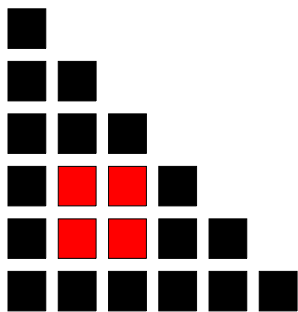


St. Cloud Area Housing Assessment Update

An Update of a 2005 Study of Housing Needs in the St Cloud Area
with a focus on of low and moderate income households

November 2009

Prepared for St. Cloud Housing and Redevelopment Authority



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TABLE OF CONTENTS

	PAGE
EXECUTIVE SUMMARY	2
INTRODUCTION	7
EMPLOYMENT DATA	9
POPULATION DATA	11
HOUSEHOLD DATA	15
INCOME DATA	18
HOUSING INVENTORY DATA	23
RENTAL HOUSING DATA	30
SUBSIDIZED RENTAL HOUSING	32
TAX CREDIT RENTAL HOUSING	43
MARKET RATE RENTAL HOUSING	52
HOUSING DEMAND - MARKET RATE	55

EXECUTIVE SUMMARY

This document is a 2009 Update of a 2005 Housing Assessment for the St. Cloud area that was prepared by AdMark Resources. In 2010, the St. Cloud Housing and Redevelopment Authority (HRA) will be adopting a Consolidated Plan, as required by the U.S. Department of Housing and Urban Development (HUD). As part of the development process for this Consolidated Plan, the HRA has contracted with Community Partners Research, Inc., to collect and report updated information related to the area's housing markets, with emphasis on the housing options available to low and moderate income residents.

This Executive Summary provides a broad overview of the key findings of the research completed in 2009. The highlights have been presented following to order format of the document that follows.

Employment Data

- ▶ Following national trends, the local economy in the St. Cloud area has deteriorated when compared to conditions in 2005. For calendar year 2005, the unemployment rate in the City of St. Cloud was 4.4%. Through the first nine months of 2009, the City's unemployment rate has been 8.1%. Despite the increase in unemployment, the City's rate in 2009 is still below the national average.

Population Data

- ▶ Population changes have been viewed over a longer-term trend, rather than year-to-year. The St. Cloud area has had a consistent pattern of population growth. The City's population has increased by more than 11% between 2000 and 2008. In the decade of the 1990s, St. Cloud's population growth was above 21%.
- ▶ The 2005 Assessment included 2010 population projections for the Cities in the St. Cloud area. Due to the rapid rate of growth that has been present during the current decade, most of the previously issued population projections have tended to be too low. The Cities of St. Cloud, St. Joseph and Sartell had all passed their 2010 projected level by the year 2008. While growth has slowed in the last few years, each of these Cities will be above the forecasts presented by AdMark in the 2005 Assessment.
- ▶ This Update has produced new population projections for the Cities that form the St. Cloud area. These have been presented as a range of potential growth. In general, these new projections expect limited growth through the year 2010, but then a return to a more normal pattern of growth to the year 2015.

Household Data

- ▶ Household growth patterns have also been viewed as longer-term trends. Household growth rates for St. Cloud and the surrounding area have been very strong in recent decades. In the City of St. Cloud, the number of households increased by more than 26% during the 1990s. In the eight years following the 2000 Census, the number of households increased by nearly 15%.

- ▶ The 2005 Assessment also included 2010 household projections for the Cities in the St. Cloud area. Due to the rapid rate of growth that has been present in the St. Cloud area during most of the current decade, many of the previously issued household projections have tended to be too low. The Cities of St. Cloud, St. Joseph and Sartell had all passed their 2010 projected level by the year 2008. While growth has slowed in the last few years, each of these Cities will be well above the previously issued forecasts by 2010.

Income Data

- ▶ The Census Bureau's annual American Community Survey provides usable income estimates for the City of St. Cloud. However, the other individual jurisdictions in the Study Area are too small to be included in the American Community Survey sample.
- ▶ Comparison of household income distribution for households in the City of St. Cloud shows a general improvement in income, with the exception of those households earning less than \$10,000. In this lowest income group there has been a large numeric increase of more than 900 households, when compared to the data reported in the 2000 Census.
- ▶ The overall growth in the number of lower income St. Cloud households between 1999 and 2008 is most strongly represented among renters. For households earning less than \$10,000 per year, there was growth of 869 renter households during the nine-year time period. Net household growth for all renters during his time was only 490 households. The increase in the number of very low income renter households would seem to be consistent with growth in demand for subsidized housing opportunities in the area.
- ▶ A majority of the renter households in St. Cloud in 2008 had a housing cost burden, with 30% or more of their income required for rent. The large majority of the cost-burdened households had an annual income less than \$20,000. For those households paying 30% or more of income for rent, approximately 40% were age 24 or younger, and would include some student households. Approximately 14% of the renters with a housing cost burden were age 65 or older. Approximately 19% were in the young adult age ranges between 25 and 34 years old, and the remaining 27% were age 35 to 64 years old.
- ▶ While a large number of owner households in St. Cloud in 2008 also reported a housing cost burden, they did represent a much smaller percentage of all owners. There were 4,031 owner households that were paying 30% or more of their income for housing costs. This represented 27.7% of all owners sampled. For comparison, more than 60% of all renters had a housing cost burden in 2008.
- ▶ When examined by age, the largest number of households with an ownership cost burden were the age ranges between 35 and 64 years old. More than 58% of owners with a cost burden were within these age groups. More than 18% of the households with an ownership cost burden were between 25 and 34 years old, and approximately 4% were age 24 or younger. Senior households, age 65 and older, represented approximately 19% of the households with an ownership cost burden.

Housing Inventory Data

- ▶ This 2009 Update tracked building permit issuance in each of the Cities in the St. Cloud area. Overall housing unit production has been very strong during the current decade, with more than 4,000 new housing units constructed within the City of St. Cloud, and more than 8,750 within the five Cities that represent the St. Cloud Study Area. However, more than two-thirds of all new housing construction occurred within a five-year period between 2000 and 2004.
- ▶ Between 2000 and 2005, the Study Area had experienced annual production of approximately 800 single family units per year. The peak year for construction activity was 2003, when 909 single family homes were built, according to the AdMark research in the 2005 Assessment. After 2005, the level of new home construction dropped to 508 houses in 2006. It then continued to decline, with 300 single family units in 2007 and only 91 new houses in 2008. Although only partial-year information is available for 2009, it appears that production this year will be even lower than in 2008.
- ▶ The construction trend for multifamily housing units has been less consistent. Since unit totals can be significantly impacted by a single, large multifamily project, annual production shows greater variation. In St. Cloud, there were 294 new units that were permitted in 2007. This was the second-highest level of multifamily construction for any single year during this decade. However, it was substantially below the highest production year, 2002, when 957 units were permitted in St. Cloud, according to the AdMark Research.
- ▶ The large majority of multifamily housing construction in the Study Area has been in St. Cloud, although Sartell has also permitted more than 650 units so far this decade. According to Census Bureau records, no multifamily housing has been constructed in St. Joseph, Sauk Rapids or Waite Park since the AdMark research was completed in 2005.
- ▶ Sales activity for existing homes was also updated to 2009. Total sales activity appears to have declined by 38% between 2005 and 2009. There has also been a significant increase in the number of lower-valued sales, those priced below \$110,000, and a severe reduction in the number of sales at \$110,000 or more. The change is most evident in the number of sales below \$80,000. In 2005, very few sales occurred in this low-price range. By 2009, low-price sales represent approximately 12% of the total sales volume.
- ▶ At the time of the 2005 Assessment, home foreclosure activity was not a significant issue in the St. Cloud area. Some of the most useful information on County-level foreclosure activity has been prepared by HousingLink, which ranks all of Minnesota's Counties by the rate of foreclosures. Stearns County has seen a rapid rise in the number of foreclosures since 2005. Still, the rate of foreclosure in 2008 was well below the Statewide rate, and Stearns County ranked only 39th among Minnesota's Counties for the rate of foreclosure compared to households. Sherburne County has had a much larger issue with foreclosures in recent years, with both a higher volume and a higher rate. In 2008, Sherburne County ranked second among Minnesota's Counties for the rate of foreclosure, with 2.65 out of every 100 households in foreclosure. In 2008, Benton County ranked 19th among the State's Counties for rate of foreclosure when compared to the number of households.

Rental Housing Data

- ▶ The 2005 Assessment included an extensive rental housing survey that collected information from most of the St. Cloud area's larger multifamily rental complexes. Much of the survey analysis was focused on market rate rental options. Since the 2009 Update is intended to assist the City with the preparation of its Consolidated Plan, special emphasis was placed on those income-based rental properties specifically serving low and moderate income renter households.
- ▶ Usable occupancy information was obtained from all of the area's tax credit units. In total, 41 units were reported as vacant on the date of the survey, for an overall vacancy rate of 3.9% in this segment of the rental market. The gross rents being charged in the St. Cloud area's existing tax credit projects are generally well below the maximum allowable limits established for the tax credit program. When 2009 survey information is compared to the 2005 Assessment, for one-bedroom units there have typically been a contract rent increase of \$20 to \$30 per month. For two-bedroom units, the contract rent increase tended to be between \$35 and \$75 per month. For three-bedroom units, the contract rent increase tended to be between \$20 and \$75 per month.
- ▶ Occupancy information was obtained from nearly all of the subsidized units in the St. Cloud area. The vacancy rate in subsidized housing is very low. Only eight vacant units were reported to the survey, for a vacancy rate of 0.7%. Most of the projects with full occupancy also reported that waiting lists are maintained. The income information presented earlier indicates significant growth in the number of very low income renter households in St. Cloud.
- ▶ Although general occupancy, market rate rental housing was not the primary focus of this 2009 Update, Community Partners Research did contact a sampling of market rate properties to refresh this section of the study. The market rate rental survey recorded a vacancy rate of 7.0% in general occupancy units in the Study Area. This was lower than the vacancy rate of 7.6% that was calculated by AdMark Resources in 2005 in this same segment of the market.
- ▶ In general, contract rents in market rate housing have not increased substantially between 2005 and 2009. This is probably a function of the relatively high rate of unit vacancy that continues to exist in this segment of the market.

Housing Demand

- ▶ In the 2005 Assessment, AdMark Resources had reviewed and modified ownership and rental housing recommendations that had been made in previous housing studies completed for the St. Cloud area. In general, the recommendations in 2005 focused on market rate housing opportunities, and were very cautious. In market rate rental housing, they recorded a vacancy rate that was well above 5%, their upper limit of acceptability. In the ownership market, AdMark was finding a significant oversupply of residential lots, which they believed greatly exceeded expected demand.

- ▶ In 2009, housing and economic conditions have generally deteriorated, when compared to 2005. The oversupply of residential lots that existed in 2005 has become even more evident, as single family construction activity has slowed to a fraction of the pace that was present earlier in the decade. In market rate rental housing, the vacancy rate still remains high, and is above the desired level. There are some exceptions in the rental market, most notably subsidized housing, where vacancies are few and waiting lists tend to exist for affordable rental options.

INTRODUCTION

Overview

Community Partners Research, Inc., was hired by the St. Cloud Housing and Redevelopment Authority (HRA) to update previous housing studies completed for the St. Cloud area by AdMark Resources, most recently in September 2005.

The St. Cloud HRA is in the process of adopting a Consolidate Plan for the City, required as a condition of receiving Community Development Block Grant (CDBG) entitlement funding from the U.S. Department of Housing and Urban Development (HUD). This Update is intended to assist the advisory committees, Board and staff of the HRA in the preparation and adoption of this Consolidated Plan.

Methodology

A variety of resources were utilized to obtain information for the Update. Community Partners Research, Inc., collected and analyzed data from September to October 2009. Data sources included:

- 2005 St. Cloud Area Housing Assessment Update
- U.S. Census Bureau
- Minnesota State Demographer
- Records and data from the individual Cities in the St. Cloud area
- Records and data maintained by Stearns, Benton and Sherburne Counties
- Telephone interviews with staff from the Cities and Counties
- Claritas, Inc.
- Reports from the St. Cloud Area Association of Realtors
- HousingLink
- Interviews with people familiar with the area's housing conditions including realtors and property managers
- Area housing agencies
- State and Federal housing agencies
- Rental property owner surveys

Limitations

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

In 2009, a number of issues were negatively impacting local and national housing markets. Many of these issues represent a significant departure from past conditions, and have the potential to alter traditional supply and demand calculations for housing. In most cases, this Update has not attempted to project future economic conditions, but instead has relied on past patterns and practices. Among the issues impacting housing markets in 2009 are the following:

- ▶ High Rates of Delinquency and Foreclosure - The last two years have witnessed a significant increase in the number of delinquent mortgages and foreclosures. As a result, there has been an above-average level of housing turnover, caused by both "short sales" and foreclosures.
- ▶ Mortgage Market Liquidity - In response to rising delinquency and foreclosure rates, the mortgage market has been altered, with both primary and secondary mortgage lenders changing their standards and the availability of credit.
- ▶ Fannie Mae and Freddie Mac Bailout - The federal government has been forced to take over these quasi-public agencies to help keep home mortgages available.
- ▶ National Retreat in Home Prices - After many years of steady gains, the median value of single family homes has dropped in some major markets in recent years. This has multiple effects, including a retreat of potential home buyers out of the market until conditions stabilize.
- ▶ Over Supply of Housing - Strong housing market conditions earlier in this decade resulted in above-average activity in the housing development markets, including both housing units and residential lots. In some areas, an oversupply of inventory exists, which further depresses home prices.
- ▶ Fears of an Economic Recession - The economy of the United States has been in a period of recession. This has reduced consumer demand in many areas, including housing.
- ▶ Soft Market for Housing Tax Credits - Federal low income housing tax credits are one of the primary mechanisms for creating affordable rental housing. The market for purchase of the credits has weakened in 2009, impacting the financial feasibility of traditional rental housing development projects aiming to serve low and moderate income renters.

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EMPLOYMENT AND UNEMPLOYMENT DATA

The 2005 Assessment contained employment information for the City of St. Cloud and for the entire St. Cloud Metropolitan Statistical Area (MSA). The MSA includes all of Stearns and Benton Counties. A 10-year history was provided for St. Cloud and a 15-year history was provided for the MSA. Since the Assessment was completed in September 2005 information was through July.

The following tables update this employment and unemployment information, providing historical information back to the year 2000. There are some differences in the data collected in 2009 versus the information displayed in the 2005 Assessment. This may be due to data revision over time, as more accurate information may have become available and used to adjust prior years. It may also be due to the geographic definition for the City of St. Cloud, since the City limits extend into three separate Counties. The following table displays the Local Area Unemployment Statistics that are available from the MN Department of Employment and Economic Development in 2009.

The tables on labor force and unemployment track people by place of residence, not by place of employment. The residents of St. Cloud that are listed as employed would not necessarily have their place of employment within the City.

Table 1 St. Cloud Employment and Unemployment Data: 2000 - 2009*						
Year	Labor Force	Employed	Unemployed	Unemployment Rate	Unemployment Rate - MN	Unemployment Rate - US
2000	35,863	34,817	1,046	2.9%	3.1%	4.0%
2001	36,388	34,986	1,402	3.9%	3.8%	4.8%
2002	36,560	34,900	1,660	4.5%	4.5%	5.8%
2003	37,583	35,805	1,778	4.7%	4.9%	6.0%
2004	37,991	36,233	1,758	4.6%	4.6%	5.5%
2005	38,281	36,589	1,692	4.4%	4.2%	5.1%
2006	38,581	37,073	1,508	3.9%	4.1%	4.6%
2007	39,007	37,205	1,802	4.6%	4.6%	4.6%
2008	39,342	37,126	2,216	5.6%	5.4%	5.8%
2009*	39,662	36,432	3,230	8.1%	8.1%	9.2%

Source: MN Department of Employment and Economic Development

* 2009 is through September

Since the year 2000, there has been consistent growth in the size of the available labor force within the City of St. Cloud. Between 2000 and 2008, the last full year of data, the City's labor force increased by nearly 3,500 people, for growth of more than 9.7%.

During this same time period, the employed work force also increased in size, but at a slower rate. As a result, the City’s unemployment rate has risen, going from a low of 2.9% in the year 2000 to a high of 5.6% in 2008. Although 2009 statistics are only through September, the year-to-date unemployment rate is well above prior years, at 8.1%.

St. Cloud’s increase in the rate of unemployment tends to match the State and National averages. Over the time period reviewed, the unemployment rate in the City has stayed very close to the Statewide rate. It has also remained at or below the National average.

Table 2 St. Cloud MSA Employment and Unemployment Data: 2000 - 2009*						
Year	Labor Force	Employed	Unemployed	Unemployment Rate	Unemployment Rate - MN	Unemployment Rate - US
2000	98,794	96,680	3,114	3.2%	3.1%	4.0%
2001	101,617	97,581	4,036	4.0%	3.8%	4.8%
2002	102,078	97,420	4,658	4.6%	4.5%	5.8%
2003	102,148	97,157	4,991	4.9%	4.9%	6.0%
2004	102,182	97,399	4,783	4.7%	4.6%	5.5%
2005	102,808	98,178	4,630	4.5%	4.2%	5.1%
2006	104,136	99,798	4,338	4.2%	4.1%	4.6%
2007	106,322	101,312	5,010	4.7%	4.6%	4.6%
2008	109,168	101,103	6,065	5.7%	5.4%	5.8%
2009*	108,294	99,323	8,971	8.3%	8.1%	9.2%

Source: MN Department of Employment and Economic Development

* 2009 is through September

The overall trends for the MSA are generally very similar to those in St. Cloud. Between 2000 and 2008 there was steady growth in the size of the total labor force. However, growth in the employed work force did not increase at the same pace, resulting in an increasing rate of unemployment. Over the time period reviewed the lowest rate of unemployment was in 2000, when it was 3.2%. For full-year data, the highest rate of unemployment was 2008, at 5.7%. The partial-year rate for 2009 was at 8.3% through September.

POPULATION DATA

Population Trends

The 2005 Assessment provided population estimates and projections in a single table. For this 2009 Update, the trend information is presented first, followed by a separate table examining projection information. Estimates are provided for each of the individual Cities, along with a total for the St. Cloud Study Area. Subregions within the St. Cloud Study Area have not been provided.

Table 3 Population Trends - 1990-2008					
	1990 Population	2000 Population	% Change 1990-2000	2008 Population	% Change 2000-2008
St. Cloud	48,812	59,107	21.1%	65,650	11.1%
St. Joseph	3,294	4,681	42.1%	6,156	31.5%
Sartell	5,393	9,641	78.8%	14,512	50.5%
Sauk Rapids	7,825	10,213	30.5%	13,083	28.1%
Waite Park	5,020	6,568	30.8%	6,731	2.5%
Study Area	81,750	101,389	24.0%	116,642	15.0%

Source: U.S. Census Bureau; MN State Demographer; Community Partners Research, Inc.

Over the past two decades, the City of St. Cloud and the surrounding area have continued to experience a large amount of population growth. For the City of St. Cloud, the rate of population growth was above 21% in the 1990s. While growth has slowed somewhat since the 2000 Census, the City’s population has still increased by more than 11% between 2000 and 2008.

A separate population estimate is also available from the U.S. Census Bureau. The Census Bureau’s 2008 figure is nearly 2% higher than the estimate from the State Demographer. On July 1, 2008, the Census Bureau estimated that St. Cloud had 66,948 residents.

The Census Bureau’s estimate for all of the jurisdictions that form the St. Cloud Study Area is nearly identical to the State Demographer’s estimate. The Demographer’s estimate was 116,642 compared to the Census Bureau’s estimate of 116,932, a difference of only 0.2%. It would therefore appear that the estimate differences that exist for the City of St. Cloud may simply be due to an interpretation of jurisdictional boundaries. For example, the Census Bureau’s estimate for the City of Sauk Rapids is 1,070 lower than the State Demographer’s estimate. The Census Bureau’s estimate for Sartell is nearly 600 people lower than the Demographer’s estimate. Some of the population of these two Cities may have been apportioned to St. Cloud instead.

Despite the minor differences that may exist in the official estimates, all of the satellite communities around St. Cloud have had consistent population growth in recent decades. Since the 2000 Census, Sartell, St. Joseph and Sauk Rapids have continued to grow at a very rapid rate, even when the lower Census Bureau estimates for Sauk Rapids and Sartell are used. Waite Park, however, has only had a

minimal increase in population since the 2000 Census. The Demographer shows Waite Park adding only 163 new residents in the current decade, while the Census Bureau shows the City adding only 228 people.

There is no specific information on the components that are generating recent population growth in St. Cloud or in the surrounding Cities. However, in their County-level estimates, the Census Bureau defines the components of population growth. For all of Stearns County between 2000 and 2008, more than 80% of the population increase is attributed to births exceeding deaths. Most of the growth that has been attributed to an in-migration of new residents is due to people arriving from an international location.

Population Projections

The 2005 Assessment examined population projections from two different sources. At the individual City level, population projections from the State Demographer’s Office were used. For the entire St. Cloud Study Area, a projection was obtained from Claritas, a private data reporting service.

The following table presents the 2010 population projections that were presented in the 2005 AdMark Assessment, along with the most recent population estimates from 2008, to determine the accuracy of the previous forecasts.

Table 4 Comparison of Current Population to Projections			
	2008 Population Estimate	2010 Population Projection	Status
St. Cloud	65,650	64,047	Low
St. Joseph	6,156	5,958	Low
Sartell	14,512	14,332	Low
Sauk Rapids	13,083	13,116	Slightly Low
Waite Park	6,731	7,524	High
Study Area	116,642	114,153	Low

Source: MN State Demographer; Claritas, Inc.; Community Partners Research, Inc.

Due to the rapid rate of growth that has been present in the St. Cloud area during the current decade, most of the previously issued population projections have tended to be too low. The Cities of St. Cloud, St. Joseph and Sartell had all passed their 2010 projected level by the year 2008. While growth has slowed in the last few years, each of these Cities will be above the forecasts presented in the 2005 Assessment.

The City of Sauk Rapids should also beat the projection for 2010, although the City’s future population will probably be only slightly higher than the original forecast had indicated. The City of Waite Park has had only minimal population growth during this decade, and it appears very unlikely that the City will achieve the 2010 projection.

For the entire St. Cloud Study Area, the estimated population in the year 2008 was already more than 2,500 people larger than the projection for 2010. Although growth has slowed in the last few years, due to economic conditions and local housing market declines, the entire Study Area will still be well above the previous projections by the year 2010.

To update projection information in 2009, Community Partners Research has examined two different sources. The first projection has been generated by Community Partners Research, Inc., using the best available information on recent growth trends and housing unit construction activity. The second projection source is the State Demographer’s Office. After the release of the 2005 Assessment, the Demographer revisited the population projections for Cities and Townships and modified them to reflect current conditions.

Table 5 Population Projections Through 2015					
	2008 Estimate	2010 Projection		2015 Projection	
		CPR, Inc.	State Demographer	CPR, Inc.	State Demographer
St. Cloud	65,650	66,500	68,236	71,100	71,502
St. Joseph	6,156	6,350	6,635	7,400	7,519
Sartell	14,512	15,000	16,776	17,800	19,875
Sauk Rapids	13,083	13,500	14,931	14,700	17,200
Waite Park	6,731	6,800	7,217	6,950	7,720
Study Area	116,642	118,700	124,649	129,900	134,836

Source: Community Partners Research, Inc.; MN State Demographer

The projections presented above represent a possible range of population growth for the jurisdictions in the St. Cloud area. The projections from Community Partners Research represent the lower end of the projection range, and assume that very limited growth will occur in most jurisdictions between 2008 and 2010. After 2010, a more normal growth rate is assumed, and population increases should continue to the year 2015.

The State Demographer’s Office revised their population projections in 2007, at a time when most communities were still showing relatively strong housing unit growth. However, between 2007 and 2009, housing starts in most areas of the State slowed dramatically, and unemployment rates began to increase. As a result, population and household growth has slowed significantly, and the projections for 2010 now seem very optimistic for most communities.

The available projection range for St. Cloud expects the City to add between 850 and nearly 2,600 new residents by the year 2010. While this is a fairly wide range for short-term growth, the two projections are more similar in their expectations for the year 2015. When compared to the 2008 estimate, these longer-term projections expect the City to add between 5,450 and 5,850 new residents by 2015. Reduced to an annual average, this would require approximately 775 to 840 people per

year. For comparison, St. Cloud had average annual growth of 818 people per year between 2000 and 2008.

For the entire St. Cloud Study Area, the projections to 2015 expect the addition of 13,250 to 18,200 people. Reduced to an average, this would be approximately 1,900 to 2,600 people per year. For comparison, the Study Area had average annual growth of 1,906 people per year between 2000 and 2008.

There is a fairly wide variation in the projections for the satellite Cities around St. Cloud. Many of these smaller Cities grew at a very rapid rate during the first half of the current decade. If these growth patterns resume, it is very possible that growth will be at the higher end of the projected range.

HOUSEHOLD DATA

Household Trends

The 2005 AdMark Assessment provided household estimates and projections in a single table. For this 2009 Update, the trend information is presented first, followed by a separate table examining projection information. Estimates are provided for each of the individual Cities, along with a total for the St. Cloud Study Area. Subregions within the St. Cloud Study Area have not been provided.

Table 6 Household Trends - 1990-2008					
	1990 Households	2000 Households	% Change 1990-2000	2008 Households	% Change 2000-2008
St. Cloud	17,926	22,652	26.4%	25,695	14.6%
St. Joseph	746	1,120	50.1%	1,768	57.9%
Sartell	1,867	3,443	84.4%	5,338	55.0%
Sauk Rapids	2,875	3,921	36.4%	5,155	31.5%
Waite Park	2,072	2,967	43.2%	3,244	9.3%
Study Area	29,047	37,887	30.4%	45,216	19.3%

Source: U.S. Census Bureau; MN State Demographer; Community Partners Research, Inc.

Household growth rates for St. Cloud and the surrounding area have been very strong in recent decades. In the City of St. Cloud, the number of households increased by more than 26% during the 1990s. In the eight years following the 2000 Census, the number of households increased by nearly 15%.

Most of the smaller Cities around St. Cloud have grown at a very fast rate. Since 2000, three of these Cities have had percentage growth of more than 31%. Even Waite Park, which has had very limited population growth, has seen the number of households increase by more than 9%.

Percentage growth in the entire St. Cloud Study Area was above 30% in the 1990s. Between 2000 and 2008, the number of households increased by more than 19%.

Although overall household growth has been very strong, the rate of growth has not progressed in a linear pattern. Between 2000 and 2004, the Study Area added 4,648 new households, or an average of 1,162 per year. Between 2004 and 2008, the Study Area added 2,681 new households, or 670 per year. If only the two most recent years are reviewed, the entire Study Area added an average of 500 households per year.

Household Projections

The 2005 Assessment utilized household projections by Claritas, Inc., for the individual Cities and the entire St. Cloud Study Area. The following table presents the 2010 household projections that

were presented in the 2005 Assessment, along with the most recent household estimates from 2008, to determine the accuracy of the previous forecasts.

Table 7 Comparison of Current Household Estimates to Projections			
	2008 Household Estimate	2010 Household Projection	Status
St. Cloud	25,695	23,387	Low
St. Joseph	1,768	1,411	Low
Sartell	5,338	5,116	Low
Sauk Rapids	5,155	5,632	High
Waite Park	3,244	3,437	High
Study Area	45,216	44,046	Low

Source: MN State Demographer; Claritas, Inc.; Community Partners Research, Inc.

Due to the rapid rate of growth that has been present in the St. Cloud area during most of the current decade, many of the previously issued household projections have tended to be too low. The Cities of St. Cloud, St. Joseph and Sartell had all passed their 2010 projected level by the year 2008. While growth has slowed in the last few years, each of these Cities will be well above the previously issued forecasts by 2010.

Growth in the City of Sauk Rapids does not appear to be on course to reach the 2010 projection. Over the last few years, Sauk Rapids has averaged fewer than 100 new households per year. To reach the previously issued projection, the City would need to average more than 200 households per year for the remainder of the decade.

The projection for Waite Park also appears to be overly optimistic. To reach the projected level by 2010, the City would need to average growth of nearly 100 households per year. In the last few years, Waite Park has been averaging approximately 20 new households per year.

Overall growth for the entire St. Cloud Study Area has already exceeded the projections issued by Claritas, as presented in the 2005 AdMark Assessment.

To update projection information in 2009, Community Partners Research has examined two different sources. The first projection has been generated by Community Partners Research, Inc., using the best available information on recent growth trends and housing unit construction activity. The second projection source is based on an extrapolation of population projections from the State Demographer's Office. By making some basic assumptions about group quarters populations and changes in average household size, it is possible to convert the population forecasts into households.

Table 5 Household Projections Through 2015					
	2008 Estimate	2010 Projection		2015 Projection	
		CPR, Inc.	State Demographer	CPR, Inc.	State Demographer
St. Cloud	25,695	26,325	27,000	28,500	28,650
St. Joseph	1,768	1,835	1,950	2,250	2,300
Sartell	5,338	5,700	6,150	6,600	7,375
Sauk Rapids	5,155	5,225	5,900	5,650	6,850
Waite Park	3,244	3,275	3,475	3,360	3,700
Study Area	45,216	46,100	48,500	51,100	53,000

Source: Community Partners Research, Inc.; MN State Demographer

The projections presented above represent a possible range of household growth for the jurisdictions in the St. Cloud area. The projections from Community Partners Research represent the lower end of the projection range, and assume that very limited growth will occur in most jurisdictions between 2008 and 2010. After 2010, a more normal growth rate is assumed, and household increases should be more consistent with longer-term patterns.

The State Demographer's Office revised their population projections in 2007, at a time when most communities were still showing relatively strong housing unit growth. Therefore, the household projections that have been extrapolated from these forecasts are probably too high, especially through the year 2010.

The available projection range for St. Cloud expects the City to add between 630 and approximately 1,300 new households by the year 2010. While this is a fairly wide range for short-term growth, the two projections are more similar in their expectations for the year 2015. When compared to the 2008 estimate, these longer-term projections expect the City to add approximately 2,800 to 2,950 new households by 2015. Reduced to an annual average, this would require approximately 400 to 425 new households in an average year. For comparison, St. Cloud average annual growth of 380 households per year between 2000 and 2008.

For the entire St. Cloud Study Area, the projections to 2015 expect the addition of approximately 5,900 to 7,800 households. Reduced to an average, this would be approximately 840 to 1,100 households per year. For comparison, the Study Area had average annual growth of 916 households per year between 2000 and 2008.

There is a fairly wide variation in the projections for the satellite Cities around St. Cloud. Many of these smaller Cities grew at a very rapid rate during the first half of the current decade. If these growth patterns resume, it is very possible that growth will be at the higher end of the projected range.

INCOME DATA

The 2005 AdMark Assessment had provided median household income estimates and projections for each of the subregions of the St. Cloud Study Area. The 2005 median income estimates had ranged from a low of \$35,963 in Waite Park, to a high of \$60,541 in Sartell. St. Cloud had been near the lower end of the range, with a median household income of \$42,920.

Obtaining reliable income information at the individual City level can be difficult between the decennial censuses. The annual American Community Survey does provide usable income estimates for the City of St. Cloud. However, the other individual jurisdictions in the Study Area are too small to be included in the American Community Survey sample. As a result, the following income distribution information is only for the City of St. Cloud. For comparison, income information for 1999, as presented in the 2000 Census, has been included, along with the changes that have occurred.

Since the American Community Survey is based on a random sample of households, there is a margin of error that is present in the data. For overall household count, the posted margin of error is +/- 1,435 households. Based on the State Demographer's 2008 household estimate for St. Cloud of 25,695 households, the American Community Survey estimate does appear to be too low.

Table 8 St. Cloud Household Income - 1999 to 2008			
Household Income	1999 Income	2008 Income	Change 1999 to 2008
\$0 - \$9,999	1,968 / 8.7%	2,880 / 11.5%	+912
\$10,000 - \$14,999	1,649 / 7.3%	1,542 / 6.2%	-107
\$15,000 - \$19,999	1,752 / 7.8%	884 / 3.5%	-868
\$20,000 - \$24,999	1,718 / 7.6%	1,892 / 7.6%	+174
\$25,000 - \$29,999	1,804 / 8.0%	1,505 / 6.0%	-299
\$30,000 - \$34,999	1,700 / 7.5%	1,880 / 7.5%	+180
\$35,000 - \$39,999	1,435 / 6.4%	1,442 / 5.8%	+7
\$40,000 - \$44,999	1,325 / 5.9%	1,528 / 6.1%	+203
\$45,000 - \$49,999	1,379 / 6.1%	1,818 / 7.3%	+439
\$50,000 - \$59,999	1,706 / 7.6%	2,485 / 9.9%	+779
\$60,000 - \$74,999	2,241 / 9.9%	2,496 / 10.0%	+255
\$75,000 - \$99,999	1,888 / 8.4%	2,712 / 10.9%	+824
\$100,000+	2,015 / 8.9%	1,929 / 7.7%	-86
Total	22,580	24,993	+2,413

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

Comparison of household income distribution for households in the City of St. Cloud shows a general improvement in income, with the exception of those households earning less than \$10,000. In this lowest income group there was a large numeric increase of more than 900 households.

With the exception of very low income households, there was an overall decrease in the number of households in the lower income ranges. When compared to 1999, there were 188 fewer households in 2008 with an annual income below \$30,000. There was an increase of 2,601 total households earning \$30,000 or more, between 1999 and 2008. This table examines actual annual income, and does not adjust for inflation or time.

In addition to overall household income, sample data are available from the 2000 Census and the 2008 American Community Survey on income by housing tenure. The following table examines the changes in household income for renters in St. Cloud, followed by the same information for home owners.

Table 9 St. Cloud Renter Household Income - 1999 to 2008			
Household Income	1999 Income - Renters	2008 Income - Renters	Change - 1999 to 2008
\$0 - \$4,999	582 / 5.9%	1,568 / 15.0%	+986
\$5,000 - \$9,999	1,058 / 10.6%	941 / 9.0%	-117
\$10,000 - \$14,999	1,257 / 12.6%	850 / 8.1%	-407
\$15,000 - \$19,999	1,205 / 12.1%	646 / 6.2%	-559
\$20,000 - \$24,999	1,081 / 10.9%	1,380 / 13.2%	+299
\$25,000 - \$34,999	1,921 / 19.3%	1,754 / 16.8%	-167
\$35,000 - \$49,999	1,541 / 15.5%	1,806 / 17.3%	+265
\$50,000 - \$74,999	887 / 8.9%	1,132 / 10.8%	+245
\$75,000 +	416 / 4.2%	361 / 3.5%	-55
Total	9,948 / 100%	10,438	+490

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

The overall growth in the number of lower income St. Cloud households between 1999 and 2008 is most strongly represented among renters. For households earning less than \$10,000 per year, there was growth of 869 renter households during the nine-year time period. Net household growth for all renters during his time was only 490 households.

Although there was a substantial increase in the number of renters in the two lowest income ranges, there was some general improvement in the other lower ranges. In 1999, more than 41% of all renter households had an annual income below \$20,000. In 2008, this percentage had dropped to 38.3% of all renters.

Conversely, there was some growth in the higher income groups. In 1999, 28.6% of all renters had an income above \$35,000. By 2008, there were 31.6% of all renter households in these ranges.

In a City with a large population of post-secondary students, it is possible that some of the growth among very low income renter households is caused by students. No specific data tables exist in the 2008 American Community Survey to check the impact that student households have on income or tenure patterns.

Table 10 St. Cloud Home Owner Household Income - 1999 to 2008			
Household Income	1999 Income - Owners	2008 Income - Owners	Change - 1999 to 2008
\$0 - \$4,999	143 / 1.1%	158 / 1.1%	+15
\$5,000 - \$9,999	239 / 1.9%	213 / 1.5%	-26
\$10,000 - \$14,999	400 / 3.2%	692 / 4.8%	+292
\$15,000 - \$19,999	509 / 4.0%	238 / 1.6%	-271
\$20,000 - \$24,999	663 / 5.2%	512 / 3.5%	-151
\$25,000 - \$34,999	1,589 / 12.5%	1,631 / 11.2%	+42
\$35,000 - \$49,999	2,577 / 20.4%	2,982 / 20.5%	+405
\$50,000 - \$74,999	3,085 / 24.4%	3,849 / 26.4%	+764
\$75,000 - \$99,999	1,655 / 13.1%	2,399 / 16.5%	+744
\$100,000+	1,803 / 14.2%	1,881 / 12.9%	+78
Total	12,663 / 100%	14,555 / 100%	+1,892

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

Growth in owner households primarily occurred due to net increases in the higher income ranges. Overall, the number of owner households with income below \$35,000 decreased by 99 households over the nine-year time period reviewed. The number of owner households with incomes of \$35,000 or more increased by 1,991 households.

Housing Cost Burden

The household income and tenure information in the 2008 American Community Survey can be analyzed to determine the number of lower income households that experience a housing cost burden. The goal of most housing assistance programs is to keep housing costs at 30% or less of household income. When 30% or more of income is required, it is generally defined as a housing cost burden. Households applying more than 35% of income for housing may often have a severe housing cost burden.

Table 11 St. Cloud Renter Household Income and Housing Costs - 2008

Household Income	Under 20% of Income	20% to 29% of Income	30% or More
\$0 - \$19,999	146	180	3,015
\$20,000 - \$34,999	255	1,272	1,558
\$35,000 - \$49,999	810	785	211
\$50,000 - \$74,999	847	199	86
\$75,000 +	361	0	0
Total	2,419	2,436	4,870

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

A majority of the renter households in St. Cloud in 2008 had a housing cost burden, with 30% or more of their income required for rent. The large majority of the cost-burdened households had an annual income less than \$20,000. To avoid a housing cost burden, these lower income households would need a unit with a gross rent below \$500 per month.

The American Community survey also provided less detailed information about the households by age. For those households paying 30% or more of income for rent, approximately 40% were age 24 or younger. This would presumably represent some of the student households in the City.

Approximately 14% of the renters with a housing cost burden were age 65 or older. Approximately 19% were in the young adult age ranges between 25 and 34 years old, and the remaining 27% were age 35 to 64 years old.

Table 12 St. Cloud Owner Household Income and Housing Costs - 2008

Household Income	Under 20% of Income	20% to 29% of Income	30% or More
\$0 - \$19,999	73	223	1,005
\$20,000 - \$34,999	1,085	206	852
\$35,000 - \$49,999	888	875	1,219
\$50,000 - \$74,999	1,432	1,620	797
\$75,000 +	3,221	901	158
Total	6,699	3,825	4,031

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

While a large number of owner households in St. Cloud in 2008 also reported a housing cost burden, they did represent a much smaller percentage of all owners. There were 4,031 owner households that were paying 30% or more of their income for housing costs. This represented 27.7% of all owners sampled. For comparison, more than 60% of all renters had a housing cost burden in 2008.

When examined by age, the group with the largest number of households with an ownership cost burden was adults age 35 to 64 years old. More than 58% of owners with a cost burden were within these age ranges. More than 18% of the households with an ownership cost burden were between 25 and 34 years old, and just more than 4% were age 24 or younger. Senior households, age 65 and older, represented approximately 19% of the households with an ownership cost burden.

HOUSING INVENTORY

The 2005 AdMark Assessment contained information on building permit issuance for new housing units for each of the Cities in the St. Cloud Study Area. This information was through calendar year 2004. Information was provided for “single family” (SF) and “multifamily” (MF) housing units, without any further designation of tenure.

The following table condenses the years 2000 to 2004, using the information from the AdMark Research in 2005. Updated building permit activity is provided through July or August 2009.

Table 13 Building Permits 2000 to 2009*												
Year	St. Cloud		St. Joseph		Sartell		Sauk Rapids		Waite Park		Study Area	
	SF	MF	SF	MF	SF	MF	SF	MF	SF	MF	SF	MF
2000-2004	1,537	1,264	317	44	1,140	342	692	266	292	0	3,978	1,916
2005	311	83*	154	0	202	76	118	0	23	0	808	159
2006	209	61	77	0	123	73	85	0	14	0	508	134
2007	119	294	24	0	95	0	50	0	12	0	300	294
2008	40	133	7	0	32	248	8	0	4	0	91	381
2009**	21	10	4	0	20	123	1	0	4	0	50	133
Total	2,237	1,845	583	44	1,612	862	954	266	349	0	5,735	3,017

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

* 50 units were in cooperatively-owned multifamily project

** 2009 information is through July or August, depending on the City

Overall housing unit production has been very strong during the current decade, with more than 4,000 new housing units constructed within the City of St. Cloud, and more than 8,750 within the five Cities that represent the St. Cloud Study Area. However, more than two-thirds of all new housing construction occurred within a five-year period between 2000 and 2004.

Single Family Activity

There has been a significant reduction in the number of single family housing units constructed in St. Cloud and the surrounding area within the last few years. Between 2000 and 2005, the Study Area had experienced annual production of approximately 800 single family units per year. The peak year for construction activity was 2003, when 909 single family homes were built, according to the AdMark research in the 2005 Assessment.

After 2005, the level of new home construction dropped to 508 houses in 2006. It then continued to decline, with 300 single family units in 2007 and only 91 new houses in 2008. Although only partial-year information is available for 2009, it appears that production will be even lower than in 2008.

For the City of St. Cloud, the peak year for new home construction was 2002, when 370 single family homes were built. Production in 2005 was similar to the earlier years of the decade, but in 2006, the number of new homes dropped to 209 units. In 2008, the last full year of activity, only 40 new homes were issued a building permit in St. Cloud.

Multifamily Activity

The construction trend for multifamily housing units has been less consistent. Since unit totals can be significantly impacted by a single, large multifamily project, annual production shows greater variation. In St. Cloud, there were 294 new units that were permitted in 2007. This was the second-highest level of multifamily construction for any single year during this decade. However, it was substantially below the highest production year, 2002, when 957 units were permitted in St. Cloud, according to the AdMark Research.

The large majority of multifamily housing construction in the Study Area has been in St. Cloud, although Sartell has also permitted more than 650 units so far this decade. According to Census Bureau records, no multifamily housing has been constructed in St. Joseph, Sauk Rapids or Waite Park since the AdMark research was completed in 2005.

Based on St. Cloud City records, there have been nine rental projects that have been constructed since the AdMark Assessment was completed. However, some of these projects were different phases of larger rental developments, with additional buildings constructed in different years. The following summary provides information on the multifamily properties that have opened for occupancy since 2005.

Villages at Oak Grove - This project is a 33-unit phase of the larger, Goetten's Grove rental development, which has 120 total units. Goetten's Grove provides a range of rental opportunities, including apartments, town homes, twin homes and patio homes. The project is identified as "luxury" rental housing, with amenities that include an indoor pool, whirlpool, sauna and fitness center.

Al Loehr Veterans and Community Studio Apartments - This project is owned by the St. Cloud HRA. It was constructed in 2006 using funding from the Minnesota Housing Finance Agency. It provides 60 affordable studio apartment units for single adults that are homeless or are at risk of being homeless. The building is located on the grounds of the St. Cloud Veterans Administration Medical Center. Tenants must have an income, but a maximum income limit also applies.

Easthaven Halfway House - This is a housing project and a drug/alcohol rehabilitation center, providing residential long-term treatment care. The project has 11 units.

Grand River Estates - This 173-unit development is a "luxury" apartment project. Three phases have been constructed since 2005. A 61-unit building and a 55-unit building were constructed in 2007. In 2008, another 57-unit building was constructed. Project amenities include a fitness center, an indoor swimming pool and steam bath, and the availability of a guest suite. Unit amenities include a washer/dryer and the availability of attached parking.

Kensington Apartments, Patio Homes and Townhomes - This “luxury” rental project was developed in two phases, with 136 units in 2007 and 76 units in 2008. Amenities include a fireplace, washer/dryer, screened in balcony or patio, walk-in closets, dishwasher and a project fitness center.

Hope on Ninth - This income-based apartment project was constructed in 2007 and serves special needs populations, including 10 units of supportive housing for long-term homeless and 21 units for “hard to house” tenants. It has 31 total units in studio, one-bedroom and two-bedroom apartments. All units serve households at or below 50% of the median income level.

Multifamily construction activity has also been very significant in Sartell since 2005. Based on City records, the following rental projects have been permitted in recent years.

Pine Lakes Apartments - This is an 82-unit apartment project that has been permitted in 2009, but has just started construction. The best available information indicates that these will be general occupancy apartments.

Heritage Place Apartments - Two phases of apartment construction have occurred in recent years, with a 58-unit apartment project in 2008 and a 69-unit building permitted in 2006. The 2008 project involved two buildings with 29 units each. Construction specifics from 2006 were not available. These units are intended for senior, independent living, but are part of the larger Legends of Heritage Place senior housing complex that provides a broad range of independent and assisted living options.

Heritage Place Townhomes- This 24-unit town house rental project was issued a building permit in 2008. Six buildings have been constructed with four units each. These units are intended for senior, independent living, but are part of the larger Legends of Heritage Place senior housing complex that provides a broad range of independent and assisted living options.

Heritage Place Assisted Living - This 49-unit assisted living facility was issued a building permit in 2008. These units are part of the larger Legends of Heritage Place senior housing complex that provides a broad range of independent and assisted living options.

Heritage Place Memory Care - This 48-unit memory care housing facility was issued a building permit in 2008. These units are part of the larger Legends of Heritage Place senior housing complex that provides a broad range of independent and assisted living options.

Middletown II Apartments - This 50-unit apartment project was issued a building permit in 2008. It is a new phase of development at an existing rental complex. The best available information indicates that these are “luxury” general occupancy units. Project amenities include underground parking and in-unit laundry options.

Grandview Estates - Two phases of new construction have been permitted in this complex in recent years, with a 76-unit apartment project permitted in 2005, and a small, six-unit apartment addition in 2008. This is a “luxury” rental project, featuring an indoor pool, movie theater, in-unit laundry and other amenities.

Hope Village Apartments - This 16-unit, fully accessible housing project was issued a permit in 2008. It was developed by Accessible Space, Inc. It has one- and two-bedroom apartments, with rent based on income, for tenants with a qualifying disability.

Residential Sales Activity

The 2005 AdMark Assessment had included information on residential sales activity in the St. Cloud Study area. A 12-month period was reviewed, between August 2004 and July 2005. The source for this information was cited as the Multiple Listing Service and the reports were provided by Granite City Real Estate.

To update this information in 2009, Community Partners Research also obtained Multiple Listing Service (MLS) sales records from the St. Cloud Area Association of Realtors. However, the information that is available in 2009 does not provide the same level of detail that was present in 2005. The AdMark Assessment had provided sales information for each of the individual Cities in the St. Cloud area. In 2009, this information was aggregated for the entire MLS service area.

Table 14 Home Sales Prices - Last 365 Days		
	Number of Sales	Percent of All Sales
Less than \$80,000	120	12.0%
\$80,000-\$89,999	40	4.0%
\$90,000-\$99,999	41	4.1%
\$100,000-\$109,999	51	5.1%
\$110,000-\$119,999	66	6.6%
\$120,000-\$129,999	80	8.0%
\$130,000-\$139,999	94	9.4%
\$140,000-\$149,999	69	6.9%
\$150,000-\$169,999	144	14.4%
\$170,000-\$199,999	127	12.7%
\$200,000-\$249,999	74	7.4%
\$250,000-\$299,999	36	3.6%
\$300,000+	56	5.6%
Total	998	100%

Source: St. Cloud Area Association of Realtors; Community Partners Research, Inc.

According to the reports supplied by the Association of Realtors, there were 998 residential sales that included a single family home. The report was generated on October 26, 2009, and provided a one-year sales history.

Although the report did not identify a median sale price, the midpoint sale would have occurred between \$140,000 and \$150,000.

Table 15 Home Sales Prices Comparison - 2005 to 2009			
Sale Price Range	Study Area 2005	Study Area 2009	Change
Less than \$80,000	13	120	823%
\$80,000-\$89,999	20	40	100%
\$90,000-\$99,999	22	41	95%
\$100,000-\$109,999	48	51	6%
\$110,000-\$119,999	78	66	-15%
\$120,000-\$129,999	125	80	-36%
\$130,000-\$139,999	165	94	-43%
\$140,000-\$149,999	156	69	-56%
\$150,000-\$249,999	803	345	-57%
\$250,000+	179	92	-49%
Total	1,609	998	-38%

Source: St. Cloud Area Association of Realtors; AdMark Resources; Community Partners Research, Inc.

There is a significant difference in the sales activity by price range that was reported in the 2005 Assessment and the 2009 Update. While this is probably due to the changes in the real estate market over the last few years, it may also be a function of the base reports that have been used.

Total sales activity appears to have declined by 38% between 2005 and 2009. There has also been a significant increase in the number of lower-valued sales, those priced below \$110,000, and a severe reduction in the number of sales at \$110,000 or more. The change is most evident in the number of sales below \$80,000. In 2005, very few sales occurred in this low-price range. By 2009, it represents approximately 12% of the total sales volume.

The 2005 Assessment had also provided some detailed information about active real estate listings in the St. Cloud area. Attempts to access these reports from the Association of Realtors were unsuccessful. The reports that were available indicated that more than 2,000 new residential listings occurred during the past 12 months. The number of new listings was approximately 61% greater than the number of residential sales during that time period.

Despite the smaller volume of sales, the average listing time in 2009 was actually lower than in 2005. According to the reports in the AdMark Assessment, the average listing time for MLS sales was 115 days, compared to 106 days in 2009.

Home Foreclosure Activity

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

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

County-Level Foreclosures and Rankings

HousingLink and the Greater Minnesota Housing Fund have been tracking mortgage foreclosure activity across the State. Recent reports titled “Foreclosures in Minnesota” have been issued in February and August 2009. These reports provide one source for comparative data between Counties in Minnesota.

The information represents foreclosure activity Countywide, between 2004 and partial-year 2009. A rate of foreclosure has been calculated by HousingLink, comparing the estimated number of households in each County to the number of foreclosures. While this does provide a standard that can be used for general comparison purposes, the methodology was not adjusted by tenure to better reflect the rate of foreclosure among home owners.

Table 16 County Home Foreclosure Activity - 2005 to 2009*						
	2005	2006	2007	2008	State Rank 2008	2009*
Stearns County	136 / .26%	219 / .41%	375 / .71%	422 / .77%	39	401
Benton County	36 / .24%	98 / .65%	176 / 1.17%	180 / 1.16%	19	119
Sherburne County	210 / .75%	341 / 1.22%	673 / 2.41%	782 / 2.65%	2	521
Minnesota	.34%	.59%	1.0%	1.26%	N/A	N/A

Source: HousingLink; Community Partners Research

* 2009 is through the third quarter - no ranking by rate information exists for 2009

HousingLink reported an increasing volume of foreclosures in recent years in each of the three Counties in the St. Cloud area. Stearns County, which contains most of the City of St. Cloud and the Study Area used in this report, has seen a rapid rise in the number of foreclosures since 2005. Still, the rate of foreclosure in 2008 was well below the Statewide rate, and Stearns County ranked only 39th among Minnesota’s Counties for the rate of foreclosure compared to households. Year-to-date information for 2009 indicates that Stearns County will probably have more foreclosures in 2009 than in 2008.

Sherburne County has had a much larger issue with foreclosures in recent years, with both a higher volume and a higher rate. In 2008, Sherburne County ranked second among Minnesota’s Counties

for the rate of foreclosure, with 2.65 out of every 100 households in foreclosure. However, year-to-date information for Sherburne County indicates that the number of foreclosures in 2009 will be lower than in 2008.

Benton County has had a smaller number of actual foreclosures, but the rate of increase has been high. Between 2005 and 2008, the number of foreclosures in the County increased by 500%. In 2008, Benton County ranked 19th among the State’s Counties for rate of foreclosure when compared to the number of households. Year-to-date information for 2009 indicates that a reduction in the number of foreclosures is likely when compared to 2008.

City-Level Foreclosure Data

The previous table presented County-level data from HousingLink. This section examines information collected directly from each City or County. Since the source for the information differs, there is not always consistency in the reported data. Home foreclosures are a newly emerging issue in most communities. There is less standardization in the way that the information is collected and reported. For example, Stearns County has produced reports that track foreclosures back to the year 2004, while Sherburne County has only researched the topic back to 2006. Due to the minor discrepancies in the collecting and reporting of information, the following table does not provide a complete assessment of the foreclosure problem.

No information was obtained from Benton County, which includes all of Sauk Rapids and part of Sartell. However, the City of St. Cloud did have information for that portion of the City that is located in Benton County. Also, the 2009 information for the City of St. Cloud is only through February for the Stearns and Sherburne County portions of the City, but is through August for the Benton County portion.

Table 17 City Home Foreclosure Activity - 2005 to 2009*						
	2004	2005	2006	2007	2008	2009*
St. Cloud	38	34	69	170	193	58
St. Joseph	0	2	5	36	28	N/A
Sartell*	4	8	37	42	54	N/A
Sauk Rapids	N/A	N/A	N/A	N/A	N/A	N/A
Waite Park	5	7	10	8	21	N/A

Source: City of St. Cloud; Stearns County; Sherburne County; Community Partners Research

* Partial-year data

As would be expected, there has been growth in the number of home foreclosures in recent years. The years 2007 and 2008 had much higher foreclosure levels than the prior years. Since very little information is available for 2009, it is not possible to determine if foreclosure activity has stabilized.

RENTAL HOUSING INVENTORY

The 2005 AdMark Assessment included a rental housing survey, that collected information via telephone on the larger complexes in St. Cloud and the surrounding Cities. The data tables included in the 2005 document provided information on 275 rental properties, with more than 12,000 rental units. The AdMark survey was completed in June and July of 2005.

The rental survey information was collected within many of the specific segments of the local rental market. Properties were identified by the type of housing provided, including market rate, tax credit, subsidized, and student rental options. Within some of these market segments, rental housing was then defined by age designation, as either senior occupancy or general occupancy.

The primary purpose for this 2009 Update is to assist with the City's preparation of a five-year Consolidated Plan, which focuses on the needs of low and moderate income people. As a result, special emphasis was placed on collecting information from the St. Cloud area's inventory of income-based rental housing. This includes projects that are federally subsidized. It also includes projects that have received federal low income housing tax credits, or other forms of State or local assistance to serve low and moderate income renters. The Community Partners Research rental survey update was conducted in September and October of 2009.

Tax Credit Rental Housing Summary

The 2005 AdMark Assessment had identified 29 tax credit rental projects in the St. Cloud area, including 23 projects in St. Cloud, and two projects each in Sartell, Sauk Rapids and Waite Park. This 2009 Update found a very similar total for tax credit projects, although there were some differences, as will be discussed below. In 2009, there were 22 tax credit projects in the St. Cloud, and two each in Sartell, Sauk Rapids and Waite Park.

It is important to note that some area rental properties have been included in both the tax credit analysis and the subsidized analysis. These properties are Woodland Park in St. Cloud and Benton Heights and Russell Arms in Sauk Rapids. These projects operate as subsidized housing but were later rehabilitated using tax credits. As a result, they are subject to multiple regulations, including the income and occupancy restrictions that apply to the tax credit program.

St. Cloud

There have been only limited changes in the tax credit rental inventory in St. Cloud. Two projects that had been identified as tax credit housing in the 2005 AdMark Assessment are not in the tax credit program in 2009. These projects are Benton Villa (now known as Stratford Terrace), and Oak Street Townhomes. It is not clear if these projects have left the tax credit program since 2005, or if they were incorrectly identified in the 2005 study.

Since 2005, only a few new tax credit awards have been made in St. Cloud. One project HOPE on 9th, has been constructed in recent years and provides very specialized housing for people with long-term homelessness issues and tenants that are otherwise hard to house, including people with criminal records. The only other new tax credit project that could be identified is River Crest of St.

Cloud, which is under construction and scheduled to open in 2010. This 40-unit facility will provide housing for chronic alcoholics, many of whom are veterans.

Other than these changes, the inventory of tax credit has remained stable. However, some of the projects that were constructed in the early 1990s have now fulfilled their initial 15-year compliance requirement, and have entered their extended compliance phase. While these projects will still provide affordable rental housing, the tenant monitoring requirements regarding annual income and family status have been eased.

There are two additional proposed tax credit projects in St. Cloud. Granite Villas Townhomes and Haven Heights have submitted an application in 2009 for a tax credit award. No decisions will be made on these projects for several months.

Sartell

The 2005 AdMark Assessment identified two tax credit projects in Sartell, Granite Hill Homes and Pheasant Crest Townhomes. Both of these projects still operate under the tax credit program regulations in 2009, although Granite Hill Homes has nearly reached its initial 15-year compliance requirement. There have been no additions or proposed additions to the tax credit inventory in Sartell.

Sauk Rapids

The 2005 AdMark Assessment identified two tax credit projects in Sauk Rapids, Northwoods of Sauk Rapids (aka Park Avenue II) and Park Avenue Apartments. Both of these projects were awarded tax credits in the 1980s, and only had a 15-year compliance requirement, without an additional 15-year extended compliance period. As a result, by 2009, both of these projects are no longer under the tax credit program and are now operating as market rate housing.

Although these two projects have been removed from the tax credit inventory since 2005, there are two additional properties that have been awarded credits since that time. Russell Arms and Benton Heights apartments have both received tax credit awards in recent years for rehabilitation. Both of these projects are older, HUD subsidized rental complexes that offer project-based rent subsidies. While they now must comply with the tax credit regulations, both continue to offer subsidized rental options for lower income people, and do not represent a net gain in the available supply of affordable rental housing in the area.

Waite Park

The 2005 AdMark Assessment identified two tax credit projects in Waite Park, Park Villas and Park Villas Townhomes. Both of these projects received a second award of tax credits in 2008 for rehabilitation, and have started a new 15-year compliance period. There have been no additions or proposed additions to the tax credit inventory in Waite Park.

St. Cloud Area Tax Credit Survey Results

Target Market

In total, the 2009 rental survey found 28 projects with tax credit assistance, which were actively operating under the requirements of the tax credit program. Combined, these projects offer 1,057 rental units that are subject to the income limits, rent restrictions and occupancy requirements of the tax credit program.

Most of the tax credit projects in the St. Cloud area provide general occupancy rental housing. Twenty-three of the 28 tax credit projects are designated for general occupancy. These general occupancy projects provide 780 tax credit rental units.

Four of the tax credit projects are designated for senior/disabled tenant occupancy. These projects have 246 total units.

One project, HOPE on 9th, is best described as serving a special need's population. This housing is available to the long-term homeless and/or hard to house populations, such as people with criminal backgrounds. HOPE on 9th has 31 total units. Another project, River Crest of St. Cloud, is under construction in 2009 and will serve chronic alcoholic populations. Since this project is not available for occupancy, it has not been included in the calculations that follow.

While most of the tax credit projects in the St. Cloud area have all of their units subject to the tax credit requirements, there are some projects that serve a variety of income levels. Three of the tax credit rental projects also have some market rate rental units. One project, Woodland Park Apartments, also has HUD Section 236 subsidies, and 20 of the units in this project have income restrictions based on 80% of median income, rather than the 60% limits that typically apply to tax credit housing.

Unit Mix

Since some of the tax credit projects also offer market rate housing, or subsidized housing with a higher income limit, the bedroom mix information provided below represents a larger total than just tax credit housing. In the mixed-income projects, there is generally no specific set-aside of units for tax credit occupancy. In these cases, the total unit count is represented, including for those tenants that may have higher incomes.

- ▶ 4 efficiency/studio units (0.4% of all units)
- ▶ 264 one-bedroom (24.2%)
- ▶ 6 one-bedroom+den (0.5%)
- ▶ 450 two-bedroom (41.2%)
- ▶ 62 two-bedroom+den (5.7 %)
- ▶ 286 three-bedroom (26.2%)
- ▶ 20 four-bedroom (1.8%)

Occupancy / Vacancy

Usable occupancy information was obtained from all of the area’s tax credit units. In total, 41 units were reported as vacant on the date of the survey, for an overall vacancy rate of 3.9% in tax credit housing.

In those units designated for general occupancy, the vacancy rate was 4.4%. In those projects designated for senior/disabled tenant occupancy, the vacancy rate was 2.8%. There were no vacancies reported in the single project that serves special needs populations.

There was some information available on vacancies by bedroom size, but not every survey respondent was specific when providing vacancy data. In the general occupancy segment, most of the vacancies were in two-bedroom units, but a number of vacancies also existed in two-bedroom plus den units or in three-bedroom rentals. No vacancies were identified in the limited supply of four-bedroom units.

A number of the projects that reported no vacancies also reported the existence of waiting lists. In a few cases, the waiting lists were described as being “very long”.

Rental Rates

Based on the units surveyed, the following summary information has been compiled. The Identified Range column lists the approximate highest and lowest gross rents reported. The 60% Limits column identifies the maximum allowable rents in 2009 for tax credit housing. The first number reflects the limit for Stearns and Benton Counties and the second number is the limit for Sherburne County. The 2009 FMRs column identifies HUD’s calculation of Fair Market Rents for the Housing Choice Voucher Program. Once again, the Stearns and Benton County FMRs are listed first, followed by the FMR applicable in Sherburne County.

<u>Units Type</u>	<u>Identified Range</u>	<u>60% Limits</u>	<u>2009 FMRs</u>
Studio/Efficiency	\$340	\$703 / \$880	\$495 / \$610
One-Bedroom	\$420 - \$735	\$753 / \$943	\$545 / \$719
Two-Bedroom	\$520 - \$929	\$904 / \$1,132	\$653 / \$873
Three-Bedroom	\$660 - \$1,020	\$1,045 / \$1,308	\$923 / \$1,143
Four-Bedroom	\$790	\$1,165 / \$1,459	\$1,072 / \$1,284

The gross rents being charged in the St. Cloud area’s existing tax credit projects are generally well below the maximum allowable limits established for the tax credit program.

Since the 2005 AdMark Assessment also included information for contract rental rates for most of these same properties, it is possible to make a comparative analysis with the 2009 survey results. For one-bedroom units, the range of the contract rent increase has been between \$10 and \$60 per month over that time period, with an increase of \$20 to \$30 per month representing the most typical increase reported.

For two-bedroom units, the range of increase was from \$13 to \$125 per month. For most properties, the contract rent increase tended to be between \$35 and \$75 per month.

For three-bedroom units, the range of increase was from \$10 to \$125 per month. For most properties, the contract rent increase tended to be between \$20 and \$75 per month.

A very small sample of studio units and four-bedroom units exists in the local tax credit inventory, so a rental rate comparison is not possible.

Although vacancy rates tend to be relatively low in the tax credit projects, a higher rate of vacancy does tend to exist in the supply of market rate housing in the St. Cloud area. With rental units readily available, the amount of increase in the contract rent levels appears to have been very limited for most tax credit projects.

Table 18 St. Cloud Area Tax Credit Rental Housing Inventory

Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Tax Credit - St. Cloud					
The Brownstones 402 9 th Ave N	4 - 2 Bedroom <u>8 - 3 Bedroom</u> 12 Total Units	\$479 \$535 + utilities	No vacancies, waiting list	General occupancy at 60% of median income	Town house rental project owned by St. Cloud HRA and awarded tax credits in 1999 and placed in service in 2000. All units serve households at or below 60% of median income. Tenants pay all utilities in addition to rent. Amenities include attached garage and laundry or laundry hookup in-unit. Two-bedrooms have 1293 sq ft, and three-bedrooms have 1337 sq ft. Manager reports no vacancies and a waiting list - low rate of unit turnover.
The Creeks 721 33 rd St S	8 - 2 Bedroom <u>16 - 3 Bedroom</u> 24 Total Units	\$479 \$535 + utilities	1 vacant 2 bedroom unit, short waiting list	General occupancy at 60% of median income	Town house rental project owned by St. Cloud HRA and constructed in 2000. All units serve households at or below 60% of median income. Tenants pay all utilities in addition to rent. Amenities include attached garage and laundry hookup in-unit. Two-bedrooms have 1172 sq ft, and three-bedrooms have 1493 sq ft. Manager reports one vacant unit on date of survey - unit is fully accessible. Short waiting list is maintained.
The Highlands 2015 27 th St E	15 - 1 Bedroom 43 - 2 Bedroom 24 - 2 Bdrm+Den <u>18 - 3 Bedroom</u> 100 Total Units	\$689-\$704 \$799-\$879 \$799-\$879 \$914-\$969 +electric	5 vacant units with two 2-Brm and three 2+Den	General occupancy at 60% of median income	Tax credit apartment project constructed in 2003. Building has three-stories. One-bedrooms have 750 sq ft, two-bedrooms have 1149 sq ft, and three-bedrooms have 1230 sq ft. Rent includes heat but tenant pays electric. Amenities include underground parking, in-unit laundry, outdoor pool, business center and balcony/patio. Manager reports five vacancies at time of survey - project tends to have high rate of turnover. No waiting list at present, but one has existed in the past.

Table 18 St. Cloud Area Tax Credit Rental Housing Inventory

Name	Number of Units/Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
HOPE on 9 th 525 9 th Ave N	4 - Studio 24 - 1 Bedroom <u>3 - 2 Bedroom</u> 31 Total Units	\$311 \$433-\$495 \$565 +electric	No vacancies, waiting lists	Long-term homeless and hard to house populations	Housing Opportunities for People being Empowered (HOPE) apartment project constructed in 2007. Project used tax credits and is owned by Place of Hope church. Studio units have 400-500 sq ft, one-bedrooms have 500-600 sq ft, and two-bedrooms have 800-900 sq ft. Ten units are supportive housing for long-term homeless, and are set at 30% of median income, and at lower rents listed. Remaining units are at 50% of median and are for hard to house tenants, including felony convictions. Rent includes heat but tenant pays electric. Project is fully occupied with waiting list of 3 months for 50% units and up to 1 year for 30% units.
La Cruz Community	34 - 2 Bedroom 26 - 2 Bdrm+Den 24 - 3 Bedroom <u>20 - 4 Bedroom</u> 104 Total Units	\$480 \$500 \$600 \$690 +some utilities	No vacancies, long waiting list	General occupancy at 60% of median income	Apartment and town house rental project constructed in 1972. Later awarded tax credits for rehabilitation. All units serve households at or below 60% of median income. Four-bedroom units are town homes and tenants pay heat and electric. Three-bedroom tenants also pay heat and electric, but two-bedroom tenants only pay electric. Manager reports full occupancy and long waiting list for all unit sizes. Most tenants are international immigrant populations, primarily Somali.
Lincoln Pointe I Apartments 1060 7 th St SE	4 - 1 Bedroom 11 - 2 Bedroom <u>6 - 3 Bedroom</u> 21 Total Units	\$455 \$575 \$650 +electric	1 vacant 1 bedroom unit	General occupancy, in extended compliance	Apartment project constructed with tax credits in early 1990s. Entered extended compliance phase in 2007. All units at or below 60% of median. One-bedroom units have 768 sq ft, two-bedrooms have 833 sq ft, and three-bedrooms have 1176 sq ft. Rent includes heat but tenant pays electric. Garage available for extra \$35. Manager reports 1 vacant unit at time of survey.
Lincoln Pointe II 1002 7 th St SE	1 - 1 Bedroom 10 - 2 Bedroom <u>4 - 3 Bedroom</u> 15 - Total Units	\$425 \$525 \$630 +electric	1 vacant 3 bedroom unit	General occupancy, in extended compliance	Awarded tax credits in 1992 and placed in service in 1993. Started extended compliance phase in 2008. Amenities include A/C and dishwasher, with detached garage available for extra \$35. Manager reports 1 vacant unit due to recent turnover, but project is generally at full occupancy. Located in Sherburne Co. portion of St. Cloud so higher income and rent limits apply.

Table 18 St. Cloud Area Tax Credit Rental Housing Inventory					
Name	Number of Units/Bedroom Mix	Rent	Vacancy/Wait List	Tenant Mix	Comments
Nature's Edge Townhomes I 4202 Clearwater Road	4 - 2 Bedroom 4 - 2 Brm + Den <u>8 - 3 Bedroom</u> 16 Total Units	\$620 \$655 \$705 +electric	No vacancies	General occupancy at 60% of median income	Tax credit town house project constructed in 1998. All units serve households at or below 60% of median income. Rent includes heat but tenant pays electric; detached garage available for extra \$40. Two-bedrooms have 1160 sq ft, two-bedroom + den has 1274 sq ft and three-bedrooms have 1400 sq ft. Manager reports no vacancies but no waiting list.
Nature's Edge II 4222 Clearwater Road	8 - 2 Bedroom 8 - 2 Bdrm+Den <u>8 - 3 Bedroom</u> 24 Total Units	\$620 \$655 \$705 +electric	No vacancies	General occupancy at 60% of median income	Tax credit town house project awarded credits in 2000 and placed in service in 2000. All units serve households at or below 60% of median income. Rent includes heat but tenant pays electric; detached garage available for extra \$40. Two-bedrooms have 1160 sq ft, two-bedroom + den has 1274 sq ft and three-bedrooms have 1400 sq ft. Manager reports no vacancies but no waiting list.
Newbury I 3411 22 nd St S	1 - 1 Bedroom 17 - 2 Bedroom <u>6 - 3 Bedroom</u> 24 Total Units	\$510 \$595 \$710 + electric	1 vacant 2 bedroom unit	General occupancy, in extended compliance	Awarded credits in 1991 and placed in service in 1992. Entered extended compliance phase in 2007. One-bedroom units have 700 sq ft, two-bedrooms have 880 sq ft, and three-bedrooms have 940 sq ft. New owner in 2009, so limited information on occupancy history. One unit vacant at time of survey and no waiting list.
Newbury II 3407 22 nd St S	1 - 1 Bedroom 17 - 2 Bedroom <u>6 - 3 Bedroom</u> 24 Total Units	\$510 \$595 \$710 + electric	1 vacant 2 bedroom unit	General occupancy, in extended compliance	Awarded credits in 1991 and placed in service in 1993. Entered extended compliance phase in 2008. One-bedroom units have 700 sq ft, two-bedrooms have 880 sq ft, and three-bedrooms have 940 sq ft. New owner in 2009, so limited information on occupancy history. One unit vacant at time of survey and no waiting list.

Table 18 St. Cloud Area Tax Credit Rental Housing Inventory					
Name	Number of Units/Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Oak Grove Townhomes Oak Grove Road	15 - 2 Bedroom <u>15 - 3 Bedroom</u> 30 Total Units	\$670 \$760 +electric	No vacancies, long waiting list	General occupancy at 60% of median income	Town house rental project awarded credits in 2001 and placed in service in 2002. All units serve households at or below 60% of median income. Units have attached garage. Rent includes heat but tenant pays electric. Two-bedrooms have 1188 sq ft, and three-bedrooms have 1328 sq ft. Manager reports that all units are occupied or processing is being completed to fill any available unit. Project is popular with immigrant populations, and a long waiting list exists.
Oak Haven Estates 1110-1150 7 th St SE	8 - 1 Bedroom 14 - 2 Bedroom <u>16 - 3 Bedroom</u> 38 Total Units	\$540 \$615 \$690 + electric	5 vacant 2 bedroom units	General occupancy at 50% of median income	Two-level tax credit apartment project constructed in 1996. All units serve households at or below 50% of median income. One-bedroom units have 500 sq ft, two-bedrooms have 680 sq ft, and three-bedrooms have 780 sq ft. Amenities include dishwasher, AC and garage parking for extra \$40. Rent includes heat but tenant pays electric. Manager reports 5 vacant 2 bedroom units at time of survey - this segment of the market tends to be soft. Tenants must be income-eligible, yet still able to afford the unit.
PanTown Village Townhomes 435 33 rd Ave N	8 - 2 Bedroom <u>16 - 3 Bedroom</u> 24 Total Units	\$665 \$760 + electric	1 vacant 2 bedroom unit	General occupancy at 50% and 60% of median income	Town house rental project constructed in 1995 using tax credits. Eight units at 50% of median and 16 units at 60% of median. Three-bedrooms have 954 sq ft, and four-bedrooms have 1154 sq ft. Rent includes heat but tenant pays electric. Garages available for extra \$35. One vacant unit at time of survey - central location of project results in better demand. Owned by Housing Coalition of the St. Cloud Area.
Riverside Apartments 101 Riverside Dr SE	82 - 1 Bedroom <u>3 - 2 Bedroom</u> 85 Total Units including 5 Market Rate	\$529 \$635	3 vacant one-bedroom units	Senior-designated housing at 60% of median income	Apartment building constructed in 1975 and then acquired and renovated in 2005 by the St. Cloud HRA. Tax credits used for renovation and 80 units are subject to tax credit regulations, with five units market rate. Tax credit units are at 60% of median. Designated for senior occupancy. Manager reports three vacant units at time of survey and no waiting list - senior occupancy results in some ongoing level of unit turnover.

Table 18 St. Cloud Area Tax Credit Rental Housing Inventory

Name	Number of Units/Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Swisshelm I 316 Laudenbach Court	24 - 2 Bedroom <u>8 - 3 Bedroom</u> 32 Total Units	\$585 \$725 +electric	2 vacant units - 1 two-bdrm and 1 three-bdrm	General occupancy at 60% of median income	Tax credit apartments owned by St. Cloud HRA and awarded credits in 2002 and placed in service in 2003. All units serve households at or below 60% of median. Rent includes heat and detached garage, but tenant pays electric. Two-bedrooms have 840 sq ft, and three-bedrooms have 1221 sq ft. Manager reports two vacant units and no waiting list.
Swisshelm II 304 Laudenbach Court	24 - 2 Bedroom <u>8 - 3 Bedroom</u> 32 Total Units	\$585 \$725 +electric	2 vacant units - 1 two-bdrm and 1 three-bdrm	General occupancy at 60% of median income	Tax credit apartments owned by St. Cloud HRA and awarded credits in 2003 and placed in service in 2004. All units serve households at or below 60% of median. Rent includes heat and detached garage, but tenant pays electric. Two-bedrooms have 840 sq ft, and three-bedrooms have 1221 sq ft. Manager reports two vacant units and no waiting list.
Westwind Apartments 765 Savanna Ave	9 - 1 Bedroom 6 - 1 Brm+Den <u>45 - 2 Bedroom</u> 60 Total Units	\$515-\$701 \$752 \$610-\$830 +electric	1 vacant 2 bedroom unit	Senior-designated housing at 60% of median income	Tax credit apartment project constructed in 2004. Units are senior-designated for age 55 and older. All units at 60% or less of median income. Rent includes heat and parking, but tenant pays electric. One-bedrooms have 749 sq ft, 1+Dens have 850 sq ft, and two-bedrooms have 931-981 sq ft. Amenities include underground parking, in-unit laundry, walk-in closet and community rooms. Lower rents listed are for 12 units at Voucher FMRs - these units are very popular and a long waiting list exists. Waiting lists also exist for other units, especially 1 bedrooms. Average age of tenants is 75 to 80 years old. One vacancy at time of survey due to unexpected turnover.
Westwood Village Apartments I 770 Savanna Ave	24 - 2 Bedroom <u>8 - 3 Bedroom</u> 32 Total Units	\$585 \$725 +electric	No vacancies	General Occupancy at 60% of median income	Apartment project awarded credits in 2001 and placed in service in 2003. Owned by the St. Cloud HRA. All units serve households at or below 60% of median income. Two-bedrooms have 840 sq ft, and three-bedrooms have 1221 sq ft. Rent includes heat and garage parking, but tenant pays electric. Amenities include security building and pets accepted. Manager reports no vacancies but no waiting list - units are advertised as they come available.

Table 18 St. Cloud Area Tax Credit Rental Housing Inventory					
Name	Number of Units/Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Westwood Village Apartments II 822 Savanna Ave	24 - 2 Bedroom <u>8 - 3 Bedroom</u> 32 Total Units	\$585 \$725 +electric	No vacancies	General Occupancy at 60% of median income	Apartment project awarded tax credits and placed in service in 2005. Owned by the St. Cloud HRA. All units serve households at or below 60% of median income. Two-bedrooms have 840 sq ft, and three-bedrooms have 1221 sq ft. Rent includes heat and garage parking, but tenant pays electric. Amenities include security building and pets accepted. Manager reports no vacancies but no waiting list - units are advertised as they come available.
Woodland Park Apartments 1400-1440 9 th Ave S	46 - 1 Bedroom 20 - 2 Bedroom <u>20 - 3 Bedroom</u> 86 Total Units including 20 Market Rate	\$418-\$464 \$520-\$578 \$618-\$686 30% of income	5 vacant units, long waiting list for subsidized units	General occupancy with some units at 50% of median and some at 80% of median income	Subsidized rental project constructed in 1976, and awarded tax credits in 2000 for rehabilitation. Five buildings in complex with 20 three-bedroom town houses and 66 apartment units. 52 units are in HUD 236 Program and tenants pay rent based on 30% of income, but not less than basic or more than market rents listed. 34 tenants have project-based rent assistance and pay rent based on 30% of income. 66 of the 86 units are tax credit assisted and have income limits tied to 60% of median income. 20 units are Section 236 and have income limit at 80% of median income. One-bedroom units have 534 sq ft, two-bedrooms have 734 sq ft, and three-bedrooms have 1625 sq ft. Manager reports five vacancies on day of survey, and some level of vacancy is typical, due to high unit turnover. Waiting list for project-based rent assistance is 3 to 5 years long. Many tenants are international immigrants.
Woodland Village Townhomes 805 15 th Ave SE	8 - 2 Bedroom <u>24 - 3 Bedroom</u> 32 Total Units	\$700 \$750 + electric	10 vacancies with 2 two-bedroom and 8 three-bedroom	General occupancy, in extended compliance	Town house project awarded tax credits in 1992 and placed in service in 1993. Started extended compliance phase in 2008. All units serve households at or below 50% of median. Two-bedrooms have 1100 sq ft, and three-bedrooms have 1300 sq ft. Rent includes heat and detached garage but tenant pays electric. Manager reports 10 vacancies at time of survey - many applicants are very low income and cannot afford rents without subsidy. Owned by Housing Coalition of the St. Cloud Area.

Table 18 St. Cloud Area Tax Credit Rental Housing Inventory					
Name	Number of Units/Bedroom Mix	Rent	Vacancy/Wait List	Tenant Mix	Comments
Tax Credit - Sartell					
Granite Hill Homes 2 nd and 3 rd Ave N	<u>10 - 3 Bedroom</u> 10 Total Units	\$669-\$837 + all utilities except garbage	No vacancies	General Occupancy at 50% or 60% of median income	Single family houses awarded credits in 1993 and placed in service in 1995. Eight units serve households at 50% of median and two units at 60% of median income. Lower end of rent range is 50% units. Houses have unfinished basements, attached garage and laundry hook-ups, with 1300 sq ft. Tenants pay all utilities except garbage. Manager reports no vacancies and low rate of turnover - houses are a popular rental option. Owned by Housing Coalition of the St. Cloud Area.
Pheasant Crest Townhomes 2300-2356 Pheasant Crest Loop	21 - 2 Bedroom <u>21 - 3 Bedroom</u> 42 Total Units	\$616 \$708 +heat, electric	No vacancies, short waiting list	General Occupancy at 60% of median income	Town house rental project awarded credits in 2003 and placed in service in 2004. All units serve households at or below 60% of median income. Units have attached garage. Tenants pay heat, electric and hot water in addition to rent. Two-bedrooms have 1182 sq ft, and three-bedrooms have 1328 sq ft. Manager reports that all units are occupied or that processing is being finalized for any available unit. A short waiting list exists, but project is advertising to build list.
Tax Credit - Sauk Rapids					
Benton Heights Townhomes 1200-1231 1 st Ave N	20 - 2 Bedroom <u>12 - 3 Bedroom</u> 32 Total Units including 10 Market Rate	\$624 30% of income	No vacancies, waiting list for subsidized units	General occupancy mixed income property including 22 units at 50% of median	HUD subsidized town house rental project constructed in the 1970s and rehabilitated with tax credits and HOME funds in 2006/2007. Units are three-level town houses. Ten two-bedroom units are market rate and have rent of \$624 + utilities. Remaining tenants pay rent based on 30% of income. Income-based units are at 50% or less of median income. Manager reports full occupancy on date of survey with waiting list for Section 8 units.

Table 18 St. Cloud Area Tax Credit Rental Housing Inventory					
Name	Number of Units/Bedroom Mix	Rent	Vacancy/Wait List	Tenant Mix	Comments
Russell Arms 315 Division St	58 - 1 Bedroom <u>1 - 2 Bedroom</u> 59 Total Units	\$559 \$587 30% of income	No vacancies, short waiting list	Senior/disabled occupancy housing	Former school building that was converted to HUD subsidized housing for seniors, and then rehabilitated in 2006/2007 with tax credits and HOME funds. All units have project-based rent assistance that allows rent based on 30% of income, up to market rents listed. Income limits set at 50% or less of median income. Manager reports full occupancy on date of survey with short waiting list.
Tax Credit - Waite Park					
Park Villas 490-510 3 rd St S	15 - 1 Bedroom 48 - 2 Bedroom <u>8 - 3 Bedroom</u> 71 Total Units including 24 market rate	\$610 \$705-\$758 \$837 +heat, electric	3 vacant tax credit units	Senior-designated, 60% of median income and market rate	Project includes 71 villas and 24 town house units. Villas are senior-designated for age 55 and older, and are mixed-income with 24 market rate units and 47 tax credit at 60% of median income. Project was constructed in 1992 and rehabilitated in 2008 with new tax credit allocation. One-bedroom units have 683 sq ft, two-bedrooms have 896 sq ft, and three-bedrooms have 1263 sq ft. Some 3 bedrooms have attached garage, other units have optional detached garage available. All of the three-bedroom units and 16 two-bedrooms are market rate and at the higher rents listed. Three vacancies at time of survey - all vacancies are in tax credit units. Project typically has a waiting list for occupancy.
Park Villas Townhomes 490-510 3 rd St S	8 - 2 Bedroom <u>16 - 3 Bedroom</u> 24 Total Units	\$607-\$726 \$769-\$789 +electric	One vacant unit	General occupancy at 60% of median income	Project includes 24 town houses for general occupancy and 71 villas that are senior-designated. All of the town house units are tax credit assisted and serve households at or below 60% of median income. Project was constructed in 1992 and rehabilitated in 2008 with new tax credit allocation. Two-bedrooms have 964 sq ft, and three-bedrooms have 1071 sq ft. Rent includes heat and garage, but tenant pays electric. Units at lower rent level are Voucher-eligible. One unit vacant at time of survey due to turnover. Project typically has a waiting list for occupancy.

Source: Community Partners Research, Inc.; AdMark Resources

Subsidized Summary

The 2005 AdMark Assessment had identified 28 subsidized rental housing projects in the St. Cloud area, including 18 projects in St. Cloud, four projects St. Joseph, and six projects Sauk Rapids. The AdMark study had not identified any subsidized projects in either Sartell or Waite Park.

This 2009 Update found a very similar total for subsidized projects, with two exceptions. Eastwood Apartments in St. Cloud was included in the AdMark inventory of subsidized housing. Although this property is owned by the St. Cloud HRA, it is not subsidized, and instead operates as affordable market rate housing. The AdMark Assessment did not identify any subsidized options in Sartell. The research for this Update found a Public Housing twin home building in that community.

There have been very few federal resources available in recent decades for the development of new subsidized housing. As a result, there has been very limited growth in this segment of the market in Minnesota. No new subsidized projects have been built in the St. Cloud area since the 2005 Assessment was completed.

It is important to note that some area rental properties have been included in both the tax credit analysis and the subsidized analysis. These properties are Woodland Park in St. Cloud and Benton Heights and Russell Arms in Sauk Rapids. These projects operate as subsidized housing but were later rehabilitated using tax credits. As a result, they are subject to multiple regulations, including the maximum income limits and occupancy restrictions of the tax credit program.

Target Market

The total inventory of subsidized units in the St. Cloud area is 1,208 units. Most of these units serve very low income people and charge rent based on 30% of household income. A majority of the units, 827, are designated for general occupancy. However, most of these units were originally constructed for senior and/or disabled occupancy, but were later changed to general occupancy housing. As a result, most of the general occupancy units only have one bedroom. There are an additional 381 units that are still designated for senior or disabled tenant occupancy.

Unit Mix

The bedroom mix for subsidized units is as follows:

- ▶ General Occupancy - 827 Total Units
- ▶ 26 efficiency (3.1%)
- ▶ 500 one-bedroom (60.5%)
- ▶ 186 two-bedroom (22.5%)
- ▶ 115 three-bedroom (13.9%)

- ▶ Senior/Disabled Occupancy - 381 Total Units
- ▶ 356 one-bedroom (93.4%)
- ▶ 25 two-bedroom (6.6%)

Occupancy / Vacancy

Occupancy information was obtained from 1,196 of the subsidized units in the area. The vacancy rate in subsidized housing is very low. Only eight vacant units were reported to the survey, for a vacancy rate of 0.7%. Most of the projects with full occupancy also reported that waiting lists are maintained.

Five of the eight vacancies existed in a single project, Woodland Park Apartments. In this project, rent assistance is limited to only 34 of the 86 total units available. The 52 units without rent assistance require at least the basic contract rent amount of \$418 for a one-bedroom, \$520 for a two-bedroom, or \$618 for a three-bedroom. Although these rents are still very moderate, they are generally high than the rents paid in fully subsidized projects. Woodland Park Apartments reported a long waiting list for the units with rent subsidy.

The three remaining vacancies were in one-bedroom units. These were in the general occupancy properties. No vacancies were reported in the projects designated for senior/disabled tenant occupancy.

Subsidized Unit Gains and Losses

Since the 2005 Assessment was completed, there is no evidence that any new subsidized units have been added to the area inventory. There is also no evidence that any units have been lost.

The Minnesota Housing Finance Agency maintains a list of subsidized rental projects that are planning to leave their subsidy contract. In October 2009 there were no projects in the Study Area that were included in this “opt-out” list.

Tenant-Based Rent Assistance

In addition to the subsidized projects, renters in the St Cloud area have access to the Section 8 Housing Choice Voucher Program. Within the City of St. Cloud there are 873 renter households utilizing this tenant-based rent assistance. The Stearns County Program, which serves those areas outside of St. Cloud, has 251 active Vouchers. It is possible that some of these households may be using their rent assistance in one of the subsidized projects or one of the tax credit projects in the area, as Voucher assistance may overlap with other affordable housing programs.

In addition to Housing Choice Vouchers that are available to the general renter population, some of the available rent assistance may be targeted to specific population groups, such as homeless veterans, other homeless individuals and households, and people with persistent mental illness issues.

Table 19 St. Cloud Area Subsidized Rental Housing Inventory

Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized - St. Cloud					
Benet Place Apartments 1420 Minnesota Blvd	<u>39 - 1 Bedroom</u> 39 Total Units	30% of income	No vacancies, waiting list	Senior occupancy	HUD Section 202/PRAC apartment project constructed in 1995 for senior occupancy. Part of the St. Benedict's senior campus that provides a range of senior housing options, including housing with services. All tenants have access to rent assistance that allows rent based on 30% of income. Manager reports that any turnover units are quickly filled from a waiting list.
Benet Place South 1975 15 th Ave SE	<u>40 - 1 Bedroom</u> 40 Total Units	30% of income	No vacancies, waiting list	Senior occupancy	HUD Section 202/PRAC apartment project constructed in 1999 for senior occupancy. Part of the St. Benedict's senior campus that provides a range of senior housing options, including housing with services. All tenants have access to rent assistance that allows rent based on 30% of income. Manager reports that any turnover units are quickly filled from a waiting list.
Wimbledon Green 401 N 33 rd Ave	44 - 1 Bedroom <u>1 - 2 Bedroom</u> 41 Total Units	\$861 N/A 30% of income	No vacancies, short waiting list	Senior and disabled tenant occupancy	Apartment project constructed in 1983 for senior and disabled occupancy. All tenants have access to rent assistance that allows rent based on 30% of income, up to market rent listed. Project has emergency call system with in-house responder. More than two-thirds of tenants are younger, disabled people. Manager reports no vacancies and a short waiting list - many applicants do not qualify due to screening criteria used.
Cedar Ridge Townhomes	<u>12 - 3 Bedroom</u> 12 Total Units	30% of income	No vacancies, waiting list	General occupancy	HUD Public Housing town house project for large families, constructed in 1992. Tenants pay rent based on 30% of income. Rent includes garage. Project is fully occupied with a waiting list. While waiting lists can be property specific, most applicants for a family public housing unit must wait a year or more.

Table 19 St. Cloud Area Subsidized Rental Housing Inventory					
Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Cedar Terrace 1335 14 th St N	18 - 2 Bedroom <u>6 - 3 Bedroom</u> 24 Total Units	30% of income	No vacancies, long waiting list	General occupancy	HUD Section 8 subsidized town house rental project for general occupancy constructed in 1980. Tenants pay rent based on 30% of income. Units are two-story with laundry hook-ups. Detached garage available for extra \$35. Two-bedroom units have 900 sq ft and three-bedrooms have 1150 sq ft. Manager reports full occupancy and 1 year waiting list - all of her recent rental inquiries are looking for a subsidized unit.
Empire Apartments	88 - 1 Bedroom <u>1 - 2 Bedroom</u> 89 Total Units	30% of income	No vacancies, waiting list	General occupancy	HUD Public Housing apartment project constructed in 1971. Originally constructed for senior/disabled occupancy but a later HUD rule change allowed general occupancy. Tenants pay rent based on 30% of income. While waiting lists can be property specific, most applicants for a one-bedroom public housing unit must wait a year or more.
Flintwood Townhouses	4 - 2 Bedroom <u>8 - 3 Bedroom</u> 12 Total Units	30% of income	No vacancies, waiting list	General occupancy	HUD Public Housing town house project for large families, constructed in 1982. Tenants pay rent based on 30% of income. Rent includes garage. Project is fully occupied with a waiting list. While waiting lists can be property specific, most applicants for a family public housing unit must wait a year or more.
Germain Towers 905 W St. Germain St	59 - 1 Bedroom <u>1 - 2 Bedroom</u> 60 Total Units	30% of income	2 vacancies, waiting list	General occupancy	HUD Section 202/Section 8 apartment project. A former hotel constructed in the 1920s that was converted into rental housing. Originally intended for senior/disabled occupancy but later changed to general occupancy housing. All tenants have access to rent assistance that allows rent based on 30% of income. While waiting lists can be property specific, most applicants for a one-bedroom public housing unit must wait a year or more. The vacancies in this project were in the process of being filled from the waiting list.

Table 19 St. Cloud Area Subsidized Rental Housing Inventory

Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Grace McDowall Apartments	89 - 1 Bedroom <u>1 - 2 Bedroom</u> 90 Total Units	30% of income	1 vacancy, long waiting list	General occupancy	HUD Section 202/Section 8 apartment project constructed in 1979. Originally constructed for senior/disabled tenants but later changed to general occupancy housing. All tenants have access to rent assistance that allows rent based on 30% of income, up to market rent listed. While waiting lists can be property specific, most applicants for a one-bedroom public housing unit must wait a year or more. This project has a very long waiting list. The vacancy in this project was in the process of being filled from the waiting list.
Key Row 780 S 14 th St	26 - Efficiency 58 - 1 Bedroom <u>24 - 2 Bedroom</u> 108 Total Units	30% of income	No vacancies, long waiting list	General occupancy	HUD Section 8 apartment project for general occupancy, constructed in 1970. Tenants pay rent based on 30% of income. Most tenants are single person households. Manager reports full occupancy and long waiting list - up to 2 years.
La Paz Community 530 16 th St S	18 - 1 Bedroom <u>18 - 2 Bedroom</u> 36 Total Units	30% of income	No vacancies, short waiting list	Disabled tenant occupancy	HUD Section 202/Section 8 apartment project for disabled tenant occupancy, constructed in 1984. All units are accessible. Tenants pay rent based on 30% of income. Manager reports full occupancy and short waiting list.
Northway Townhomes	1 - 2 Bedroom <u>11 - 3 Bedroom</u> 12 Total Units	30% of income	No vacancies, waiting list	General occupancy	HUD Public Housing town house project for large families, constructed in 1978. Tenants pay rent based on 30% of income. Rent includes garage. Project is fully occupied with a waiting list. While waiting lists can be property specific, most applicants for a family public housing unit must wait a year or more.
Parkview Terrace 625 14 th St S	10 - 1 Bedroom 32 - 2 Bedroom <u>10 - 3 Bedroom</u> 52 Total Units	30% of income	No vacancies, long waiting list	General occupancy	HUD Section 8 subsidized units for general occupancy, constructed in 1978. Tenants pay rent based on 30% of income. Long waiting list, with more than 100 names. Any unit turnover is filled from waiting list, although processing time can result in a few monthly vacancies.

Table 19 St. Cloud Area Subsidized Rental Housing Inventory

Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Quarry Heights 1051 Quarry Rd	21 - 1 Bedroom <u>3 - 2 Bedroom</u> 24 Total Units	30% of income	No vacancies, waiting list	General occupancy	HUD Public Housing apartment project for physically disabled tenants, constructed in 1994. Tenants pay rent based on 30% of income. Project is fully occupied with a waiting list. While waiting lists can be property specific, most applicants for a family public housing unit must wait a year or more.
Quarry Ridge Townhomes	<u>12 - 3 Bedroom</u> 12 Total Units	30% of income	No vacancies, waiting list	General occupancy	HUD Public Housing town house project for large families, constructed in 1992. Tenants pay rent based on 30% of income. Project is fully occupied with a waiting list. While waiting lists can be property specific, most applicants for a family public housing unit must wait a year or more.
Wilson Apartments	125 - 1 Bedroom <u>1 - 2 Bedroom</u> 126 Total Units	30% of income	No vacancies, waiting list	General occupancy	HUD Public Housing apartment project constructed in 1971. Originally constructed for senior/disabled occupancy but a later HUD rule change allowed general occupancy. Tenants pay rent based on 30% of income. While waiting lists can be property specific, most applicants for a one-bedroom public housing unit must wait a year or more.
Woodland Park Apartments 1400-1440 9 th Ave S	46 - 1 Bedroom 20 - 2 Bedroom <u>20 - 3 Bedroom</u> 86 Total Units including 20 Market Rate	\$418-\$464 \$520-\$578 \$618-\$686 30% of income	5 vacant units, long waiting list for subsidized units	General occupancy with some units at 50% of median and some at 80% of median income	Subsidized rental project constructed in 1976, and awarded tax credits in 2000 for rehabilitation. Five buildings in complex with 20 three-bedroom town houses and 66 apartment units. 52 units are in HUD 236 Program and tenants pay rent based on 30% of income, but not less than basic or more than market rents listed. 34 tenants have project-based rent assistance and pay rent based on 30% of income. 66 of the 86 units are tax credit assisted and have income limits tied to 60% of median income. 20 units are Section 236 and have income limit at 80% of median income. One-bedroom units have 534 sq ft, two-bedrooms have 734 sq ft, and three-bedrooms have 1625 sq ft. Manager reports five vacancies on day of survey, and some level of vacancy is typical, due to high unit turnover. Waiting list for project-based rent assistance is 3 to 5 years long. Many tenants are international immigrants.

Table 19 St. Cloud Area Subsidized Rental Housing Inventory					
Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized - St. Joseph					
St. Joseph Apartments 410 W Minnesota St	15 - 1 Bedroom <u>1 - 2 Bedroom</u> 16 Total Units	\$420-\$470 \$455-\$510 30% of income	No vacancies, short waiting list	Senior and disabled occupancy	Rural Development subsidized apartments for senior and disabled occupancy, constructed in 1988. Twelve units have rent assistance with rent based on 30% of income. Remaining tenants pay 30% of income but not less than basic or more than market rents listed. Manager reports full occupancy on date of survey with a short waiting list.
Cloverdale Townhomes 912 E Baker St	26 - 2 Bedroom <u>10 - 3 Bedroom</u> 36 Total Units	\$616 \$650 30% of income	No vacancies, short waiting list	General occupancy	MHFA/HUD Section 8 subsidized town house units for general occupancy, constructed in 1979. Tenants pay rent based on 30% of income, up to market rents listed. Manager reports no vacancies and a short waiting list.
Hollow Park Apartments 332 Cypress Dr	2 - 1 Bedroom <u>10 - 2 Bedroom</u> 12 Total Units	\$385 \$390 30% of income		General occupancy	Rural Development subsidized apartments for general occupancy, constructed in the 1970s. Six units have rent assistance with rent based on 30% of income. Remaining tenants pay 30% of income but not less than basic or more than market rents listed.
Tenth Avenue Townhomes	<u>12 - 3 Bedroom</u> 12 Total Units	\$653 30% of income	No vacancies, waiting list	General occupancy	HUD Public Housing subsidized town house units for general occupancy, constructed in 1995. Owned by the Stearns County HRA. Tenants pay rent based on 30% of income, or pay flat rent listed. Manager reports full occupancy and waiting list of 14 names that exists for the County's family Public Housing.
Subsidized - Sartell					
Public Housing Twin Home	<u>2 - 3 Bedroom</u> 2 Total Units	\$653 30% of income	No vacancies, waiting list	General occupancy	HUD Public Housing subsidized twin home units for general occupancy, constructed in 1995. Owned by the Stearns County HRA. Tenants pay rent based on 30% of income, or pay flat rent listed. Manager reports full occupancy and waiting list of 14 names that exists for the County's family Public Housing.

Table 19 St. Cloud Area Subsidized Rental Housing Inventory

Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized - Sauk Rapids					
Benton Heights Townhomes (formerly Northwood Villa) 1200-1231 1 st Ave N	20 - 2 Bedroom <u>12 - 3 Bedroom</u> 32 Total Units including 10 Market Rate	\$624 30% of income	No vacancies, waiting list for subsidized units	General occupancy mixed income property including 22 units at 50% of median	HUD subsidized town house rental project constructed in the 1970s and rehabilitated with tax credits and HOME funds in 2006/2007. Units are three-level town houses. Ten two-bedroom units are market rate and have rent of \$624 + utilities. Remaining tenants pay rent based on 30% of income. Income-based units are at 50% or less of median income. Manager reports full occupancy on date of survey with waiting list for Section 8 units.
North Meadows Apartments 1207-1215 2 nd Ave N	2 - 1 Bedroom <u>34 - 2 Bedroom</u> 36 Total Units	30% of income	No vacancies, waiting list	General occupancy	HUD Section 8 subsidized apartments for general occupancy, constructed in 1981. Tenants pay rent based on 30% of income. Manager reports no vacancies, and waiting list of approximately 2 to 3 months.
Russell Arms 315 Division St	58 - 1 Bedroom <u>1 - 2 Bedroom</u> 59 Total Units	\$559 \$587 30% of income	No vacancies, short waiting list	Senior/disabled occupancy housing	Former school building that was converted to HUD subsidized housing for seniors, and then rehabilitated in 2006/2007 with tax credits and HOME funds. All units have project-based rent assistance that allows rent based on 30% of income, up to market rents listed. Income limits set at 50% or less of median income. Manager reports full occupancy on date of survey with short waiting list.
Good Shepard Apartments	55 - 1 Bedroom <u>3 - 2 Bedroom</u> 58 Total Units	30% of income	No vacancies, waiting list	Senior and disabled occupancy	HUD Section 8 apartment project constructed in 1980 for senior and disabled tenant occupancy. Part of the Good Shepard senior community that includes independent and assisted living, memory care and a skilled nursing home. All tenants have access to rent assistance that allows rent based on 30% of income. Project can serve households up to 80% of median income. Project can provide assisted living services to tenants. Manager reports full occupancy and waiting list exceeds 6 months.

Table 19 St. Cloud Area Subsidized Rental Housing Inventory					
Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Shepard Oak Apartments	<u>42 - 1 Bedroom</u> 42 Total Units	30% of income	No vacancies, waiting list	Senior and disabled occupancy	HUD Section 202/PRAC apartment project constructed in 1995 for senior and disabled occupancy. Part of the Good Shepard senior community that includes independent and assisted living, memory care and a skilled nursing home. All tenants have access to rent assistance that allows rent based on 30% of income. Project can serve households up to 50% of median income. Project can provide assisted living services to tenants. Manager reports full occupancy and waiting list exceeds 6 months.
Shepard Oak West Apartments	<u>45 - 1 Bedroom</u> <u>1 - 2 Bedroom</u> 46 Total Units	\$975 30% of income	No vacancies, waiting list	Senior and disabled occupancy	HUD Section 202/PRAC apartment project constructed in 1998 for senior and disabled occupancy. Part of the Good Shepard senior community that includes independent and assisted living, memory care and a skilled nursing home. All tenants have access to rent assistance that allows rent based on 30% of income. Project can serve households up to 50% of median income. Project can provide assisted living services to tenants. Manager reports full occupancy and waiting list exceeds 6 months. The 2 bedroom unit is a market rate apartment.

Source: Community Partners Research, Inc.; AdMark Resources

Market Rate Rental Housing Summary

2005 Assessment Overview

The 2005 AdMark Assessment included an extensive rental housing survey of multifamily complexes in the St. Cloud Study Area. The 2005 survey built upon the findings of a previous rental analysis that had been completed by AdMark Resources in 2003.

The AdMark 2005 rental survey contacted 275 rental projects, with more than 12,000 total rental units. This total included rental housing in all segments of the market, including student housing, senior housing with services, tax credit projects and subsidized developments. Projects that were specifically identified as general occupancy, market rate housing represented approximately 10,500 units, the vast majority of those surveyed by AdMark in 2005.

2009 Update Overview

This 2009 Update has placed the greatest emphasis on collecting information on rental housing that specifically serves low and moderate income renter households. As a result, the rental survey conducted in 2009 focused primarily on income-based rental housing in the St. Cloud area. The specific findings of this portion of the survey has been presented in the previous sections of this document.

Although general occupancy, market rate rental housing was not the primary focus of this Update, Community Partners Research did contact a sampling of market rate properties to refresh this section of the study. Within the five Cities in the Study Area, usable updated information was obtained from 3,552 market rate units, or approximately 34% of the total contained in the 2005 Assessment. However, AdMark was not always successful in obtaining usable information for the properties. For example, occupancy information was collected from approximately 8,500 general occupancy, market rate units. The 2009 Update collected occupancy information from more than 42% of this total.

Occupancy/Vacancy

Table 20 St. Cloud Area Market Rate Median Contract Rents - 2005 to 2009		
	2005 Vacancy Rate	2009 Vacancy Rate
St. Cloud Study Area	7.6%	7.0%

Source: Community Partners Research, Inc.; AdMark Resources

The 2009 market rate rental survey recorded a vacancy rate of 7.0% in general occupancy units in the Study Area. This was lower than the vacancy rate of 7.6% that was calculated by AdMark Resources in 2005 in this same segment of the market. While it is very possible that the vacancy rate has decreased since 2005, it is also possible that the calculation difference was due to other factors. The 2009 survey did not contact as many market rate units. The 2005 survey was conducted in June/July, and AdMark indicated that demand from student renters was lower than at other times during the year. The 2009 survey, completed in September/October, would have represented full demand from student renters.

A separate analysis of area vacancy rates was also discovered as part of the research for this Update. Oakes Valuation Group, Inc., a St. Cloud-based real estate appraisal company, had monitored vacancy rates in past years. They discontinued their rental survey in 2008, but annual calculations were made for the period 2005 to 2007. According to the Oakes research, the St. Cloud area rental vacancy rate was 9.4% in 2005, 6.8% in 2006 and 6.1% in 2007. Oakes did not differentiate by market segments, but most of the units in their sample appear to have been market rate housing.

The best available information indicates that the vacancy rate for rental housing in the St. Cloud area has for a number of years been higher than would typically be viewed as desirable. In 2005, AdMark Resources stated that “industry standards identify a 5% vacancy rate as healthy”. Since 2005, the vacancy rate in the area has been 6.1% or higher, based on the available estimates.

Rental Rates

The AdMark Assessment in 2005 contacted a large number of market rate rental projects in the five-City area, and presented information on the identified rental range, as well as their calculation of a median rent level. Since the market rate survey conducted for this survey was less extensive in the market rate segment, it is not possible to revise the rent range information that was included in the 2005 document. However, the rental rate information that was collected has been used to revise the estimated median rent levels by bedroom size.

Table 21 St. Cloud Area Market Rate Median Contract Rents - 2005 to 2009			
Unit Type	2005 AdMark Median	2009 Estimated Median	Percent Change
Efficiency/Studio	\$400	\$450	12.5%
One-Bedroom	\$500	\$550	10.0%
Two-Bedroom	\$580	\$620	6.9%
Three-Bedroom	\$830	\$875	5.4%

Source: Community Partners Research, Inc.; AdMark Resources

Please note that the estimated median contract rents in the table above are based on the AdMark Resources findings in 2005. They have then been adjusted upwards using the average contract rent changes that were identified in the limited market rate survey completed in 2009.

It is also important to note that these figures represent contract rent. The actual gross rent, including tenant-paid utilities, would generally be higher. In the multifamily rental market in the St. Cloud area it is typical for tenants to pay their own monthly electric bill. In most multifamily buildings, heat and other utilities are included in the contract rent. As a result, a gross rent will often be \$25 to \$75 above the contract rent, depending upon the specific unit.

Based on the findings of the 2009 survey, the largest increases in contract rents have occurred in the smaller unit sizes. Efficiency/studio units represent a relatively small portion of the overall rental housing inventory. Few vacancies were found in this sector, and rents have increased, probably as a

result of supply and demand. Based on the sampling in 2009, the median contract rent has increased by approximately 12% to 13% since 2005.

Few vacancies were also reported in one-bedroom rentals. Although there are many one-bedroom rental options in the multifamily inventory, the AdMark inventory in 2005 indicated that one-bedrooms still represent approximately one-third of all units. The 2009 survey indicates that contract rents have increased by approximately 10% in these units.

Two-bedroom rentals represent the largest share of the market. In 2005, the AdMark Inventory recorded that nearly 50% of all multifamily rental units have two-bedrooms. Based on the occupancy survey in 2009, most of the unit vacancies in the St. Cloud area are in two-bedroom units. As a result, most projects have not had large contract rent increases in order to remain competitive. The limited survey in 2009 indicates that contract rents have increased by approximately 7% in two-bedroom rentals.

The contract rents for three-bedroom units tend to be well above the rates for smaller units. In 2005, AdMark Resources reported the median rent for three-bedrooms at \$830, or \$250 higher than the median for two-bedroom units. One of the primary reasons that three-bedrooms may be higher-priced is that they often tend to exist in newer multifamily buildings, oriented to the “luxury” segment of the market, or toward student households. These newer buildings generally have high rent structures than older housing. Although rents in this segment are much higher, they do not appear to have increased rapidly since 2005. Although the 2009 survey contacted a limited number of three-bedrooms, the average rent increase was under 6%. This may be a reflection of the deteriorating economy, as households look for less expensive housing options.

No information was collected on four-bedroom units in the market rate segment. Nearly all of the four-bedrooms identified in the multifamily sector are in tax credit or subsidized rental projects. Four-bedrooms in the market rate segment will most typically exist in single family houses used for rental occupancy.

American Community Survey Rental Rate Information

The 2008 American Community Survey information that exists for the City of St. Cloud provides some general information on rental rates. According to the Census Bureau, the median contract rent in St. Cloud in 2008 was \$573. This would be consistent with the estimated 2009 median for a two-bedroom rental of \$615, based on the rental survey for this Update.

The American Community Survey also reported a gross rent in St. Cloud of \$634 in 2008. When tenant-paid utilities are added, generally for electric usage, the estimated median gross rent in 2009 would be approximately \$650 per month, again very similar to the Census Bureau’s findings in 2008.

HOUSING DEMAND

The 2005 Assessment from AdMark Resources was the continuation of extensive housing research work that included a Stearns County Comprehensive Study in the late 1990s and a 2003 update to that document. In its 2005 Assessment, AdMark revisited its previous housing recommendations and revised them accordingly, to reflect the most recent information. As a result, only limited analysis was provided on the specific unit recommendations that were made. The recommendations that were made were generally for market rate housing for the ownership and rental markets.

The scope of this 2009 Update did not include a detailed set of new housing unit recommendations. Instead, Community Partners Research has reviewed the recommendations made by AdMark in 2005, and has provided comments on the findings of the 2009 research on these recommendations.

City of St. Cloud

2005 Rental Recommendations: In 2005 AdMark had been hesitant to make any significant recommendations for the creation of new rental housing units through the year 2010. This was based on the above-average number of rental vacancies that they found through their rental housing survey. They did identify the potential need for approximately 50 senior-designated rental units to serve the higher-income segment of the rental market. This recommendation was based in part on the fact that senior-designated rental projects had a much lower rate of vacancy than the general rental market. It was also due to the success experienced by other senior-designated projects that had been built in the area.

2009 Rental Update: Since the 2005 Assessment was completed, a number of new, upscale rental projects have been constructed in St. Cloud. While none of the new projects have been specifically designated for senior occupancy, the amenities and features being offered would appeal to higher income renters, including senior households. New phases of “luxury” rental construction include Villages at Oak Grove (33 units), Grand River Estates (173 units), and Kensington Apartments, Patio Homes and Townhomes (212 units).

The vacancy rate recorded by the 2009 rental survey still found an above-average rate of unit vacancy in the St. Cloud area, estimated at 7% in the market rate segment. The best available evidence suggests that the rental vacancy rate has remained well above 5% for many years. While opportunities do probably exist within certain niche markets, the overall supply of market rate rental housing continues to exceed demand.

2005 Ownership Recommendations: The 2005 AdMark research accurately forecasted the over-supply of single family lots that was beginning to develop. In addition to the large lot inventory identified in St. Cloud, the research found as many as 4,000 residential lots within the St. Cloud Study Area, well above their projected demand of approximately 1,000 new houses by the year 2010. At the rate of lot utilization present at that time, AdMark was estimating that a 14 to 15 year inventory of lots already existed.

2009 Ownership Update: Attempts to obtain a new inventory of residential lots through the St. Cloud Association of Realtors were unsuccessful. However, based on the AdMark research from 2005, it is believed that a large supply of lots still exists within the St. Cloud area.

Information was available for the City of St. Cloud through the Planning Department. Within the City limits there are between 1,200 and 1,300 improved residential lots in active residential subdivisions. Over the past five years, the City has averaged fewer than 150 new single family housing starts per year. This annual average is significantly impacted by 2008 and 2009 production, which is well below the longer-term average. Still, in 2009 the supply of vacant residential lots is adequate to meet the new construction demand for the near-future.

No updated lot inventory information was obtained from the other Cities in the Study Area, but when AdMark's information from 2005 is compared with housing starts, a large unused lot inventory should also be present in St. Joseph, Sartell and Sauk Rapids. As identified in the earlier section titled *Housing Inventory Data*, the level of new home construction has slowed dramatically when compared to the first half of the current decade. After 2005, the level of new home construction in the five-City area dropped to 508 houses in 2006. It then continued to decline, with 300 single family units in 2007 and only 91 new houses in 2008. Although only partial-year information is available for 2009, it appears that production will be even lower than in 2008.

In 2005, AdMark had made what appeared to be a conservative projection that area would need lots for 1,000 new homes by 2010. This projection was relatively accurate, as approximately 950 new ownership units have been constructed through August 2009 in the five Cities that form the St. Cloud area. With the available lot inventory being much larger than demand for new construction, there is no evidence that additional subdivision development is needed at this time. There may be certain segments of the market that can be successfully developed, based on housing type, pricing, location, or similar factors. Overall, however, there is no compelling reason to expand the supply of residential lots in 2009.

City of St. Joseph

2005 Rental Recommendations: Despite the caution that was advised for new rental development in St. Cloud in 2005, there were some significant rental unit recommendations made within St. Joseph. Overall, between 152 and 216 additional units were recommended to serve various subsets of the rental market, including upscale senior housing, upscale general occupancy units, more moderate rent town houses and apartments, and some limited subsidized housing for low income renters.

2009 Rental Update: Based on building permit issuance, no multifamily rental housing has been built in St. Joseph since the 2005 Assessment was completed. The rental survey completed for this Update was focused on the entire St. Cloud area, and was not as City-specific as the AdMark Assessment. As a result, fewer rental properties were surveyed in St. Joseph. However, the newest rental project in St. Joseph, Boulder Ridge Apartments was included in the 2009 survey. Boulder Ridge reported no vacancies, and is at the upper end of the range for contract rents in St. Joseph.

In 2009, the City of St. Joseph has a limited number of rental housing options, and has only one market rate general occupancy project that has been built within the last 15 years. Based on this information, it may be appropriate to proceed with some of the new rental unit production that was recommended in the 2005 AdMark Assessment. However, any developer of new market rate housing would need to be aware that the overall vacancy rate in the St. Cloud area remains above-average, and that competition for tenants has resulted in suppression of rent increases over the last few years.

2005 Ownership Recommendations: In the 2005 Assessment, AdMark had projected demand for 112 new ownership housing units in an average year in the St. Joseph Study Area through the year 2010. Since the Study Area boundaries extended beyond the City limits, AdMark expected approximately 75% of the demand to be located within St. Joseph. Based on subdivisions that were either planned or developed at that time, they indicated that adequate capacity existed to facilitate this growth. In fact, AdMark projected that a 10-year supply of residential lots probably existed in 2005.

2009 Ownership Update: After the 2005 Assessment, new housing construction activity in St. Joseph and the remainder of the St. Cloud area slowed dramatically. Between 2006 and August 2009, cumulative building permits had been issued for 112 new houses, the number that had been projected annually for the Study Area at the time of the 2005 research. As a result, it would appear that St. Joseph still has more than a 10-year supply of residential lots, based on the recent pace of construction.

Sartell

2005 Rental Recommendations: Despite the caution that was advised for new rental development in St. Cloud in 2005, there were also some rental unit recommendations made within Sartell. Overall, between 84 and 110 additional units were recommended to serve various subsets of the rental market, including upscale senior housing, upscale general occupancy units, and moderate rent apartments. The development recommendations were tempered by the fact that the vacancy rates in different types of rental housing were high in Sartell in 2005. AdMark was projecting that future household growth in the City would absorb the vacant units and create demand for additional unit construction by 2010.

2009 Rental Update: Since the 2005 Assessment was completed, new rental production in Sartell has greatly exceeded the unit recommendations made by AdMark. Based on building permit issuance, there have been 444 new multifamily rental units constructed in the City.

Much of the recent housing construction has been on a senior housing campus that provides a wide range of options. The Heritage Place project is a 107-acre development that is being constructed in smaller phases. Since 2005 there have been 127 apartment and 24 town house rental units for independent senior living, 49 units of assisted living and 48 units of memory care housing developed. Other rental projects in Sartell outside of Heritage Place include an 82-unit apartment that is under construction in 2009, 82 units of upscale rental housing, and 16 units of fully accessible housing for disabled tenants.

The rental survey completed for this Update was focused on the entire St. Cloud area, and was not as City-specific as the AdMark Assessment. As a result, fewer rental properties were surveyed in Sartell. However, the vacancy rate in the six Sartell properties that were contacted was less than 3%, well below the vacancy rate for the larger St. Cloud area. It is possible that local demand in Sartell has created a competitive advantage for additional rental units in this City, despite high rates of vacancy in the surrounding area.

Although Sartell does appear to be out-performing the larger rental market, it is difficult to recommend near-term construction of general occupancy rental housing. One of the new projects recently permitted is still under construction, and 82 additional units should be available for occupancy in 2010. The specialized senior market may continue to develop in the community as the Heritage Place advances with future development phases. In general terms, new construction of rental housing in Sartell should largely be dependent upon overall improvement in the region's occupancy rate.

2005 Ownership Recommendations: In the 2005 Assessment, AdMark had projected demand for 153 new ownership housing units in an average year in the Sartell Study Area through the year 2010. While the Study Area boundaries extended beyond the City limits, most of the growth was expected to occur within Sartell. Based on subdivisions that were either planned or developed at that time, AdMark indicated that adequate capacity existed to facilitate this unit growth. The AdMark research indicated that more than 764 buildable lots were either present in Sartell or were in the development stage.

2009 Ownership Update: After the 2005 Assessment, new housing construction activity in Sartell and the remainder of the St. Cloud area slowed dramatically. Between 2006 and August 2009, cumulative building permits had been issued for 270 houses in Sartell, or less than half of the projected number. As a result, it would appear that Sartell still has 500 or more lots, based on the AdMark research, which will be more than adequate for expected construction in the next few years. Depending on any new subdivisions that may have been created after 2005, the unused lot inventory in Sartell may not be as large as in some of the surrounding communities.

Sauk Rapids

2005 Rental Recommendations: Despite the caution that was advised for new rental development in St. Cloud in 2005, there were also some significant rental unit recommendations made within Sauk Rapids. Overall, between 134 and 190 additional units were recommended to serve various subsets of the rental market, including senior-designated housing, upscale general occupancy units, moderate rent apartments, and rental town house units. The major reasons for the unit recommendations were demand from projected household growth, a vacancy rate that was below the area-wide average, and the absence of certain segments of the rental market, such as independent living senior apartments.

2009 Rental Update: Since the 2005 Assessment was completed, no new rental production has occurred in Sauk Rapids. The household growth that had been occurring in the early years of the

decade appears to have slowed significantly in the City. In the 2005 Assessment, AdMark described the housing growth as “explosive”, as there were 1,076 housing units of all types constructed in Sauk Rapids between 2000 and 2006. However, since 2006, only 144 new units have been constructed and all of these are single family homes.

The rental survey completed for this Update was focused on the entire St. Cloud area, and was not as City-specific as the AdMark Assessment. As a result, fewer rental properties were surveyed in Sauk Rapids. Of the three market rate properties that were contacted, the vacancy rate was just below 6%. This was admittedly a small sample, and may not reflect the entire Sauk Rapids general occupancy market.

AdMark had identified certain segments of the local rental market that they believed were under-served in Sauk Rapids, such as independent living options that are senior-designated. It may still be appropriate, therefore, to proceed with some of the new rental unit production that was recommended in the 2005 AdMark Assessment. However, any developer of new market rate housing would need to be aware that the overall vacancy rate in the St. Cloud area remains above-average, and that competition for tenants has resulted in suppression of rent increases over the last few years.

2005 Ownership Recommendations: The 2005 Assessment cited the significant construction activity that was occurring in Sauk Rapids in the early years of this decade. Much of the single family development was occurring near a new High School that had been built in the community. While recognizing the substantial activity, AdMark cautioned that it was unlikely that the rate of unit growth could be sustained, and attributed the above-average construction activity to a combination of low interest rates and pent-up demand to live in the City.

AdMark had projected demand for 134 new ownership housing units in an average year in the Sauk Rapids Study Area through the year 2010. While the Study Area boundaries extended beyond the City limits, most of the growth was expected to occur within the City. Based on subdivisions that were either planned or developed at that time, they indicated that as many as 1,000 lots existed, more than adequate to facilitate demand beyond 2010. They did not recommend any further subdivision development until 2012 or 2013, based on demand projections.

2009 Ownership Update: After the 2005 Assessment, new housing construction activity in Sauk Rapids and the remainder of the St. Cloud area slowed dramatically. Between 2006 and August 2009, cumulative building permits had been issued for only 144 houses in Sauk Rapids, well below the projected number. As a result, it would appear that Sauk Rapids still has 800 or more lots, based on the AdMark research, which will be more than adequate for expected construction in the next several years.

Waite Park

2005 Rental Recommendations: The 2005 Assessment had cited some factors that were unique to Waite Park that were impacting rental housing demand. First, the City had an extremely high rental tenure rate, at nearly 61%. This had apparently resulted in a development moratorium in the City, which had prevented new rental construction for many years. As a result, all of the City’s larger

rental complexes were 15 or more years old. The older rental units were viewed as less marketable, and the City's rental vacancy rate was 8.7%, higher than the area-wide average.

Complicating the development options in Waite Park was an issue of land availability. The City was largely "land locked", and had very limited vacant land for future housing development.

AdMark had not recommended any new rental housing construction in Waite Park. Instead, they had recommended that rental rehabilitation be pursued, to repair and remodel the City's older rental stock.

2009 Rental Update: Based on building permit issuance, no multifamily rental housing has been built in Waite Park since the 2005 Assessment was completed. This may be due to a moratorium on new rental construction, which was in existence in 2005.

The rental survey completed for this Update was focused on the entire St. Cloud area, and was not as City-specific as the AdMark Assessment. As a result, fewer rental properties were surveyed in Waite Park. Of the three market rate properties that were contacted, the vacancy rate was at 8.3%, similar to the AdMark findings in 2005.

The vacancy rate recorded by the 2009 rental survey still found an above-average rate of unit vacancy in the entire St. Cloud area, estimated at 7% in the market rate segment. The best available evidence suggests that the rental vacancy rate has remained well above 5% for many years. While opportunities do probably exist within certain niche markets in Waite park, the overall supply of market rate rental housing in the larger St. Cloud area continues to exceed demand.

2005 Ownership Recommendations: At the time of the 2005 Assessment, Waite Park was the only community in the St. Cloud area that did not have a large inventory of improved residential lots. AdMark estimated that only 80 lots were available, and there were no additional development projects in the planning phase.

Despite the limitations on both owner-occupancy and renter-occupancy housing construction, AdMark was projecting potential household growth for the community, if housing options were made available. Based on their projections, an additional 160 lots were needed by 2010.

2009 Ownership Update: New housing unit construction in Waite Park has been very limited since 2005. Only 34 new houses have been constructed from 2006 forward. At this rate of lot utilization, Waite park would still have more than 40 unused lots remaining. While this is a very small lot inventory, it represents more than five years of lot absorption, based on the patterns of the past four years.

Waite Park is one of the only communities that could benefit from additional subdivision development over the next few years. However, this may not be possible unless additional vacant land is available within the City limits that is conducive to attractive home construction.