development concepts by product type for the Mora Market Area and the City of Mora. It is important to note that these proposed concepts are intended to act as a development guide to most effectively meet the housing needs of existing and future households in Mora. The recommended development types do not directly coincide with total demand as illustrated in Table CR-1.

## RECOMMENDATIONS AND CONCLUSIONS

<b>TABLE CR-2</b> <b>RECOMMENDED HOUSING DEVELOPMENT</b> <b>CITY OF MORA</b> <b>2014 to 2025</b>				
	<b>Purchase Price/ Monthly Rent Range<sup>1</sup></b>	<b>No. of Units</b>	<b>Development Timing</b>	
<b>Owner-Occupied Homes</b>				
<b>Single Family<sup>2</sup></b>				
Entry-level	>\$150,000	26 - 28	2016+	
Move-up	\$150,000 - \$250,000	20 - 22	2017+	
Executive	\$250,000+	8 - 10	2018+	
<b>Total</b>		<b>54 - 60</b>		
<b>Townhomes/Twinhomes<sup>2</sup></b>				
Entry-level	>\$150,000	12 - 14	2016+	
Move-up	\$150,000+	16 - 18	2017+	
<b>Total</b>		<b>28 - 32</b>		
<b>Total Owner-Occupied</b>		<b>82 - 92</b>		
<b>General Occupancy Rental Housing</b>				
<b>Market Rate Rental Housing</b>				
Apartment-style	\$725/1BR - \$1,150/3BR	20 - 26	2016+	
Townhomes	\$850/2BR - \$1,250/3BR	12 - 14	2016+	
<b>Total</b>		<b>32 - 40</b>		
<b>Affordable Rental Housing</b>				
Townhomes	Moderate Income <sup>3</sup>	30 - 40	2015+	
Subsidized	30% of Income <sup>4</sup>	24 - 26	2015+	
<b>Total</b>		<b>54 - 66</b>		
<b>Total Renter-Occupied</b>		<b>86 - 106</b>		
<b>Senior Housing (i.e. Age Restricted)</b>				
Active Adult Senior Coop	\$35,000 to \$70,000	24 - 28	2017+	
Active Adult Affordable Rental <sup>5</sup>	Moderate Income <sup>3</sup>	50 - 60	2014+	
Independent Living (Congregate)	\$1,500/1BR - \$1,750/2BR	30 - 36	2015+	
Memory Care	\$3,000/EFF - \$5,000/2BR	18 - 20	2018+	
<b>Total</b>		<b>122 - 144</b>		
<b>Total - All Units</b>		<b>290 - 342</b>		
<sup>1</sup> Pricing in 2014 dollars. Pricing can be adjusted to account for inflation. <sup>2</sup> Recommendations include the absorption of some existing previously platted lots. <sup>3</sup> Affordability subject to income guidelines per Minnesota Housing Finance Agency (MHFA). See Table HA-1 for Kanabec County Income limits. <sup>4</sup> Subsidized housing will be difficult to develop financially <b>Note - Recommended development does not coincide with total demand. Mora may not be able to accommodate all recommended housing types based on a variety of factors (i.e. development constraints, land availability, etc.)</b>				
Source: Maxfield Research Inc.				

## RECOMMENDATIONS AND CONCLUSIONS



### Recommended Housing Product Types

#### *Owner Occupied*

##### **Single-Family Housing**

Although we find demand for for-sale housing in the Mora Market Area, the demand for this product will be prolonged given the slow recovery of the housing market and the continued presence of lender-mediated properties. During the peak of the real estate market last decade (2004 and 2005), Mora produced over 20 new single-family homes annually. However, between 2008 and 2013 only four new single-family homes were constructed in Mora. The housing market is poised for recovery, however new lots will not be needed until the existing platted lots have been more readily absorbed. The existing lot supply of over 60 single-family homes should be adequate for many years to come.

Due to the age and price of the existing housing stock in Mora, most of the existing housing stock appeals to entry-level buyers. Many interviewees suggest Mora could use more “step-up” or “move-up” homes. A move-up buyer is typically one who is selling one house and purchasing another one, usually a larger and more expensive home. Usually the move is desired because of a lifestyle change, such as a new job or a growing family. Executive-level homes are loosely defined as those homes priced above \$250,000. Most of these homes would be build-to-suit new construction; some of which would be attracted to lake locations or larger acreages.

The demand for up to 60 new single-family housing units through 2025 would spread across all price points. Although the demand for most new single-family housing is tied to the existing housing market and local economy, there is the potential for new single-family housing sooner given the very affordable nature of the lot costs. Today’s buyers could take advantage of extremely low land costs and obtain more house for their dollar.

##### **For-Sale Multifamily Housing**

Similar to single-family housing, demand for multifamily for-sale products will not result until the for-sale market has recovered further. Typically, the target market for for-sale multifamily housing is empty-nesters and retirees seeking to downsize from their single-family homes. In addition, professionals, particularly singles and couples without children, also will seek townhomes if they prefer not to have the maintenance responsibilities of a single-family home. In some housing markets, younger households also find purchasing multifamily units to be generally more affordable than purchasing new single-family homes.

About 30 units of new for-sale multifamily housing is in demand in Mora through 2025. These attached units could be developed as townhomes/row homes, twin homes, detached townhomes, or any combination. Condominiums would be very difficult to develop given today’s financing and underwriting criteria. Move-up for-multifamily product would likely cater to



older adults seeking one-level living housing in the form of twin home or cottage-style/patio homes. Entry-level townhomes typically are back-to-back and side-by-side townhomes that allow for increased density in a two-story design. This type of configuration has the greatest appeal among entry-level households without children, young families and singles and/or roommates across the age span. However, they can also be popular with older adults and retirees seeking a maintenance-free product. Two-story units can be designed with a master suite on the main-level to appeal to older adults.

### **General Occupancy Rental Housing**

Maxfield Research Inc. calculated demand for over 100 general-occupancy rental units in St. Mora through 2025 (43 market rate, 37 affordable, and 26 subsidized units). Because of this demand, we recommend a variety of rental housing product types to meet this demand.

Our competitive inventory identified that the vacancy rates for all types of general occupancy rental product is only 1.9% as of 2<sup>nd</sup> Quarter 2014. Due to the age and positioning of most of the existing rental supply, a significant portion of units are priced at or below guidelines for affordable housing, which indirectly satisfies demand from households that income-qualify for financially assisted housing. However, the renter base is seeking newer rental properties with additional and updated amenities that are not offered in older developments.

- **Market Rate Rental** – The existing market rate rental supply in Mora is older as no new units have been brought online for over twelve years. We recommend a new market rental project with roughly 20 to 26 units that will attract a diverse resident profile; including young to mid-age professionals as well as singles and couples across all ages. To appeal to a wide target market, we suggest a market rate apartment project with a unit mix consisting of one-bedroom units, one-bedroom plus den units or two-bedroom units, and two-bedroom plus den or three-bedroom units. Larger three-bedroom units would be attractive to households with children.

Monthly rents (in 2014 dollars) should range from \$725 for a one-bedroom unit to \$1,150 for a three-bedroom unit. Average rents in Mora are approximately \$0.74 per square foot, however monthly rents should range from about \$1.00 to \$1.15 per square foot to be financially feasible. Monthly rents can be trended up by 2.0% annually prior to occupancy to account for inflation depending on overall market conditions. Because of construction and development costs, it may be difficult for a market rate apartment to be financially feasible with rents lower than the suggested per square foot price. Thus, for this type of project to become a reality, there may need to be a public – private partnership to reduce development costs and bring down the rents or the developer will need to provide smaller unit sizes.

New market rate rental units should be designed with contemporary amenities that include open floor plans, higher ceilings, in-unit washer and dryer, full appliance package, central air-conditioning, and garage parking.

## RECOMMENDATIONS AND CONCLUSIONS

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- Market Rate General Occupancy Rental Townhomes– In addition to the recommended apartment project, we find that demand exists for some larger townhome units for families – including those who are new to the community and want to rent until they find a home for purchase. An additional 12 to 14 rental townhome units could be supported in Mora. We recommend a project with rents of approximately \$850 for two-bedroom units to \$1,250 for three-bedroom units. Units should feature contemporary amenities (i.e. in-unit washer/dryer, high ceilings, etc.) and an attached two car garage.
- Affordable General Occupancy Rental Townhomes– We find that demand exists for 37 affordable units through 2025. We recommend a 30 to 40-unit moderate-income affordable rental townhome project to meet the affordable demand in Mora. These projects would have income-restrictions established by HUD and the Minnesota Housing Finance Agency. Affordable rental townhomes have been found to be very popular throughout many Minnesota rural communities.

We recommend a project with two- and three-bedroom units. Units should feature central air conditioning, full appliance package, in-unit washer/dryer, an attached one/two car garage. Such development could assist in drawing more families to the community that cannot find affordable housing options through ownership or market rate rental in the surrounding area.

- Subsidized Rental Housing– Subsidized housing receives financial assistance (i.e. operating subsidies, tax credits, rent payments, etc.) from governmental agencies in order to make the rent affordable to low-to-moderate income households. Although we find demand for 26 subsidized rental housing units through 2025, this housing is very difficult to develop financially. A new subsidized or public housing development would have pent-up demand.

### Senior Housing

As illustrated in Table CR-1, demand exists for most types of senior housing product types in Mora. Development of additional senior housing is recommended in order to provide housing opportunity to these aging residents in their stages of later life. The development of additional senior housing serves a two-fold purpose in meeting the housing needs in Mora: older adult and senior residents are able to relocate to new age-restricted housing in Mora, and existing homes and rental units that were occupied by seniors become available to other new households. Hence, development of additional senior housing does not mean the housing needs of younger households are neglected; it simply means that a greater percentage of housing need is satisfied by housing unit turnover. The types of housing products needed to accommodate the aging population base are discussed individually in the following section.

- Active Adult Senior Cooperative – Demand was projected for 8 active adult rental units and 28 active adult ownership units through 2019. Park Forest Estates in Mora currently serves the active adult rental component demand needs. However, active seniors desiring an

## RECOMMENDATIONS AND CONCLUSIONS

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ownership product may be attracted to a senior cooperative. The cooperative model, in particular, appeals to a larger base of potential residents in that it has characteristics of both rental and ownership housing. Cooperative developments allow prospective residents an ownership option and homestead tax benefits without a substantial upfront investment as would be true in a condominium development or life care option.

- *Affordable Senior Rental* – Mora demand for affordable senior housing is approximately 70 units in 2019. Affordable senior housing products can also be incorporated into a mixed-income building which may increase the projects financial feasibility. Affordable senior housing will likely be a low-income tax credit project through the Minnesota Housing Finance Agency. Maxfield recommends the development of a 50- to 60-unit project to meet this demand.
- *Independent Living/Congregate* – There are no independent senior living facilities located in the Mora Market Area. Demand was calculated for about 40 congregate units over the next five years. Based on this demand, we recommend 30 to 36 congregate units with a mix of one-bedroom, one-bedroom plus den, and two-bedroom units. Base monthly rents should range from \$1,500 for one-bedroom units to \$1,750 for two-bedroom units. The monthly fees should include all utilities (except telephone and basic cable/satellite television) and the following services:
  - I'm OK program;
  - Daily noon meal;
  - Regularly scheduled van transportation;
  - Social, health, wellness and educational programs;
  - 24-hour emergency call system; and
  - Complimentary use of laundry facilities.

In addition, meals and other support and personal care services will be available to congregate residents on a fee-for-service basis, such as laundry, housekeeping, etc. When their care needs increase, residents also have the option of receiving assisted living packages in their existing units.

- *Memory Care Senior Housing* – Memory care demand in Mora was calculated for 21 units through 2019. Based on our analysis, we project demand to support an additional 18 to 20 memory care units. Nonetheless, there are two existing memory care projects in Mora that could potentially expand to accommodate future memory care demand. Memory care unit mix should be mostly studios and one-bedroom units with a few two-bedroom units for couples with base monthly rents ranging from \$3,500 to \$5,000. Memory care units should be located in a secured, self-contained wing located on the first floor of a building and should feature its own dining and common area amenities including a secured outdoor patio and wandering area.

## RECOMMENDATIONS AND CONCLUSIONS

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The base monthly fees should include all utilities (except telephone and basic cable/satellite television) and the following services:

- Three meals per day;
- Weekly housekeeping and linen service;
- Two loads of laundry per week;
- Weekly health and wellness clinics;
- Meal assistance;
- Regularly scheduled transportation;
- Professional activity programs and scheduled outings;
- Nursing care management;
- I'm OK program;
- 24-hour on site staffing;
- Personal alert pendant with emergency response; and
- Nurse visit every other month.

Additional personal care packages should also be available for an extra monthly charge above the required base care package. A care needs assessment is recommended to be conducted to determine the appropriate level of services for prospective residents.

## Challenges and Opportunities

Table CR-2 identified and recommended housing types that would satisfy the housing needs in Mora through 2025. The following were identified as the greatest challenges and opportunities for developing the recommended housing types (in no particular order – sorted alphabetically).

- **Affordable Housing.** Tables HA-1 and HA-2 identified income and rent limits by area median income (AMI) and unit type. As illustrated in the tables, fair market rents for affordable housing are higher than most existing market rate rental developments in Mora. For example, the average market rate two-bedroom unit in Mora is approximately \$700 per month while the fair market rent is \$770. Although most of the existing market rate rental buildings are older and lack contemporary amenities, the market rate product has rents that are considered “affordable.” Housing developers looking to capitalize on affordable housing programs would likely have rents above those found in market rate rental properties in Mora. As a result, it may be difficult to develop affordable housing that would be financially viable without public-private partnerships.
- **Aging Population.** As illustrated in Table D-4, there is significant growth in the Mora Market Area older adult and senior population, especially among seniors ages 65 to 74. In addition, Table D-7 shows market area homeownership rates among seniors 65+ is approximately 79%. High homeownership rates among seniors indicate there could be lack of senior housing options, or simply that many seniors prefer to live in their home and age in place. Aging

in place tends to be higher in rural vs. urban settings as many rural seniors do not view senior housing as an alternative retirement destination but a supportive living option only when they can no longer live independently. Rural areas also tend to have healthier seniors and are also more resistant to change. Because of the rising population of older adults, demand for alternative maintenance-free housing products should be rising. In addition, demand for home health care services and home remodeling programs to assist seniors with retrofitting their existing homes should also increase.

- **Economies of Scale.** Economies of scale refers to the increase in efficiency of production as the number of goods being produced is increased. Typically, companies or organizations achieving economies of scale lower the average cost per unit through increased production since fixed costs are shared over an increased number of goods. In the housing development industry, generally the more units that are constructed the greater the efficiency. For example, larger homebuilders negotiate volume discounts in materials and subcontractors, are more efficient in the land entitlement process, leverage the power of technology, and have greater access and lower costs of capital. In multifamily housing, typically the higher the number of units equates into a lower per unit costs. Because of this, construction costs in other larger communities such as St. Cloud can actually be lower than found in Mora and Kanabec County.

Although Table CR-1 showcased demand for many housing products in Mora through 2025, many of the products will require some density for the project to be financially feasible. Because demand may not be high enough to support various stand-alone housing concepts new development may require private/public partnerships or the combination of multiple product types to ensure the project can be developed.

- **Gas Prices.** Historically, economic theory has held that the price of housing declines from the distance from the denser, city center (i.e. Twin Cities). Many people who work in the northern Metro Area have been attracted to Mora for its lower housing costs. However, many exurban communities that had been attractive to commuters were hit especially hard by the economic downturn when gas prices escalated. Numerous Realtor's commented on how the gas prices indirectly affected housing activity in Mora. Studies have found that increases in gas prices have reduced new home construction in locations with longer commute times. Therefore, Mora's ability to attract new householders with longer commute times will continue to be challenging given today's transportation costs.
- **Housing Programs.** Many communities and local Housing and Redevelopment Authorities (HRAs) offer programs to promote and preserve the existing housing stock. In addition, there are various regional and state organizations that assist local communities enhance their housing stock.

## RECOMMENDATIONS AND CONCLUSIONS

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### State/Regional Resources:

*Greater Minnesota Housing Fund* – The Greater Minnesota Housing Fund (“GMHF”) supports, preserves, and creates affordable housing in the 80 counties outside the core Twin Cities Metro Area. The GMHF provides numerous programs, financing mechanisms, technical support, and research to support production of affordable housing across Greater Minnesota.

<http://www.gmhf.com/>

*Minnesota Housing Finance Agency (“Minnesota Housing”)* – Minnesota Housing is a housing finance agency whose mission is to finance affordable housing for low- and moderate-income households across Minnesota. Minnesota Housing partners with for-profit, non-profit, and governmental sectors to help develop and preserve affordable housing. The organization provides numerous products and services for both the single-family and multi-family housing sectors. The organization's five strategic priorities are as follows:

- Preserve federally-subsidized rental housing;
- Promote and support successful homeownership;
- Address specific and critical needs in rental housing markets;
- Prevent and end homelessness, and;
- Prevent foreclosure and support community recovery.

<http://www.mnhousing.gov/>

*Lakes and Pines Community Action Council* – Lakes and Pines CAC is a non-profit organization serving the counties of Aitkin, Carlton, Chisago, Isanti, Kanabec, Mille Lacs, and Pine. The organization provides numerous programs services to assist local residents and communities; from transportation programs, health care assistance, child care development, etc. In addition, the organization offers several housing related programs and services. Programs include: energy assistance programs, weatherization, emergency housing assistance, housing rehab loans, rental rehab loans, and home improvement programs.

<http://www.lakesandpines.org/>

### Local Resources:

In addition to the resources available at the state and regional-level, the City of Mora and/or HRA can explore a toolbox of housing programs that would aid in the enhancement of Mora’s housing stock. The following is a sampling of potential programs that could be explored:

- Construction Management Services – Assist homeowners regarding local building codes, reviewing contractor bids, etc. Typically provided as a service by the building department. This type of service could also be rolled into various remodeling related programs.

## RECOMMENDATIONS AND CONCLUSIONS

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- Density Bonuses – Since the cost of land is a significant barrier to housing affordability, increasing densities can result in lower housing costs by reducing the land costs per unit. The City of Mora can offer density bonuses as a way to encourage higher-density residential development while also promoting an affordable housing component.
- Home Sale Point of Sale - City ordinance requiring an inspection prior to the sale or transfer of residential real estate. The inspection is intended to prevent adverse conditions and meet minimum building codes. Sellers are responsible for incurring any costs for the inspection. Depending on the community, evaluations are completed by city inspectors or 3rd party licensed inspectors.
- Housing Fair - Free seminars and advice for homeowners related to remodeling and home improvements. Most housing fairs offer educational seminars and "ask the expert" consulting services. Exhibitors include architects, landscapers, building contractors, home products, city inspectors, financial services, among others.
- Home Energy Loans – Offer low interest home energy loans to make energy improvements in their homes.
- Household and Outside Maintenance for the Elderly (H.O.M.E.) Program – Persons 60 and over receive homemaker and maintenance services. Typical services include house cleaning, grocery shopping, yard work/lawn care, and other miscellaneous maintenance requests.
- Inclusionary Housing – Inclusionary housing policies and programs rely on private sector housing developers to create affordable housing as they develop market rate projects. Inclusionary zoning encourages or mandates the inclusion of a set proportion of affordable housing units in each new market rate housing development above a certain size. These programs are popular approaches for local and state governments to encourage the development of affordable housing.
- Infill Lots – The City or HRA purchase blighted or substandard housing units from willing sellers. After the home has been removed, the vacant land is placed into the program for future housing redevelopment. Future purchasers can be builders or the future owner-occupant who has a contract with a builder. Typically all construction must be completed within an allocated time-frame (one year in most cases).
- Land Banking – Land Banking is a program of acquiring land with the purpose of developing at a later date. After a holding period, the land can be sold to a developer (often at a price lower than market) with the purpose of developing affordable housing.
- Mobile Home Improvements – Offer low or no-interest loans to mobile home owners for rehabilitation. Establish income-guidelines based on family size and annual gross incomes.
- Realtor Forum - Typically administered by City with partnership by local school board. Inform local Realtors about school district news, current development projects, and other marketing factors related to real estate in the community. In addition, Realtors usually receive CE credits.
- Rental License – Licensing rental properties in the communities. Designed to ensure all rental properties meet local building and safety codes. Typically enforced by the fire marshal or building inspection department. Should require annual license renewal.

## RECOMMENDATIONS AND CONCLUSIONS

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- Rent to Own - Income-eligible families rent for a specified length of time with the end-goal of buying a home. The HRA saves a portion of the monthly rent that will be allocated for a down payment on a future house.
  - Shallow Rent Subsidy: The HRA funds a shallow rent subsidy program to provide program participants living in market rate rentals a rent subsidy (typically about \$100 to \$300 per month).
  - Tax Increment Financing (TIF): Program that offers communities a flexible financing tool to assist housing projects and related infrastructure. TIF enables communities to dedicate the incremental tax revenues from new housing development to help make the housing more affordable or pay for related costs. TIF funds can be used to provide a direct subsidy to a particular housing project or they can also be used to promote affordable housing by setting aside a portion of TIF proceeds into a dedicated fund from other developments receiving TIF.
  - Transfer of Development Rights – Transfer of Development Rights (TDR) is a program that shifts the development potential of one site to another site or different location, even a different community. TDR programs allow landowners to sever development rights from properties in government-designated low-density areas, and sell them to purchasers who want to increase the density of development in areas that local governments have selected as higher density areas.
  - Waiver or Reduction of Development Fees – There are several fees developers must pay including impact fees, utility and connection fees, park land dedication fees, etc. To help facilitate affordable housing, some fees could be waived or reduced to pass the cost savings onto the housing consumer.
- **Job Growth/Employment.** Historically, low unemployment rates have driven both existing home purchases and new-home purchases. Lack of job growth leads to slow or diminishing household growth, which in-turn relates to reduced housing demand. Table D-9 showed Kanabec County has a higher unemployment rate than the State of Minnesota . Today's unemployment rate of around 9% has come down from the high of 13.5% during the Great Recession. However, 9% is high as full employment is generally considered to in the 4% to 5% range. Additional job creation in Mora and Kanabec County will result in household growth that could exceed projections in Table D-3.
  - **Lender-Mediated Properties.** Tables FS-80 illustrated the number of short sales and foreclosures in Mora and Kanabec County that were sold via the MLS between 2005 and 2013. The table showed the spike in lender-mediated properties between 2009 and 2012 before declining in 2013. Interviews with area Realtors found that foreclosure activity is decreasing further in 2014. Although these transactions are decreasing, lender-mediated properties still account over 40% of resales in Mora. Because short sales and foreclosures bring down the overall market sales price, the overall health of the market will not commence until lender-mediated properties continue to wane.



- **Multifamily Development Costs.** It will be very difficult to construct new market rate multifamily product given achievable rents and development costs. According to RS Means construction costs data, construction costs in Mora (utilizing construction averages in the St. Cloud area) will likely average about \$150 per square foot (gross), or upwards to \$165,000 per unit to develop based on a 30-unit three-story concept. Development costs of this scale will likely require rents per square foot significantly higher than the existing product in Mora. Based on these costs, it will be extremely difficult to develop stand-alone multifamily housing structures by the private sector based on achievable rents. As a result, a private-public partnership or other financing programs will likely be required to spur development.
- **Shadow Rental Inventory.** Shadow rentals are generally considered nontraditional rentals that were previously owner-occupied single-family homes, townhomes, etc. The shadow market has been particularly fueled by homeowners who lost their home to foreclosure who opt to not rent in a traditional rental complex. Typically, short sales and foreclosures have resulted in substantial price reductions which have allowed buyers or investors to charge rents below market while still maintaining a profit. Although the shadow market rentals tend to be more affordable, renters run the risk of evictions if the owner does not pay the mortgage.

According to our Realtor interviews, a number of previously owner-occupied homes in Mora changed tenure status during the Great Recession when foreclosed homes were acquired for substantial discounts. It is believed that many of these units resulted from a previous foreclosure, short sale, or the homeowner was upside down on the mortgage and elected to rent the property versus selling. As the housing market continues to rebound, many of these properties will likely transition back to the for-sale market. However, the City of Mora should monitor the shadow market to mitigate any problem properties and improve the overall rental housing stock. The City may also want to consider a Rental Ordinance that would require all rental properties to be licensed and inspected on a multi-year cycle.

**APPENDIX**

### Definitions

**Absorption Period** – The period of time necessary for newly constructed or renovated properties to achieve the stabilized level of occupancy. The absorption period begins when the first certificate of occupancy is issued and ends when the last unit to reach the stabilized level of occupancy has signed a lease.

**Absorption Rate** – The average number of units rented each month during the absorption period.

**Active adult (or independent living without services available)** – Active Adult properties are similar to a general-occupancy apartment building, in that they offer virtually no services but have age-restrictions (typically 55 or 62 or older). Organized activities and occasionally a transportation program are usually all that are available at these properties. Because of the lack of services, active adult properties typically do not command the rent premiums of more service-enriched senior housing.

**Adjusted Gross Income “AGI”** – Income from taxable sources (including wages, interest, capital gains, income from retirement accounts, etc.) adjusted to account for specific deductions (i.e. contributions to retirement accounts, unreimbursed business and medical expenses, alimony, etc.).

**Affordable housing** – The general definition of affordability is for a household to pay no more than 30% of their income for housing. For purposes of this study we define affordable housing that is income-restricted to households earning at or below 80% AMI, though individual properties can have income-restrictions set at 40%, 50%, 60% or 80% AMI. Rent is not based on income but instead is a contract amount that is affordable to households within the specific income restriction segment. It is essentially housing affordable to low or very low-income tenants.

**Amenity** – Tangible or intangible benefits offered to a tenant in the form of common area amenities or in-unit amenities. Typical in-unit amenities include dishwashers, washer/dryers, walk-in showers and closets and upgraded kitchen finishes. Typical common area amenities include detached or attached garage parking, community room, fitness center and an outdoor patio or grill/picnic area.

**Area Median Income “AMI”** – AMI is the midpoint in the income distribution within a specific geographic area. By definition, 50% of households earn less than the median income and 50% earn more. The U.S. Department of Housing and Urban Development (HUD) calculates AMI annually and adjustments are made for family size.

**Assisted Living** – Assisted Living properties come in a variety of forms, but the target market for most is generally the same: very frail seniors, typically age 80 or older (but can be much younger, depending on their particular health situation), who are in need of extensive support ser-

vices and personal care assistance. Absent an assisted living option, these seniors would otherwise need to move to a nursing facility. At a minimum, assisted living properties include two meals per day and weekly housekeeping in the monthly fee, with the availability of a third meal and personal care (either included in the monthly fee or for an additional cost). Assisted living properties also have either staff on duty 24 hours per day or at least 24-hour emergency response.

**Building Permit** – Building permits track housing starts and the number of housing units authorized to be built by the local governing authority. Most jurisdictions require building permits for new construction, major renovations, as well as other building improvements. Building permits ensure that all the work meets applicable building and safety rules and is typically required to be completed by a licensed professional. Once the building is complete and meets the inspector's satisfaction, the jurisdiction will issue a "CO" or "Certificate of Occupancy." Building permits are a key barometer for the health of the housing market and are often a leading indicator in the rest of the economy as it has a major impact on consumer spending.

**Capture Rate** – The percentage of age, size, and income-qualified renter households in a given area or "Market Area" that the property must capture to fill the units. The capture rate is calculated by dividing the total number of units at the property by the total number of age, size and income-qualified renter households in the designated area.

**Comparable Property** – A property that is representative of the rental housing choices of the designated area or "Market Area" that is similar in construction, size, amenities, location and/or age.

**Concession** – Discount or incentives given to a prospective tenant to induce signature of a lease. Concessions typically are in the form of reduced rent or free rent for a specific lease term, or free amenities, which are normally charged separately, such as parking.

**Congregate (or independent living with services available)** – Congregate properties offer support services such as meals and/or housekeeping, either on an optional basis or a limited amount included in the rents. These properties typically dedicate a larger share of the overall building area to common areas, in part, because the units are smaller than in adult housing and in part to encourage socialization among residents. Congregate properties attract a slightly older target market than adult housing, typically seniors age 75 or older. Rents are also above those of the active adult buildings, even excluding the services.

**Contract Rent** – The actual monthly rent payable by the tenant, including any rent subsidy paid on behalf of the tenant, to the owner, inclusive of all terms of the lease.

**Demand** – The total number of households that would potentially move into a proposed new or renovated housing project. These households must be of appropriate age, income, tenure and size for a specific proposed development. Components vary and can include, but are not

limited to: turnover, people living in substandard conditions, rent over-burdened households, income-qualified households and age of householder. Demand is project specific.

**Density** – Number of units in a given area. Density is typically measured in dwelling units (DU) per acre – the larger the number of units permitted per acre the higher the density; the fewer units permitted results in lower density. Density is often presented in a gross and net format:

- **Gross Density** – The number of dwelling units per acre based on the gross site acreage.  
*Gross Density = Total residential units/total development area*
- **Net Density** - The number of dwelling units per acre located on the site, but excludes public right-of-ways (ROW) such as streets, alleys, easements, open spaces, etc.  
*Net Density = Total residential units/total residential land area (excluding ROWs)*

**Detached housing** – a freestanding dwelling unit, most often single-family homes, situated on its own lot.

**Effective Rents** – Contract rent less applicable concessions.

**Elderly or Senior Housing** – Housing where all the units in the property are restricted for occupancy by persons age 62 years or better, or at least 80% of the units in each building are restricted for occupancy by households where at least one household member is 55 years of age or better and the housing is designed with amenities, facilities and services to meet the needs of senior citizens.

**Extremely low-income** – person or household with incomes below 30% of Area Median Income, adjusted for respective household size.

**Fair Market Rent** – Estimates established by HUD of the Gross Rents needed to obtain modest rental units in acceptable conditions in a specific geographic area. The amount of rental income a given property would command if it were open for leasing at any given moment and/or the amount derived based on market conditions that is needed to pay gross monthly rent at modest rental housing in a given area. This figure is used as a basis for determining the payment standard amount used to calculate the maximum monthly subsidy for families on at financially assisted housing.

Fair Market Rent Kanabec County – 2014					
Fair Market Rent					
	EFF	1BR	2BR	3BR	4BR
Fair Market Rent	\$512	\$569	\$770	\$1,022	\$1,029

**Floor Area Ratio (FAR)** Ratio of the floor area of a building to area of the lot on which the building is located.

**Foreclosure** – A legal process in which a lender or financial institute attempts to recover the balance of a loan from a borrower who has stopped making payments to the lender by using the sale of the house as collateral for the loan.

**Gross Rent** – The monthly housing cost to a tenant which equals the Contract Rent provided for in the lease, plus the estimated cost of all utilities paid by tenants. Maximum Gross Rents for Hennepin County can be shown on the following page.

**Gross Rent  
Kanabec County – 2014**

	Maximum Gross Rent				
	EFF	1BR	2BR	3BR	4BR
30% of median	\$318	\$364	\$410	\$455	\$492
50% of median	\$531	\$607	\$683	\$758	\$820
60% of median	\$637	\$729	\$820	\$910	\$984
80% of median	\$850	\$972	\$1,094	\$1,214	\$1,312
100% of median	\$1,062	\$1,215	\$1,367	\$1,517	\$1,640
120% of median	\$1,275	\$1,458	\$1,641	\$1,821	\$1,968

**Household** – All persons who occupy a housing unit, including occupants of a single-family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

**Household Trends** – Changes in the number of households for any particular areas over a measurable period of time, which is a function of new households formations, changes in average household size, and net migration.

	Maximum Gross Rent				
	EFF	1BR	2BR	3BR	4BR
30% of median	\$441	\$503	\$566	\$628	\$680
50% of median	\$735	\$787	\$945	\$1,091	\$1,217
60% of median	\$882	\$945	\$1,134	\$1,309	\$1,461
80% of median	\$1,137	\$1,299	\$1,462	\$1,624	\$1,754
100% of median	\$1,467	\$1,677	\$1,887	\$2,097	\$2,265
120% of median	\$1,761	\$2,013	\$2,265	\$2,517	\$2,718

**Housing Choice Voucher Program** – The federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. A family that is issued a housing voucher is responsible for finding a suitable housing unit of the family's choice where the owner agrees to rent under the program. Housing choice vouchers are administered locally by public housing agencies. They receive federal funds from the U.S. Department of Housing and Urban Development (HUD) to administer the voucher program. A housing subsidy is paid to the landlord directly by the public housing agency on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program.

**Housing unit** – House, apartment, mobile home, or group of rooms used as a separate living quarters by a single household.

**HUD Project-Based Section 8** – A federal government program that provides rental housing for very low-income families, the elderly, and the disabled in privately owned and managed rental units. The owner reserves some or all of the units in a building in return for a Federal government guarantee to make up the difference between the tenant's contribution and the rent. A tenant who leaves a subsidized project will lose access to the project-based subsidy.

**HUD Section 202 Program** – Federal program that provides direct capital assistance and operating or rental assistance to finance housing designed for occupancy by elder household who have incomes not exceeding 50% of Area Median Income.

**HUD Section 811 Program** – Federal program that provides direct capital assistance and operating or rental assistance to finance housing designed for occupancy of persons with disabilities who have incomes not exceeding 50% Area Median Income.

**HUD Section 236 Program** – Federal program that provides interest reduction payments for loans which finance housing targeted to households with income not exceeding 80% Area Median Income who pay rent equal to the greater or market rate or 30% of their adjusted income.

**Income limits** – Maximum households income by a designed geographic area, adjusted for household size and expressed as a percentage of the Area Median Income, for the purpose of establishing an upper limit for eligibility for a specific housing program. See Income-qualifications.

**Inflow/Outflow** – The Inflow/Outflow Analysis generates results showing the count and characteristics of worker flows in to, out of, and within the defined geographic area.

**Low-Income** – Person or household with gross household incomes below 80% of Area Median Income, adjusted for household size.

**Low-Income Housing Tax Credit** – A program aimed to generate equity for investment in affordable rental housing authorized pursuant to Section 42 of the Internal Revenue Code. The program requires that a certain percentage of units built be restricted for occupancy to households earning 60% or less of Area Median Income, and rents on these units be restricted accordingly.

**Market analysis** – The study of real estate market conditions for a specific type of property, geographic area or proposed (re)development.

**Market rent** – The rent that an apartment, without rent or income restrictions or rent subsidies, would command in a given area or “Market Area” considering its location, features and amenities.

**Market study** – A comprehensive study of a specific proposal including a review of the housing market in a defined market or geography. Project specific market studies are often used by developers, property managers or government entities to determine the appropriateness of a proposed development, whereas market specific market studies are used to determine what house needs, if any, existing within a specific geography.

**Market rate rental housing** – Housing that does not have any income-restrictions. Some properties will have income guidelines, which are minimum annual incomes required in order to reside at the property.

**Memory Care** – Memory Care properties, designed specifically for persons suffering from Alzheimer’s disease or other dementias, is one of the newest trends in senior housing. Properties consist mostly of suite-style or studio units or occasionally one-bedroom apartment-style units, and large amounts of communal areas for activities and programming. In addition, staff typically undergoes specialized training in the care of this population. Because of the greater amount of individualized personal care required by residents, staffing ratios are much higher than traditional assisted living and thus, the costs of care are also higher. Unlike conventional assisted living, however, which deals almost exclusively with widows or widowers, a higher proportion of persons afflicted with Alzheimer’s disease are in two-person households. That means the decision to move a spouse into a memory care facility involves the caregiver’s concern of incurring the costs of health care at a special facility while continuing to maintain their home.

**Migration** – The movement of households and/or people into or out of an area.

**Mixed-income property** – An apartment property contained either both income-restricted and unrestricted units or units restricted at two or more income limits.

**Mobility** – The ease at which people move from one location to another.



**Moderate Income** – Person or household with gross household income between 80% and 120% of the Area Median Income, adjusted for household size.

**Multifamily** – Properties and structures that contain more than two housing units.

**Naturally Occurring Affordable Housing** – Although affordable housing is typically associated with an income-restricted property, there are other housing units in communities that indirectly provide affordable housing. Housing units that were not developed or designated with income guidelines (i.e. assisted) yet are more affordable than other units in a community are considered “naturally-occurring” or “unsubsidized affordable” units. This rental supply is available through the private market, versus assisted housing programs through various governmental agencies. Property values on these units are lower based on a combination of factors, such as: age of structure/housing stock, location, condition, size, functionally obsolete, school district, etc.

**Net Income** – Income earned after payroll withholdings such as state and federal income taxes, social security, as well as retirement savings and health insurance.

**Net Worth** – The difference between assets and liabilities, or the total value of assets after the debt is subtracted.

**Pent-up demand** – A market in which there is a scarcity of supply and as such, vacancy rates are very low or non-existent.

**Population** – All people living in a geographic area.

**Population Density** – The population of an area divided by the number of square miles of land area.

**Population Trends** – Changes in population levels for a particular geographic area over a specific period of time – a function of the level of births, deaths, and in/out migration.

**Project-Based rent assistance** – Rental assistance from any source that is allocated to the property or a specific number of units in the property and is available to each income eligible tenant of the property or an assisted unit.

**Redevelopment** – The redesign, rehabilitation or expansion of existing properties.

**Rent burden** – gross rent divided by adjusted monthly household income.

**Restricted rent** – The rent charged under the restriction of a specific housing program or subsidy.

**Saturation** – The point at which there is no longer demand to support additional market rate, affordable/subsidized, rental, for-sale, or senior housing units. Saturation usually refers to a particular segment of a specific market.

**Senior Housing** – The term “senior housing” refers to any housing development that is restricted to people age 55 or older. Today, senior housing includes an entire spectrum of housing alternatives. Maxfield Research Inc. classifies senior housing into four categories based on the level of support services. The four categories are: Active Adult, Congregate, Assisted Living and Memory Care.

**Short Sale** – A sale of real estate in which the net proceeds from selling the property do not cover the sellers’ mortgage obligations. The difference is forgiven by the lender, or other arrangements are made with the lender to settle the remainder of the debt.

**Single-family home** – A dwelling unit, either attached or detached, designed for use by one household and with direct street access. It does not share heating facilities or other essential electrical, mechanical or building facilities with another dwelling.

**Stabilized level of occupancy** – The underwritten or actual number of occupied units that a property is expected to maintain after the initial lease-up period.

**Subsidized housing** – Housing that is income-restricted to households earning at or below 30% AMI. Rent is generally based on income, with the household contributing 30% of their adjusted gross income toward rent. Also referred to as extremely low income housing.

**Subsidy** – Monthly income received by a tenant or by an owner on behalf of a tenant to pay the difference between the apartment’s contract/market rate rent and the amount paid by the tenant toward rent.

**Substandard conditions** – Housing conditions that are conventionally considered unacceptable and can be defined in terms of lacking plumbing facilities, one or more major mechanical or electrical system malfunctions, or overcrowded conditions.

**Target population** – The market segment or segments of the given population a development would appeal or cater to.

**Tenant** – One who rents real property from another individual or rental company.

**Tenant-paid utilities** – The cost of utilities, excluding cable, telephone, or internet necessary for the habitation of a dwelling unit, which are paid by said tenant.

**Tenure** – The distinction between owner-occupied and renter-occupied housing units.

**Turnover** – A measure of movement of residents into and out of a geographic location.

**Turnover period** – An estimate of the number of housing units in a geographic location as a percentage of the total house units that will likely change occupants in any one year.

**Unrestricted units** – Units that are not subject to any income or rent restrictions.

**Vacancy period** – The amount of time an apartment remains vacant and is available on the market for rent.

**Workforce housing** – Housing that is income-restricted to households earning between 80% and 120% AMI. Also referred to as moderate-income housing.

**Zoning** – Classification and regulation of land use by local governments according to use categories (zones); often also includes density designations and limitations

Select Market-Rate General Occupancy Rental Housing Properties



*Villa View Apartments*



*Meadows Ridge*



*Dovern Apartments*



*Dala Estates*



*Meadowbrook Apartments*

Select Subsidized/ Affordable Rental Housing Properties



*North Mora Estates*



*Mora Evergreen Apartments*



*Northcrest Townhomes*

Select Market Rate Senior Rental Housing Properties



*Villages of St. Clare*



*Park Forest Estates*



*Scandia House of Mora*



Select Subsidized Senior Rental Housing Properties



*Vasa House*



*Dala House*



*Pine Crest Manor*



*Woodcrest Manor*

