

# Comprehensive Housing Needs Analysis for Austin, Minnesota

*Prepared for:*

**Austin HRA**  
Austin, MN

**September 2017**



**Maxfield**  
Research & Consulting

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March 5, 2018

Mr. Jon Erichson  
Executive Director  
Austin Housing and Redevelopment Authority  
308 Second Ave NE  
Austin, MN 55912

Dear Mr. Erichson:

Attached is the *Comprehensive Housing Needs Analysis for Austin, Minnesota* conducted by Maxfield Research and Consulting, LLC. The study projects housing demand from 2017 through 2025, and gives recommendations on the amount and type of housing that could be built in the City of Austin to satisfy demand from current and future residents over the next decade.

The study identifies a potential demand in Austin for 532 General Occupancy Units between 2017 and 2025 and 425 age restricted units in 2025. Our inventory of general-occupancy rental housing found an overall vacancy rate of 3.0% among the inventoried rental housing stock. The low vacancy rate indicates pent-up demand for additional rental units in the Austin Market Area. Although new residential lots will be needed over the next ten years to accommodate product type preference, the current lot supply is sufficient to meet demand in the short-term. Detailed information regarding recommended housing concepts can be found in the *Conclusions and Recommendations* section at the end of the report.

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

Sincerely,

MAXFIELD RESEARCH AND CONSULTING, LLC

Matt Mullins  
Vice President

Jessica Van Voorhis  
Research Associate

Attachment

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

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

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

### ***Demographic Analysis***

- Population and households in the Market Area are projected to grow slowly through 2030, when the population will reach 41,515 and households totaling 16,689.
- Between 2017 and 2030, the Market Area is projected to experience the largest population gains in the 65 to 74 age cohort (+20.8), but a shrinking of 18 to 24 (-7.8%) and 25 to 34 (-6.3%) age cohorts.
- The median income in the City of Austin was \$47,199 in 2017. Median incomes in the City are projected to rise 12.9% through 2022 to \$53,292. Incomes peak at \$60,819 among those in the 45 to 54 age cohort.
- Nearly 16% of the City of Austin reported their ethnicity as Hispanic or Latino in 2015, a 3.0% increase from 2010.
- The median net worth in the Market Area in 2016 was \$117,857. The net worth in the Remainder of the Market area was reported as \$179,494, higher than the City of Austin which reported a net worth of \$81,343.
- The decrease in Married Households without Children (-6.8% in the Market Area) reflects both the aging baby boomer population whose children have left home and the trend of couples delaying, or forgoing, having children.
- Renter-occupied units are most likely to be single person households (44.3%) in the Market Area, with another quarter of units (25.3%) being two-person households. Homeowner households, however, are most likely to be two-person households (35.8%), followed by four-person households (22.0%).

### ***Housing Characteristics***

- The number of building permits issued for new residential units in the City of Austin continues to reflect the impact of the Great Recession. Building permits dropped from 588 new residential construction units permitted from 2000 to 2007 compared to 146 residential units permitted from 2008 to 2016.
- Single-family detached units made up the largest proportion of housing type for owner-occupied units (93.6%) and renter-occupied units (42.5%) in the Market Area.
- Homes carrying a mortgage in the Market Area reported a higher median value (\$130,891) compared to homes without a mortgage (\$111,289).
- The largest proportion of homes in Austin (42.4%) were valued between \$50,000 and \$99,999.
- The median contract rent in Austin was \$545 in 2015, with the largest proportion of renters (38.2%) paying between \$250 and \$499 per month in rent. In the Remainder of the Market Area, much higher proportion of renters (17.6%) pay no contract rent compared to the proportion in the City of Austin (2.2%) and the State of Minnesota (4.6%).
- Homeownership increases as incomes increase, rising from 30.0% among those earning less than \$15,000 in the City of Austin to 98% among those earning \$150,000 or more.

### ***Employment Trends***

- Unemployment has been on a steady decline in Austin since 2009. The unemployment rate in Austin is on par with Mower County and Region 10, but lower than the State of Minnesota and the United States.
- Education and Health Services and Manufacturing are leading industries in the City of Austin. Together these industries account for 51% of employment in the City.
- The average weekly wage in the City of Austin was \$989 in 2016 compared to \$1,044 in the State of Minnesota.
- The City of Austin is a net importer of workers, 5,532 workers commute into the City for work, and another 7,592 people live and work in the City of Austin, compared to 3,877 of Austin residents who commute outside the city for work.

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

- In total, Maxfield Research surveyed 613 general occupancy market rate rental units in 13 multifamily developments (12 units and larger). At the time of the survey, there were 15 vacant units, resulting in 3.0% vacancy rate. Typically, a healthy rental market maintains a



## EXECUTIVE SUMMARY

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vacancy rate of roughly 5%, which promotes competitive rates, ensures adequate consumer choice, and allows for unit turnover.

- There were 348 affordable/subsidized units at seven projects. At the time of the survey, there were no units available.

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

- There are 16 senior housing facilities located in the Austin Market area offering 617 units. Eleven facilities offer subsidized senior housing with 437 units available.
- Below is a summary of the type of senior housing units available in the Austin Market Area.

Unit Mix, Senior Housing, Austin Market Area			
	Ausin	Remainder of MA	Market Area
Service Type			
Subsidized	335	102	437
Adult/Few Service	132	0	132
Congregate	95	32	127
Assisted Living	164	84	248
Memory Care	104	6	110
<b>Total</b>	<b>830</b>	<b>224</b>	<b>1,054</b>
Sources: Maxfield Research and Consulting, LLC			

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

- For sale housing in Austin has reported steady appreciation in prices, avoiding the major ups and downs in prices of the housing boom and bust experienced in many regions of the country.
- Median sales price jumped from \$73,500 in 2012 to \$90,000 in 2013. Since 2014, median sales prices have risen each year, reaching \$105,000 for sales through July 2017.
- Over half of home resales in 2016 were under \$100,000 and a quarter were prices between \$100,000 and \$150,000.
- The median list price for homes marketing in August 2017 was \$94,900. A household would need an income of \$27,000 to \$32,000 to afford a home at the median list price. Approximately, 71% of the households in the Austin PMA would be able to afford a median priced home in Austin.
- Realtors reported that homes are selling quickly, and over the listing price, particularly among homes in the entry level price range.

### ***Development Pipeline***

- Fox Pointe in Austin was awarded preliminary plat approval in July 2017 for the development of a 38-unit affordable townhome development and three single family homes.
- At the time of this study, there were several development proposals which were stalled or whose future development was uncertain.

### ***Housing Affordability***

- About 20.4% of owner households and 36.1% of renter householders are estimated to be paying more than 30% of their income for housing costs in the Austin PMA. Compared to the Minnesota average, the percentage of cost burdened owner households is lower than the state average, but slightly higher than the state average for renter households.
- The number of cost burdened households in the Austin Market Area increases when analyzed based on lower incomes. About 72.7% of renters with incomes below \$35,000 are cost burdened and 38.1% of owners with incomes below \$50,000 are cost burdened.

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

- Based on our calculations, demand exists in the City of Austin for the following general occupancy product types between 2017 and 2025:
  - Market rate rental 207 units
  - Affordable rental 53 units
  - Subsidized rental 86 units
  - For-sale single-family 119 units
  - For-sale multifamily 67 units
- In addition, we find demand for multiple senior housing product types. By 2025, demand in the City of Austin for senior housing is forecast for the following:
  - Active adult ownership 69 units
  - Active adult market rate rental 147 units
  - Active adult affordable 69 units
  - Active adult subsidized 0 units
  - Congregate 73 units
  - Assisted Living 30 unit
  - Memory Care 106 units

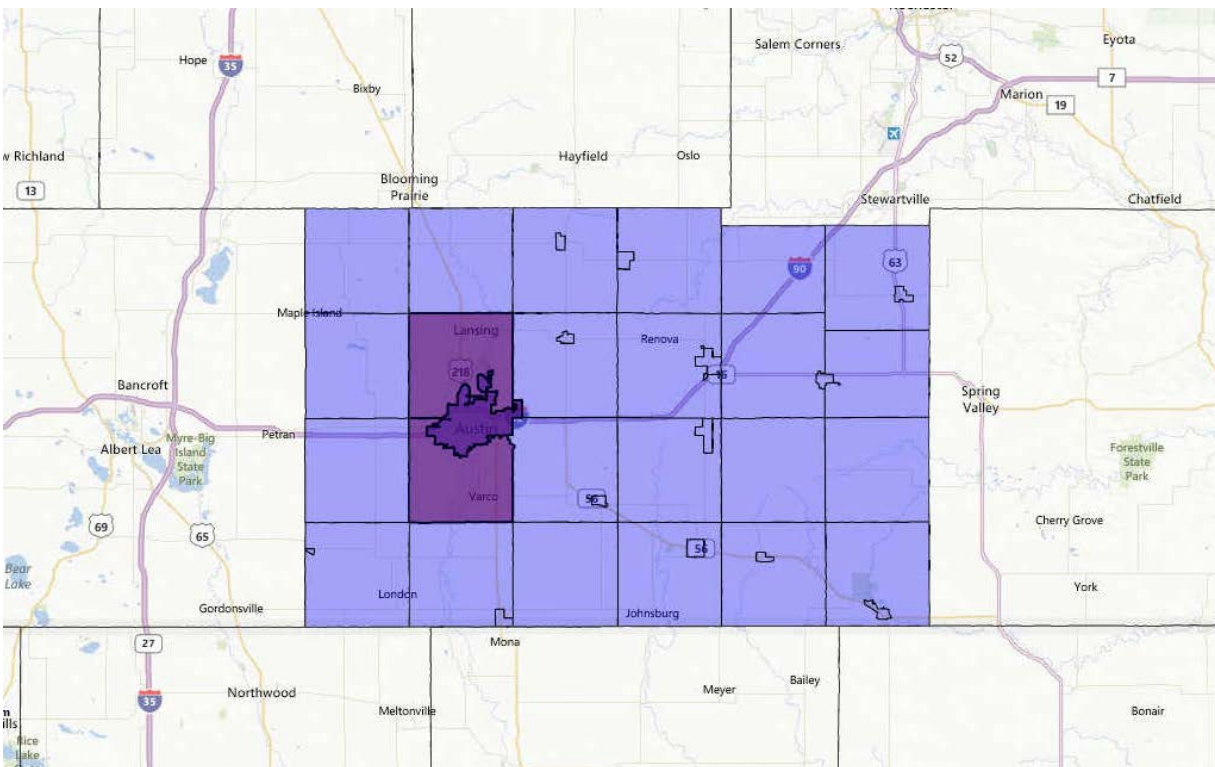
### Introduction

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

### Market Area Definition

The primary draw area (Market Area) for housing in Austin was defined based on geographic and man-made barriers, commuting patterns, school district boundaries, and our previous experience in Austin. The Market Area geography includes all the communities within Mower County and the four eastern townships in Freeborn County which border Mower County. Within the PMA we have highlighted the City of Austin and the Austin Urban Area (consisting of the City of Austin, the City of Mapleview, and the townships of Austin and Lansing). A map of the PMA is provided below.

#### Primary Market Area



### Population and Household Growth Trends and Projections from 1990 to 2030

Table D-1 presents the historic population and household growth trends from 1990 to 2030. The data was collected from the U.S. Census Bureau. Historic data was collected from the U.S. Census Bureau, estimates and projections were calculated based on data from ESRI (a national demographics service provider) and the Minnesota State Demographer with adjustments calculated by Maxfield Research and Consulting, LLC. The adjustments are intended to reflect the impact of the current housing market, employment and review of building permit trends.

#### Historic Population and Household Trends

- Between 1990 and 2000, the City of Austin experienced a 4% increase in population, adding 868 people. At the same time, the population of the Remainder of the Market Area remained nearly steady, experiencing a 0.9% increase in population (+129 people). The result was a 3% increase in the population of the Market Area.
- Between 2000 and 2010 the population in Austin continued to grow, increasing by 6% (+1,404 people). However, the Remainder of the Market Area experienced a population decline of -1.9% (-273 people). The result was a 0.9% increase in the total population of the PMA (+375).
- From 1990 to 2000 the number of households in Austin increased by 3.5%, adding 336 new households. Similarly, the Remainder of the Market Area gained 153 households, a 3% increase.
- The number of households again increased in the City of Austin from 2000 to 2010, adding 234 households and the Remainder of the Market Area added 197 households.
- Region 10 (SE Minnesota) grew by 7.5% between 2000 and 2010. The regional growth is driven by growth in the City of Rochester.

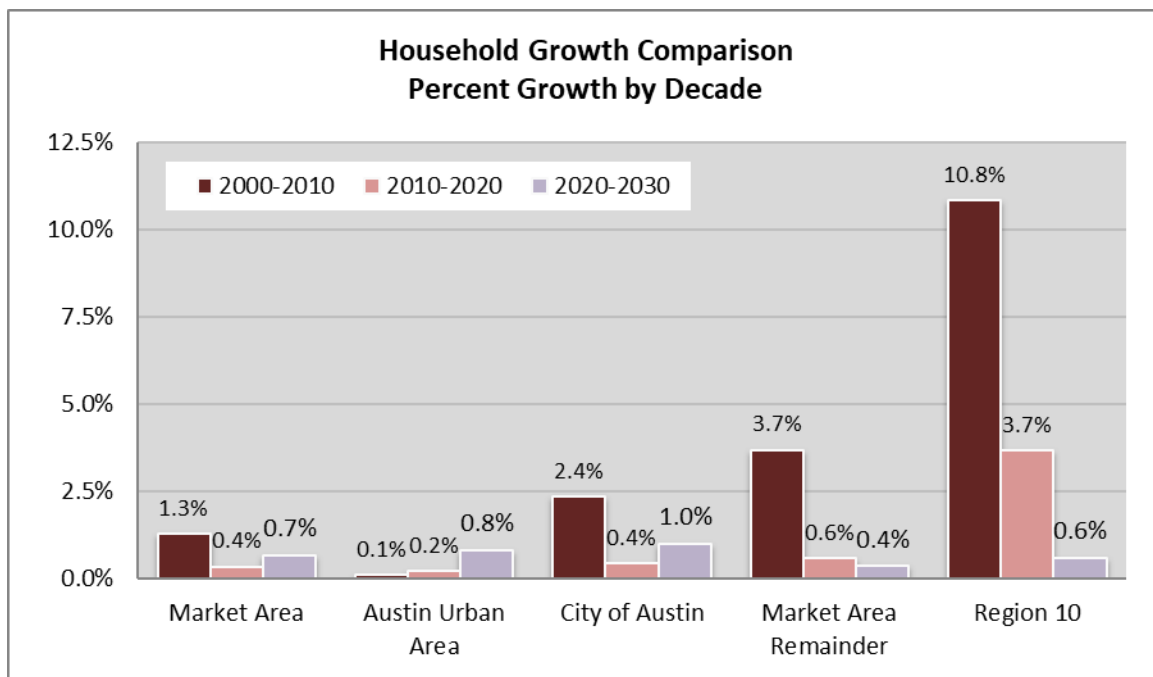
## DEMOGRAPHIC ANALYSIS

**TABLE D-1  
POPULATION AND HOUSEHOLD GROWTH TRENDS AND PROJECTIONS  
AUSTIN MARKET AREA  
1990-2030**

							Change					
	Census			Estimate	Forecast	Forecast	2000-2010		2010-2020		2020-2030	
	1990	2000	2010	2017	2020	2030	No.	Pct.	No.	Pct.	No.	Pct.
<b>Population</b>												
<b>Market Area Total</b>	<b>39,376</b>	<b>40,535</b>	<b>40,910</b>	<b>41,153</b>	<b>41,235</b>	<b>41,515</b>	<b>375</b>	<b>0.9%</b>	<b>325</b>	<b>0.8%</b>	<b>280</b>	<b>0.6%</b>
Austin Urban Area	25,161	26,191	26,839	27,009	27,076	27,300	648	2.5%	237	0.9%	224	0.8%
City of Austin	22,446	23,314	24,718	24,930	25,000	25,250	1,404	6.0%	282	1.1%	250	1.0%
Remainder of Urban Area	2,715	2,877	2,121	2,079	2,076	2,050	-756	-26.3%	-45	-2.1%	-26	-1.3%
Market Area Remainder	14,215	14,344	14,071	14,144	14,159	14,215	-273	-1.9%	88	0.6%	56	0.4%
<b>Region 10 (SE Minnesota)</b>	<b>420,094</b>	<b>460,102</b>	<b>494,684</b>	<b>505,143</b>	<b>508,663</b>	<b>511,341</b>	<b>34,582</b>	<b>7.5%</b>	<b>13,979</b>	<b>2.8%</b>	<b>2,678</b>	<b>0.5%</b>
<b>Households</b>												
<b>Market Area Total</b>	<b>15,750</b>	<b>16,310</b>	<b>16,519</b>	<b>16,540</b>	<b>16,578</b>	<b>16,689</b>	<b>209</b>	<b>1.3%</b>	<b>59</b>	<b>0.4%</b>	<b>111</b>	<b>0.7%</b>
Austin Urban Area	10,573	10,980	10,992	10,990	11,018	11,109	12	0.1%	26	0.2%	91	0.8%
City of Austin	9,561	9,897	10,131	10,146	10,175	10,277	234	2.4%	44	0.4%	102	1.0%
Remainder of Urban Area	1,012	1,083	861	844	843	832	-222	-20.5%	-18	-2.1%	-11	-1.3%
Market Area Remainder	5,177	5,330	5,527	5,550	5,560	5,580	197	3.7%	33	0.6%	20	0.4%
<b>Region 10 (SE Minnesota)</b>	<b>155,422</b>	<b>174,764</b>	<b>193,690</b>	<b>200,733</b>	<b>200,800</b>	<b>202,000</b>	<b>18,926</b>	<b>10.8%</b>	<b>7,110</b>	<b>3.7%</b>	<b>1,200</b>	<b>0.6%</b>
Note: Region 10 consists of the Counties of: Dodge, Fillmore, Freeborn, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, and Winona. The Austin Urban Area includes the City of Austin, the City of Mapleview, and the Townships of Austin and Lansing												
Sources: US Census Bureau; MN State Demographic Center; ESRI; Maxfield Research Consulting												

### Population and Household Projections

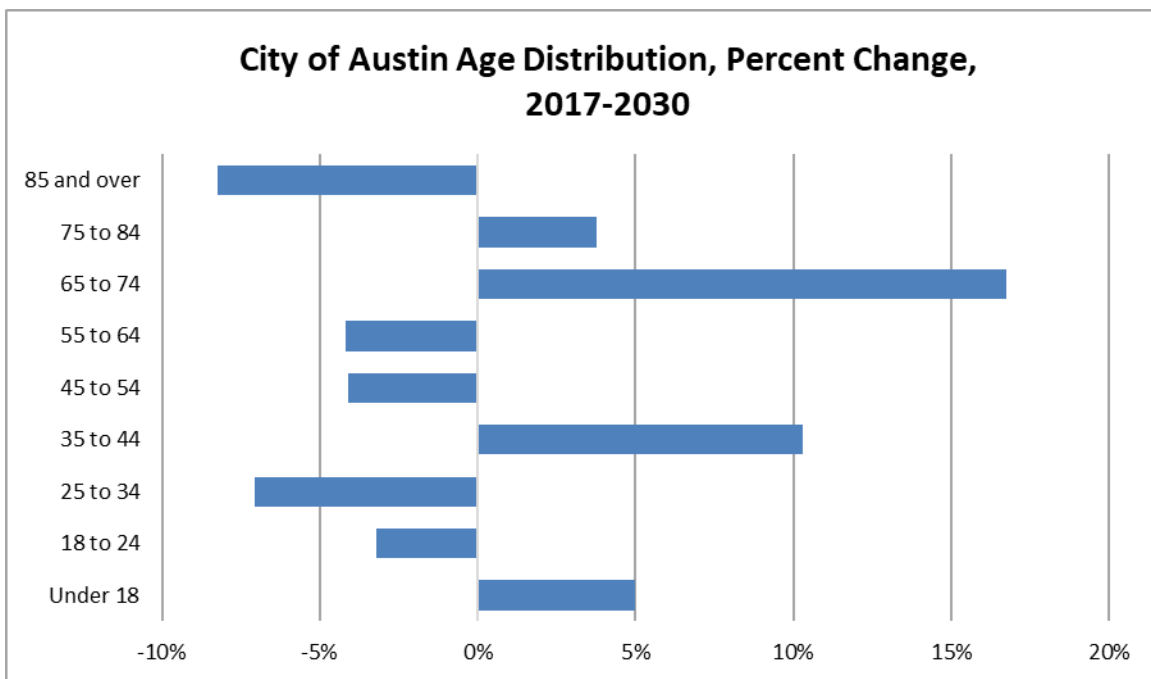
- In both the City of Austin and the Remainder of the Market Area, the population is forecast to remain nearly steady from 2010 to 2030. Austin is forecast to grow by 1.1% between 2010 and 2020, and 1.0% between 2020 and 2030. From 2010 to 2030, the City of Austin will add over 500 people.
- The Remainder of the Market Area, will grow by 0.6% from 2010 to 2020 and 0.4% from 2020 to 2030, experiencing a population increase of 144.
- Household growth trends are typically a more accurate indicator of housing needs than population growth since a household is, by definition, an occupied housing unit. However, additional demand can come from changing demographics of the population base, which results in demand for different housing products.
- From 2010 to 2030, the number of households is projected to remain nearly stable, growing by only 0.4% from 2010 to 2020 and 1.0% from 2020 to 2030 in Austin.
- Households in the Remainder of the PMA are projected to grow by 0.6% from 2010 to 2020 and 0.4% from 2020 to 2030.



## Age Distribution Trends

Age distribution affects demand for different types of housing since needs and desires change at different stages of the life cycle. Table D-2 shows the distribution of persons within nine age cohorts for Austin and the Market Area in 2000 and 2010 with estimates for 2017 and projections for 2022 and 2030. The 2000 and 2010 age distribution is from the U.S. Census Bureau and the 2017 figures are estimates based on ESRI data. Maxfield Research and Consulting LLC derived the 2022 and 2030 projections with adjustments made to data obtained from ESRI. The following are key points from the table.

- In the City of Austin, those age 55 to 64 experienced the largest growth from 2000 to 2010, growing by 39.1%. During the same time, the age cohorts 65 to 74 and 75 to 84 witnessed the greatest decline in population, decreasing by 24.5% and 18.3% respectively.
- Between 2017 and 2030, the 65 to 74 age cohort will see the largest proportional growth, gaining 16.8% in the City of Austin. Austin is also forecast to experience a 10.3% increase in the population age 35 to 44. At the same time, the young adult age cohorts, ages 18 to 34 are projected to decline, as are the middle age cohorts, ages 45 to 64.

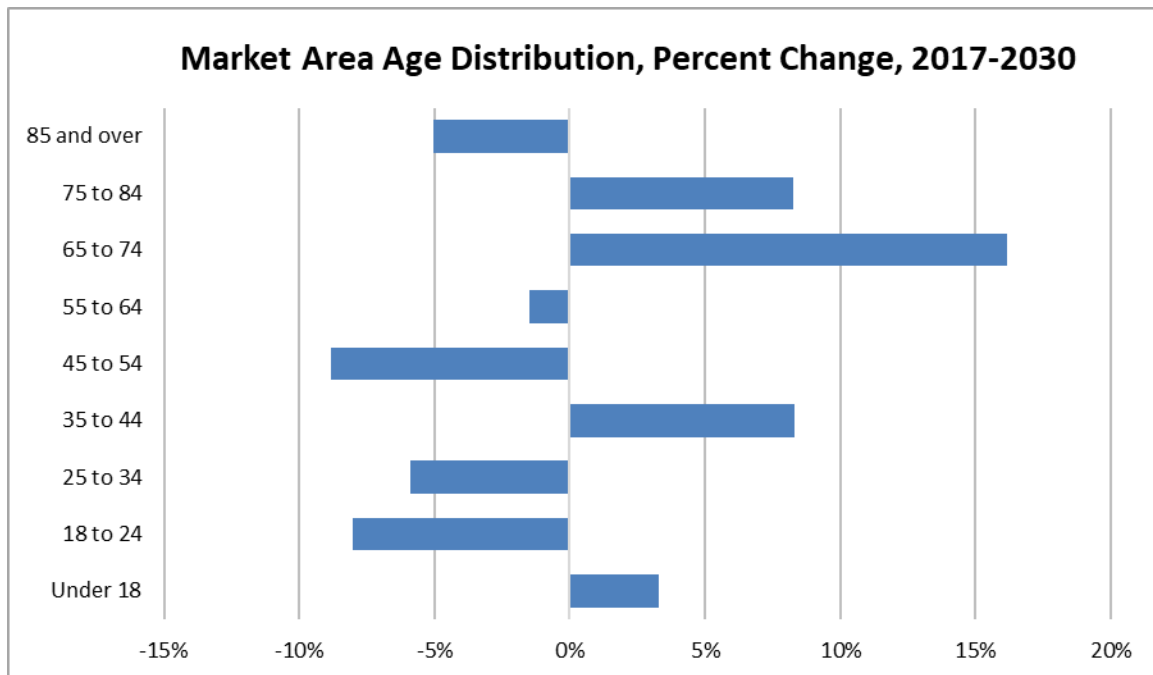


- Between 2017 and 2030, the City of Austin is forecast to experience a 5.0% (+316 people) increase in the population under 18. Indicators of strong growth in the youngest age cohort is also evident from school district enrollment projections. School enrollment in October 2017 was recorded at 4,887 students, exceeding 2014 projections of 4,787 students.
- In the Remainder of the Market Area, the 65 to 74 age cohort and the 75 to 84 age cohort are forecast to experience the largest proportional growth from 2017 to 2030. As in Austin,

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the younger age cohorts (18 to 34 year olds) and the middle age cohort (45 to 54 year olds) are projected to experience a decline in population.





# DEMOGRAPHIC ANALYSIS

<b>TABLE D-2</b> <b>POPULATION AGE DISTRIBUTION</b> <b>AUSTIN MARKET AREA</b> <b>2000 to 2030</b>									
Age	Census		Estimate	Projection	Projection	Change			
	2000	2010	2017	2022	2030	2000-2010		2017-2030	
	No.	No.	No.	No.	No.	No.	Pct.	No.	Pct.
<b>Austin</b>									
Under 18	5,437	6,329	6,160	6,428	6,476	892	16.4	316	5.0
18 to 24	2,028	2,192	2,028	1,943	1,958	164	8.1	-71	-3.2
25 to 34	2,729	3,266	3,425	3,171	3,195	537	19.7	-230	-7.1
35 to 44	3,119	2,749	2,784	3,044	3,067	-370	-11.9	283	10.3
45 to 54	2,889	3,050	2,771	2,627	2,647	161	5.6	-124	-4.1
55 to 64	1,974	2,745	2,962	2,826	2,847	771	39.1	-115	-4.2
65 to 74	2,241	1,691	2,215	2,480	2,499	-550	-24.5	284	16.8
75 to 84	2,042	1,669	1,508	1,559	1,571	-373	-18.3	63	3.8
85 and over	855	1,027	1,075	983	990	172	20.1	-85	-8.2
<b>Subtotal</b>	<b>23,314</b>	<b>24,718</b>	<b>24,930</b>	<b>25,061</b>	<b>25,250</b>	<b>1,404</b>	<b>6.0</b>	<b>320</b>	<b>1.3</b>
<b>Remainder of Market Area</b>									
Under 18	4,754	3,952	3,519	3,516	3,523	-802	-16.9	3	0.1
18 to 24	1,281	1,062	1,134	948	950	-219	-17.1	-184	-17.3
25 to 34	1,717	1,621	1,769	1,690	1,693	-96	-5.6	-76	-4.7
35 to 44	2,893	1,944	1,775	1,867	1,871	-949	-32.8	96	4.9
45 to 54	2,260	2,808	2,328	1,999	2,002	548	24.2	-325	-11.6
55 to 64	1,628	2,089	2,557	2,584	2,589	461	28.3	31	1.5
65 to 74	1,380	1,354	1,696	2,042	2,045	-26	-1.9	349	25.8
75 to 84	990	933	963	1,102	1,104	-57	-5.8	141	15.1
85 and over	318	429	481	487	487	111	34.9	6	1.5
<b>Subtotal</b>	<b>17,221</b>	<b>16,192</b>	<b>16,223</b>	<b>16,235</b>	<b>16,265</b>	<b>-1,029</b>	<b>-6.0</b>	<b>42</b>	<b>0.3</b>
<b>Market Area Total</b>									
Under 18	10,191	10,281	9,680	9,944	9,999	90	0.9	319	3.1
18 to 24	3,309	3,254	3,162	2,891	2,908	-55	-1.7	-254	-7.8
25 to 34	4,446	4,887	5,194	4,861	4,888	441	9.9	-306	-6.3
35 to 44	6,012	4,693	4,559	4,911	4,938	-1,319	-21.9	379	8.1
45 to 54	5,149	5,858	5,099	4,626	4,649	709	13.8	-450	-7.7
55 to 64	3,602	4,834	5,519	5,410	5,436	1,232	34.2	-83	-1.7
65 to 74	3,621	3,045	3,912	4,522	4,544	-576	-15.9	632	20.8
75 to 84	3,032	2,602	2,471	2,661	2,675	-430	-14.2	204	7.8
85 and over	1,173	1,456	1,556	1,470	1,478	283	24.1	-78	-5.4
<b>Total</b>	<b>40,535</b>	<b>40,910</b>	<b>41,153</b>	<b>41,296</b>	<b>41,515</b>	<b>375</b>	<b>0.9</b>	<b>362</b>	<b>0.9</b>
Sources: U.S. Census Bureau; ESRI; Maxfield Research and Consulting LLC									

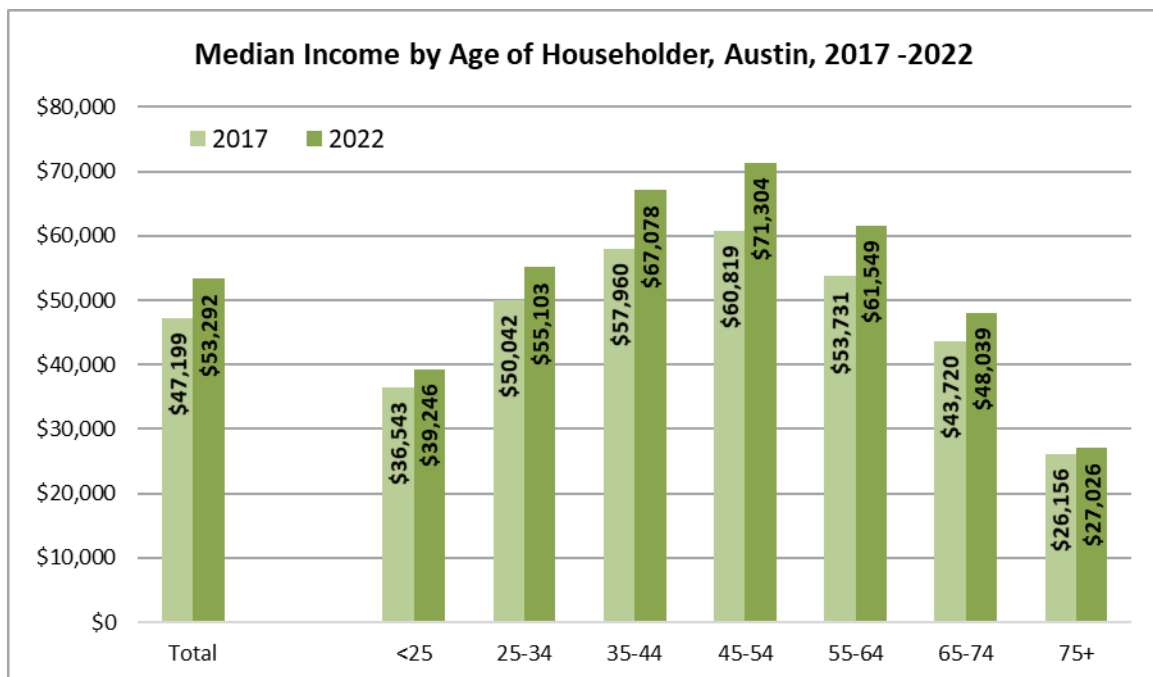
## Household Income by Age of Householder

The estimated distribution of household incomes in the City of Austin and the Remainder of the Market Area for 2017 and 2022 are shown in Tables D-3 and D-4. The data is estimated by ESRI with adjustments by Maxfield Research. The data helps ascertain the demand for different housing products based on the size of the market at specific cost levels.

The Department of Housing and Urban Development defines affordable housing costs as 30% of a household's adjusted gross income. For example, a household in the City of Austin with a median income of \$47,199 per year would be able to afford a monthly housing cost of about \$1,180. Maxfield Research and Consulting LLC uses a figure of 25% to 30% for younger households and 40% or more for seniors, since seniors generally have lower living expenses and can often sell their homes and use the proceeds toward rent payments.

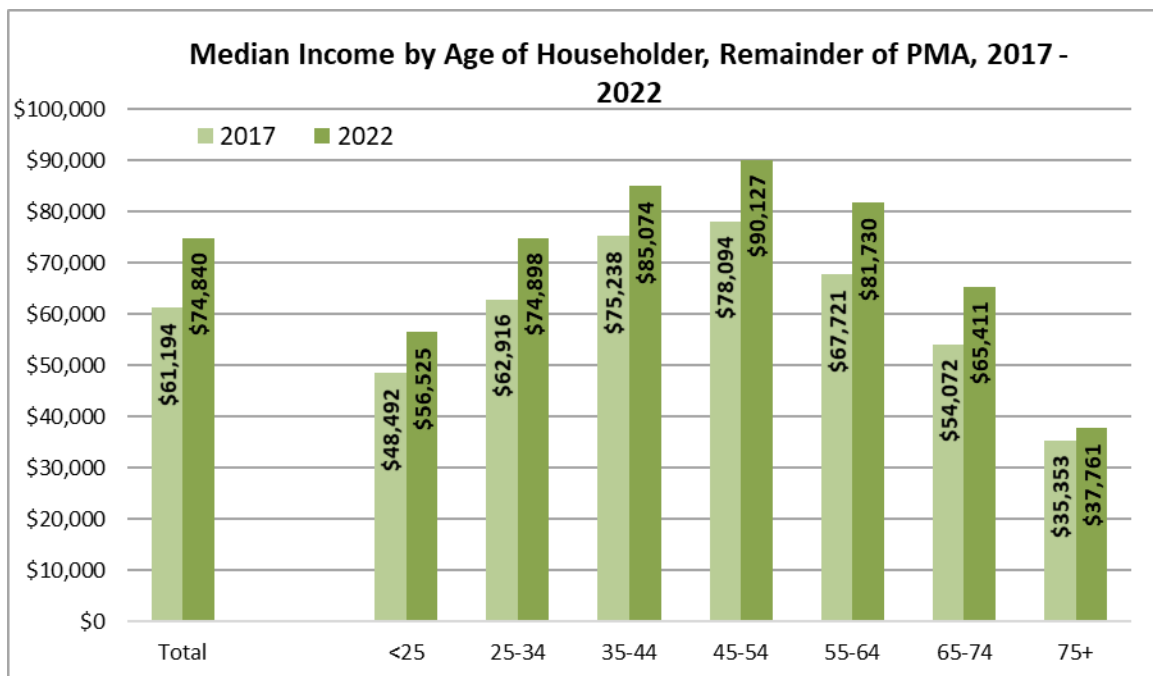
A generally accepted standard for affordable owner-occupied housing is that a typical household can afford to pay 3.0 to 3.5 times their annual income on a single-family home. Thus, a \$47,199 income would translate to an affordable single-family home of \$141,597 to \$165,197. The higher end of this range assumes that the person has adequate funds for down payment and closing costs, but also does not include savings or equity in an existing home which would allow them to purchase a higher priced home.

- The City of Austin has an estimated median household income of \$47,199 in 2017. It is projected to increase over the next five years to \$53,292 in 2022 (+12.9%).



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- Median income peaks in the 45 to 54 age group at \$60,819 in 2017. In 2022, 45 to 54 year olds are forecast to retain the highest income, which is expected to increase to \$71,304. Incomes are lowest in Austin for those age 75 and older in both 2017 and 2022. People in this age group are typically retired, resulting in lower annual incomes.
- With a household income of \$50,042, a younger household in Austin (the median household income for the 25 to 34 cohort) could afford a monthly housing cost of about \$1,251 based on an allocation of 30% of income toward housing. A senior household in the PMA with an income of \$26,156 (the median household income of seniors 75+) could afford a monthly housing cost of \$872, based on an allocation of 40% of income toward housing.
- Median income is projected to increase for all age cohorts, with the largest increase occurring in the 45 to 54 year old age cohort (+17.2%).
- Within the Remainder of the PMA, the median income is \$61,194 in 2017 and median incomes are expected to increase 22.3% to \$74,840 in 2022.
- Age cohorts under 75 years old, are expected to increase between 13% and 21%, with salaries rising between \$8,000 and \$14,000 per year.
- As in the City of Austin, the highest incomes were reported for the 45 to 54 year old age cohort in the Remainder of the Market Area.



## DEMOGRAPHIC ANALYSIS

**TABLE D-3  
HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER  
CITY OF AUSTIN  
2017 & 2022**

	Age of Householder							
	Total	<25	25-34	35-44	45-54	55-64	65 -74	75+
2017								
Less than \$15,000	1,427	104	187	142	157	239	157	442
\$15,000 to \$24,999	1,185	52	153	111	117	163	160	430
\$25,000 to \$34,999	1,108	79	191	136	122	154	181	246
\$35,000 to \$49,999	1,576	78	310	216	204	245	287	237
\$50,000 to \$74,999	1,888	102	368	344	318	320	255	182
\$75,000 to \$99,999	1,253	38	212	224	230	246	150	154
\$100,000-\$149,999	1,135	28	180	205	268	240	121	94
\$150,000-\$199,999	339	6	62	89	64	61	36	21
\$200,000+	233	5	21	33	60	68	33	13
Total	10,146	492	1,683	1,499	1,539	1,735	1,379	1,818
Median Income	\$47,199	\$36,543	\$50,042	\$57,960	\$60,819	\$53,731	\$43,720	\$26,156
2022								
Less than \$15,000	1,382	97	169	149	138	216	168	443
\$15,000 to \$24,999	1,090	49	130	100	97	140	167	406
\$25,000 to \$34,999	952	66	150	124	89	123	184	214
\$35,000 to \$49,999	1,338	69	241	185	160	192	285	204
\$50,000 to \$74,999	1,808	99	327	352	281	290	282	178
\$75,000 to \$99,999	1,382	43	219	266	234	255	187	177
\$100,000-\$149,999	1,421	34	214	289	314	281	163	126
\$150,000-\$199,999	502	9	91	139	85	82	61	34
\$200,000+	321	7	25	50	72	87	56	23
Total	10,195	474	1,568	1,654	1,471	1,666	1,554	1,807
Median Income	\$53,292	\$39,246	\$55,103	\$67,078	\$71,304	\$61,549	\$48,039	\$27,026
Change 2017- 2022								
Less than \$15,000	-45	-7	-18	7	-19	-22	11	1
\$15,000 to \$24,999	-95	-3	-23	-11	-20	-23	7	-24
\$25,000 to \$34,999	-156	-13	-41	-12	-33	-31	3	-31
\$35,000 to \$49,999	-238	-9	-68	-31	-44	-52	-2	-32
\$50,000 to \$74,999	-80	-3	-41	8	-37	-30	27	-4
\$75,000 to \$99,999	128	5	8	42	5	9	37	23
\$100,000-\$149,999	285	6	35	84	46	41	42	32
\$150,000-\$199,999	163	3	29	50	21	21	25	13
\$200,000+	88	2	4	17	12	19	23	10
Total	49	-18	-115	155	-68	-69	175	-11
Median Income	\$6,093	\$2,703	\$5,061	\$9,118	\$10,485	\$7,818	\$4,319	\$870
Sources: ESRI; US Census Bureau; Maxfield Research and Consulting LLC								

Sources: ESRI; US Census Bureau; Maxfield Research and Consulting LLC

### Non-senior Households

- In 2017, 12% (829 households) of the non-senior (under age 65) households in the City of Austin and 6% of non-senior households (260) in the Remainder of the Market Area had incomes under \$15,000. All of these households would be eligible for subsidized rental housing.
- Another 9% (596 households) of the City of Austin's non-senior households and 5% of households in the Remainder of the Market Area (221 households) had incomes between

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\$15,000 and \$25,000. Many of these households would qualify for subsidized housing, but many could also afford “affordable” or older market rate rentals. If housing costs absorb 30% of income, households with incomes of \$15,000 to \$25,000 could afford to pay \$375 to \$625 per month.

**TABLE D-4**  
**HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER**  
**REMAINDER OF MARKET AREA**  
**2017 & 2022**

	Age of Householder							
	Total	<25	25-34	35-44	45-54	55-64	65 -74	75+
2017								
Less than \$15,000	483	15	44	38	55	108	93	130
\$15,000 to \$24,999	478	11	43	36	42	88	61	196
\$25,000 to \$34,999	493	9	55	48	56	90	101	133
\$35,000 to \$49,999	962	28	124	110	132	171	182	216
\$50,000 to \$74,999	1,406	36	221	222	273	331	216	106
\$75,000 to \$99,999	1,082	11	154	180	251	265	135	86
\$100,000-\$149,999	873	5	102	157	229	222	109	49
\$150,000-\$199,999	352	5	55	87	82	76	37	8
\$200,000+	265	2	12	35	82	82	43	8
Total	6,394	123	811	913	1,204	1,434	978	932
Median Income	\$61,194	\$48,492	\$62,916	\$75,238	\$78,094	\$67,721	\$54,072	\$35,353
2022								
Less than \$15,000	422	10	39	35	31	78	92	136
\$15,000 to \$24,999	385	9	29	27	17	58	55	189
\$25,000 to \$34,999	406	7	43	39	34	61	93	129
\$35,000 to \$49,999	743	16	83	72	74	121	173	203
\$50,000 to \$74,999	1,246	32	183	196	189	288	236	121
\$75,000 to \$99,999	1,234	20	163	203	231	302	189	125
\$100,000-\$149,999	1,035	6	119	185	228	266	157	74
\$150,000-\$199,999	523	6	71	127	107	118	74	20
\$200,000+	412	2	23	55	98	132	89	13
Total	6,405	109	754	941	1,010	1,424	1,158	1,010
Median Income	\$74,840	\$56,525	\$74,898	\$85,074	\$90,127	\$81,730	\$65,411	\$37,761
Change 2017- 2022								
Less than \$15,000	-62	-5	-5	-3	-24	-29	-2	6
\$15,000 to \$24,999	-93	-2	-14	-9	-25	-30	-6	-7
\$25,000 to \$34,999	-87	-2	-12	-9	-22	-29	-9	-4
\$35,000 to \$49,999	-219	-12	-41	-37	-57	-50	-9	-13
\$50,000 to \$74,999	-160	-4	-38	-26	-84	-43	20	14
\$75,000 to \$99,999	151	9	9	23	-20	37	55	38
\$100,000-\$149,999	162	1	16	28	-1	44	48	25
\$150,000-\$199,999	172	1	16	39	24	41	37	12
\$200,000+	146	0	11	20	15	49	45	5
Total	11	-14	-57	27	-193	-10	180	78
Median Income	\$13,646	\$8,033	\$11,982	\$9,836	\$12,033	\$14,009	\$11,339	\$2,408
Sources: ESRI; US Census Bureau; Maxfield Research and Consulting LLC								

Sources: ESRI; US Census Bureau; Maxfield Research and Consulting LLC

### Senior Households

- The oldest householders are likely to have lower incomes in 2017. In Austin, 11% of households ages 65 to 74 had incomes below \$15,000 and 24% of households ages 75 and over.

In the Remainder of the Market Area, 10% of households ages 65 to 74 had incomes below \$15,000 and 14% of households age 75 and older. Many of these low-income older senior households rely solely on social security benefits.

- Typically, younger seniors have higher incomes due to the fact they are still able to work or are married couples with two pensions or higher social security benefits. The 2017 median income for Austin householders age 65 to 74 and 75+ are, \$43,720 and \$26,156, respectively. In the Remainder of the Market Area, households age 65 to 74 reported a median income of \$54,072 and households age 75+ had median incomes of \$37,761 in 2017.

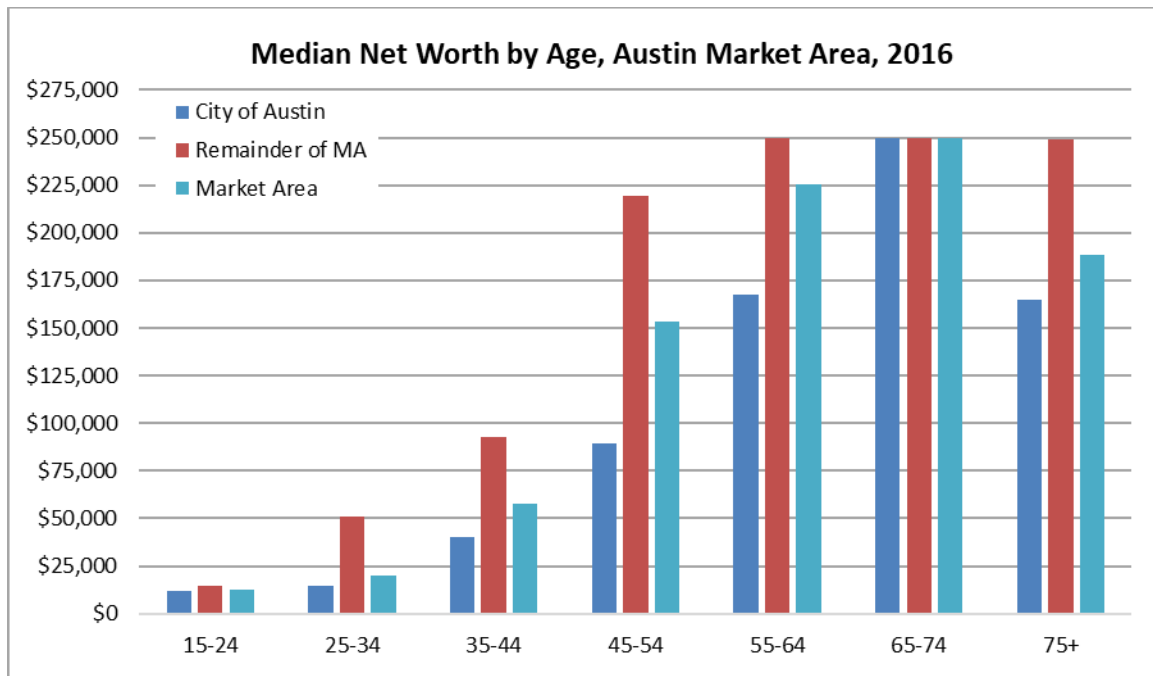
### Net Worth

Table D-5 shows household net worth in the City of Austin and in the Remainder of the Market Area in 2016. Simply stated, net worth is the difference between assets and liabilities, or the total value of assets after the debt is subtracted. The data was compiled and estimated by ESRI based on the Survey of Consumer Finances and Federal Reserve Board data.

According to the Urban Institute Housing Finance Center, the average homeowner's net housing worth is \$150,506 compared to an average net worth of just over \$5,000 for renters reported by the 2013 Federal Reserve Survey of Consumer Finances.

- The City of Austin had an average net worth of \$440,183 in 2016 and a median net worth of \$81,343. Median net worth is generally a more accurate depiction of wealth than the average figure. A few households with very large net worth can significantly skew the average. Communities with high levels of farming equipment and land assets tend to also increase the average and median net worth in those areas.

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- Similar to household income, net worth increases as households age and decreases after they pass their peak earning years and move into retirement. Median and average net worth usually peak in the 65 to 74 age cohort. In Austin, median net worth was highest for the 65-74 age cohort at \$250,001. Senior households usually have a higher net worth also due to their 401k's, and other retirement funds. Also, senior households that continue to have higher average net worth could be an indication of farm equipment and land assets being primarily retained by households in senior age cohorts.

**TABLE D-5  
ESTIMATED NET WORTH BY AGE OF HOUSEHOLDER  
AUSTIN MARKET AREA  
2016**

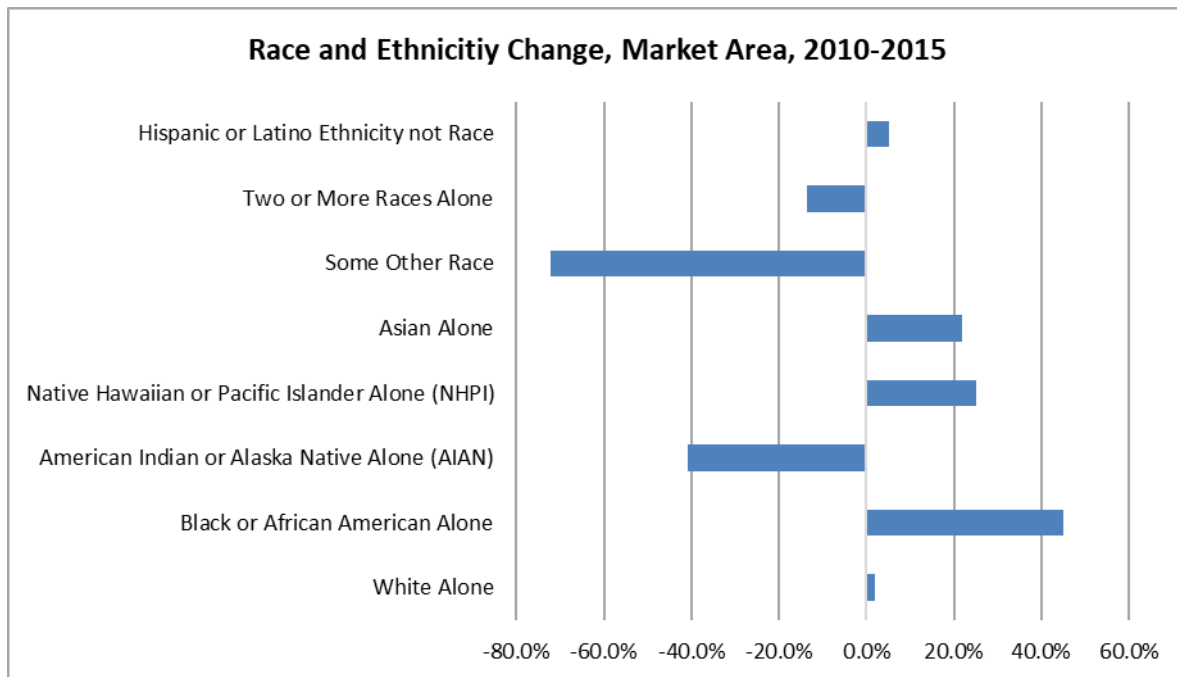
	Age of Householder							
	Total		15-24		25-34		35-44	
	Average	Median	Average	Median	Average	Median	Average	Median
City of Austin	\$440,183	\$81,343	\$29,449	\$12,048	\$65,071	\$14,426	\$205,879	\$40,108
Remainder of MA	\$620,693	\$179,494	\$59,572	\$14,348	\$110,702	\$51,055	\$312,157	\$92,492
<b>Market Area Total</b>	<b>\$510,199</b>	<b>\$117,857</b>	<b>\$35,759</b>	<b>\$12,467</b>	<b>\$79,869</b>	<b>\$20,258</b>	<b>\$246,903</b>	<b>\$57,582</b>
	45-54		55-64		65-74		75+	
	Average	Median	Average	Median	Average	Median	Average	Median
City of Austin	\$400,955	\$89,673	\$716,435	\$167,793	\$936,667	\$250,001	\$491,472	\$164,906
Remainder of MA	\$594,166	\$219,643	\$880,791	\$250,001	\$1,161,097	\$250,001	\$583,033	\$249,166
<b>Market Area Total</b>	<b>\$486,975</b>	<b>\$153,041</b>	<b>\$789,857</b>	<b>\$225,171</b>	<b>\$1,027,945</b>	<b>\$250,001</b>	<b>\$522,288</b>	<b>\$188,546</b>

Sources: ESRI; Maxfield Research and Consulting, LLC

### Diversity

The population distribution by race, Table D-6 presents the diversity of the population in the Market Area for 2010 and 2015. The data was obtained from the U.S. Census.

- In 2015, “White Alone” comprised the largest proportion of the population in Austin (89.2%), the Remainder of the PMA (97.3%), and the Primary Market Area (92.4%). The percentage has increased slightly since 2010 where “White Alone” was 86.8% in Austin and 97.3% in the Remainder of the PMA.
- U.S. Census respondents that list themselves ethnically as Hispanic or Latino, racially list themselves in various race categories. As of 2015, 15.8% of Austin’s population, nearly the same as the proportion of the population in Austin that identified as Hispanic in 2010.



- Residents of the Market Area reporting their race as Black or African American Alone experienced the largest proportional increase, rising 45.1% between 2010 and 2015. During the same time, the proportion of residents reporting their race as “Some Other Race” declined the most significantly, falling by 72.2%.



## DEMOGRAPHIC ANALYSIS

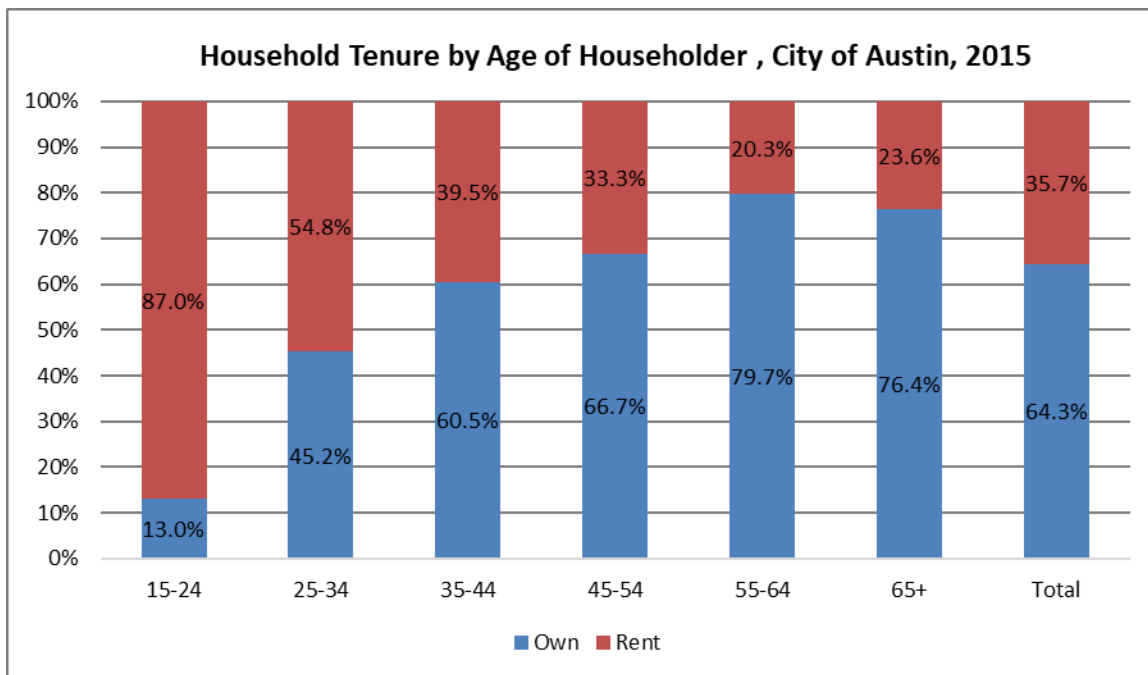
**TABLE D-6  
POPULATION DISTRIBUTION BY RACE  
AUSTIN MARKET AREA  
2010 & 2015**

	White Alone		Black or African American Alone		American Indian or Alaska Native Alone (AIAN)		Native Hawaiian or Pacific Islander Alone (NHPI)		Asian Alone		Some Other Race		Two or More Races Alone		Hispanic or Latino <i>Ethnicity not Race</i>	
	2010	2015	2010	2015	2010	2015	2010	2015	2010	2015	2010	2015	2010	2015	2010	2015
<b>Number</b>																
Austin	21,466	22,024	749	1,046	79	35	39	50	599	754	1,191	255	595	523	3,796	3,911
Rem. of MA	15,737	15,965	71	144	19	23	1	0	52	40	170	124	142	114	403	502
<b>Market Area Total</b>	<b>37,203</b>	<b>37,989</b>	<b>820</b>	<b>1,190</b>	<b>98</b>	<b>58</b>	<b>40</b>	<b>50</b>	<b>651</b>	<b>794</b>	<b>1,361</b>	<b>379</b>	<b>737</b>	<b>637</b>	<b>4,199</b>	<b>4,413</b>
<b>Percentage</b>																
Austin	86.8%	89.2%	3.0%	4.2%	0.3%	0.1%	0.2%	0.2%	2.4%	3.1%	4.8%	1.0%	2.4%	2.1%	15.4%	15.8%
Rem. of MA	97.2%	97.3%	0.4%	0.9%	0.1%	0.1%	0.0%	0.0%	0.3%	0.2%	1.0%	0.8%	0.9%	0.7%	2.5%	3.1%
<b>Market Area Total</b>	<b>90.9%</b>	<b>92.4%</b>	<b>2.0%</b>	<b>2.9%</b>	<b>0.2%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>1.6%</b>	<b>1.9%</b>	<b>3.3%</b>	<b>0.9%</b>	<b>1.8%</b>	<b>1.5%</b>	<b>10.3%</b>	<b>10.7%</b>
Sources: U.S. Census Bureau; Maxfield Research and Consulting, LLC																

## Tenure by Age of Householder

Table D-7 shows the number of owner and renter households in the Market Area by age group in 2010 and 2015. This data is useful in determining demand for certain types of housing since housing preferences change throughout an individual's life cycle. The following are key findings from Table D-7.

- The number of owner households in Austin decreased from 68.1% in 2010 to 64.3% in 2015. In most cases, the housing market downturn contributed to the decrease in the homeownership rate during the late 2000s as it became more difficult for households to secure mortgage loans, households delayed purchasing homes due to the uncertainty of the housing market, and foreclosures forced households out of their homes.
- As households progress through their life cycle, housing needs change. The proportion of renter households decreases significantly as households' age out of their young-adult years. However, by the time households reach their senior years, rental housing often becomes a more viable option than homeownership, reducing the responsibility of maintenance and the financial commitment. In the City of Austin, homeowner households reached a high of 79.7% in the age cohort 55-64 in 2015.



# DEMOGRAPHIC ANALYSIS

**TABLE D-7  
TENURE BY AGE OF HOUSEHOLDER  
AUSTIN MARKET AREA  
2010 & 2015**

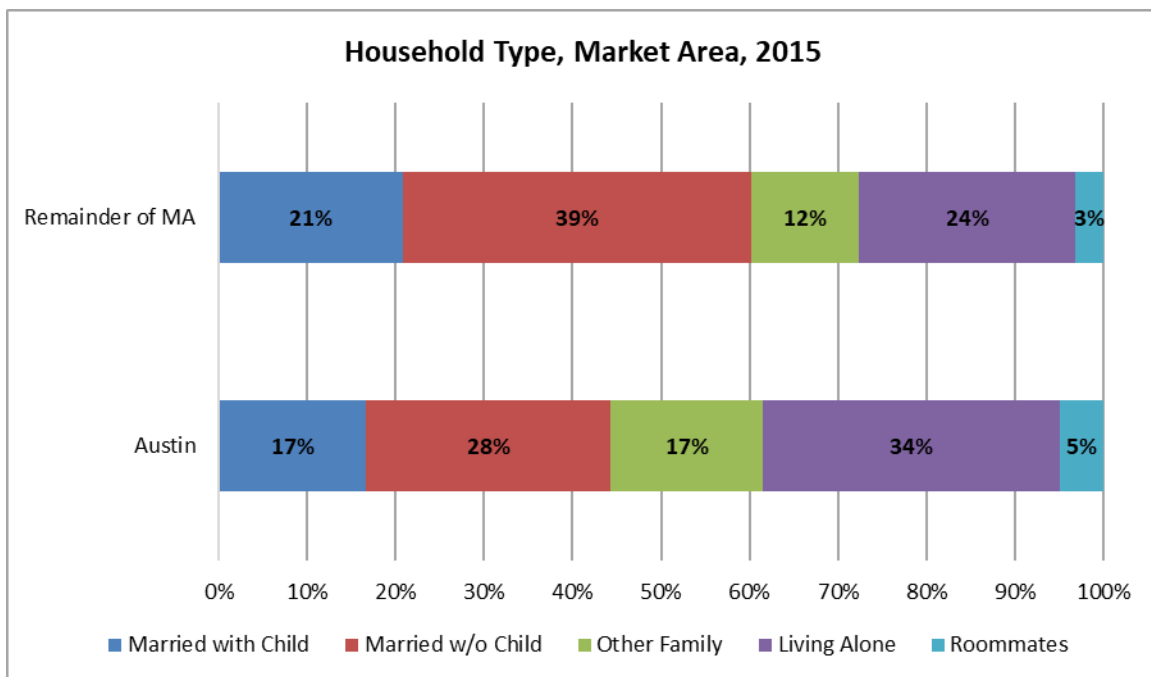
Age		City of Austin				Remainder of Market Area				Market Area			
		2010		2015		2010		2015		2010		2015	
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
15-24	Own	155	27.5	74	13.0	68	42.2	56	40.0	223	30.8	130	18.4
	Rent	408	72.5	494	87.0	93	57.8	84	60.0	501	69.2	578	81.6
	<b>Total</b>	<b>563</b>	<b>100.0</b>	<b>568</b>	<b>100.0</b>	<b>161</b>	<b>100.0</b>	<b>140</b>	<b>100.0</b>	<b>724</b>	<b>100.0</b>	<b>708</b>	<b>100.0</b>
25-34	Own	847	51.2	627	45.2	546	72.1	527	66.5	1,393	57.8	1,154	53.0
	Rent	806	48.8	759	54.8	211	27.9	266	33.5	1,017	42.2	1,025	47.0
	<b>Total</b>	<b>1,653</b>	<b>100.0</b>	<b>1,386</b>	<b>100.0</b>	<b>757</b>	<b>100.0</b>	<b>793</b>	<b>100.0</b>	<b>2,410</b>	<b>100.0</b>	<b>2,179</b>	<b>100.0</b>
35-44	Own	1,020	67.1	1,020	60.5	854	82.5	801	85.1	1,874	73.4	1,821	69.3
	Rent	499	32.9	667	39.5	181	17.5	140	14.9	680	26.6	807	30.7
	<b>Total</b>	<b>1,519</b>	<b>100.0</b>	<b>1,687</b>	<b>100.0</b>	<b>1,035</b>	<b>100.0</b>	<b>941</b>	<b>100.0</b>	<b>2,554</b>	<b>100.0</b>	<b>2,628</b>	<b>100.0</b>
45-54	Own	1,294	74.6	1,140	66.7	1,321	88.1	1,181	88.9	2,615	80.9	2,321	76.4
	Rent	441	25.4	570	33.3	178	11.9	147	11.1	619	19.1	717	23.6
	<b>Total</b>	<b>1,735</b>	<b>100.0</b>	<b>1,710</b>	<b>100.0</b>	<b>1,499</b>	<b>100.0</b>	<b>1,328</b>	<b>100.0</b>	<b>3,234</b>	<b>100.0</b>	<b>3,038</b>	<b>100.0</b>
55-64	Own	1,341	81.3	1,254	79.7	1,125	92.7	1,258	91.8	2,466	86.1	2,512	85.4
	Rent	308	18.7	319	20.3	89	7.3	112	8.2	397	13.9	431	14.6
	<b>Total</b>	<b>1,649</b>	<b>100.0</b>	<b>1,573</b>	<b>100.0</b>	<b>1,214</b>	<b>100.0</b>	<b>1,370</b>	<b>100.0</b>	<b>2,863</b>	<b>100.0</b>	<b>2,943</b>	<b>100.0</b>
65 +	Own	2,245	74.5	2,155	76.4	1,496	86.9	1,593	88.3	3,741	79.0	3,748	81.0
	Rent	767	25.5	666	23.6	226	13.1	212	11.7	993	21.0	878	19.0
	<b>Total</b>	<b>3,012</b>	<b>100.0</b>	<b>2,821</b>	<b>100.0</b>	<b>1,722</b>	<b>100.0</b>	<b>1,805</b>	<b>100.0</b>	<b>4,734</b>	<b>100.0</b>	<b>4,626</b>	<b>100.0</b>
<b>TOTAL</b>	Own	6,902	68.1	6,270	64.3	5,410	84.7	5,416	84.9	12,312	74.5	11,686	72.5
	Rent	3,229	31.9	3,475	35.7	978	15.3	961	15.1	4,207	25.5	4,436	27.5
	<b>Total</b>	<b>10,131</b>	<b>100.0</b>	<b>9,745</b>	<b>100.0</b>	<b>6,388</b>	<b>100.0</b>	<b>6,377</b>	<b>100.0</b>	<b>16,519</b>	<b>100.0</b>	<b>16,122</b>	<b>100.0</b>

Sources: U.S. Census Bureau; Maxfield Research and Consulting, LLC

## Household Type

Table D-8 shows a breakdown of the type of households present in the Market Area in 2010 and 2015. The data is useful in assessing housing demand since the household composition often dictates the type of housing needed and preferred.

- Between 2010 and 2015, the Market Area experienced a 6.8% decline married households with children and a 3.4% increase in the proportion of other family households. The increase in other family households in the Market Area is being driven by changes in the Remainder of the Market Area, which experienced a 10.5% increase in other family households.
- Both the City of Austin and Remainder of the Market Area reported a nearly 25% decrease in the number of roommate households between 2010 and 2015. The Market Area experienced a more significant decline in the proportion of roommate households compared to the State of Minnesota which reported only a 4.4% decrease in this household type.
- Household type differences exist between the City of Austin and the Remainder of the Market Area. The proportion of the married households without children in 2015 is considerably higher in the Remainder of the Market Area (39.4%) compared to Austin (27.7%).
- Further in the 2015, the City of Austin reported that 33.7% of households were single person households compared to 24.4% of households in the Remainder of the Market Area.



# DEMOGRAPHIC ANALYSIS

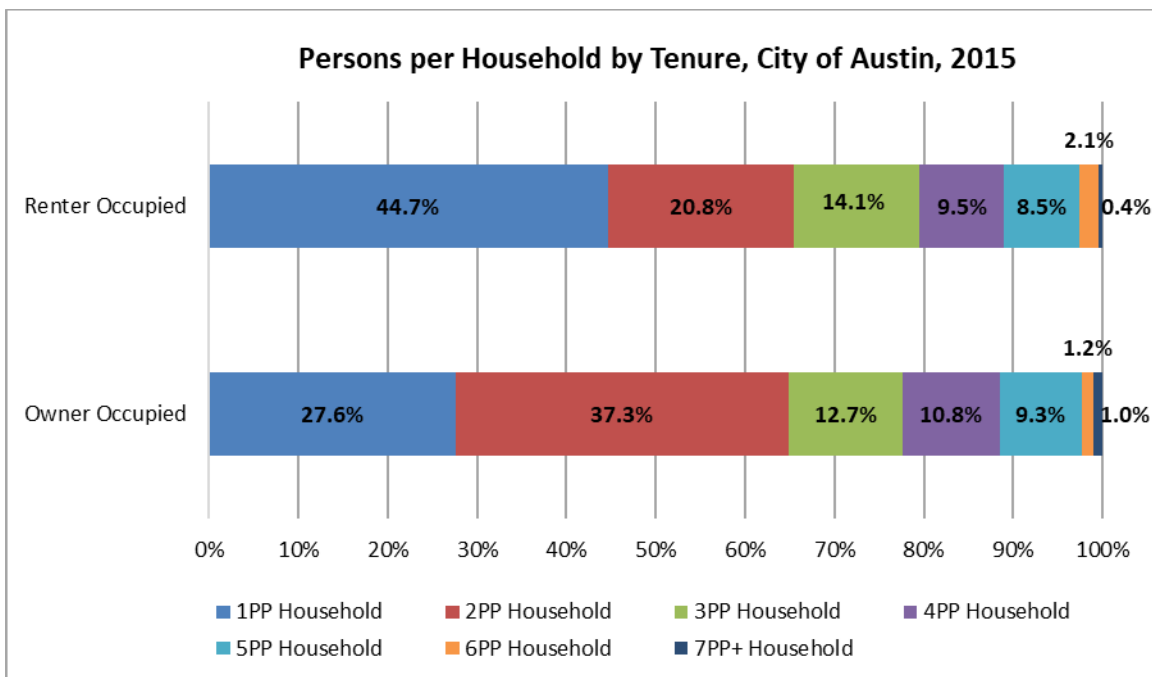
**TABLE D-8  
HOUSEHOLD TYPE  
AUSTIN MARKET AREA  
2010 & 2015**

Households	Total HH's		Family Households						Non-Family Households			
			Married w/ Child		Married w/o Child		Other *		Living Alone		Roommates **	
	2010	2015	2010	2015	2010	2015	2010	2015	2010	2015	2010	2015
<b>Market Area</b>	<b>16,519</b>	<b>16,122</b>	<b>3,161</b>	<b>2,946</b>	<b>5,206</b>	<b>5,214</b>	<b>2,364</b>	<b>2,445</b>	<b>4,884</b>	<b>4,837</b>	<b>904</b>	<b>680</b>
Austin	10,131	9,745	1,743	1,617	2,709	2,703	1,662	1,669	3,384	3,281	633	475
Remainder of MA	6,388	6,377	1,418	1,329	2,497	2,511	702	776	1,500	1,556	271	205
<b>State of Minnesota</b>	<b>2,087,227</b>	<b>2,124,745</b>	<b>443,212</b>	<b>439,617</b>	<b>617,297</b>	<b>642,915</b>	<b>288,506</b>	<b>294,017</b>	<b>584,008</b>	<b>600,804</b>	<b>154,204</b>	<b>147,392</b>
<b>Percent</b>												
<b>Market Area</b>	<b>100.0</b>	<b>100.0</b>	<b>19.1</b>	<b>18.3</b>	<b>31.5</b>	<b>32.3</b>	<b>14.3</b>	<b>15.2</b>	<b>29.6</b>	<b>30.0</b>	<b>5.5</b>	<b>4.2</b>
Austin	100.0	100.0	17.2	16.6	26.7	27.7	16.4	17.1	33.4	33.7	6.2	4.9
Remainder of MA	100.0	100.0	22.2	20.8	39.1	39.4	11.0	12.2	23.5	24.4	4.2	3.2
<b>State of Minnesota</b>	<b>100.0</b>	<b>100.0</b>	<b>21.2</b>	<b>20.7</b>	<b>29.6</b>	<b>30.3</b>	<b>13.8</b>	<b>13.8</b>	<b>28.0</b>	<b>28.3</b>	<b>7.4</b>	<b>6.9</b>
<b>Change 2010-2015</b>												
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
<b>Market Area</b>	<b>-397</b>	<b>-2.4%</b>	<b>-215</b>	<b>-6.8%</b>	<b>8</b>	<b>0.2%</b>	<b>81</b>	<b>3.4%</b>	<b>-47</b>	<b>-1.0%</b>	<b>-224</b>	<b>-24.8%</b>
Austin	-386	-3.8%	-126	-7.2%	-6	-0.2%	7	0.4%	-103	-3.0%	-158	-25.0%
Remainder of MA	-11	-0.2%	-89	-6.3%	14	0.6%	74	10.5%	56	3.7%	-66	-24.4%
<b>State of Minnesota</b>	<b>37,518</b>	<b>1.8%</b>	<b>-3,595</b>	<b>-0.8%</b>	<b>25,618</b>	<b>4.2%</b>	<b>5,511</b>	<b>1.9%</b>	<b>16,796</b>	<b>2.9%</b>	<b>-6,812</b>	<b>-4.4%</b>
* Single-parents with children												
** Includes unmarried couples without children and group quarters												
Sources: U. S. Census; ESRI, Inc.; Maxfield Research and Consulting, LLC												

## Tenure by Household Size

Table D-9 shows the distribution of households by size and tenure in the Austin Market Area in 2015. This data is useful in that it sheds insight into unit type that may be most needed in the Austin Market Area.

- Household size for renters tends to be smaller than for owners. This trend is a result of the typical market segments for rental housing, including households that are younger and are less likely to be married with children, as well as, older adults and seniors who choose to downsize from their single-family homes. In 2015, approximately 44% of the total renter-occupied households in the Austin Market Area were one-person households.
- Almost 65% of renter households in the City of Austin in 2015 have either one or two people. The one-person households would primarily seek one-bedroom units and two-person households that are couple would primarily seek one-bedroom units. Two-person households that consist of a parent and child or roommate would primarily seek two-bedroom units.
- Owner occupied households were primarily two-person households, with two-person households comprising 37.3% of owner occupied households in Austin.



## DEMOGRAPHIC ANALYSIS

**TABLE D-9  
HOUSEHOLDS BY SIZE  
AUSTIN MARKET AREA  
2015**

Size	Austin				Remainder of MA				Market Area				Minnesota	
	Owner Occupied		Renter Occupied		Owner Occupied		Renter Occupied		Owner Occupied		Renter Occupied		Owner	Renter
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	Pct.	Pct.
1PP Household	1,729	27.6%	1,552	44.7%	1,146	21.2%	410	42.7%	2,875	24.6%	1,962	44.2%	22.1%	43.8%
2PP Household	2,338	37.3%	722	20.8%	2,353	43.4%	240	25.0%	4,691	40.1%	962	21.7%	39.2%	26.3%
3PP Household	799	12.7%	489	14.1%	700	12.9%	154	16.0%	1,499	12.8%	643	14.5%	14.8%	12.9%
4PP Household	679	10.8%	329	9.5%	656	12.1%	71	7.4%	1,335	11.4%	400	9.0%	14.4%	9.1%
5PP Household	583	9.3%	294	8.5%	407	7.5%	58	6.0%	990	8.5%	352	7.9%	6.3%	4.6%
6PP Household	78	1.2%	74	2.1%	114	2.1%	20	2.1%	192	1.6%	94	2.1%	2.1%	2.0%
7PP+ Household	64	1.0%	15	0.4%	40	0.7%	8	0.8%	104	0.9%	23	0.5%	1.1%	1.4%
<b>Total</b>	<b>6,270</b>	<b>100%</b>	<b>3,475</b>	<b>100%</b>	<b>5,416</b>	<b>100%</b>	<b>961</b>	<b>100%</b>	<b>11,686</b>	<b>100%</b>	<b>4,436</b>	<b>100%</b>	<b>1</b>	<b>100%</b>

Sources: U.S. Census Bureau; Maxfield Research and Consulting, LLC

### Summary of Demographic Trends

The following points summarize key demographic trends that will impact demand for housing throughout the Primary Market Area.

- Population and households in the Market Area are projected to grow slowly through 2030, when the population will reach 41,515 and households totaling 16,689.
- Between 2017 and 2030, the Market Area is projected to experience the largest population gains in the 65 to 74 age cohort (+20.8), but a shrinking of 18 to 24 (-7.8%) and 25 to 34 (-6.3%) age cohorts.
- The median income in the City of Austin was \$47,199 in 2017. Median incomes in the City are projected to rise 12.9% through 2022 to \$53,292. Incomes peak at \$60,819 among those in the 45 to 54 age cohort.
- The proportion of homeowner households declined 2% in the Market Area between 2010 and 2015. This trend likely reflects the effects of the Great Recession, including foreclosures, tightened lending standards and consumer hesitation based on uncertainty in the housing and job market.
- The decrease in Married Households without Children (-6.8% in the Market Area) reflects both the aging baby boomer population whose children have left home and the trend of couples delaying, or forgoing, having children.
- Renter-occupied units are most likely to be single person households (44.3%) in the Market Area, with another quarter of units (25.3%) being two-person households. Homeowner households, however, are most likely to be two-person households (35.8%), followed by four-person households (22.0%)



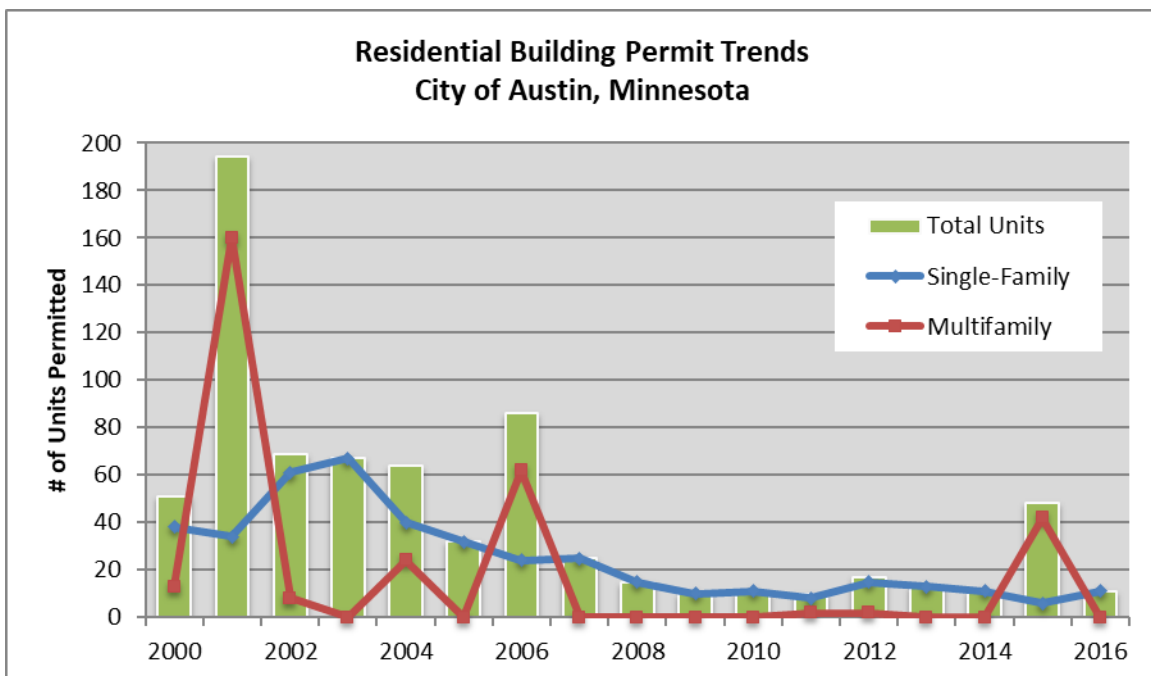
### Introduction

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

### Residential Construction Trends

Maxfield Research obtained data on the number of new construction housing units from 2000 through 2016 from the Department of Housing and Urban Development and the City of Austin. Table HC-1 displays the number of building permits issued for new construction of residential units in the Market Area.

- Between 2000 and 2016 there were 734 new residential units permitted in the City of Austin, 57% of those permits were issued for single-family units.
- The effects of the Great Recession are illustrated in the decline in units permitted after 2007. From 2000 to 2007, 588 new residential units were permitted in the City of Austin, averaging 40 units per year. Since 2008, 146 units have been permitted in the City of Austin, averaging 16 permits annually.



- The number of single family permits issued in Mower County, outside the City of Austin, exceeded the number of permits in the city for each year from 2000 to 2016. Similar to the

## HOUSING CHARACTERISTICS

City of Austin, permits in the county fell beginning in 2008. From 2000 to 2007, there were 524 residential permits issued in the county, compared to 220 residential units permitted between 2008 and 2016.

- Nearly all multifamily development is occurring within the City of Austin. Since 2000, six multifamily units have been permitted outside the City of Austin, while 313 multifamily units have been permitted within the City of Austin.
- Of the 313 multifamily units permitted in the City of Austin since 2000, 246 were permitted prior to 2008, with only 46 permitted since the beginning of the Great Recession.

**TABLE HC-1**  
**RESIDENTIAL BUILDING PERMIT TRENDS**  
**CITY OF AUSTIN AND MOWER COUNTY, MINNESOTA**  
**2000 - 2016**

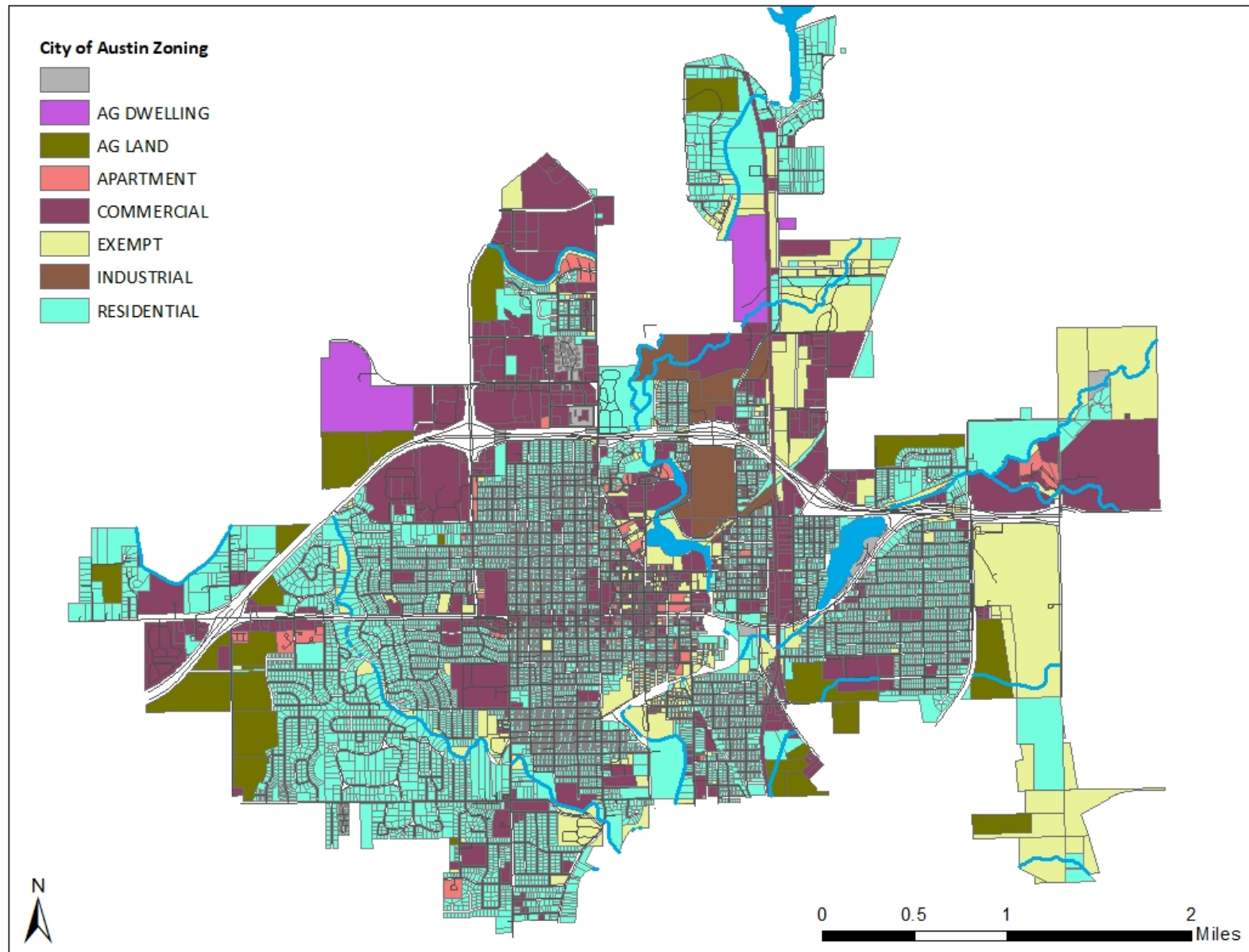
	City of Austin					Mower County					Remainder of County				
	Single-	----- Multifamily -----			Total	Single-	----- Multifamily -----			Total	Single-	----- Multifamily -----			Total
	famil	MF Total	DTQ	MF5		famil	MF Total	DTQ	MF5		famil	MF Total	DTQ	MF5	
2016	11	0	0	0	11	39	0	0	0	39	28	0	0	0	28
2015	6	42	0	42	48	36	2	2	0	38	30	2	2	0	32
2014	11	0	0	0	11	32	0	0	0	32	21	0	0	0	21
2013	13	0	0	0	13	46	0	0	0	46	33	0	0	0	33
2012	15	2	0	2	17	30	2	0	2	32	15	0	0	0	15
2011	8	2	0	2	10	36	2	0	2	38	28	0	0	0	28
2010	11	0	0	0	11	29	0	0	0	29	18	0	0	0	18
2009	10	0	0	0	10	30	0	0	0	30	20	0	0	0	20
2008	15	0	0	0	15	40	0	0	0	40	25	0	0	0	25
2007	25	0	0	0	25	66	0	0	0	66	41	0	0	0	41
2006	24	62	0	62	86	81	62	0	62	143	57	0	0	0	57
2005	32	0	0	0	32	101	0	0	0	101	69	0	0	0	69
2004	40	24	6	18	64	132	24	6	18	156	92	0	0	0	92
2003	67	0	0	0	67	141	4	4	0	145	74	4	4	0	78
2002	61	8	8	0	69	131	8	8	0	139	70	0	0	0	70
2001	34	160	8	152	194	82	160	8	152	242	48	0	0	0	48
2000	38	13	8	5	51	107	13	8	5	120	69	0	0	0	69

SF = Single-family; DTQ = Duplex, Triplex, or Fourplex; MF5 = Multifamily with 5+ units

Sources: US Dept. of HUD; US Census Bureau; City of Austin; Maxfield Research and Consulting, LLC

### City of Austin Zoning

The map below illustrates the current parcel zoning in the City of Austin. The core of Austin is largely residential, containing single family homes and apartments. Areas north of I-90 and along major transportation corridors show clusters of commercial developments. There are also several swaths of agricultural land along the edges of the city limits.



### American Community Survey

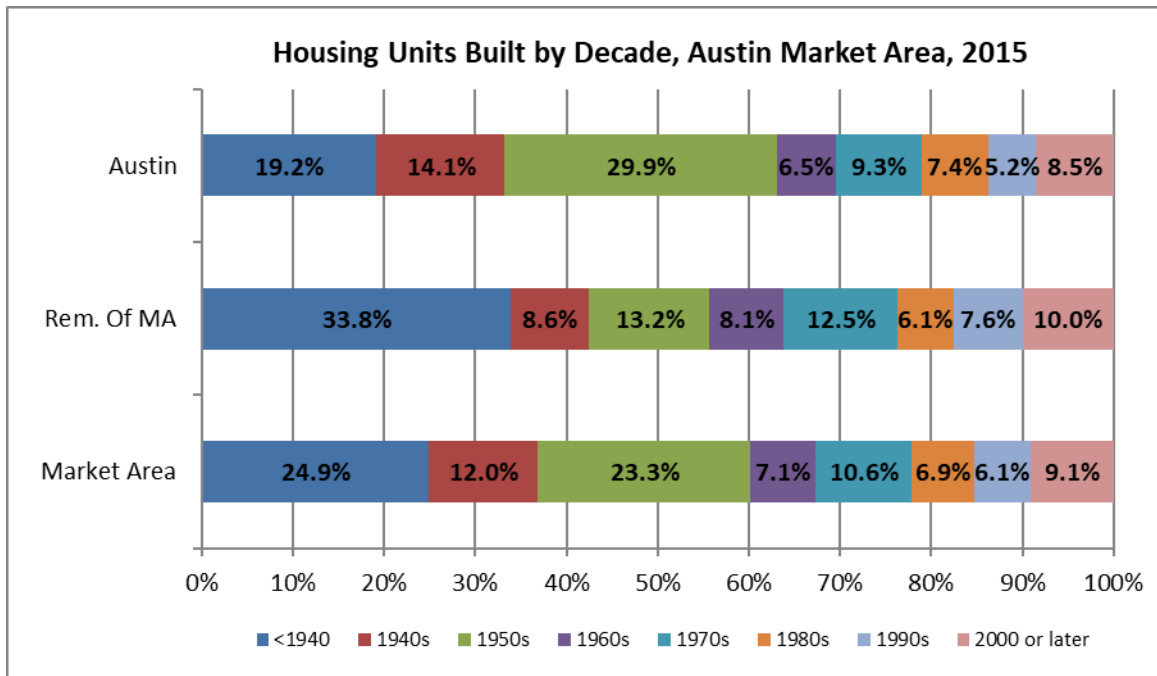
The American Community Survey (“ACS”) is an ongoing statistical survey administered by the U.S. Census Bureau that is sent to approximately 3 million addresses annually. The survey gathers data previously contained only in the long form of the decennial census. As a result, the survey provides a more “up-to-date” portrait of demographic, economic, social, and household characteristics every year, not just every ten years. The most recent ACS highlights data collected between 2011 and 2015. It should be noted that all ACS surveys are subject to sampling error and uncertainty. The ACS reports margins of errors (MOEs) with estimates for most standard census geographies. The MOE is shown by reliability from low, medium to high. Due to the MOE, 2014 ACS data may have inconsistencies with previous 2010 Census data.

Tables HC-2 through HC-8 show key data from the American Community Survey for the Market Area.

### Age of Housing Stock

The following graph shows the age distribution of the housing stock based on data from the U.S. Census Bureau and the American Community Survey (5-Year estimates). Table HC-2 includes the number of housing units built in the Market Area by decade.

- Over 63% of the housing stock in the City of Austin was built before the 1960s, with 30% of the housing stock built during the 1950s. Since the 1950s, no decade has accounted for more than 10% of the housing stock in Austin.
- Nearly 34% of housing units were built before 1940 in the Remainder of the Market Area. Approximately 18% of the housing stock in the Remainder of the Market Area was built after 1990, compared to 14% of the housing stock in the City of Austin.



## HOUSING CHARACTERISTICS

**TABLE HC-2**  
**AGE OF HOUSING STOCK (OCCUPIED HOUSING UNITS)**  
**AUSTIN MARKET AREA**  
**2015**

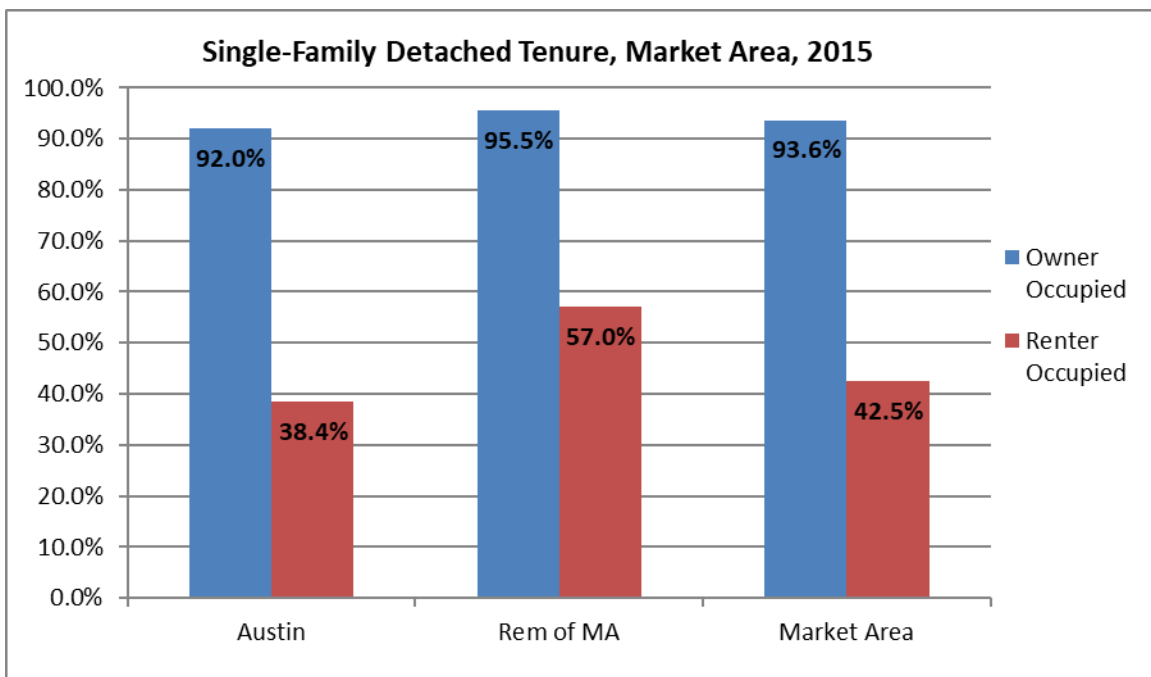
	Total Units	Med. Yr. Built	Year Structure Built																	
			<1940		1940s		1950s		1960s		1970s		1980s		1990s		2000 to 2009		2010 or later	
			No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Austin	10,808	1956	2,070	19%	1,523	14%	3,228	30%	699	6%	1,008	9%	795	7%	563	5%	917	8%	5	0%
Remainder of MA	6,962	1956	2,356	34%	602	9%	921	13%	564	8%	869	12%	428	6%	527	8%	635	9%	60	1%
<b>Market Area Total</b>	<b>17,770</b>	<b>1956</b>	<b>4,426</b>	<b>25%</b>	<b>2,125</b>	<b>12%</b>	<b>4,149</b>	<b>23%</b>	<b>1,263</b>	<b>7%</b>	<b>1,877</b>	<b>11%</b>	<b>1,223</b>	<b>7%</b>	<b>1,090</b>	<b>6%</b>	<b>1,552</b>	<b>9%</b>	<b>65</b>	<b>0%</b>

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research and Consulting, LLC

## Housing Units by Structure and Tenure

Table HC-3 shows the housing stock in the Market Area by type of structure and tenure based on the 2011 to 2015 ACS estimates.

- Single-family detached units are the dominate housing type for owner-occupied units in the Market Area, representing 93.6% of all owner-occupied units.
- Single-family detached units also make up a large share of the renter-occupied units across the Market Area, representing 42.5% of renter-occupied units. Renter-occupied single family units are more predominate in the Remainder of the Market Area (57.0%) compared to the City of Austin (38.4%).
- Within the City of Austin, nearly half of all renter-occupied units are in structures with five or more units, including 12.8% of units in 20 to 49 unit structures and 16.5% in 50 or more unit structures.



## HOUSING CHARACTERISTICS

**TABLE HC-3**  
**HOUSING UNITS BY STRUCTURE & TENURE**  
**Austin Market Area**  
**2015**

Units in Structure	Austin				Remainder of Market Area				Market Area				State of MN	
	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied %	Renter-Occupied %
1, detached	5,769	92.0%	1,336	38.4%	5,170	95.5%	548	57.0%	10,939	93.6%	1,884	42.5%	85.3%	20.8%
1, attached	255	4.1%	170	4.9%	59	1.1%	4	0.4%	314	2.7%	174	3.9%	7.6%	8.4%
2	32	0.5%	260	7.5%	5	0.1%	37	3.9%	37	0.3%	297	6.7%	0.6%	6.3%
3 to 4	25	0.4%	0	0.0%	15	0.3%	24	2.5%	40	0.3%	24	0.5%	0.5%	6.2%
5 to 9	14	0.2%	360	10.4%	0	0.0%	81	8.4%	14	0.1%	441	9.9%	0.4%	6.9%
10 to 19	0	0.0%	331	9.5%	0	0.0%	113	11.8%	0	0.0%	444	10.0%	0.3%	11.7%
20 to 49	23	0.4%	444	12.8%	0	0.0%	28	2.9%	23	0.2%	472	10.6%	0.6%	16.7%
50 or more	65	1.0%	574	16.5%	2	0.0%	21	2.2%	67	0.6%	595	13.4%	1.3%	21.2%
Mobile home	87	1.4%	0	0.0%	165	3.0%	104	10.8%	252	2.2%	104	2.3%	3.3%	1.6%
Boat, RV, van, etc.	0	0.0%	0	0.0%	0	0.0%	1	0.1%	0	0.0%	1	0.0%	0.0%	0.1%
<b>Total</b>	<b>6,270</b>	<b>100%</b>	<b>3,475</b>	<b>100%</b>	<b>5,416</b>	<b>100%</b>	<b>961</b>	<b>100%</b>	<b>11,686</b>	<b>100%</b>	<b>4,436</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

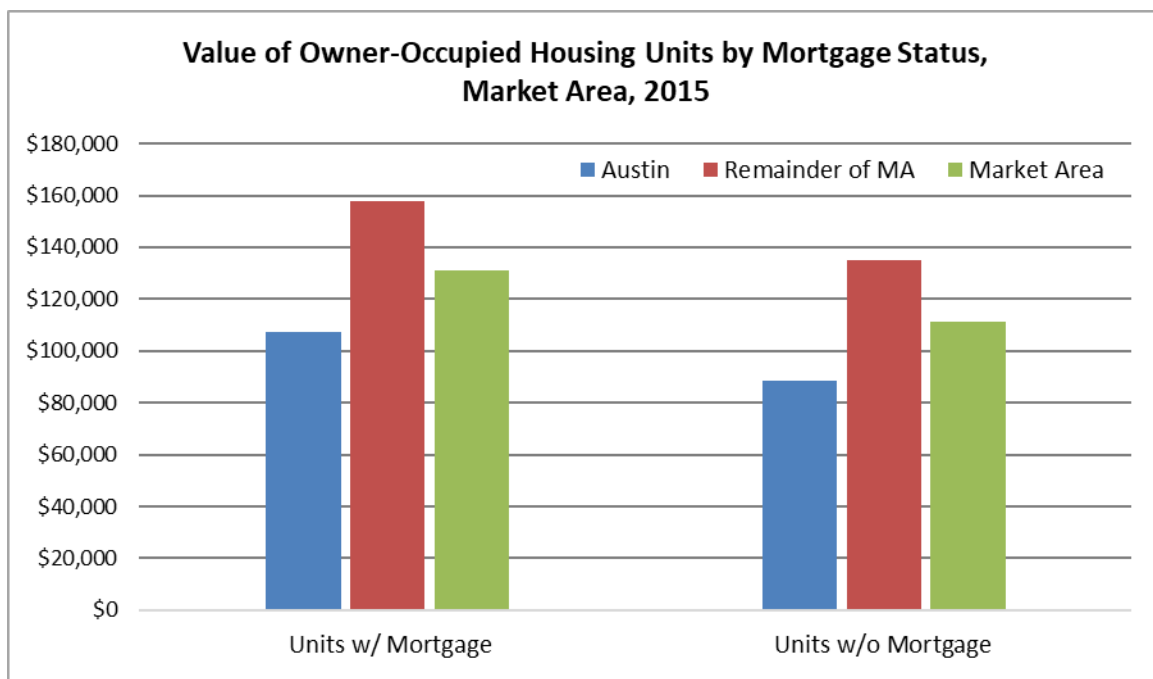
Sources: U.S. Census Bureau - American Community Survey; Maxfield Research and Consulting, LLC



## Owner-Occupied Housing Units by Mortgage Status

Table HC-4 shows mortgage status from the American Community Survey for 2015 (5-Year estimates). Mortgage status provides information on the cost of homeownership when analyzed in conjunction with mortgage payment data. A mortgage refers to all forms of debt where the property is pledged as security for repayment of debt. A first mortgage has priority claim over any other mortgage or if it is the only mortgage. A second (and sometimes third) mortgage is called a “junior mortgage,” a home equity line of credit (HELOC) would also fall into this category. Finally, a housing unit without a mortgage is owned free and clear and is debt free.

- In the City of Austin, 60% of housing units have a mortgage or other debt, lower than the state proportion of 68%.
- Most homes did not carry a second mortgage or home equity loan. In the City of Austin, 50.9% of homes with a mortgage did not have a second mortgage or home equity loan.
- Where debt other than a mortgage was reported, it was most likely to be a home equity loan only, with 7.7% of homes with a mortgage in the City of Austin carrying a home equity loan.
- Housing units in the City of Austin with a mortgage reported a higher median value than those without a mortgage. Housing units with a mortgage reported a median value of \$107,500 compared to a median value of \$88,300 for housing units without a mortgage.



## HOUSING CHARACTERISTICS

**TABLE HC-4**  
**OWNER-OCCUPIED HOUSING UNITS BY MORTGAGE STATUS**  
**AUSTIN MARKET AREA**  
**2015**

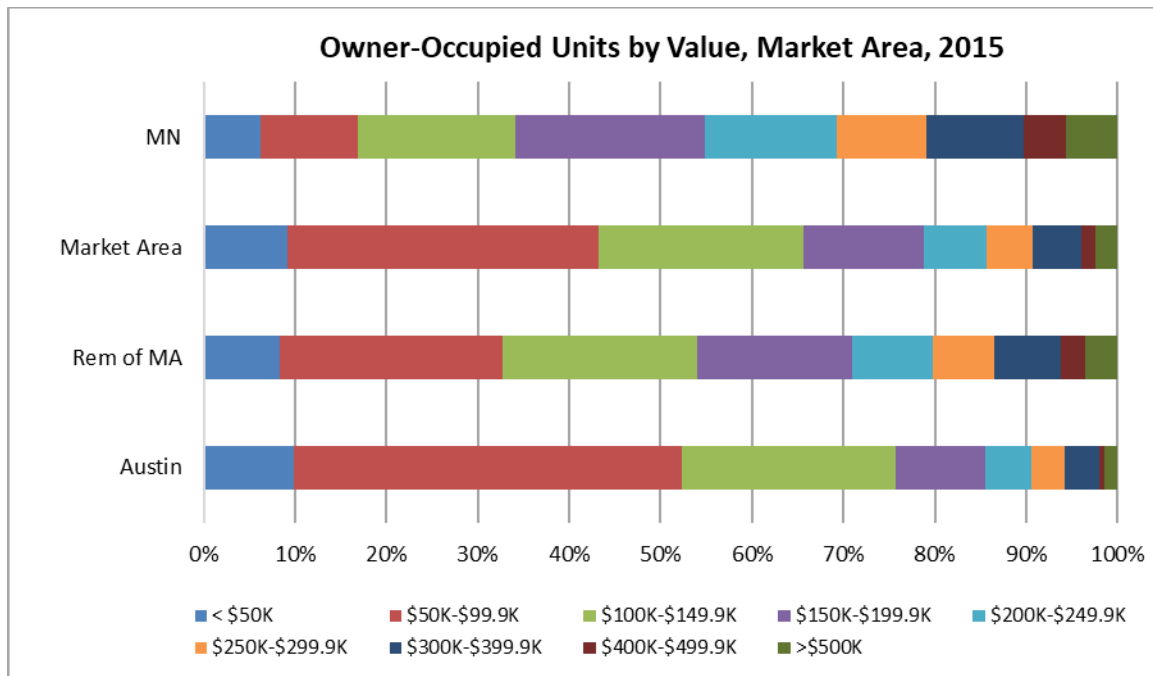
Mortgage Status	Austin		Remainder of MA		Market Area		MN
	No.	Pct.	No.	Pct.	No.	Pct.	Pct.
Housing units without a mortgage	2,499	39.9	2,410	44.5	4,909	42.0	32.0%
Housing units with a mortgage/debt	3,771	60.1	3,006	55.5	6,777	58.0	68.0%
<i>Second mortgage only</i>	94	1.5	139	2.6	233	2.0	3.9%
<i>Home equity loan only</i>	484	7.7	409	7.6	893	7.6	10.2%
<i>Both second mortgage and equity loan</i>	0	0.0	30	0.6	30	0.3	0.5%
<i>No second mortgage or equity loan</i>	3,193	50.9	2428	44.8	5,621	48.1	53.3%
Total	6,270	100.0	5,416	100.0	11,686	100.0	100.0
Average Value by Mortgage Status							
Housing units with a mortgage	\$107,500		\$157,970		\$130,891		\$194,100
Housing units without a mortgage	\$88,300		\$135,128		\$111,289		\$168,500
Sources: U.S. Census Bureau - American Community Survey; Maxfield Research and Consulting, LLC							

## Owner-Occupied Housing Units by Value

Table HC-5 presents data on housing values summarized by nine price ranges. Housing value refers to the estimated price point the property would sell if the property were for sale. For single-family and townhome properties, value includes both the land and the structure. For condominium units, value refers to only the unit. Values include homes and mobile homes outside city limits, where values are likely lower compared to homes within city limits.

TABLE HC-5 OWNER-OCCUPIED UNITS BY VALUE AUSTIN MARKET AREA 2015							
Home Value	Austin		Rem of MA		Market Area		MN
	No.	Pct.	Pct.	Pct.	No.	Pct.	Pct.
Less than \$50,000	622	9.9	450	8.3	1,072	9.2	6.2%
\$50,000-\$99,999	2,656	42.4	1,324	24.4	3,980	34.1	10.6%
\$100,000-\$149,999	1,473	23.5	1,152	21.3	2,625	22.5	17.2%
\$150,000-\$199,999	612	9.8	916	16.9	1,528	13.1	20.8%
\$200,000-\$249,999	317	5.1	482	8.9	799	6.8	14.4%
\$250,000-\$299,999	226	3.6	365	6.7	591	5.1	9.8%
\$300,000-\$399,999	235	3.7	388	7.2	623	5.3	10.6%
\$400,000-\$499,999	37	0.6	145	2.7	182	1.6	4.6%
Greater than \$500,000	92	1.5	194	3.6	286	2.4	5.7%
Total	6,270	100.0	5,416	100.0	11,686	100.0	100.0%
Median Home Value	\$97,400		\$147,440		\$120,592		\$186,200
Sources: U.S. Census Bureau - American Community Survey; Maxfield Research and Consulting, LLC							

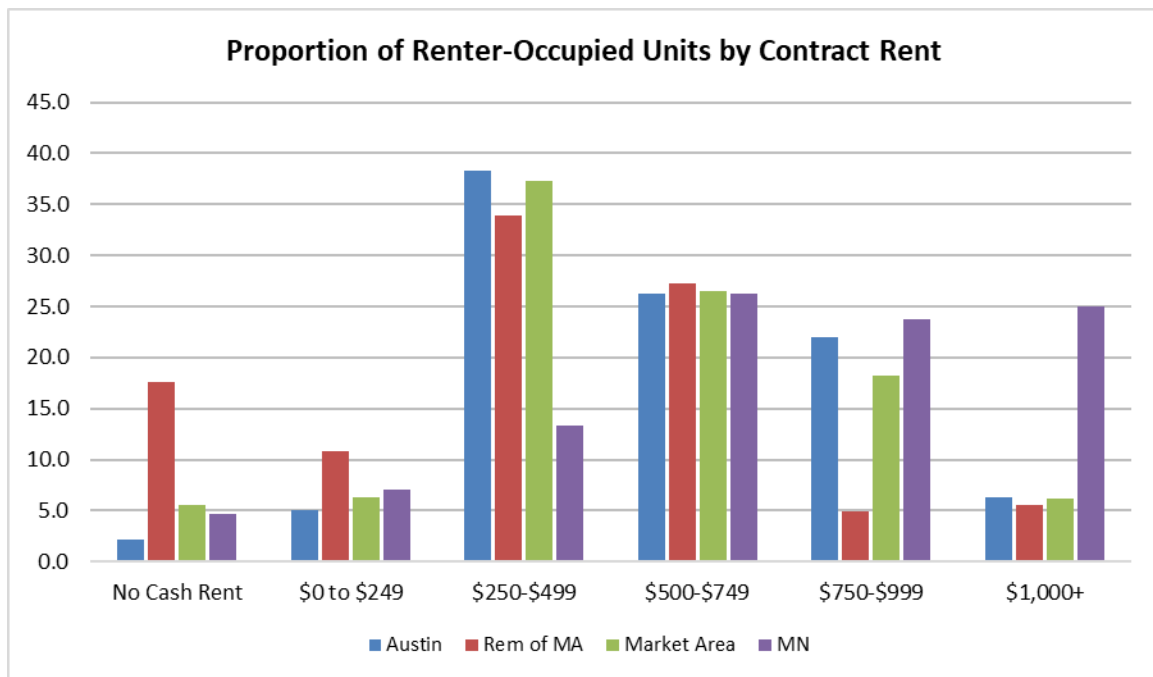
- The Remainder of the Market Area reported a median home value of \$147,440, higher than the median value of homes within the City of Austin which reported a median value of \$97,400. The Austin Market Area has a higher proportion of agricultural and rural residential uses that impact the median home value.
- The largest proportion of homes in Austin (42.4%) were valued between \$50,000 and \$99,999. In the Remainder of the Market Area, 45.7% of homes were valued between \$50,000 and \$149,999.
- Less than 10% of homes in the City of Austin were valued below \$50,000 or above \$300,000.



### Renter-Occupied Units by Contract Rent

Table HC-6 presents information on the monthly housing costs for renters called contract rent (also known as asking rent). Contract rent is the monthly rent agreed to regardless of any utilities, furnishings, fees, or services that may be included.

- Median contract rent in the City of Austin was reported at \$545 in 2015, significantly less per month than the median contract rent reported by the State of Minnesota (\$759) in 2015.
- Within the City of Austin, 97.8% of renter-occupied units pay a cash rent. The largest proportion of renter occupied units (38.2%) pay a cash rent between \$250 and \$499. Approximately 26% of renter occupied units pay a rent between \$500 and \$749 and 22% pay a rent between \$750 and \$999.
- In the Remainder of the Market Area 17.6% of renter occupied units pay no cash rent, significantly higher than the proportion in the City of Austin (2.2%) and the State of Minnesota (4.6%). Typically, units may be owned by a relative or friend who lives elsewhere whom allow occupancy without charge. Other sources may include caretakers or ministers who may occupy a residence without charge.
- In the State of Minnesota, 25% of renter occupied units paid more than \$1,000 in rent. By comparison, only 6.3% of renter units paid more than \$1,000 in rent per month in the City of Austin.



**TABLE HC-6**  
**RENTER-OCCUPIED UNITS BY CONTRACT RENT**  
**AUSTIN MARKET AREA**  
**2015**

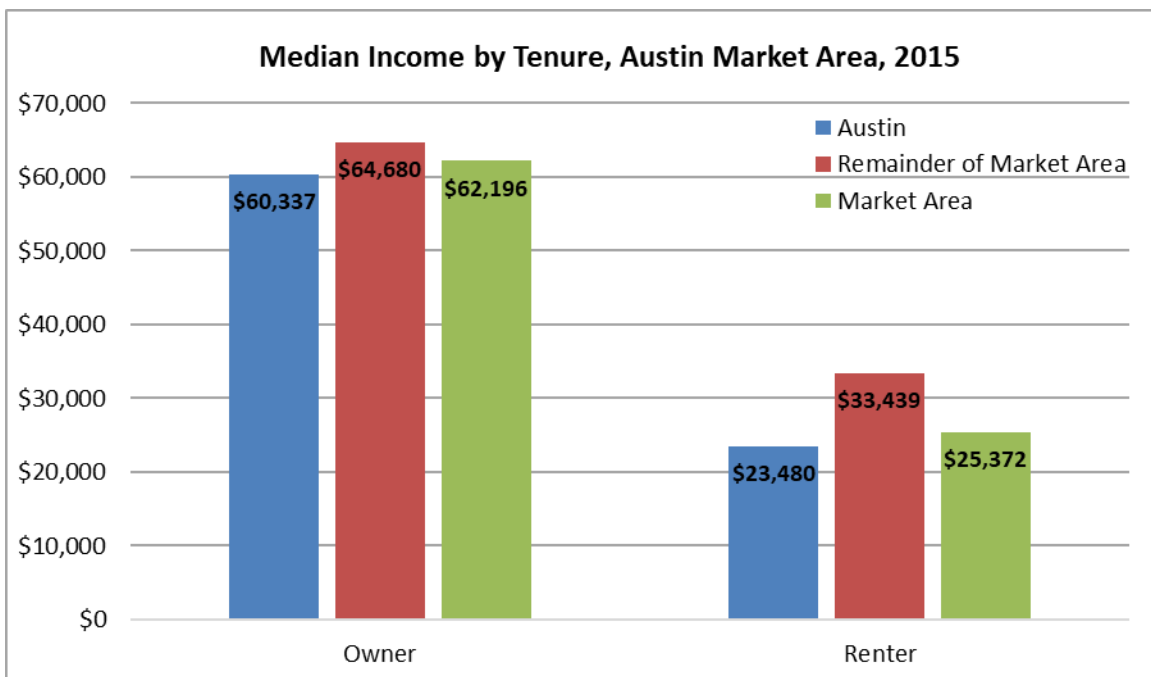
Contract Rent	Austin		Rem of MA		Market Area		MN
	No.	Pct.	No.	Pct.	Pct.	Pct.	Pct.
No Cash Rent	76	2.2	169	17.6	245	5.5	4.6
Cash Rent	3399	97.8	792	82.4	4,191	94.5	95.4
\$0 to \$249	174	5.0	104	10.8	278	6.3	7.0
\$250-\$499	1329	38.2	326	33.9	1,655	37.3	13.3
\$500-\$749	914	26.3	262	27.3	1,176	26.5	26.3
\$750-\$999	763	22.0	47	4.9	810	18.3	23.8
\$1,000+	219	6.3	53	5.5	272	6.1	25.0
<b>Total</b>	<b>3,475</b>	<b>100.0</b>	<b>961</b>	<b>100.0</b>	<b>4,436</b>	<b>100.0</b>	<b>100.0</b>
Median Contract Rent	\$545		\$478		\$531		\$759

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research and Consulting, LLC

## Tenure by Household Income

Table HC-7 presents information on tenure by household incomes in the Austin Market Area. Data was obtained through the American Community Survey for years 2011-2015.

- Households in Austin are more likely to be renters when earning less than \$15,000, with 70% being renter households, and between \$15,000 and \$24,999, with 54.9% being renter households.
- As incomes rise, the proportion of owner households increases, reaching 98% among households earning more than \$150,000.
- The proportion of owner-occupied units in the City of Austin (64.3%) is slight lower than the proportion in the State of Minnesota (71.7%).
- Median household incomes in the City of Austin for owner occupied homes, \$60,337, was more than twice the median income, \$25,372, of renter occupied units.



## HOUSING CHARACTERISTICS

**TABLE HC-7  
TENURE BY HOUSEHOLD INCOME  
AUSTIN MARKET AREA  
2015**

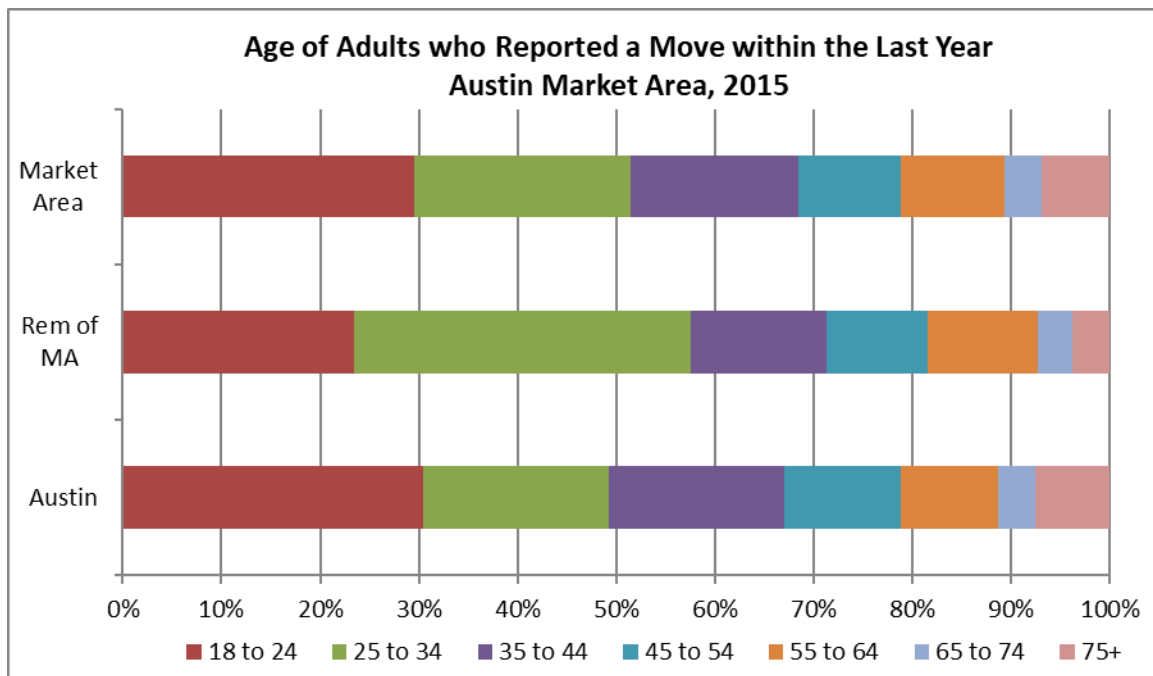
Income	Austin				Remainder of Market Area				Market Area				State of MN	
	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Renter-Occupied
Less than \$15,000	442	30.0%	1,029	70.0%	336	59.7%	227	40.3%	778	38.2%	1,256	61.8%	34.3%	65.7%
\$15,000 to \$24,999	652	45.1%	793	54.9%	413	68.4%	191	31.6%	1,065	52.0%	984	48.0%	47.6%	52.4%
\$25,000 to \$34,999	542	54.7%	448	45.3%	488	82.2%	106	17.8%	1,030	65.0%	554	35.0%	57.3%	42.7%
\$35,000 to \$49,999	1,010	63.1%	590	36.9%	639	81.1%	149	18.9%	1,649	69.1%	739	30.9%	65.4%	34.6%
\$50,000 to \$74,999	1,154	76.1%	362	23.9%	1,251	87.1%	185	12.9%	2,405	81.5%	547	18.5%	75.6%	24.4%
\$75,000 to \$99,999	1,174	84.2%	220	15.8%	984	95.6%	45	4.4%	2,158	89.1%	265	10.9%	84.6%	15.4%
\$100,000 to \$149,999	844	97%	22	2.5%	888	95.3%	44	4.7%	1,732	96.3%	66	3.7%	90.3%	9.7%
\$150,000+	452	98%	11	2.4%	417	96.8%	14	3.2%	869	97.2%	25	2.8%	94.1%	5.9%
<b>Total</b>	<b>6,270</b>	<b>64.3%</b>	<b>3,475</b>	<b>35.7%</b>	<b>5,416</b>	<b>84.9%</b>	<b>961</b>	<b>15.1%</b>	<b>11,686</b>	<b>72.5%</b>	<b>4,436</b>	<b>27.5%</b>	<b>71.7%</b>	<b>28.3%</b>
<b>Median Income</b>	<b>\$60,337</b>		<b>\$23,480</b>		<b>\$64,680</b>		<b>\$33,439</b>		<b>\$62,196</b>		<b>\$25,372</b>		<b>\$75,507</b>	<b>\$32,602</b>

Source: American Community Survey; Maxfield Research and Consulting, LLC

## Mobility in the Past Year

Table HC-8 shows the mobility patterns of Market Area residents. The information reflects the proportion of residents that reported a move within the last year at the time the ACS survey was conducted. The table presents the estimates of mobility within the last year based on five years of data collection, 2011-2015.

- The majority of residents in Austin (83%) did not move during the last year. Among Austin residents that moved, they were most likely to move within the county (10.7%).
- Those age 18 to 24 were mostly likely to report a move in the City of Austin, with 34.3% reporting a move in the last year. Among this age cohort, movers were most likely to move within the same county (21.7%).



- Among those over age 75, mobility increase slightly, where 6.6% of the cohort report of move. This likely reflects a need, or desire to, downsize homes among retirees. This cohort may move to smaller homes, a senior living facility or to another area to be closer to family.



# HOUSING CHARACTERISTICS

**TABLE HC-8**  
**MOBILITY IN THE PAST YEAR BY AGE FOR CURRENT RESIDENCE**  
**AUSTIN MARKET AREA**  
**2015**

Age	Not Moved		Moved							
	Same House		Within Same County		Different County		Different State		Abroad	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
<b>Austin</b>										
Under 18	4,773	80.4%	816	13.7%	199	3.4%	124	2.1%	27	0.5%
18 to 24	1707	65.7%	565	21.7%	158	6.1%	162	6.2%	8	0.3%
25 to 34	2204	80.1%	313	11.4%	130	4.7%	64	2.3%	42	1.5%
35 to 44	2383	82.1%	306	10.5%	179	6.2%	18	0.6%	16	0.6%
45 to 54	2759	88.8%	220	7.1%	21	0.7%	53	1.7%	54	1.7%
55 to 64	2465	89.6%	118	4.3%	90	3.3%	79	2.9%	0	0.0%
65 to 74	1774	94.1%	65	3.4%	30	1.6%	16	0.8%	0	0.0%
75+	2184	90.8%	194	8.1%	28	1.2%	0	0.0%	0	0.0%
<b>Total</b>	<b>20,249</b>	<b>83%</b>	<b>2,597</b>	<b>10.7%</b>	<b>835</b>	<b>3.4%</b>	<b>516</b>	<b>2.1%</b>	<b>147</b>	<b>0.6%</b>
<b>Remainder of MA</b>										
Under 18	3435	89.5%	172	4.5%	158	4.1%	73	1.9%	0	0.0%
18 to 24	765	78.2%	106	10.8%	72	7.4%	35	3.6%	0	0.0%
25 to 34	1437	82.3%	137	7.8%	135	7.7%	37	2.1%	0	0.0%
35 to 44	1691	93.1%	67	3.7%	53	2.9%	5	0.3%	0	0.0%
45 to 54	2336	96.2%	46	1.9%	32	1.3%	14	0.6%	0	0.0%
55 to 64	2414	95.9%	44	1.7%	43	1.7%	15	0.6%	0	0.0%
65 to 74	1402	97.8%	23	1.6%	7	0.5%	2	0.1%	0	0.0%
75+	1440	97.7%	18	1.2%	15	1.0%	1	0.1%	0	0.0%
<b>Total</b>	<b>14,920</b>	<b>91.9%</b>	<b>613</b>	<b>3.8%</b>	<b>515</b>	<b>3.2%</b>	<b>182</b>	<b>1.1%</b>	<b>0</b>	<b>0.0%</b>
<b>Market Area</b>										
Under 18	8,208	84.2%	988	10.1%	357	3.7%	197	2.0%	0	0.0%
18 to 24	2,472	69.2%	671	18.8%	230	6.4%	197	5.5%	0	0.0%
25 to 34	3,641	81.7%	450	10.1%	265	5.9%	101	2.3%	0	0.0%
35 to 44	4,074	86.6%	373	7.9%	232	4.9%	23	0.5%	0	0.0%
45 to 54	5,095	93.0%	266	4.9%	53	1.0%	67	1.2%	0	0.0%
55 to 64	4,879	92.6%	162	3.1%	133	2.5%	94	1.8%	0	0.0%
65 to 74	3,176	95.7%	88	2.7%	37	1.1%	18	0.5%	0	0.0%
75+	3,624	93.4%	212	5.5%	43	1.1%	1	0.0%	0	0.0%
<b>Total</b>	<b>35,169</b>	<b>87.0%</b>	<b>3,210</b>	<b>7.9%</b>	<b>1,350</b>	<b>3.3%</b>	<b>698</b>	<b>1.7%</b>	<b>0</b>	<b>0.0%</b>

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research and Consulting, LLC

### Summary of Housing Characteristics

- The number of building permits issued for new residential units in the City of Austin continues to reflect the impact of the Great Recession. Building permits dropped from 588 new residential construction units permitted from 2000 to 2007 compared to 146 residential units permitted from 2008 to 2016.
- Single-family detached units made up the largest proportion of housing type for owner-occupied units (93.6%) and renter-occupied units (42.5%) in the Market Area.
- Homes carrying a mortgage in the Market Area reported a higher median value (\$130,891) compared to homes without a mortgage (\$111,289).
- The largest proportion of homes in Austin (42.4%) were valued between \$50,000 and \$99,999.
- The median contract rent in Austin was \$545 in 2015, with the largest proportion of renters (38.2%) paying between \$250 and \$499 per month in rent. In the Remainder of the Market Area, much higher proportion of renters (17.6%) pay no contract rent compared to the proportion in the City of Austin (2.2%) and the State of Minnesota (4.6%).
- Homeownership increases as incomes increase, rising from 30.0% among those earning less than \$15,000 in the City of Austin to 98% among those earning \$150,000 or more.

## Employment Trends

Employment characteristics are an important component in assessing housing needs in any given market area. These trends are important to consider since job growth can generally fuel household and population growth as people generally desire to live near where they work. Long commute times have encouraged households to move closer to major employment centers.

## Employment Growth and Projections

Table E-1 shows projected employment growth in the Austin Market Area through 2025 based on the most recent Minnesota Department of Employment and Economic Development (DEED) Employment Outlook projections. The 2020 and 2025 forecast is based on 2014-2024 industry projections for the Southeast Minnesota Planning area. The Southeast Minnesota Planning area consists of the following 11 Minnesota Counties, Dodge, Fillmore, Freeborn, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, Winona.

- From 2015 to 2025 Southeast Minnesota is projected to experience a 10.2% increase in employment, recovering from a small decrease in employment caused by the Great Recession between 2000 and 2010.
- Employment in the City of Austin is expected to grow by 13.6%, exceeding the projected employment growth Southeast Minnesota and the State of Minnesota.

<b>TABLE E-1</b> <b>EMPLOYMENT GROWTH TRENDS</b> <b>AUSTIN MARKET AREA</b> <b>2000 - 2025</b>											
	2000	2005	2010	2015	Estimate 2017	Forecast 2020	Forecast 2025	Change			
								2000-2010		2015-2025	
								No.	Pct.	No.	Pct.
City of Austin	13,128	13,433	13,542	13,720	14,282	14,706	15,592	414	3.2	1,872	13.6
Mower County	15,919	16,201	16,107	16,263	16,754	17,157	18,035	188	1.2	1,772	10.9
Region 10*	225,388	229,647	225,090	237,637	243,725	248,592	261,823	-298	-0.1	24,186	10.2
Minnesota	2,608,844	2,637,323	2,563,391	2,774,408	2,854,136	2,859,336	3,090,789	-45,453	-1.7	316,381	11.4
*Region 10 consists of the Counties of: Dodge, Fillmore, Freeborn, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, and Winona											
**NW Minnesota represents the 26-County Northwest Minnesota Planning Area as defined by the State											
Sources: Minnesota Department of Employment and Economic Development; Maxfield Research and Consulting, LLC											

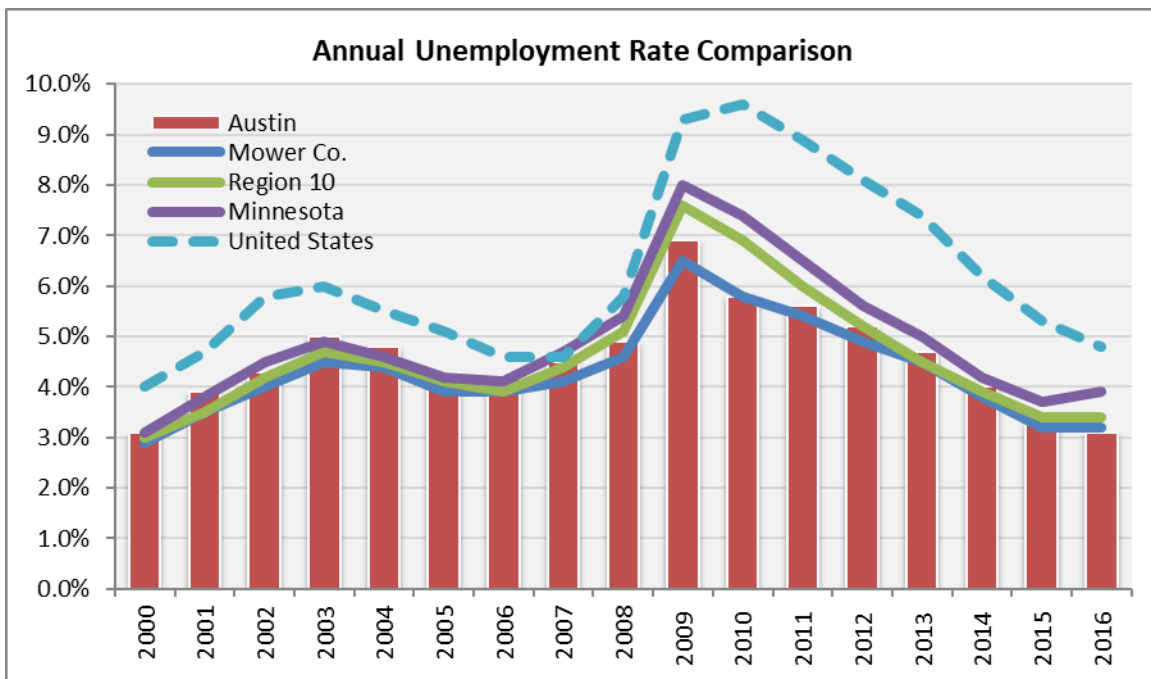
## Resident Employment

Table E-2 shows information on the resident labor force and employment in Austin compared to Mower County, Region 10, Minnesota, and the United States. The data is sourced from DEED. Resident employment data reveals the work force and number of employed people living in the area. It is important to note that not all of these individuals necessarily work in the area.

Declining unemployment driven by job growth often stimulates demand for housing in a community, as households generally prefer to live near work for convenience. Many households, however, will commute greater distances to work if their housing is affordable enough to offset the additional transportation costs. In rural areas, other factors such as lifestyle choice and housing availability impact this decision.

The following points summarize key employment trends that will impact the demand potential for housing in Austin.

- The following chart illustrates how unemployment in Austin and Mower County has improved at a pace similar to the Region and State of Minnesota, but at a much faster pace than the United States, since the peak of the Great Recession in 2008 and 2009.



- Between May 2016 and May 2017 the unemployment rate in the City of Austin dropped from 2.8% to 2.7%. During the same time, unemployment rose in Mower County from 2.7% to 2.8% and in Region 10 from 2.8% to 3.0%.

## EMPLOYMENT TRENDS

- Employment and the Labor Force in the City of Austin rose slightly from May 2016 to May 2017. The increase in employment and the labor force in Austin kept pace with Mower County, Region 10 and the State of Minnesota.

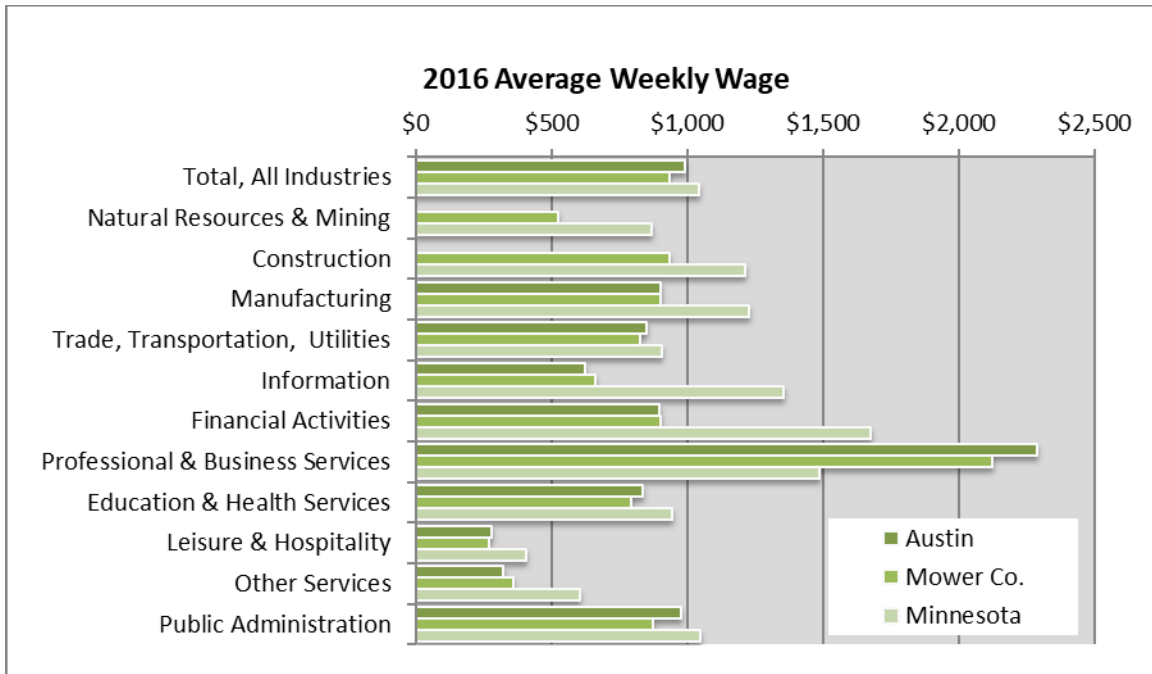
TABLE E-2 LOCAL AREA UNEMPLOYMENT STATISTICS AUSTIN MARKET AREA						
	May 2017			May 2016		
	Labor Force	Employment	Unemployment	Labor Force	Employment	Unemployment
City of Austin	12,509	12,169	2.7%	12,417	12,073	2.8%
Mower County	20,557	19,985	2.8%	20,366	19,826	2.7%
Region 10	280,407	272,014	3.0%	278,000	270,107	2.8%
Minnesota	3,026,785	2,924,739	3.4%	2,995,353	2,897,167	3.3%
United States	159,979,000	153,407,000	4.1%	158,800,000	151,594,000	4.5%
Notes: Data not seasonally adjusted; Region 10 includes Dodge, Fillmore, Freeborn, Goodhue, Houston, Mower, Olmsted, Rice, Steel, Wabasha, and Winona Counties						
Sources: MN Department of Employment and Economic Development; Maxfield Research and Consulting, LLC						

## Employment and Wages

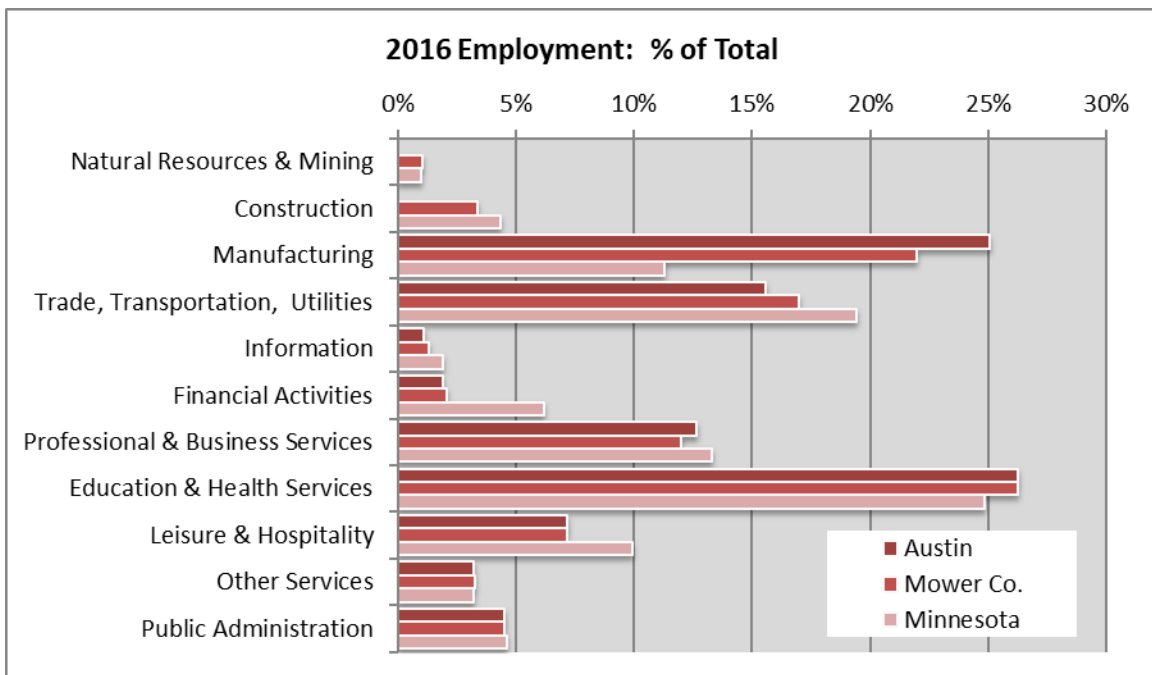
Table E-3 displays information on employment and wages in the City of Austin, Mower County and Minnesota. The Quarterly Census of Employment and Wages (QCEW) data is sourced from Minnesota DEED for 2015 and 2016. All establishments covered under the Unemployment Insurance (UI) Program are required to report wage and employment statistics quarterly to DEED. Federal government establishments are also covered by the QCEW program.

It should be noted that certain industries in the table may not display any information which means that there is either no reported economic activity for that industry or the data has been suppressed to protect the confidentiality of cooperating employers. This generally occurs when there are too few employers or one employer comprises too much of the employment in that geography.

- Within the City of Austin, the Professional and Business Services industry reported the highest weekly wage, \$2,288, or approximately \$118,976 annually. The Professional and Business Services industry accounts for 13% of the employment in the city.
- The Professional and Business Services industry reported the largest increase in weekly wages (6.4%) and employment (5.5%) in the City of Austin from 2015 to 2016.



- Education and Health Services is the largest employment sector in the county, accounting for 26% of employment, followed closely by the Manufacturing Industry, with 25% of the employment in the city. The Education and Health Services industry reported an average weekly wage of \$834 (approximately \$43,400 annually) and the Manufacturing Industry reported an average weekly wage of \$899 (approximately \$46,700 annually).



## EMPLOYMENT TRENDS

- Education and Health Services industry was the largest employment industry in Mower County, employing 4,349 people with an average wage of \$793, lower than the average in the City of Austin.
- The average weekly wage of the City of Austin was reported as \$989 in 2016 compared to \$934 in Mower County. Weekly wages rose 4.3% in Austin between 2015 and 2016 and 4.1% in Mower County, compared to 1.4% in Minnesota.

TABLE E-3 QUARTERLY CENSUS OF EMPLOYMENT AND WAGES AUSTIN MARKET AREA										
Industry	2015			2016			Change 2015 - 2016			
	Establish- ments	Employ- ment	Weekly Wage	Establish- ments	Employ- ment	Weekly Wage	Employment #	%	Wage #	%
<b>CITY OF AUSTIN</b>										
Total, All Industries	506	13,720	\$948	493	14,001	\$989	281	2.0%	\$41	4.3%
Natural Resources & Mining	--	--	--	--	--	--	--	--	--	--
Construction	--	--	--	--	--	--	--	--	--	--
Manufacturing	19	3,451	\$857	17	3,513	\$899	62	1.8%	\$42	4.9%
Trade, Transportation, Utilities	117	2,148	\$852	110	2,180	\$848	32	1.5%	(\$4)	-0.5%
Information	9	153	\$617	9	155	\$623	2	1.3%	\$6	1.0%
Financial Activities	58	267	\$877	57	264	\$895	-3	-1.1%	\$18	2.1%
Professional & Business Services	57	1,676	\$2,151	56	1,769	\$2,288	93	5.5%	\$137	6.4%
Education & Health Services	63	3,624	\$813	62	3,681	\$834	57	1.6%	\$21	2.6%
Leisure & Hospitality	61	999	\$266	59	1,006	\$280	7	0.7%	\$14	5.3%
Other Services	64	460	\$309	63	447	\$322	-13	-2.8%	\$13	4.2%
Public Administration	17	621	\$956	17	633	\$975	12	1.9%	\$19	2.0%
<b>MOWER COUNTY</b>										
Total, All Industries	838	16,263	\$897	819	16,545	\$934	282	1.7%	\$37	4.1%
Natural Resources & Mining	34	180	\$520	31	174	\$526	-6	-3.3%	\$6	1.2%
Construction	101	532	\$892	103	561	\$935	29	5.5%	\$43	4.8%
Manufacturing	32	3,548	\$865	34	3,640	\$902	92	2.6%	\$37	4.3%
Trade, Transportation, Utilities	198	2,796	\$829	190	2,806	\$827	10	0.4%	(\$2)	-0.2%
Information	16	217	\$642	13	217	\$660	0	0.0%	\$18	2.8%
Financial Activities	82	367	\$880	79	343	\$900	-24	-6.5%	\$20	2.3%
Professional & Business Services	78	1,883	\$1,999	77	1,985	\$2,123	102	5.4%	\$124	6.2%
Education & Health Services	91	4,264	\$775	89	4,349	\$793	85	2.0%	\$18	2.3%
Leisure & Hospitality	83	1,206	\$253	81	1,186	\$268	-20	-1.7%	\$15	5.9%
Other Services	89	542	\$342	88	542	\$361	0	0.0%	\$19	5.6%
Public Administration	35	728	\$852	34	741	\$871	13	1.8%	\$19	2.2%
<b>MINNESOTA</b>										
Total, All Industries	160,590	2,774,408	\$1,030	161,520	2,814,272	\$1,044	39,864	1.4%	\$14	1.4%
Natural Resources & Mining	2,853	27,570	\$876	2,900	26,857	\$867	-713	-2.6%	(\$9)	-1.0%
Construction	15,548	121,668	\$1,178	15,542	122,773	\$1,211	1,105	0.9%	\$33	2.8%
Manufacturing	7,984	317,313	\$1,218	8,203	317,973	\$1,226	660	0.2%	\$8	0.7%
Trade, Transportation, Utilities	36,995	538,991	\$897	36,619	546,157	\$904	7,166	1.3%	\$7	0.8%
Information	3,414	55,420	\$1,352	3,491	54,123	\$1,352	-1,297	-2.3%	\$0	0.0%
Financial Activities	14,882	179,047	\$1,705	14,961	173,536	\$1,672	-5,511	-3.1%	(\$33)	-1.9%
Professional & Business Services	28,393	359,785	\$1,437	28,679	374,889	\$1,483	15,104	4.2%	\$46	3.2%
Education & Health Services	17,929	684,700	\$923	18,208	700,063	\$943	15,363	2.2%	\$20	2.2%
Leisure & Hospitality	14,019	273,227	\$391	14,223	278,863	\$404	5,636	2.1%	\$13	3.3%
Other Services	15,274	88,559	\$598	15,390	89,522	\$606	963	1.1%	\$8	1.3%
Public Administration	3,299	128,126	\$1,023	3,307	129,512	\$1,048	1,386	1.1%	\$25	2.4%

Sources: Minnesota Department of Employment and Economic Development; Maxfield Research and Consulting, LLC

## Commuting Patterns

Proximity to employment is often a primary consideration when choosing where to live, since transportation costs often account for a considerable proportion of households' budgets. Table E-4 highlights the commuting patterns of workers in the City of Austin in 2014 (the most recent data available), based on Employer-Household Dynamics data from the U.S. Census Bureau. Home destination is defined as where workers live who are employed in the selection area. Work destination is defined as where workers are employed who live in the selection area.

- Among workers employed in Austin, 57.8% also live in Austin. Workers in Austin also commuted from Albert Lea (3.4%) and Rochester (2.7%).
- Workers living in Austin are most likely to be employed in Austin, with 66.2% of Austin workers living in Austin. Rochester was the next largest work destination Austin residents, with 4.4% of workers living in Austin commuting to Rochester.

**TABLE E-4**  
**COMMUTING PATTERNS**  
**City of Austin**  
**2014**

Home Destination			Work Destination		
<u>Place of Residence</u>	<u>Count</u>	<u>Share</u>	<u>Place of Employment</u>	<u>Count</u>	<u>Share</u>
Austin city, MN	7,592	57.8%	Austin city, MN	7,592	66.2%
Albert Lea city, MN	442	3.4%	Rochester city, MN	504	4.4%
Rochester city, MN	355	2.7%	Albert Lea city, MN	400	3.5%
Brownsdale city, MN	161	1.2%	Owatonna city, MN	263	2.3%
Owatonna city, MN	121	0.9%	Minneapolis city, MN	137	1.2%
Rose Creek city, MN	99	0.8%	Bloomington city, MN	115	1.0%
St. Paul city, MN	92	0.7%	Plymouth city, MN	100	0.9%
Adams city, MN	88	0.7%	St. Paul city, MN	82	0.7%
Le Roy city, MN	80	0.6%	Bloomington city, MN	76	0.7%
Mapleview city, MN	57	0.4%	Dodge Center city, MN	71	0.6%
All Other Locations	4,037	30.8%	All Other Locations	2,129	18.6%
Total All Jobs	13,124		Total All Jobs	11,469	

Home Destination = Where workers live who are employed in the City of Austin

Work Destination = Where workers are employed who live in the City of Austin

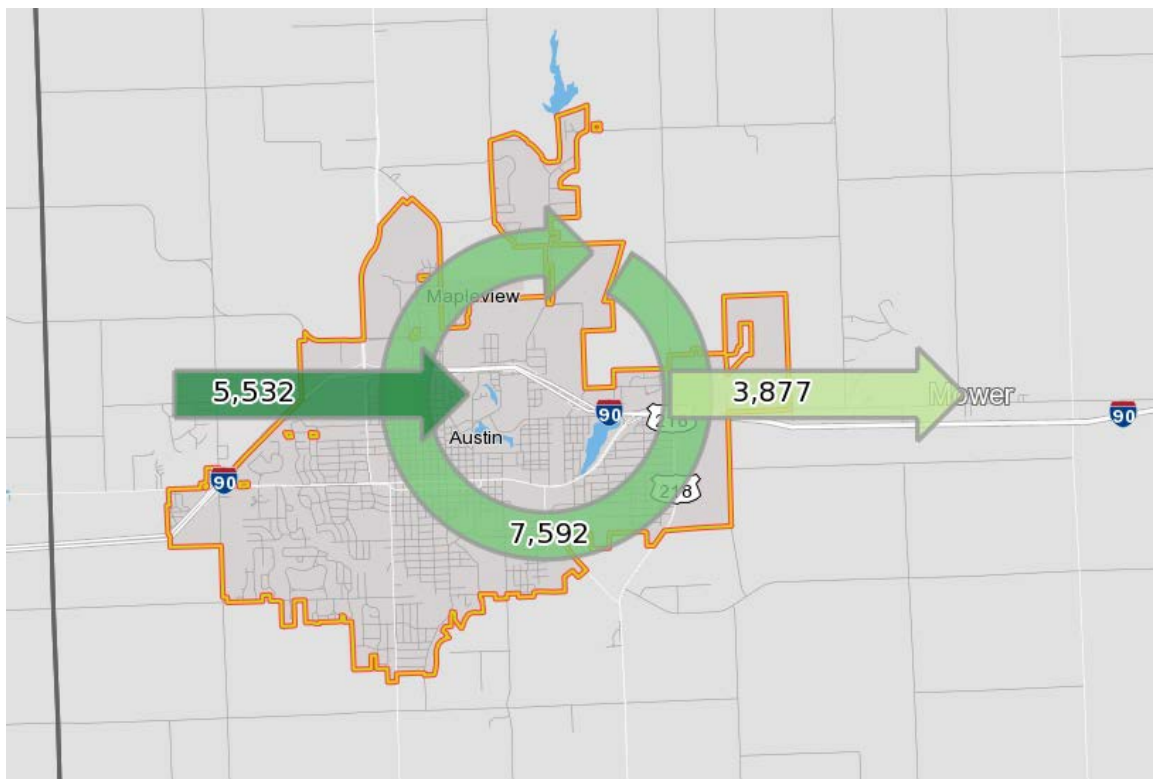
Sources: US Census Bureau On the Map; Maxfield Research and Consulting LLC



### Inflow/Outflow

Table E-5 provides a summary of the inflow and outflow of workers of the City of Austin. Outflow reflects the number of workers living in the City but employed outside of the City while inflow measures the number of workers that are employed in the City but live outside. Interior flow describes the workers who live and work in the City of Austin.

- The City of Austin is a net importer of workers. Over 5,500 workers commute into the City for work, another 7,592 workers live and work in the City and 3,887 resident commute to jobs outside the City of Austin.
- Among outflow workers, 39.2% earned over \$3,333 per month, compared to 44.1% of inflow workers who earned over \$3,333. While, interior workers were most likely (45.5%) to earn between \$1,251 and \$3,333.



**TABLE E-5**  
**COMMUTING INFLOW/OUTFLOW CHARACTERISTICS**  
**City of Austin**  
**2014**

	Outflow		Inflow		Interior Flow	
<b>City Total</b>	<b>3,877</b>	<b>100.0%</b>	<b>5,532</b>	<b>100.0%</b>	<b>7,592</b>	<b>100.0%</b>
<b><u>By Age</u></b>						
Workers Aged 29 or younger	1,078	27.8%	1,255	22.7%	1,817	23.9%
Workers Aged 30 to 54	2,017	52.0%	3,016	54.5%	4,042	53.2%
Workers Aged 55 or older	782	20.2%	1,261	22.8%	1,733	22.8%
<b><u>By Monthly Wage</u></b>						
Workers Earning \$1,250 per month or less	921	23.8%	1,035	18.7%	1,716	22.6%
Workers Earning \$1,251 to \$3,333 per month	1,435	37.0%	2,058	37.2%	3,452	45.5%
Workers Earning More than \$3,333 per month	1,521	39.2%	2,439	44.1%	2,424	31.9%
<b><u>By Industry</u></b>						
"Goods Producing"	1,096	28.3%	1,356	24.5%	2,308	30.4%
"Trade, Transportation, and Utilities"	706	18.2%	1,018	18.4%	1,140	15.0%
"All Other Services"	2,075	53.5%	3,158	57.1%	4,144	54.6%

Sources: US Census Bureau Local Employment Dynamics; Maxfield Research and Consulting, LLC

## Major Employers

A portion of the employment growth in the City of Austin will be generated by the largest employers in the County. Table E-6 below lists some of the top employers in Austin along with a description of their primary industry and number of employees.

The following are key points from the major employers table.

- The largest employers in Austin were the Mayo Clinic, Hormel Foods Plant and Quality Pork Processors.
- Nearly 1,300 people were employed in the Education industry and 437 people were employed in the Government industry.

## EMPLOYMENT TRENDS

TABLE E-6 MAJOR EMPLOYERS CITY OF AUSTIN, MINNESOTA		
Employer	Industry	Employees
Mayo Clinic Health System - Austin	Health Care	909
Hormel Foods Corporation - Austin Plant	Meat Processing	1,800
Quality Pork Processors, Inc	Meat Processing	1250-1300
Hormel Foods Corporation - Corporation Offices	Food Manufacturing/Marketing	1,100
Ausint Public Schools	Education	914
Hy-Vee Food Store	Supermarket	560
Cedar Valley Services	Community Centers	310
Mower County	Government	273
Wal-Mart	Retail	256
Bellisio Foods	Frozen Specialty Food Manufacturing	250
Gerard Academy	Elementary and Secondary School	191
Riverland Community College	Schools-Universities & Colleges Academic	176
City of Austin	Government	164
McFarland Truck Lines, Inc	Trucking - Motor Freight	163
REM Woodvale, Inc	Human Services Organizations	158
Sacred Heart Care Center	Senior Living	150
International Paper	Paper-Manufacturers	133
St. Marks Living	Residential Care Homes	128
The Hormel Institute	Research and Development in Biotechnology	120
Cooperative Response Center, Inc	Telephone Answering Services	113
Sources: Austin Chamber of Commerce ; Maxfield Research and Consulting, LLC		

## Employer Survey

Maxfield Research surveyed representatives of the largest employers in the Austin Market Area during July 2017. Employers were asked their opinion about issues related to housing in the area. Specifically, they were asked whether the current supply of housing in the area matches the needs of their workforce. The following points summarize the findings of this survey process.

- Finding housing in Austin can be difficult for new employees, as a result, employers experience turnover as people take jobs closer to their homes or have new hires turn down positions due to a lack of housing.
- New professionals are particularly interested updated rental with amenities, and Austin has a lack of this type housing. Therefore, new hires too often find rentals outside the community.
- Particularly, professional relocating feel there is a lack of one or two bedroom apartments in the \$800 to \$1,000 a month range.
- Updated two or three bedroom apartments and home rentals are also in short supply, making relocation difficult for families.

## EMPLOYMENT TRENDS

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- Many new employees want to rent initially and then purchase a home. When employees are unable to find a rental in Austin, they find a rental in another city or town, and often they ultimately chose to buy too often in the community in which they found their rental.
- Most current employees live in Austin, although a proportion are commuting from areas such as Rochester and Owatonna.

### Summary of Employment Trends

- Unemployment has been on a steady decline in Austin since 2009. The unemployment rate in Austin is on par with Mower County and Region 10, but lower than the State of Minnesota and the United States.
- Education and Health Services and Manufacturing are leading industries in the City of Austin. Together these industries account for 51% of employment in the City.
- The average weekly wage in the City of Austin was \$989 in 2016 compared to \$1,044 in the State of Minnesota.
- The City of Austin is a net importer of workers, 5,532 workers commute into the City for work, and another 7,592 people live and work in the City of Austin, compared to 3,877 of Austin residents who commute outside the city for work.

### Introduction

The following section of the report analyzes current market conditions for general occupancy rental housing in the Austin Market Area. Topics covered include rental housing data from the American Community Survey and detailed information on individual rental developments in the Market Area. Maxfield Research and Consulting identified and surveyed larger rental properties of 12 or more units in the Austin Market Area.

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

### Overview of Rental Market Conditions

Maxfield Research utilized data from the American Community Survey (ACS) to summarize rental market conditions in the Austin Market Area. The ACS is an ongoing survey conducted by the United States Census Bureau that provides data every year rather than every ten years as presented by the decennial census. We use this data because these figures are not available from the decennial census.

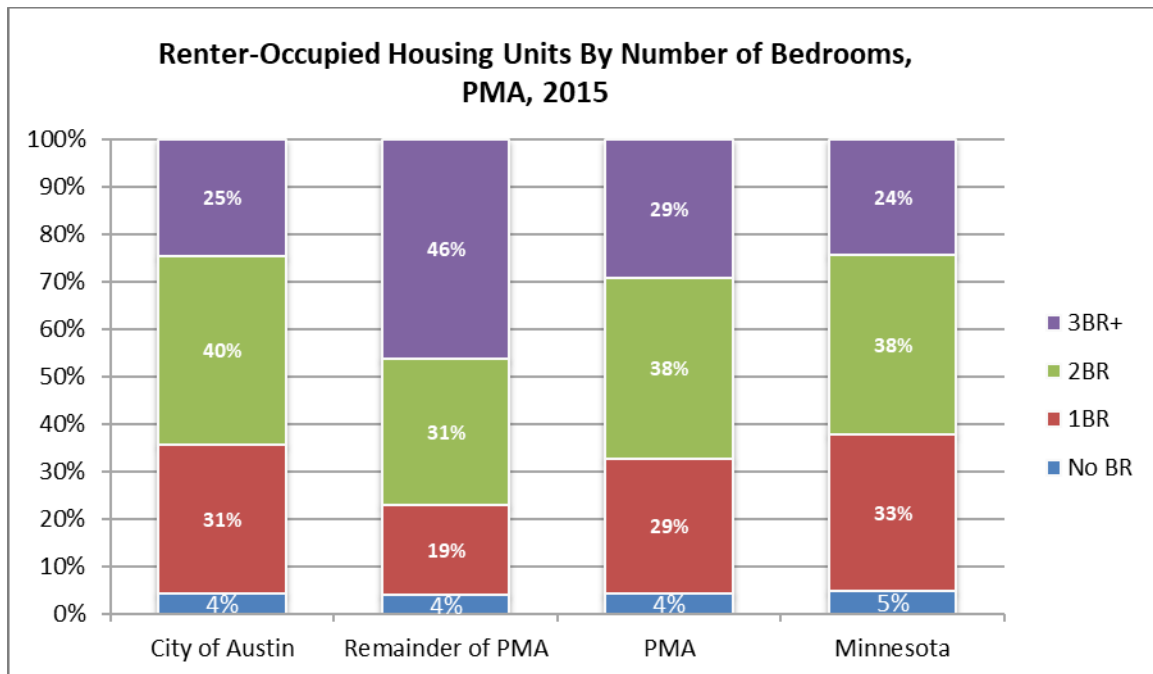
Table R-1 on the following page presents a breakdown of median gross rent and monthly gross rent ranges by number of bedrooms in renter-occupied housing units from the 2011-2015 ACS in the City of Austin, the Remainder of the Market Area and the PMA, as well as a comparison to Minnesota. Gross rent is defined as the amount of the contract rent plus the estimated average monthly cost of utilities (electricity, gas, and water and sewer) and fuels (oil, coal, wood, etc.) if these are paid by the renter.

- A median gross rent of \$710 was reported in the City of Austin, compared to \$634 in the Remainder of the Market Area. Although the City of Austin reported a higher median rent compared to the Remainder of the Market Area, it was well below the median gross rent reported in the State of Minnesota (\$848).
- Two-bedroom units were the most common unit type in Austin (40%), which closely mimics the State proportion (38%). However, in the Remainder of the Market Area, three bedroom units accounted for the largest proportion of rental units (46%), significantly higher than the City of Austin (25%) and the State of Minnesota (24%).

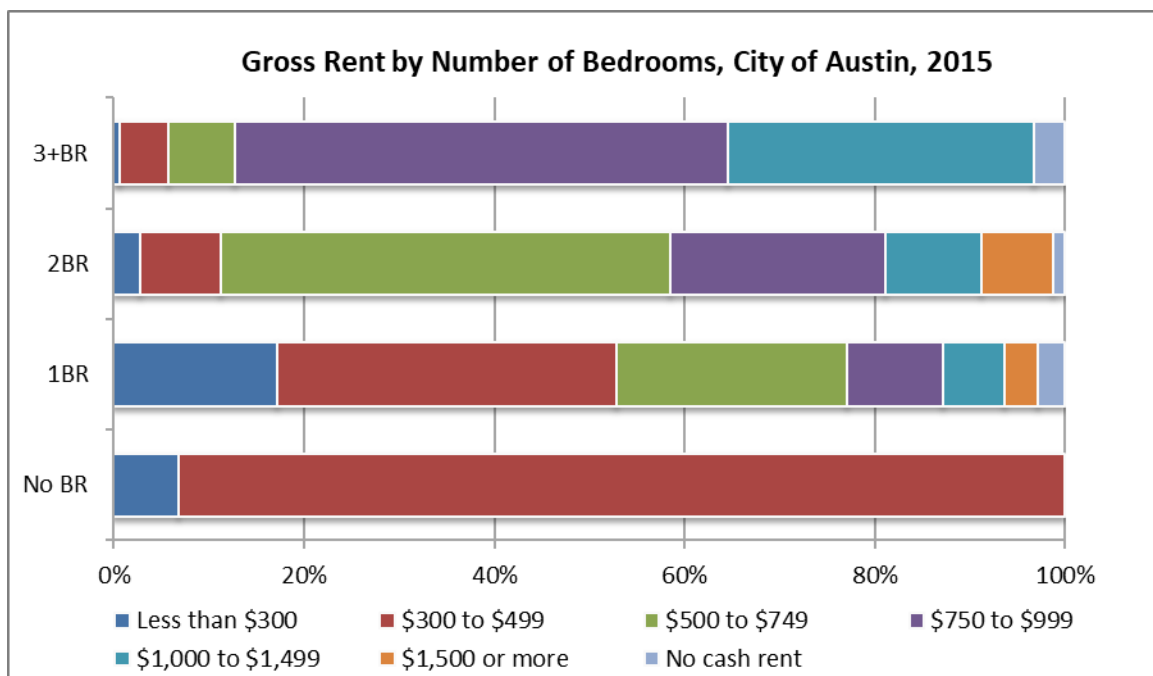
**TABLE R-1  
BEDROOMS BY GROSS RENT, RENTER-OCCUPIED HOUSING UNITS  
PRIMARY MARKET AREA  
2015**

	City of Austin		Remainder of PMA		PMA		Minnesota
	#	% of Total	#	% of Total	#	% of Total	% of Total
<b>Total:</b>	<b>3,475</b>	<b>100%</b>	<b>961</b>	<b>100%</b>	<b>4,436</b>	<b>100%</b>	<b>100%</b>
<b>Median Gross Rent</b>	<b>\$710</b>		<b>\$634</b>		<b>\$696</b>		<b>\$848</b>
<b>No Bedroom</b>	<b>146</b>	<b>4%</b>	<b>39</b>	<b>4%</b>	<b>185</b>	<b>4%</b>	<b>5%</b>
Less than \$300	10	0%	0	0%	10	0%	1%
\$300 to \$499	136	4%	15	2%	151	3%	1%
\$500 to \$749	0	0%	7	1%	7	0%	2%
\$750 to \$999	0	0%	0	0%	0	0%	1%
\$1,000 to \$1,499	0	0%	4	0%	4	0%	0%
\$1,500 or more	0	0%	12	1%	12	0%	0%
No cash rent	0	0%	1	0%	1	0%	0%
<b>1 Bedroom</b>	<b>1,089</b>	<b>31%</b>	<b>180</b>	<b>19%</b>	<b>1,269</b>	<b>29%</b>	<b>33%</b>
Less than \$300	187	5%	66	7%	253	6%	4%
\$300 to \$499	388	11%	75	8%	463	10%	4%
\$500 to \$749	265	8%	20	2%	285	6%	10%
\$750 to \$999	110	3%	6	1%	116	3%	9%
\$1,000 to \$1,499	70	2%	3	0%	73	2%	4%
\$1,500 or more	38	1%	6	1%	44	1%	1%
No cash rent	31	1%	4	0%	35	1%	0%
<b>2 Bedrooms</b>	<b>1,385</b>	<b>40%</b>	<b>297</b>	<b>31%</b>	<b>1,682</b>	<b>38%</b>	<b>38%</b>
Less than \$300	38	1%	2	0%	40	1%	1%
\$300 to \$499	118	3%	65	7%	183	4%	2%
\$500 to \$749	655	19%	143	15%	798	18%	7%
\$750 to \$999	313	9%	37	4%	350	8%	12%
\$1,000 to \$1,499	140	4%	19	2%	159	4%	11%
\$1,500 or more	104	3%	3	0%	107	2%	3%
No cash rent	17	0%	28	3%	45	1%	1%
<b>3 or More Bedrooms</b>	<b>855</b>	<b>25%</b>	<b>445</b>	<b>46%</b>	<b>1,300</b>	<b>29%</b>	<b>24%</b>
Less than \$300	5	0%	3	0%	8	0%	1%
\$300 to \$499	44	1%	27	3%	71	2%	1%
\$500 to \$749	60	2%	116	12%	176	4%	3%
\$750 to \$999	443	13%	84	9%	527	12%	4%
\$1,000 to \$1,499	275	8%	72	7%	347	8%	8%
\$1,500 or more	0	0%	7	1%	7	0%	6%
No cash rent	28	1%	136	14%	164	4%	3%

Sources: 2011-2015 American Community Survey; Maxfield Research and Consulting, LLC



- Two bedroom units in the City of Austin were mostly likely to rent between \$500 and \$749, with 47.3% of two-bedroom units reporting rents in this range.
- Over half of one-bedroom units reported gross rents below \$499.



### General-Occupancy Rental Projects

Our research of the Austin general occupancy rental market included an inventory of 13 market rate apartment properties (12+ units and larger) and seven affordable /subsidized communities in July 2017. These projects represent a combined total of 961 units, including 613 market rate units and 348 affordable/subsidized units. Although we were able to contact and obtain up-to-date information on some rental properties, there were some projects we were unable to reach or were unwilling to provide rental market information.

At the time of our survey, the vacancy rate across all general occupancy rental projects was 1.6%. All affordable/subsidized developments had a waiting list with zero vacancy. Market rate developments surveyed have an overall vacancy rate of 3%, which is below the industry standard of 5% vacancy for a stabilized rental market. A stabilized rental market promotes competitive rates, ensures adequate choice, and allows for unit turnover. It should be noted that vacancy numbers are subject to change on a monthly basis.

Table R-2 summarizes information on market rate projects and Table R-3 summarizes information on subsidized/affordable projects within Austin.



# RENTAL MARKET ANALYSIS

<b>TABLE R-2</b> <b>MARKET RATE GENERAL OCCUPANCY RENTAL HOUSING</b> <b>AUSTIN MARKET AREA</b> <b>AUGUST 2017</b>								
Project Name/ Address	Year Built	Total Units	Vacant	Unit Mix	Rent Range	Unit Size	Rent/Sq Ft	Comments
<b>Science Park</b> 901 16th Avenue NE <i>Austin</i>	2016	42	2	2 - Studio 30 - 1BR 8 - 2BR 2 - 4BR	N/A \$750 - \$780 \$870 - \$1,080 \$1,600	500 750 - 900 900 - 1,080 1,350	N/A \$0.87 - \$1.00 \$0.97 - \$1.00 \$1.19	Walking distance to Hormel Institute and Corporate Offices, Energy efficient washer/dryer in every unit, huge sunny windows, Corian Countertops and sills, large closets, abundant parking including 12 garages, private patios/decks, spacious floor plans and secure building with keyless entry.
<b>Burr Oak Villas</b> 400 10th Ave. NW <i>Austin</i>	2005	18	3	10 - 1BR 5 - 2BR 3 - 3BR	\$720 \$850 \$950	600 - 700 750 - 1,000 1,200	\$1.03 - \$1.20 \$0.85 - \$1.13 \$0.79	Central A/C, kitchens, dishwasher, coin-laundry, elevator, parking lot, secured entry.
<b>Chauncey Apartments</b> 310 2nd Ave. NE <i>Austin</i>	2001	81	0	19 - 1BR 40 - 1BR/D 17 - 2BR 2 - 2BR/D 3 - 3BR	\$795 - \$795 \$840 - \$945 \$945 - \$970 \$970 \$1,035	700 - 720 800 - 1,020 1,000 - 1,060 1,045 1,210	\$1.10 - \$1.14 \$0.93 - \$1.05 \$0.92 - \$0.95 \$0.93 \$0.86	All utilities except electricity and phone included, underground parking, satellite TV incl. in rent; dishwasher, microwave, W/D in-unit, furnace/central A/C; most offer a bay window or balcony; community room w/ fireplace; exercise room, storage lockers.
<b>Murphy Creek Townhomes</b> 502 25th Street <i>Austin</i>	2001	88	0	34 - 2BR 54 - 3BR	\$675 - \$795 \$745 - \$855	1,049 1,211 - 1,438	\$0.64 - \$0.76 \$0.59 - \$0.62	About 56 units are Section 42 tax credit lots, with the remaining 32 lots are market rate. Tenant pays electric, attached garages included, in-unit W/D. Profile: mostly families with children, some couples w/children, singles w/children, few couples, few seniors. Most work in Austin at Hormel.
<b>Whittier Place Townhomes</b> 414 4th Street SE <i>Austin</i>	1999	8	0	4 - 2BR 4 - 3BR	\$685 - \$800 \$755 - \$855	1,132 1,230 - 1,346	\$0.61 - \$0.71 \$0.61 - \$0.64	Tenant pays heat/electric. Attached garage (1); dishwasher; community laundry facilities (free); playground; walk-in closets; porch; Profile: some families w/ children, seniors, workers in Austin area, singles, mixture of tenants.
<b>Austin Courtyard</b> 308 2nd Ave. NE <i>Austin</i>	1996	78	0	25 - 1BR 15 - 1BR/D 35 - 2BR 3 - 2BR/D	\$735 - \$735 \$780 - \$885 \$860 - \$885 \$955	700 - 790 980 - 1,035 980 - 1,045 1,260 - 1,275	\$0.93 - \$1.05 \$0.80 - \$0.86 \$0.85 - \$0.88 \$0.75 - \$0.76	All utilities except electricity and phone included, underground parking, satellite TV incl. in rent; dishwasher, microwave, W/D in-unit, furnace/central A/C; most offer a bay window or balcony; community room w/ fireplace; exercise room, storage lockers.
<b>Webster Apartments</b> 403 12th St. NE <i>Austin</i>	1938	12	0	2 - 1BR 10 - 2BR	\$620 \$795	650 900	\$0.95 \$0.88	Tenant pays electric. Coin-operated laundry, some storage available; Profile: wide mix of residents, some seniors, some working couples and singles.
<b>North Pointe Apartments</b> 1209 1st St. NE <i>Austin</i>	1992	12	3	1 - 1BR 6 - 2BR 5 - 3BR	\$995 \$1,235 - \$1,250 \$1,450	775 - 1,021 1,014 - 1,026 1,210	\$0.97 - \$1.28 \$1.22 - \$1.22 \$1.20	All utilities included in rent; off-street parking; wall-unit A/C; balcony; microwave, some in-unit storage; coin-op laundry; Profile: families.
<b>Lincoln Apartments</b> 911 5th Avenue NE <i>Austin</i>	1938	30	3	26 - 1BR 4 - 2BR	\$715 \$700 - \$710	750 1,000	\$0.95 \$0.70 - \$0.71	Tenant pays electric. Coin-operated laundry, some storage available; Profile: wide mix of residents, some seniors, some working couples and singles.
<b>Key Apartments</b> 900 14th Street NW <i>Austin</i>	1972	126	0	33 - Studio 77 - 1BR 16 - 2BR	\$300 - \$325 \$350 - \$400 \$475 - \$500	334 434 - 558 700	\$0.90 - \$0.97 \$0.72 - \$0.81 \$0.68 - \$0.71	Tenant pays heat/electric; off-street parking; some patios; some disposals; some w/ mini-blinds; some walk-in closets; some storage; coin-op laundry; Profile: seniors, singles, students, others are mostly workers from Austin. Four units becoming available August 1st however, there is
<b>Center Court</b> 200 25th Street SW <i>Austin</i>	1970	46	4	37 - 1BR 4 - 1BR/D 5 - 2BR	\$400 \$425 \$500	471 555 555	\$0.85 \$0.77 \$0.90	Tenant pays heat/electricity; off-street parking; coin-op laundry; picnic area; Profile: mostly single workers from Austin, couple of families.
<b>Fair Oaks Apartments</b> 200 11th Avenue NW <i>Austin</i>	1965	33	0	33 - 2BR	\$650 - \$710	850 - 900	\$0.76 - \$0.79	Heat included in rent; detached garage; disposals; decks; wall-unit A/C; coin-op laundry room; in-unit storage; Profile: mostly seniors, small number of teachers and hospital workers. Fixing laundry room in basement from flood.
<b>R &amp; F Apartments</b> 1200 2nd Dr. NE <i>Austin</i>	1965	39	0	22 - 1BR 9 - 2BR 8 - 3BR	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A	Heat, water, wall A/C included in 1BR's. Water, central A/C, dishwasher in 2BR's & 3BR's. Coin-op. laundry, garages for extra fee.
<b>Total</b>		<b>613</b>	<b>15</b>	<b>3.0%</b>				
Source: Maxfield Research & Consulting								

# RENTAL MARKET ANALYSIS

TABLE R-3 AFFORDABLE/ SUBSIDIZED GENERAL-OCCUPANCY RENTAL HOUSING AUSTIN MARKET AREA AUGUST 2017							
Project Name/ Address	Year Built	Total Units	Vacant	Unit Mix	Rent Range	Unit Size	Comments
Affordable							
Murphy Creek Townhomes 502 25th Street Austin	2001	88	0 Wait List	34 - 2BR	\$715	540	About 56 units are Section 42 tax credit lots, with the remaining 32 lots are market rate. Tenant pays electric, attached garages included, in-unit W/D. Profile: mostly families with children, some couples w/children, singles w/children, few couples, few seniors. Most work in Austin at Hormel.
					\$807 (market)		
				54 - 3BR	\$799	645	
					\$879 (market)		
Whittier Place Townhomes Austin	1999	24	0 Wait List	8 - 2BR	\$685	1,114 - 1,220	Low-income housing tax credit project; heat included in rent, tenant pays electricity; attached garages (included); wall-unit A/C; coin-op laundry; dishwashers; balcony/patios; playground; Profile: single mothers, seniors, some families, mixture of tenants; most work in Austin.
					\$800 (market)		
				16 - 3BR	\$755	1,230	
					\$755 (market)		
Mandolin Place 203 31st Street SW Austin	1994	72	0 Wait List	12 - 1BR	\$545 - \$580 (market)	657 - 734	Section 42 tax credit project (accepts vouchers) ; heat included in rent, tenant pays electricity; detached garages (\$25/mo.); wall-unit A/C; coin-op laundry; dishwashers; balcony/patios; playground; Profile: mostly families w/ children, about 4 seniors, students, remaining singles & couples.
				39 - 2BR	\$645 - \$689 (market)	827 - 902	
				21 - 3BR	\$715 - \$745 (market)	998 - 1,096	
				Subsidized			
Prairie Sky Apts. 1701 8th Street NW Austin	1995	24	0 Wait List	20 - 1BR	\$387 (market)	525	Project-based Sect. 8 (30% of income) building and is restricted to persons age 18 and older with physical disabilities (hearing, vision, brain injuries) ; all utilities but electric are included in monthly rent; off-street parking; wall-unit A/C sleeves; roll-in showers; coin-op laundry; community room and out-door terrace. About a 3 month waiting list. Tenants receive utility allowance of \$24 for 1BR's, \$41 for 2BR's.
				4 - 2BR	\$387 (market)	725	
Bremerton Townhomes/ Meadows West 300 27th Street SW Austin	1980	60	0 Wait List	2 - 1BR	\$545 - \$580 (market)	N/A	MHFA Section 8 project; tenant pays gas & electric; detached garages (\$25/mo.); 2 wall-unit sleeves/unit; coin-op laundry; patios; 3BR units feature W/D hook-ups; storage bins; playground; Profile: mostly single mothers (60%), students (25%), few seniors (8%), couples (7%), mostly workers in Austin. About 2% pay market rate.
				42 - 2BR	\$645 - \$689 (market)	N/A	
				16 - 3BR	\$715 - \$745 (market)	N/A	
Western Manor Apartments 303 27th Street SW Austin	1978	72	0 Wait List	20 - 1BR	\$431 (market)	N/A	HUD Section 236 project; all utilities included in rent; off-street parking w/ plug-ins (\$15/mo.); wall-unit A/C sleeves; coin-op laundry; disposals; playground/picnic area; Profile: mostly younger workers & sgl. Mothers; about 6 seniors; roughly 60% pay market rent.
				40 - 2BR	\$510 (market)	N/A	
				12 - 3BR	\$572 (market)	N/A	
Colonial Manor 803 Hollerud Street Lyle	1975	8	0 Wait List	1 - 1BR	\$379 (market)	725	Sec. 515 FmHA family housing project; off-street parking; no A/C; coin-op laundry; Profile: wide range of tenants, mostly seniors. All residents receiving rental assistance
				7 - 2BR	\$409 (market)	800	
Total		348	0	0.0%			
Source: Maxfield Research & Consulting							

### ***Market Rate & Subsidized/Affordable***

- Based on data from rental properties that participated in our survey, approximately 59% of all surveyed rental units in Austin are two-bedroom units. The unit type break down is summarized below.

#### *Market Rate*

○ One-bedroom units:	29%
○ Two-bedroom units:	57%
○ Three-bedroom units:	14%

#### *Subsidized/Affordable*

○ One-bedroom units:	13%
○ Two-bedroom units:	59%
○ Three-bedroom units:	26%
○ Four-bedroom units:	1%

- Table R-4 includes a breakdown of monthly rent ranges, average rent, average unit size, rent per square foot for each unit type for market rate and Table R-5 provides a breakdown on rental properties by year built.
- Typical market rate monthly rents (quoted rents, not adjusted based on inclusion or exclusion of utilities) range from \$350 to \$995 for one-bedroom units, from \$475 to 1,250 for two-bedroom units, and \$745 to \$1,600 for a three-bedroom plus units.
- Affordable monthly rents range from \$379 to \$580 for one-bedroom units, from \$387 to \$800 for two-bedroom units, from \$572 to \$799 for three-bedroom plus units.
- Based on the rental properties surveyed, Austin's rental housing stock median year built for all units is 1992. About a third of Austin's rental properties were constructed in the 1990s.
- Mower County is considered to be a 'severe cost burden' county. Therefore, given the demand for lower income housing the waiting list for affordable housing can be over a year.
- The time length of a waiting lists lease up depends on the size of the unit and the time of year. The majority of renters do not want to move during the winter months potentially increasing waiting list times.
- The gap between rising rents and renter's incomes continues to grow resulting in extended waiting list times as potential renters are waiting for units that are considered affordable for them.
- According to the Vision 2020 survey of professional newcomers conducted by the Business Friendly Environment Committee, many respondents found the rental options in Austin to be lacking modern amenities, have unresponsive management and deferred maintenance.

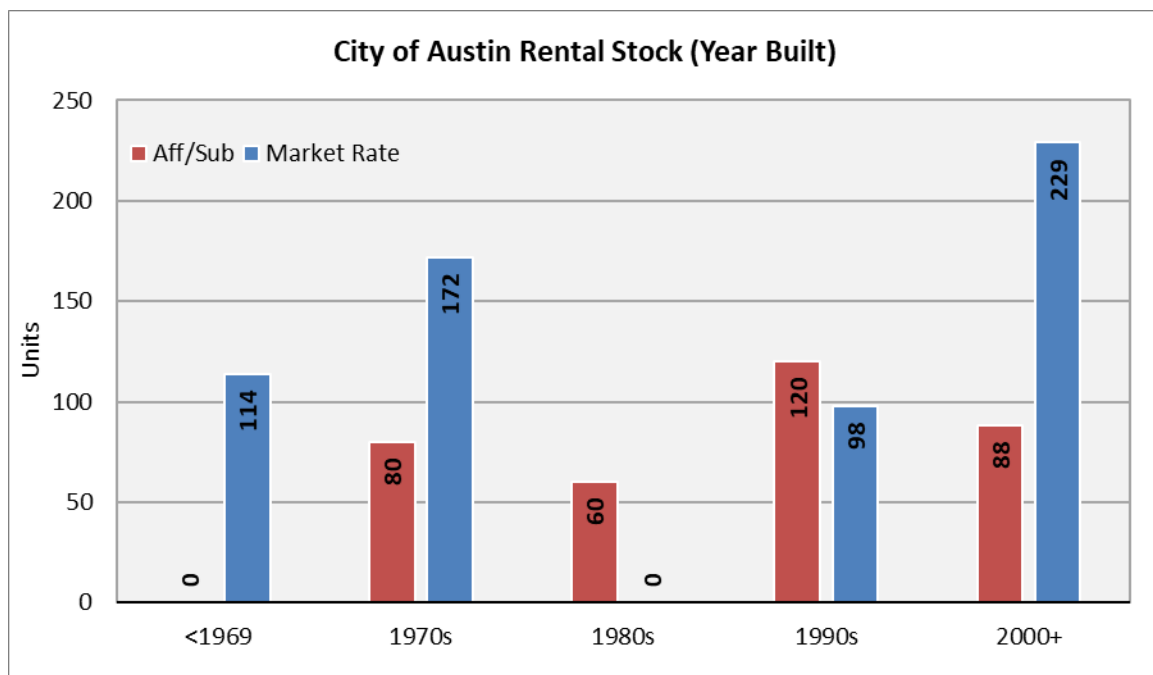
## RENTAL MARKET ANALYSIS

- Issues of deferred maintenance and nuisance concerns (tall grass, garbage, junk cars or other items not suitable for outdoor use) could be addressed through code enforcement which protects the safety and welfare of residents, maintains/increases property values, reduced vandalism, and increases the overall attractiveness of the community. The local governments should proactively review neighborhoods annually to ensure all homes are being properly maintained. Action should be taken on those properties where there are clear violations.

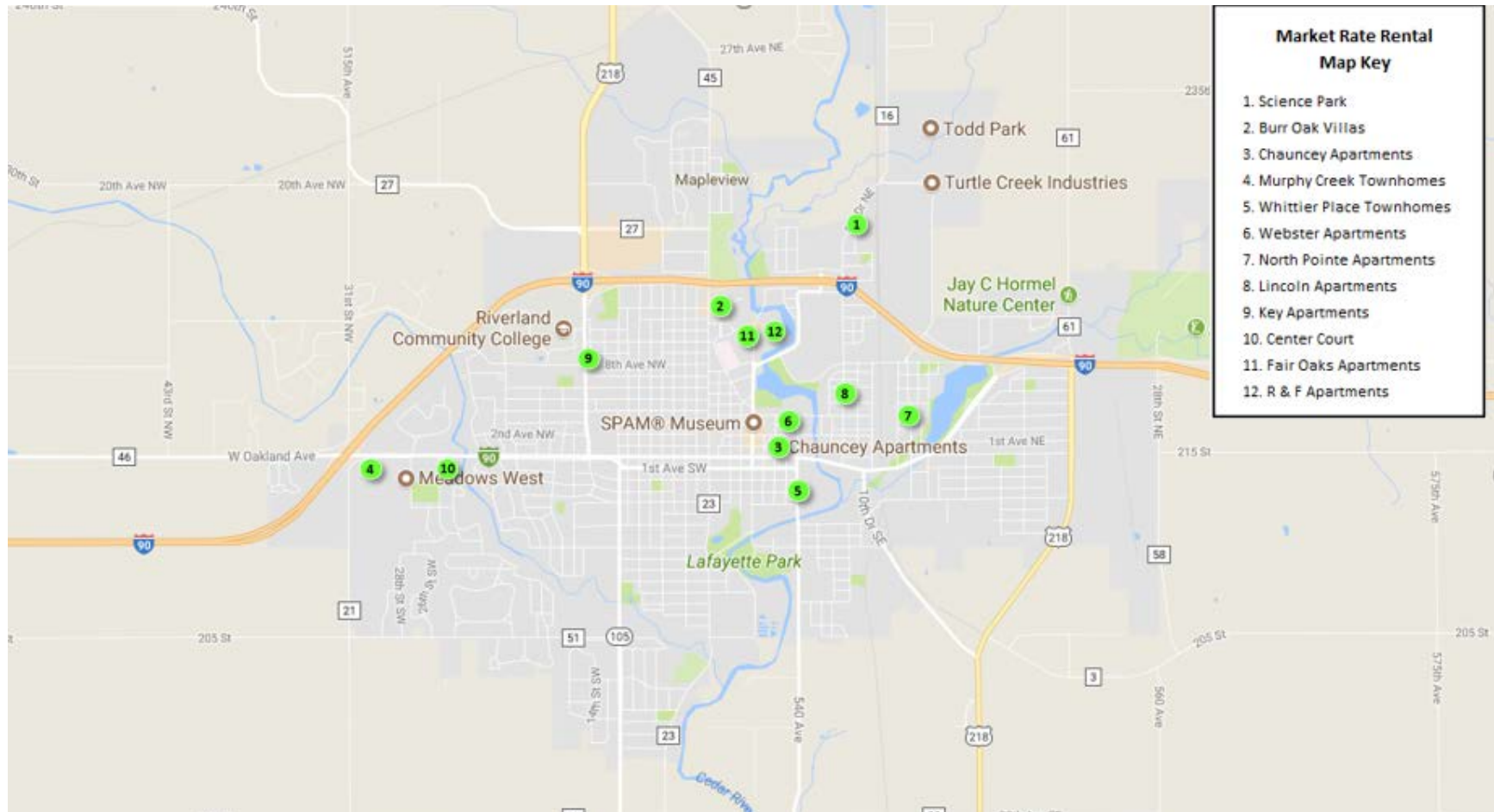
TABLE R-4 RENT SUMMARY AUSTIN MARKET AREA AUGUST 2017					
Unit Type	Monthly Rents		Avg. Rent	Avg. Size	Avg. Rent/Sq. Ft.
	Range				
	Low	High			
Market Rate					
Studio	\$300	\$325	\$313	334	\$0.94
1BR	\$350 - \$995		\$564	620	\$0.89
1BR+Den	\$425	\$945	\$846	911	\$0.93
2BR	\$475 - \$1,250		\$778	946	\$0.82
2BR+Den	\$955	\$970	\$961	1,179	\$0.82
3BR	\$745 - \$1,450		\$864	1,304	\$0.67
4BR	\$1,600	\$1,600	\$1,600	1,350	\$1.19
Overall	\$300 - \$1,600		\$688	\$824	\$0.85
Note: This table only includes data from properties that provided complete survey information					
Source: Maxfield Research & Consulting, LLC					

<b>TABLE R-5</b> <b>GENERAL OCCUPANCY RENTAL PROJECTS</b> <b>YEAR BUILT</b> <b>CITY OF AUSTIN</b> <b>AUGUST 2017</b>		
<b>Affordable/Subsidized</b>		
<b>Year Built</b>	<b># of Units</b>	<b>Pct. of Total</b>
2000+	88	25.3%
1990s	120	34.5%
1980s	60	17.2%
1970s	80	23.0%
<1969	0	0.0%
<b>Total</b>	<b>348</b>	<b>100.0%</b>
<b>Median Year:</b>	1992	
<b>Market Rate</b>		
<b>Year Built</b>	<b># of Units</b>	<b>Pct. of Total</b>
2000+	229	37.4%
1990s	98	16.0%
1980s	0	0.0%
1970s	172	28.1%
<1969	114	18.6%
<b>Total</b>	<b>613</b>	<b>100.0%</b>
<b>Median Year:</b>	1992	

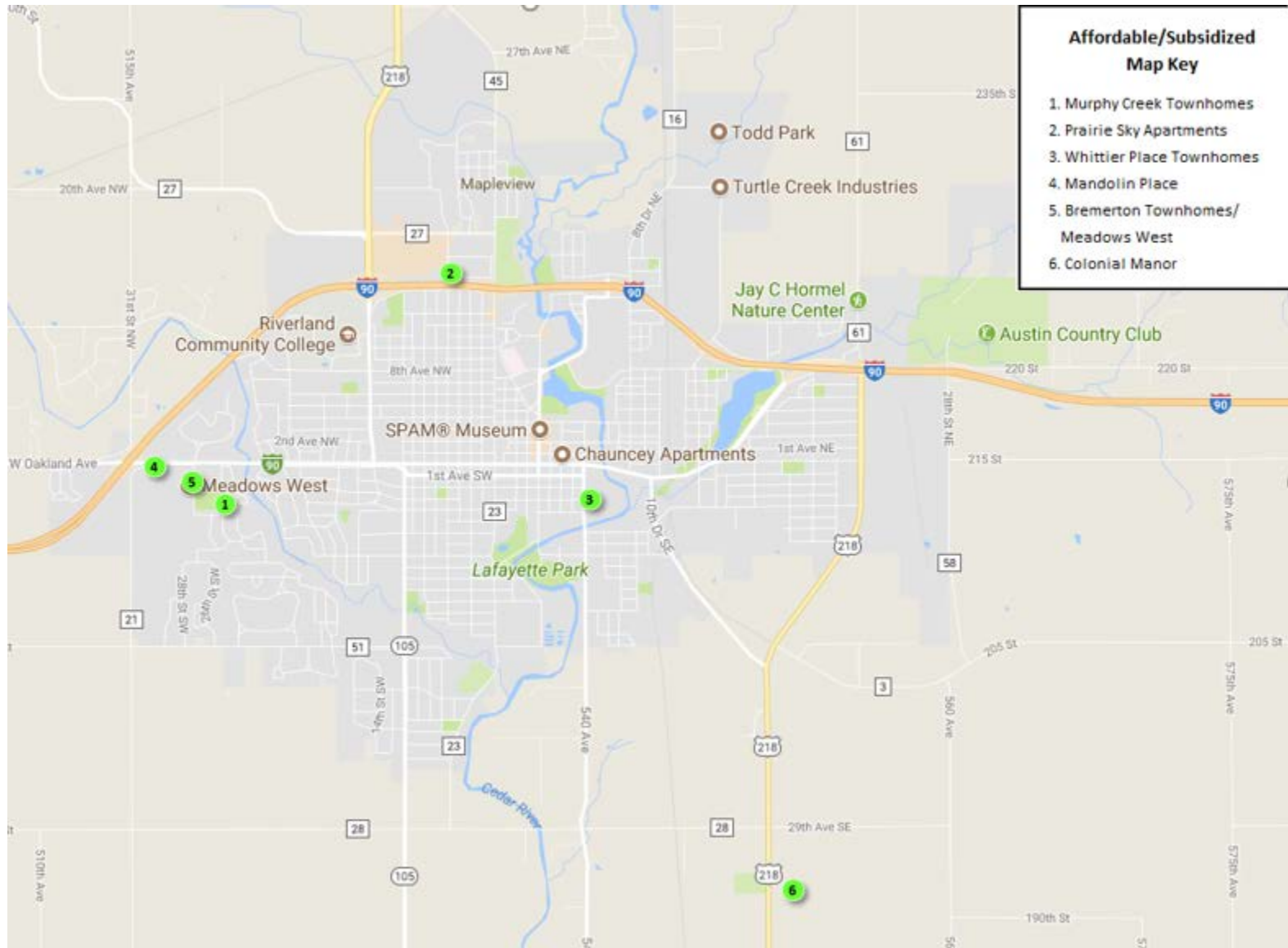
Source: Maxfield Research & Consulting, LLC



### Market Rate Rental



## Affordable/Subsidized Rental





## Market Rate General Occupancy Projects in the City of Austin

The following are photographs of select market rate general occupancy rental projects in Austin:



Key Apartments



Science Park Apartments



Webster Apartments



Lincoln Apartments



Burr Oak Villas



Park Place Apartments





R & F Apartments



Austin Courtyard



Chauncey Apartments



Center Court Apartments

## **Affordable and Subsidized General Occupancy Projects in the City of Austin**

The following are photographs of select market rate general occupancy rental projects in Austin:



**Murphy Creek Townhomes**



**Whittier Place Townhomes**



**Mandolin Place**



**Western Manor Apartments**



**Prairie Sky Apartments**



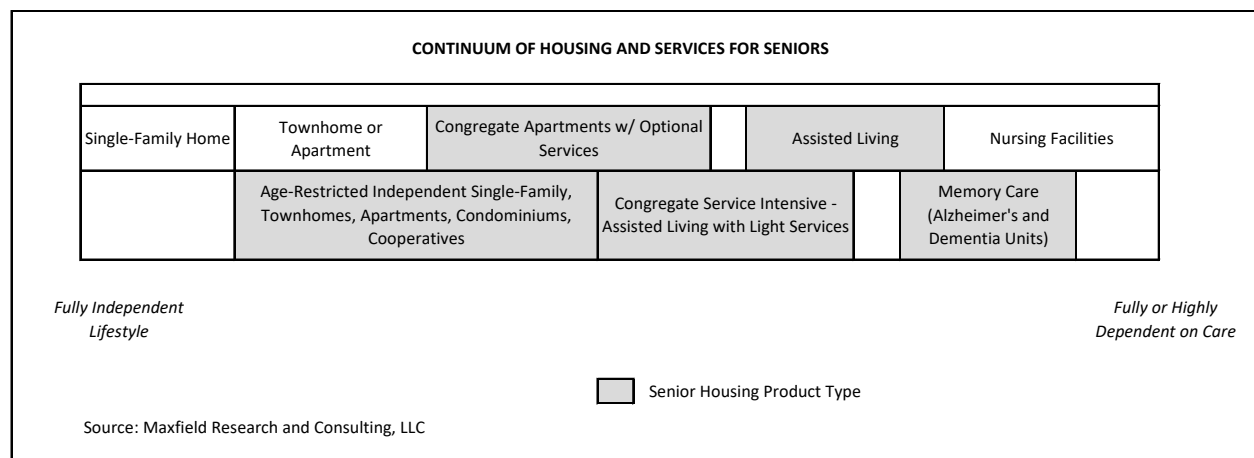
**Meadows West**

## Introduction

This section provides an assessment of the market support for senior housing (active adult, congregate, assisted living, and memory care) in the Austin Market Area. An overview of the demographic and economic characteristics of the senior population in the Austin Market Area is presented along with an inventory of existing and pending senior housing developments in the County. Demand for senior housing is calculated based on demographic, economic and competitive factors that would impact demand for additional senior housing units in the Market Area. Our assessment concludes with an estimation of the proportion of the Market Area demand that could be captured by senior housing communities located in the City of Austin.

## Senior Housing Defined

Senior housing is a concept that generally refers to the integrated delivery of housing and services to seniors. However, as Figure 1 illustrates, senior housing embodies a wide variety of product types across the service-delivery spectrum. Products range from independent apartments and/or townhomes with virtually no services on one end, to highly specialized, service-intensive assisted living units or housing geared for people with dementia-related illnesses (termed "memory care") on the other end of the spectrum. In general, independent senior housing attracts people age 65 and over while assisted living typically attracts people age 80 and older who need assistance with activities of daily living (ADLs). For analytical purposes, Maxfield Research and Consulting classifies market rate senior housing into five categories based on the level and type of services offered:



- Active Adult properties (or independent living without services available) are similar to a general-occupancy building, in that they offer virtually no services but have age-restrictions (typically 55 or 62 or older). Residents are generally age 70 or older if in an apartment-style building. Organized entertainment, activities and occasionally a transportation program represent the extent of services typically available at these properties. Because of the lack of services, active adult properties generally do not command the rent premiums of more



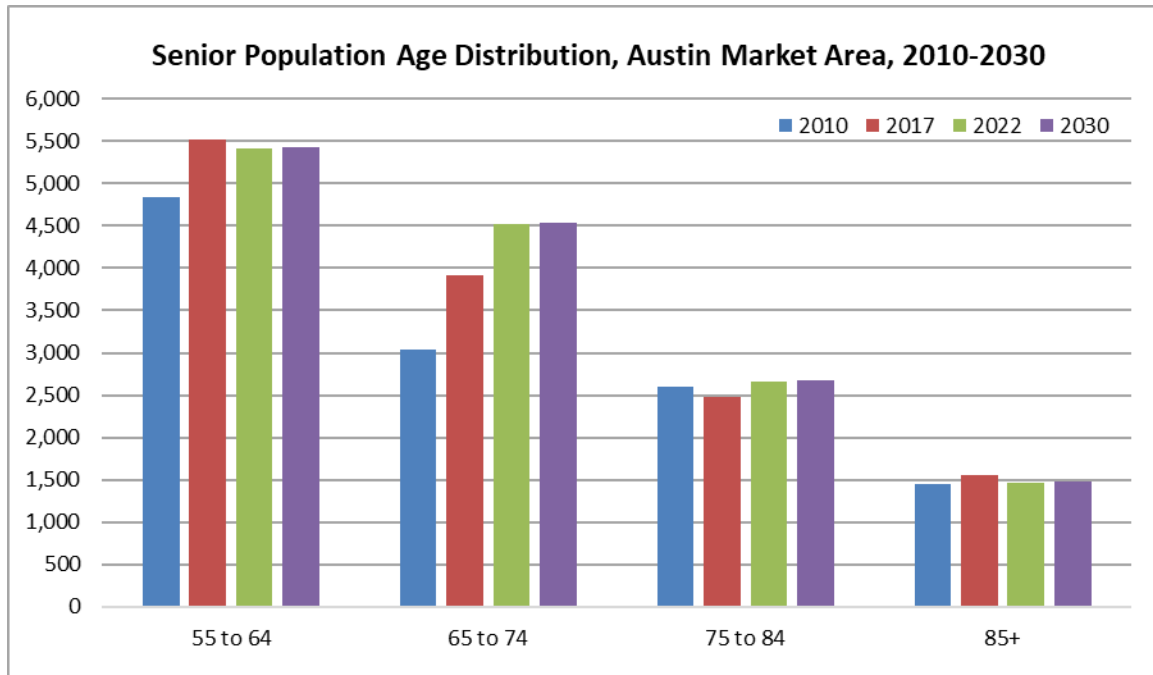
service-enriched senior housing. Active adult properties can have a rental or owner-occupied (condominium or cooperative) format.

- Congregate properties (or independent living with services available) offer support services such as meals and/or housekeeping, either on an optional basis or a limited amount included in the rents. These properties often dedicate a larger share of the overall building area to common areas, in part, because the units are smaller than in adult housing and in part to encourage socialization among residents. Congregate properties attract a slightly older target market than adult housing, typically seniors age 75 or older. Rents are also above those of the active adult buildings. Sponsorship by a nursing home, hospital or other health care organization is common.
- Assisted Living properties come in a variety of forms, but the target market for most is generally the same: very frail seniors, typically age 80 or older (but can be much younger, depending on their particular health situation), who are in need of extensive support services and personal care assistance. Absent an assisted living option, these seniors would otherwise need to move to a nursing facility. At a minimum, assisted living properties include two meals per day and weekly housekeeping in the monthly fee, with the availability of a third meal and personal care (either included in the monthly fee or for an additional cost). Assisted living properties also have either staff on duty 24 hours per day or at least 24-hour emergency response.
- Memory Care properties, designed specifically for persons suffering from Alzheimer's disease or other dementias, is one of the newest trends in senior housing. Properties consist mostly of suite-style or studio units or occasionally one-bedroom apartment-style units, and large amounts of communal areas for activities and programming. In addition, staff typically undergoes specialized training in the care of this population. Because of the greater amount of individualized personal care required by residents, staffing ratios are much higher than traditional assisted living and thus, the costs of care are also higher. Unlike conventional assisted living, however, which addresses housing needs almost exclusively for widows or widowers, a higher proportion of persons afflicted with Alzheimer's disease are in two-person households. That means the decision to move a spouse into a memory care facility involves the caregiver's concern of incurring the costs of health care at a special facility while continuing to maintain their home.

### **Older Adult (Age 55+) Population and Household Trends**

The Demographic Analysis section of this study presented general demographic characteristics of the Austin Market Area population. The following points summarize key findings from that section as they pertain to the older adult population in the Market Area.

- Between 2010 and 2017, the fastest growing proportion of the population were those age 55 to 64, which experienced a 34.2% increase in population, adding 1,232 people. From 2017 to 2030, the biggest proportional increase in population (20.8%) will occur among those 65 to 74.



- The primary market for service-enhanced housing is senior households age 75 and older. While individuals in their 50s and 60s typically do not comprise the market base for service-enhanced senior housing, they often have elderly parents to whom they provide support when they decide to relocate to senior housing. Since elderly parents typically prefer to be near their adult caregivers, growth in the older adult age cohort (age 55 to 64) generally results in additional demand for senior housing products.
- Homeownership information lends insight into the number of households that may still have homes to sell and could potentially supplement their incomes from the sales of their homes to support monthly fees for alternative housing.
- The Austin Market Area maintains relatively high rates of homeownership in the older adult age cohorts. The homeownership rate in 2015 was 85.4% for age 55 to 64 households. Seniors typically begin to consider moving into senior housing alternatives or more convenient housing such as apartment buildings or twin homes in their early to mid-70s. This movement pattern is demonstrated by the drop in homeownership between the 65 to 74 age cohort (88.6%) and the 75+ age cohort (75.5%).
- With a homeownership rate of 81.0% for all households over the age of 65, a large number of residents would be able to use proceeds from the sales of their homes toward senior

housing alternatives. The resale of single-family homes would allow additional senior households to qualify for market rate housing products, since equity from the home sale could be used as supplemental income for alternative housing. These considerations are factored into our demand calculations.

- Based on the 2016 median sale price for single-family homes in the Austin Market Area (\$91,500) a senior household could generate around \$1,720 of additional income annually (about \$143 per month), if they invested in an income-producing account (2.5% interest rate) after accounting for marketing costs and/or real estate commissions (6.0% of home sale price).

### **Supply of Senior Housing in the Austin Market Area**

As of August 2017, Maxfield Research identified 11 senior housing developments that offer subsidized senior housing and 16 market rate senior housing developments in the Austin Market Area. Combined, these projects contain a total of 1,054 units. Table S-1 summarizes information for the subsidized product in the Austin Market Area and Table S-2 provides information on the market-rate senior housing product type by service-level. Information in the table includes year built, number of units, unit mix, and general comments about each project. The following are key points from our survey of the senior housing supply.

#### ***Subsidized Senior Housing Projects***

- Subsidized senior housing offers affordable rents to qualified lower income seniors and handicapped/disabled persons. Typically, rents are tied to residents' incomes and based on 30% of adjusted gross income (AGI), or a rent that is below the fair market rent. For those households meeting the age and income qualifications, subsidized senior housing is usually the most affordable rental option available.
- There are a total of 425 units in 11 subsidized senior projects in the Austin Market Area. These units are almost exclusively one-bedroom units, with only one studio unit and eight two-bedroom units.
- As of August 2017, 10 units were available, resulting in a 2.3% vacancy rate. However, no units were available within the City of Austin.

## SENIOR HOUSING ANALYSIS

TABLE S-1 SUBSIDIZED SENIOR HOUSING AUSTIN MARKET AREA August 2017							
Project Name/City	Year Built	No. of Units	No. Vacant	Unit Mix/Sizes/Rents			Comments
				No.	Type	Sizes	
Pickett Place 808 1st Drive NW Austin	1983	100	0	97 - 1BR 3 - 2BR	561 767	30% of Income 30% of Income	Rent includes heat, water, sewer, garbage, electricity, sleeve for AC unit, community room, SEMAC serves noon meal, tenant assigned parking lot, waiting list 1-2 years.
Twin Towers 200 1st Avenue NE Austin	1973	205	0	205 - 1BR	500	30% of Income	Rent includes heat, water, sewer, garbage, electricity, sleeve for AC unit, community room, SEMAC serves noon meal, tenant assigned parking lot, bike storage, game room, chapel area, laundry on main floor, waiting list 1-2 months.
St. Mark's Apts. 1401 4th Street SW Austin	1970	18	0	1 - Studio 24 - 1BR	438 450 - 516	30% of Income 30% of Income	62+, full kitchens, walk-in closets, wireless internet, utilities and garbage included in rent, private off-street parking, activity room with kitchen area, library, outdoor gardens, coffee hour, scheduled transportation, grocery/pharmacy delivery
Golden Terrace 281 Pine Street E Dexter	1983	10	1	10 - 1BR	725	\$418 (market)	HUD public housing project; off-street parking; wall-unit A/C; coin-op laundry; disposals; decks; community room with kitchen
North Side Apts. 310 Lincoln St. NW Adams	1983	13	0	13 - 1BR	725	\$418 (market)	Rural Development project; one-story building; off-street parking; wall-unit A/C; disposals; decks; community room with kitchen; coin-op laundry
Mill Street Apts. 301 North Mill St. Brownsdale	1983	11	1	11 - 1BR	grand	\$405 (basic) \$590 (market)	Tenant pays electricity, heat, water, sewer, trash included; off-street parking; wall-unit sleeves for A/C; walk-in closets; coin-op laundry room; community room, storage lockers, indoor mailbox, pets allowed with \$300 deposit
Grandview Apts. 205 Grand Ave. W Grand Meadow	1979	15	0	14 - 1BR 1 - 2BR	725 900	\$460 (market) \$551 (market)	MHFA project; one-story building; off-street parking; wall-unit A/C; disposals; decks; community room with kitchen; coin-op laundry
Riverside Apts. 310 Lowell St. W Le Roy	1979	15	2	14 - 1BR 1 - 2BR	725 900	\$477 (market) \$542 (market)	MHFA project; one-story building; off-street parking; wall-unit A/C; disposals; decks; community room with kitchen; coin-op laundry
Friendship Village 403 Main St. W Brownsdale	1978	10	1	9 - 1BR 1 - 2BR	725 950	\$482 (market) \$565 (market)	Rural Development project; one-story building; off-street parking; wall-unit A/C; disposals; decks; community room with kitchen; coin-op laundry
Heritage House 809 2nd Street E Lyle	1978	14	3	13 - 1BR 1 - 2BR	725 950	\$482 (market) \$565 (market)	Rural Development project; one-story building; off-street parking; wall-unit A/C; disposals; decks; community room with kitchen; coin-op laundry
Rose Haven 300 4th St. NW Rose Creek	1978	14	2	13 - 1BR 1 - 2BR	725 950	\$559 (market) \$660 (market)	Rural Development project; one-story building; off-street parking; wall-unit A/C; disposals; decks; community room with kitchen; coin-op laundry
Total		425	10	2.4%			
Source: Maxfield Research and Consulting, LLC							

## SENIOR HOUSING ANALYSIS

TABLE S-2 MARKET RATE SENIOR HOUSING AUSTIN MARKET AREA August 2017									
Project Name/ Location	Occp. Date	No. of Units	No. Vac.	Unit Mix/Sizes/Pricing				Monthly Rent/ Fee	Comments
				Unit Mix	Size (Sq. Ft.)	Entry Fee/ Sale Price			
ACTIVE ADULT - COOPERATIVES									
Village Cooperative of Austin 2301 10th St. NW Austin	2007	62	5	N/A - 1BR N/A - 1BR/D N/A - 2BR/1BA N/A - 2BR/2BA	870 1,105 1,048 1,244 - 1,456	\$41,568 - \$42,898 \$51,870 - \$55,533 \$49,742 - \$71,421 \$63,840 - \$83,125		\$694 - \$714 \$878 - \$928 \$837 - \$1,153 \$1,061 - \$1,296	Spacious community room with kitchen, two guest suites, clubroom, woodworking shop, storage, walking path underground parking with a car wash bay, and fully secured building.
ACTIVE ADULT - CONDOMINIUMS									
Oaks Condominiums 1200 18th Ave NW Austin	1984	40	0	10 - 1BR/1BA 8 - 1BR/Dlx. 12 - 2BR/1BA 8 - 2BR/2BA 2 - 2BR/Dlx.	702 868 1,036 1,092 1,372	\$52,000 - \$82,000		N/A N/A N/A N/A N/A	Owner-occupied project restricted to age 55 and older; association fees cover all utilities (except electric) maintenance, snow/lawn care, hazard insurance, and community spaces: dining room, monthly activities, exercise, free laundry, billiard, wood shop; some have garages. Secured building. No vacancies, sales range from \$52,000 to \$82,000; waiting list; no smoking, no pets
ACTIVE ADULT - APARTMENTS									
St. Mark's Independent Living 1401 4th Street SW Austin	1970	30	0	6 - Studio 24 - 1BR	438 450 - 516	-- -- -- --		\$493 - \$692	62+, full kitchen, walk-in closets, wireless internet, walk-in showers, utilities and garbage included in rent, private off-street parking, activity room with kitchen, library, outdoor gardens, coffee hour, scheduled transportation, grocery delivery
Total		132	5						
Vacancy Rate		3.8%							
CONGREGATE									
Primrose 1701 22nd Ave. SW Austin	2002	40	N/A*	12 - 1BR 28 - 2BR	709 933 - 979	-- -- -- --		\$2,340 \$2,490	Some vacancies, number not provided. Independent living. Basic fee includes: Noon meal in dining room, all utilities included, except phone, cable tv, scheduled transportation, complimentary laundry room, emergency response system, 24-hr onsite rstaffing, additional storage space, beauty salon, ice cream parlor, chapel, fitness center, billard room, computer room, fireplace lounge, individually controlled AC/heat, daily saftey check, weekly blood pressure check, weekly garbage removal, pets welcom, housekeeping/laundry additional fee. Additional person, \$400. *Some availability, specfic number not provided
Wildwood Grove 410 E Main St Le Roy	2001	12	2	2 - 1BR 10 - 2BR	709 1,032	-- -- -- --		\$2,318 \$2,525	Kitchenette, full bath, emergency call system, appt reminders, religious services, weekly bath assistance, monthly well check. A la carte: asst with grooming, escort to meals/activities
Cedar Court 18 10th Street NW Adams	1991	20*	0	20 - 1BR 8 - 2BR	556 700	-- -- -- --		\$642 \$802	Congregate/optional service project connected to Adams Health Care Center. Apartment includes stove, refrigerator. Rent includes water/sewer/garbage and daily breakfast. Mail pick up and delivery, coin-op W/D, Additional person \$55/mo; garages \$30/mo, satellite TV \$40/mo, Dining Room Meal Service \$7/meal, Pendant Rent \$3/mo. *Residents can add AL package, so unit mix can change
Cedars of Austin <sup>1</sup> 700 1st NW Austin	1985	55	2 *	29 - Studio 41 - 1BR 33 - 2BR	291 600 821 - 991	-- -- -- -- -- --		\$1,180 - \$2,125	Personal emergency response system, two daily wellness check, monthly on site well checks, apartment maintenance, on site RN, beauty shop. A la carte services: meal plans, heated parking, housekeeping, laundry, nursing, reminders. *96% occupied. <sup>1</sup> Congregate and assited living units are the same, up to the resident to choose service level.
Total		127	4						
Vacancy Rate		4.8% Vacancy rate excludes units at facilities were vacancies were unavailable							
CONTINUED									



## SENIOR HOUSING ANALYSIS

TABLE S-2 MARKET RATE SENIOR HOUSING AUSTIN MARKET AREA August 2017									
Project Name/ Location	Occp. Date	No. of Units	No. Vac.	Unit Mix/Sizes/Pricing				Monthly Rent/ Fee	
				Unit Mix	Size (Sq. Ft.)	Entry Fee/ Sale Price			
ASSISTED LIVING									
Our House Apts 1313 15th Ave NW Austin	2005	41	0	37 - 1BR	503 - 548	--	--	\$3,550	Walk-in showers, balconies; individual heat/air control, 3 meals a day in the dining room, free coffee bar/fruit/treats daily, no charge resident laundry facility, weekly linen laundry, weekly housekeeping, trash removal, meal reminders, in house beauty/barber chop, library, patio with walking paths, utilities included
				4 - 2BR	658	--	--	\$3,650	
Primrose 1701 22nd Ave. SW Austin	2002	24	N/A*	4 - Studio	497	--	--	\$3,430	Assisted living. All utilities included, except phone, 3 meals a day with snacks available, cable TV, scheduled transportation, beauty salon, ice cream parlor, chapel, fitness center, billard room, computer resource room, fireplace lounge, daily activities, social events, weekly housekeeping and laundry, individually controlled AC/heat, 24-hour on site staff, emergency response in all apts, wellness programs, \$600 additional resident. *Some availability, specific number not provided
				20 - 1BR	546	--	--	\$3,460 - \$3,960	
Wildwood Grove 410 E Main St Le Roy	2001	28	2	8 - Studio	476	--	--	\$2,111	Kitchenette, full bath, emergency call system, appt reminders, religious services, weekly bath assistance, monthly well check. A la carte: asst with grooming, escort to meals/activities.
				10 - 1BR	546 - 709	--	--	\$2,318	
				10 - 2BR	1,032	--	--	\$2,524	
The Meadows 117 2nd St. SE Grand Meadow	2000	28	5	5 - Studio	441	--	--	\$2,408	Assisted Living facility connected to nursing home. All utilities included; kitchen; walk-in showers; emergency calls; dining room; common room, library; chapel; computer with high-speed internet; fireplace lounge; transportation; activities and outings; housekeeping/laundry once a week; access to free W/D; 24-hour staff, three meals a day
				15 - 1BR	588 - 650	--	--	\$2,538 - \$2,668	
				8 - 2BR	882 - 1,200	--	--	\$2,824	
Sacred Heart Apts. 1200 12th Street SW Austin	1997	26	0	26 - Studio	420	--	--	\$2,250 (Base rate)	Services available: 24-hour staffing, medication assistance, personal care, 3 meals/day, weekly light housekeeping, laundry services, variety activity program, transporation and appointment system.
Cedar Court 18 10th Street NW Adams	2001	28	* 1	9 - Studio	441	--	--	\$2,300	Congregate/optional service project connected to Adams Health Care Center. Apartment includes stove, refrigerator. Rent includes water/sewer/garbage and daily breakfast. Mail pick up and delivery, coin-op W/D, Additional person \$55/mo; garages \$30/mo, satellite TV \$40/mo, Dining Room Meal Service \$7/meal, Pendant Rent \$3/mo. *Residents can add AL package, unit mix may change
				1BR	500 - 600	--	--	\$2,375	
				2BR	700 - 800	--	--	\$2,500	
Cedars of Austin <sup>1</sup> 700 1st NW Austin	1985	48	4 *	29 - Studio	291 - 390	--	--		Beauty shop, two daily wellness checks, emergency call system, programmed activities, transportation, 3 daily meals, monthly well check, light housekeeping, linens. A la carte: dressing, grooming, medication reminder/admin/management, behavior management, ambulation. *96% occupied. 1Congregate and assisted living units are the same, up to the resident to choose service level.
				41 - 1BR	507 - 600	--	--	\$2,475 - \$4,125	
				33 - 2BR	821	--	--		
St. Mark's Assisted Living 1401 4th Street SW Austin	1970	25	0	N/A - Studio	445 - 504	--	--	\$2,952	Monthly fee covers utilities, 3 meals/day, daily snacks, weekly housekeeping and laundry, 24-hr emergency response, wellness programming, assistance with scheduling transportation, coordination of outside professional health services, social/spiritual/leisure activities, free wireless internet. Unit includes full size refrigerator, stove, individually controlled thermostat. Short waiting list.
				N/A - 1BR	670 - 727	--	--	\$3,252	
				N/A - 2BR	822	--	--	\$3,569	
Total		248	12						
Vacancy Rate		4.9%	Vacancy rate excludes units at facilities where vacancies were unavailable						
CONTINUED									

## SENIOR HOUSING ANALYSIS

TABLE S-2  
MARKET RATE SENIOR HOUSING  
AUSTIN MARKET AREA  
August 2017

Project Name/ Location	Occp. Date	No. of Units	No. Vac.	Unit Mix/Sizes/Pricing				Monthly Rent/ Fee	Comments
				Unit Mix	Size (Sq. Ft.)	Entry Fee/ Sale Price			
MEMORY CARE									
Our House Memory Care 1401 15th Ave. NW <i>Austin</i>	2002	24	N/A	24 - Private	240 - 275	--	--	\$4,230 - \$4,280	Personal call system, independent temperature control, kitchenette, living room with fireplace, community dining room, family-style kitchen, snack bar, tv lounge and activity area, enclosed patio with raised planting beds, front porch with sitting area. Regular housekeeping, all laundry and linens, three meals a day, on-site beauty salon, scheduled activities. *Some openings, exact number not provided
Wildwood Grove 410 E Main St <i>Le Roy</i>	2001	6	2	6 - Studio	308	--	--	\$3,128	Secured, interior/exterior path, activities, furnished, well check
Our House MC 204 14th Street NW <i>Austin</i>	2000	19	N/A*	19 - Private	240 - 275	--	--	\$4,230 - \$4,280	Personal call system, independent temperature control, kitchenette, living room with fireplace, community dining room, family-style kitchen, snack bar, tv lounge and activity area, enclosed patio with raised planting beds, front porch with sitting area. Regular housekeeping, all laundry and linens, three meals a day, on-site beauty salon, scheduled activities. *Some openings, exact number not provided
Cedars of Austin 700 1st NW <i>Austin</i>	1985	40	2 *	40 - 1BR	500	--	--	\$3,665 - \$8,000	Secured facility, housekeeping, trash removal, laundry, all utilities except phone and able, weekly shower, three meals a day, snacks, beverages, personal care plan, activities planned to correspond to resident preferences.
St. Mark's Memory Care 1401 4th Street SW <i>Austin</i>	1970	21	0	N/A - Studio N/A - 2BR	255 - 388 455	--	--	\$4,645 \$4,820	Monthly fee includes 3 meals/day, daily snacks, incontinence care, 24-hr emergency response, wellness programming, medication management, daily comfort checks, bathing, coordination of outside professional health services, social/spiritual/leisure activities, paid utilities, free wireless. Units include kitchenette with small fridge, individually controlled thermostat. Engaging daily activities, intimate dining and living rooms, secure outdoor garden.
Total		110	4						
Vacancy Rate		5.4%	Vacancy rate excludes units at facilities where vacancies were unavailable						
TOTAL - ALL SERVICE LEVELS		617	25	4.9%					
Source: Maxfield Research and Consulting, LLC									

## Market Rate Senior Projects in the City of Austin

The following are photographs of select market rate senior projects in Austin:



Village Cooperative



Oaks Condominiums



St Marks Living



Primrose



Cedars of Austin



Our House

### Subsidized Senior Projects in the City of Austin

The following are photographs of select subsidized senior projects in Austin:



Pickett Place



Twin Towers



St. Marks Apartments

#### ***Active-Adult Few Services***

- There are three active-adult few services developments in the Austin Market Area for a total of 132 units. All three active adult developments are located within the City of Austin.
- Two of the active adult developments, accounting for 102 units, are for-sale senior developments.
- Among active adult developments there were a total of five vacant units, resulting in a 3.8% vacancy rate.
- Common building amenities include community room, social activities, and secured building.

### ***Congregate Senior Projects***

- There are four congregate senior rental developments located in the Austin Market Area with a total of 127 units. Of the 127 congregate units in the market area, 95 units were located in the City of Austin.
- Among properties that provided current vacancies, there were four open units, resulting in a vacancy rate of 4.8%.
- The congregate projects typically included utilities in the rent, offered well checks, common rooms, maintenance and activities.

### ***Assisted Living***

- There are 12 developments that offer assisted living services located in the Austin Market Area. There are a total of 248 units among the 12 facilities, with 164 of those units located within the City of Austin.
- Among facilities which were able to provide current vacancies, there were 12 open units, resulting in a vacancy rate of 4.9%.
- Rents commonly included all utilities and units were likely to offer individual heat and air control, walk-in showers and a kitchenette. The facilities commonly provided an emergency call system, 24-hour staffing, a common room, three meals a day with snacks, weekly housekeeping and laundry, and scheduled transportation and activities.

### Memory Care

- There are five developments that offer memory care services located in the Austin Market Area. There are a total of 110 units among all of these facilities, with only six units located outside the City of Austin.
- The developments commonly offered a common room, dining room, walking path, house-keeping, laundry, three meals a day with snacks.

### Summary of Senior Housing Units

This section of the report summarizes the inventory of the senior housing by service level, number of units and location.

- Nearly 80% of senior living units are located within the City of Austin. All active adult units are located within the City of Austin and 95% of memory care units are located in the City of Austin.
- The Remainder of the Market Area claimed 34% of Assisted Living units and 25% of Congregate units.

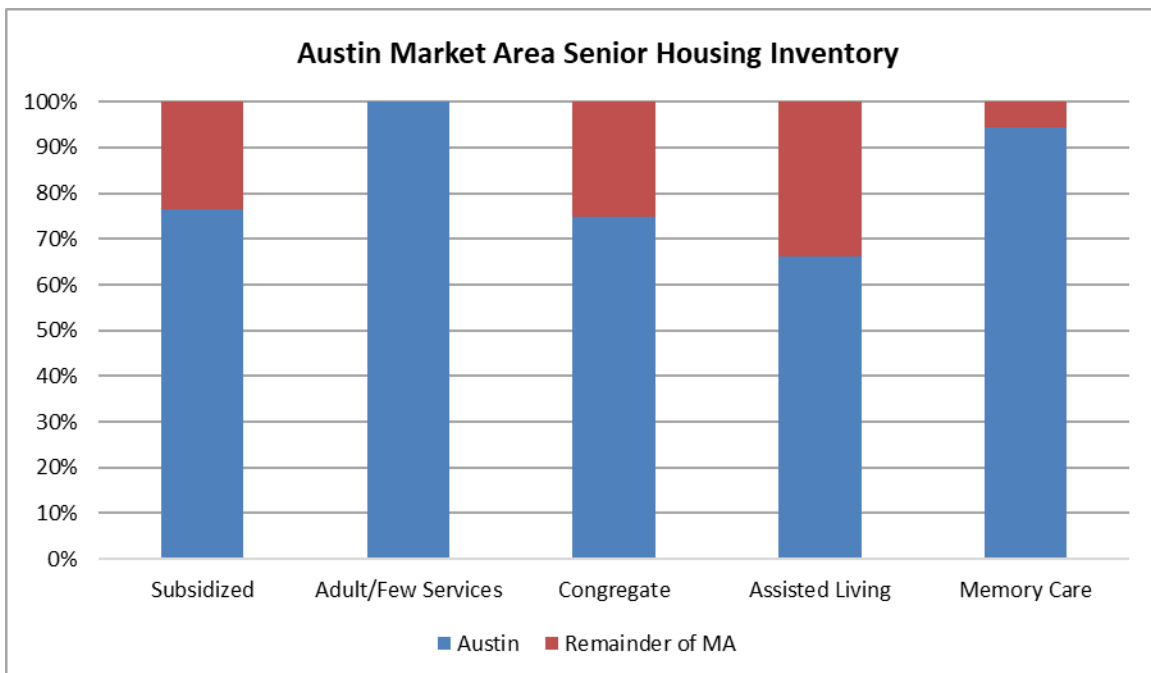


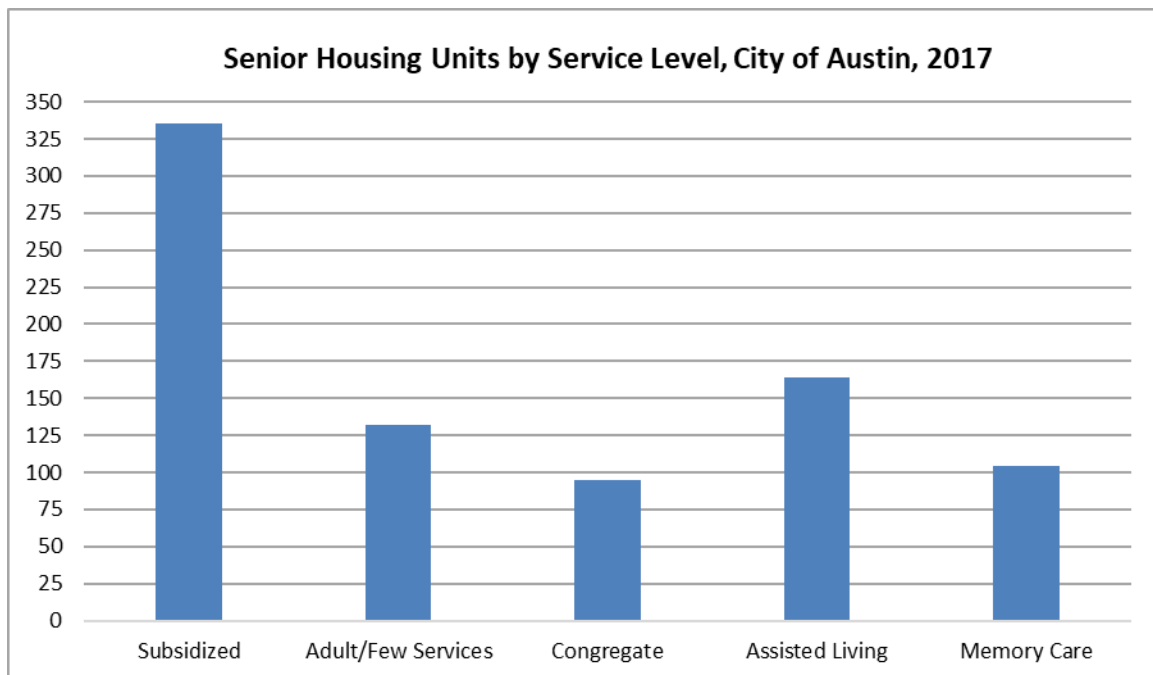
Table S-3 summarizes the number of senior living units by service level and location.



## SENIOR HOUSING ANALYSIS

- Within the Market Area there are 1,054 senior housing units. The City of Austin accounted for 830 of the 1,054 senior housing units in the Market Area.
- Subsidized units were the largest share of senior units in the City of Austin (40%), with 335 subsidized units.
- The remaining senior housing ranged from 95 congregate units accounting for 11% of the total senior housing units to 164 units (20%) in the Assisted Living service level.

<b>Table S-3</b> <b>Senior Housing Unit Mix</b> <b>Primary Market Area</b>			
<b>Service Type</b>	<b>Austin</b>	<b>Remainder of MA</b>	<b>Market Area</b>
Subsidized	335	102	437
Adult/Few Services	132	0	132
Congregate	95	32	127
Assisted Living	164	84	248
Memory Care	104	6	110
<b>Total</b>	<b>830</b>	<b>224</b>	<b>1,054</b>
Sources: Maxfield Research and Consulting, LLC			



### Introduction

Maxfield Research and Consulting LLC analyzed the for-sale housing market in Austin by analyzing data on single-family and multifamily home sales and active listings; inventorying the vacant lot supply in Austin; identifying pending for-sale developments; and conducting interviews with local real estate professionals, developers and planning officials.

### Overview of For-Sale Housing Market Conditions

FS-1 presents home resale data on single-family and multifamily housing in Austin from 2000 through the first half of 2017. The data was obtained from the Southeastern Minnesota Realtors and shows annual number of sales, median and average pricing, price per square foot, and home square footages. The following are key points observed from our analysis of this data.

- Between 2005 and 2016 Austin has averaged 367 sales annually. Transactions during this time have ranged from 278 in 2010 to 438 in 2015.
- Since 2005, the median sale price has fluctuated from \$72,000 in 2011 to \$105,000 in 2017. The median sales price has increased annually since 2011 when it was \$92,935 (+20% since 2017).
- The local Austin real estate market did not experience the “highs and lows” that the national real estate market experienced in the 2000s prior to the Great Recession. Housing values in Austin remained rather steady from year to year, with values showing an annual appreciation. Over the past 12 months the appreciation rate in Austin was 3.26% compared to 3.63% for the State of Minnesota and 3.63% for the entire United States.
- The average sales price per square foot (“PSF” = average sales price divided by the average square footage) peaked at \$86 PSF in 2007. Average PSF declined to \$70 in 2011 before beginning to rise again, reaching \$84 in 2015.
- Data obtained from the Southeast Minnesota Realtors Association indicates Austin has a supply of approximately 6,270 owned homes in 2015, this represents turnover of about 7% of the owned homes in 2015 within the City of Austin.
- FS-1 also presents the average and median home size for all sales between 2005 and the first half of 2017. The average home size sold between 2005 and 2016 is 1,212 square feet and the median home size is 1,327 square feet.

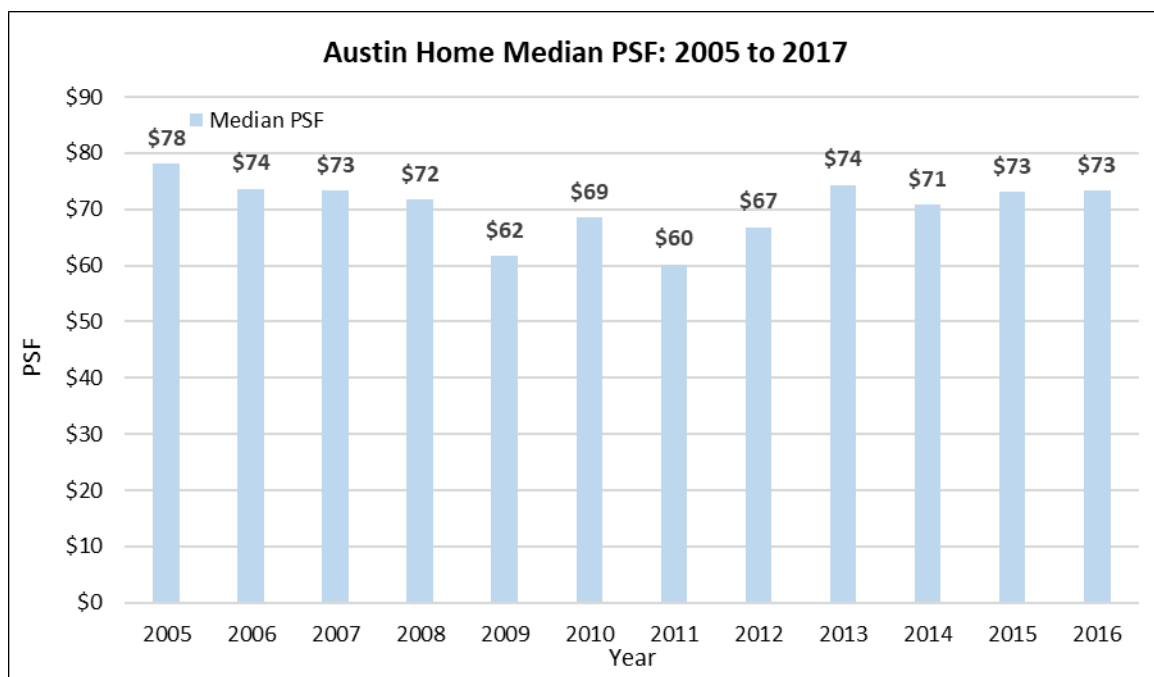
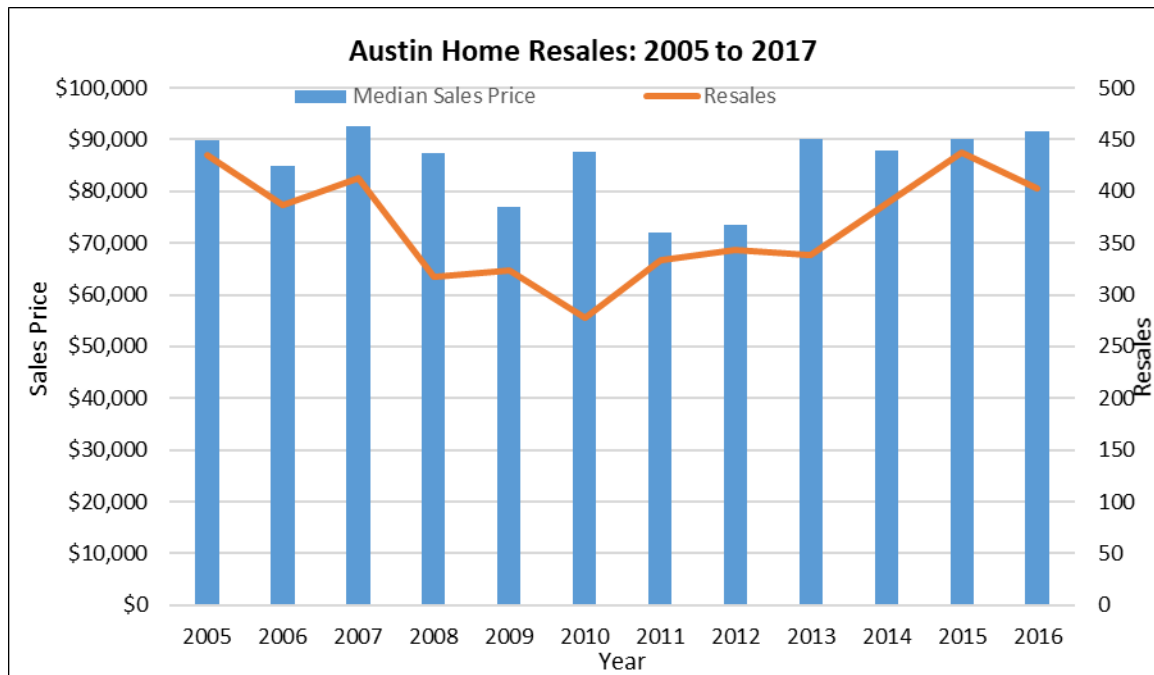


**TABLE FS-1**  
**AUSTIN HISTORIC RESALES**  
**2005 to 2017 (1st half)**

Year	Resales	Sales Price		Sq. Ft.		PSF	
		Avg.	Median	Avg.	Median	Avg.	Median
2005	435	\$108,907	\$89,900	1,205	1,152	\$90	\$78
2006	387	\$101,114	\$85,000	1,246	1,154	\$81	\$74
2007	413	\$114,155	\$92,500	1,323	1,260	\$86	\$73
2008	318	\$111,937	\$87,500	1,314	1,221	\$85	\$72
2009	323	\$90,789	\$77,000	1,269	1,248	\$72	\$62
2010	278	\$105,415	\$87,750	1,387	1,281	\$76	\$69
2011	334	\$92,935	\$72,000	1,332	1,196	\$70	\$60
2012	344	\$97,758	\$73,500	1,333	1,100	\$73	\$67
2013	339	\$113,489	\$90,000	1,420	1,210	\$80	\$74
2014	388	\$111,463	\$88,000	1,387	1,242	\$80	\$71
2015	438	\$113,651	\$90,000	1,349	1,232	\$84	\$73
2016	403	\$111,893	\$91,500	1,359	1,247	\$82	\$73
2017*	225	\$127,264	\$105,000	1,395	1,274	\$91	\$82
<b>Avg. (2005-2016)</b>	<b>367</b>	<b>\$106,126</b>	<b>\$85,388</b>	<b>1,327</b>	<b>1,212</b>	<b>\$80</b>	<b>\$70</b>

\* January to July 2017

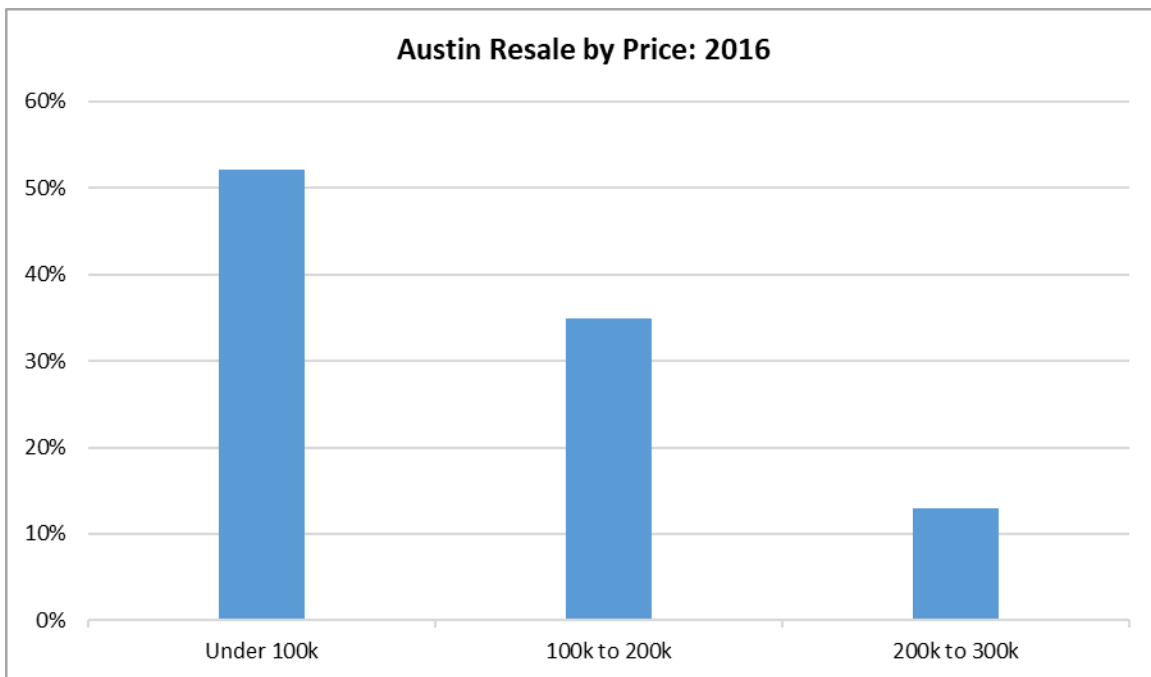
Source: MN Flexmls, Maxfield Research & Consulting, LLC



## Home Resales by Price

Table FS-2 shows the distribution of sales within 10 price ranges from resales in 2016. The graph on the following page visually displays the sales data. All resales are sourced to the Southeast Minnesota Realtors.

- Overall, 52% of all home resales in 2016 were priced under \$100,000. About 35% of all resales in Austin sold from \$50,000 to \$100,000.
- Approximately 35% of all resales were priced between \$100,000 and \$200,000; however, homes priced from \$100,000 to \$150,000 make-up about 24% of all resales in Austin.
- About 13% of Austin transactions in 2016 sold for more than \$200,000; of which only 5% sold for more than \$300,000.



**TABLE FS-2**  
**SALE PRICE DISTRIBUTION**  
**CITY OF AUSTIN**  
**2016**

<b>Price Range</b>	<b>No. of Sales</b>	<b>Pct.</b>
Under \$24,999	12	2.7%
\$25,000 to \$49,999	68	15.1%
\$50,000 to \$74,999	70	15.6%
\$75,000 to \$99,999	84	18.7%
\$100,000 to \$124,999	60	13.4%
\$125,000 to \$149,999	48	10.7%
\$150,000 to \$199,999	49	10.9%
\$200,000 to \$249,999	22	4.9%
\$250,000 to \$299,999	16	3.6%
\$300,000+	20	4.5%
<b>Total</b>	<b>449</b>	<b>100.0%</b>

Source: MN Flexmls, Maxfield Research & Consulting, LLC

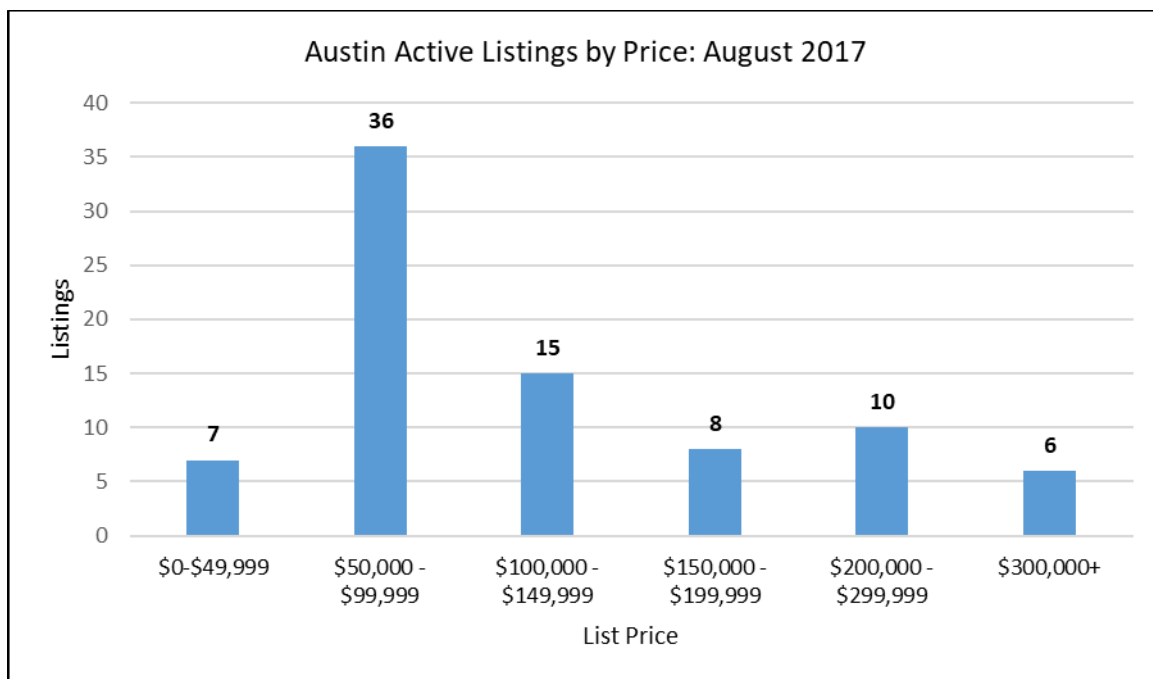
## Current Supply of Homes on the Market

To more closely examine the current market for available owner-occupied housing in Austin, we reviewed the current supply of homes on the market (listed for sale) and pending (active but contingency). Table FS-3 shows homes listed for sale in August 2017 in the Southeast Minnesota MLS. MLS listings generally account for the vast majority of all residential sale listings in a given area. Table FS-4 shows listings by decade constructed and Table FS-5 shows listings by housing type. The following points are key findings from our assessment of the active and pending single-family and multifamily homes listed in Austin.

- There were 78 homes listed for sale in the Austin as of August 2017. However, four of the listings were active but had a contingency. As a result, there are only 74 active listings as of August 2017.
- All the listings in Austin as of August 2017 are for single-family properties with the exception of three condos and one twinhome.
- The median list price in Austin for a single-family home is \$94,900. The median sale price is generally a more accurate indicator of housing values in a community than the average sale price. Average sale prices can be easily skewed by a few very high-priced or low-priced home sales in any given year, whereas the median sale price better represents the pricing of a majority of homes in a given market.
- Based on a median list price of \$94,900, the income required to afford a home at this price would be about \$27,000 to \$32,000, based on the standard of 3.0 to 3.5 times the median

income (and assuming these households do not have a high level of debt). A household with significantly more equity (in an existing home and/or savings) could afford a higher priced home. About 71% of Austin PMA households have annual incomes at or above \$32,700.

- There is a large pricing spread between the average and median sale prices in Austin; indicating several very low-priced homes and higher-end homes that skew the average home price. The average list price of a home in Austin is about \$132,170 compared to a median of \$94,900; a 28% spread between the numbers.
- Over half of Austin's active and pending listings are priced under \$100,000; most of which (43.9%) are priced between \$50,000 and \$100,000.
- About one third of the active and pending listings are priced between \$100,000 and \$149,999. Nearly 20% of the listings are priced above \$200,000; however only 7% of the listings are priced above \$300,000.
- Overall, the average list price per square foot ("PSF") among all active listings is \$76/foot.



# FOR-SALE MARKET ANALYSIS

TABLE FS-3  
ACTIVE & PENDING LISTINGS  
AUSTIN  
AUGUST 2017

Address	Status	Price	Yr. Built	Type	BR	BA	Sq. Ft.	Lot Size	Acres	PSF
1301 10th Avenue	Active	\$28,800	1895	Single Family	1	1	531	6,534	0.15	\$54
111 3rd Street SE	Active	\$34,000	1911	Single Family	2	2	1,094	3,484	0.08	\$31
404 1st Street SE	Active	\$37,999	1930	Single Family	2	2	720	3,484	0.08	\$53
402 14th Avenue NE	Active	\$39,900	1949	Single Family	2	1	616	5,227	0.12	\$65
1303 5th Avenue NW	Active	\$40,000	1949	Single Family	2	1	1,888	7,405	0.17	\$21
401 2nd Street SE	Active	\$44,900	1889	Single Family	4	1	1,290	4,791	0.11	\$35
130 Broadway	Active	\$49,900	1935	Single Family	2	1	842	6,534	0.15	\$59
303 5th Street NW	Active	\$54,900	1920	Single Family	3	2	934	4,791	0.11	\$59
717 8th Avenue SE	Active-Contingent	\$59,900	1936	Single Family	2	1	863	6,534	0.15	\$69
400 6th Street NE	Active	\$59,900	1890	Multi Family	3	2	1,330	6,098	0.14	\$45
907 6th Avenue NE	Active	\$59,900	1896	Single Family	2	1	836	6,969	0.16	\$72
1309 9th Avenue	Active	\$64,000	1948	Single Family	4	1	1,644	6,534	0.15	\$39
1006 1st Avenue	Active	\$64,900	1928	Single Family	3	1	1,144	6,098	0.14	\$57
1209 5th Street NW	Active	\$64,900	1919	Single Family	2	2	1,086	3,484	0.08	\$60
1012 10th Avenue	Active	\$65,000	1932	Single Family	3	1	728	4,791	0.11	\$89
906 5th Avenue NW	Active	\$65,000	1912	Single Family	2	1	1,040	6,098	0.14	\$63
800 9th Avenue SW	Active	\$68,500	1937	Single Family	2	1	800	4,791	0.11	\$86
1809 4th Street NE	Active	\$69,900	1950	Single Family	2	1	788	6,969	0.16	\$89
917 4th Avenue NE	Active	\$69,900	1908	Single Family	3	2	1,549	5,227	0.12	\$45
601 30th Street NW	Active	\$69,900	1945	Single Family	2	1	1,024	35,719	0.82	\$68
1011 5th Street NW	Active	\$69,900	1925	Single Family	2	2	1,304	3,920	0.09	\$54
1007 1st Avenue SW	Active	\$72,000	1903	Single Family	4	3	1,426	5,662	0.13	\$50
403 5th Place NW	Active	\$74,900	1912	Single Family	3	1	1,376	3,920	0.09	\$54
807 5th Avenue NW	Active	\$74,900	1915	Single Family	3	1	1,248	6,098	0.14	\$60
1200 4th Avenue NW	Active	\$74,900	1926	Single Family	3	1	1,324	3,920	0.09	\$57
58292 220th Street	Active	\$75,900	1950	Single Family	3	1	1,591	43,560	1	\$48
501 9th Street NW	Active	\$77,900	1918	Single Family	3	2	1,346	8,712	0.20	\$58
110 1st Street SW	Active	\$79,900	1926	Single Family	3	2	3,104	6,098	0.14	\$26
400 4th Avenue NW	Active	\$79,900	1922	Single Family	3	2	2,698	3,920	0.09	\$30
800 1st DriveNW#306	Active	\$79,900	1969	Condo	1	1	714	N/A	N/A	\$112
1804 4th Avenue NW	Active	\$79,900	1951	Single Family	2	1	1,940	5,227	0.12	\$41
1102 7th Avenue NW	Active	\$83,900	1923	Single Family	3	2	1,720	6,098	0.14	\$49
905 10th Avenue SE	Active	\$87,900	1947	Single Family	3	2	1,663	8,712	0.20	\$53
401 5th Street SW	Active	\$87,900	1945	Single Family	3	1	1,446	5,662	0.13	\$61
1501 7th Street SE	Active	\$89,900	1927	Single Family	2	1	962	7,405	0.17	\$93
808 5th Street NW	Active	\$89,900	1925	Single Family	4	3	1,744	4,356	0.10	\$52
MLS# 4080456	Active-Contingent	\$89,900	1978	Twinhome	2	2	1,008	6,098	0.14	\$89
1200 11th Street NW	Active	\$89,900	1976	Single Family	2	2	1,596	7,840	0.18	\$56
705 1st Avenue SW	Active	\$89,900	1911	Single Family	3	2	1,778	5,662	0.13	\$51
904 23rd Avenue SW	Active	\$89,900	1957	Single Family	3	2	1,530	10,890	0.25	\$59
800 1st Drive NW#401	Active	\$94,900	1969	Condo	2	2	1,151	N/A	N/A	\$82
1707 4th Avenue SE	Active	\$94,900	1955	Single Family	3	1	1,084	6,098	0.14	\$88
800 1st Drive NW #102	Active	\$95,900	1969	Condo	2	2	1,093	N/A	N/A	\$88
603 17th Street SW	Active	\$109,400	1952	Single Family	3	3	1,816	7,840	0.18	\$60
700 11th Avenue NW	Active	\$109,500	1940	Single Family	4	2	1,678	5,662	0.13	\$65
902 4th Street SW	Active-Contingent	\$110,000	1928	Single Family	3	2	1,634	7,840	0.18	\$67
902 SW 4th Street	Active	\$110,000	1928	Single Family	3	2	727	7,840	0.18	\$151
2107 7th Avenue NE	Active-Contingent	\$119,900	1975	Single Family	2	2	1,028	34,848	0.80	\$117
2010 4th Avenue SE	Active	\$119,900	1956	Single Family	2	2	1,091	8,276	0.19	\$110
22068 585th Avenue	Active	\$124,900	1953	Single Family	3	2	2,511	8,712	0.20	\$50
306 12th Place NW	Active	\$124,900	1935	Single Family	3	2	2,184	5,662	0.13	\$57
2006 4th Avenue NW	Active	\$134,900	1958	Single Family	3	1	1,032	10,890	0.25	\$131
1008 15th Street SW	Active	\$134,900	1959	Single Family	3	2	2,028	9,147	0.21	\$67

CONTINUED

## FOR-SALE MARKET ANALYSIS

TABLE FS-3  
ACTIVE & PENDING LISTINGS  
AUSTIN  
AUGUST 2017

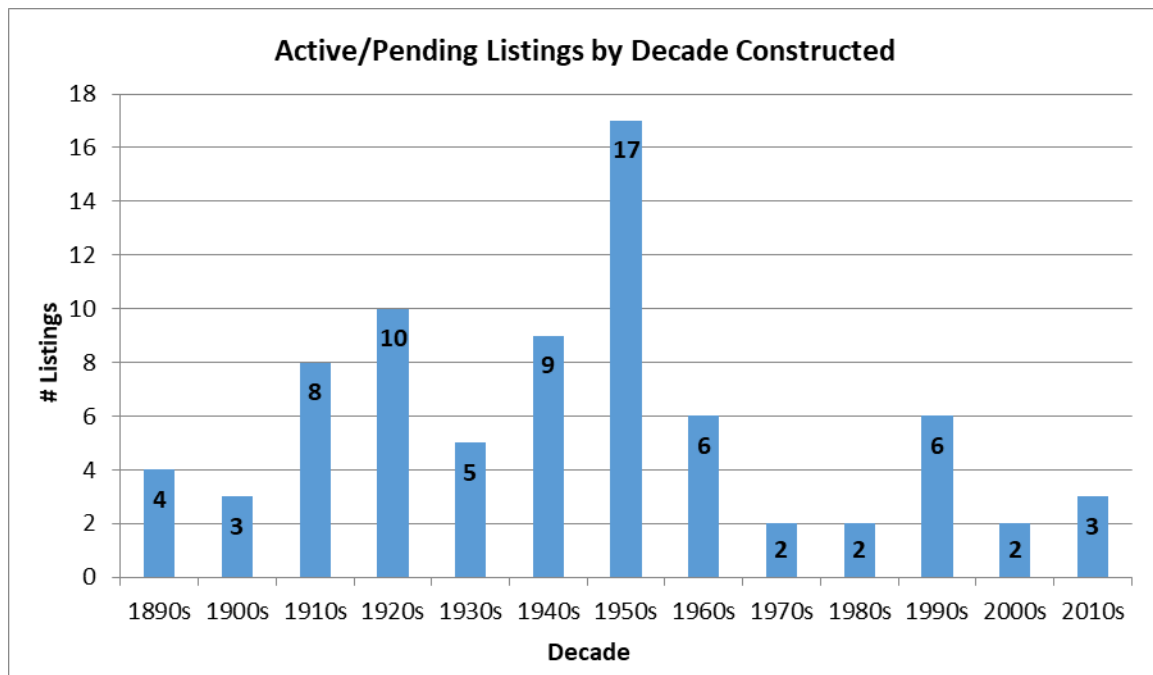
Address	Status	Price	Yr. Built	Type	BR	BA	Sq. Ft.	Lot Size	Acres	PSF
58842 220 Street	Active	\$134,900	1958	Single Family	3	2	1,488	130,680	3	\$91
2000 4th Avenue SE	Active	\$138,000	1956	Single Family	2	2	2,193	8,276	0.19	\$63
5041 14th Street NW	Active	\$139,900	1958	Single Family	3	2	2,312	10,018	0.23	\$61
1801 10th Place SW	Active	\$139,900	1974	Single Family	3	2	1,568	27,442	0.63	\$89
807 7th Avenue SW	Active	\$149,900	1956	Single Family	2	2	1,944	4,356	0.01	\$77
1404 6th Street NW	Active	\$162,500	1955	Single Family	3	2	1,858	10,018	0.23	\$87
3202 4th Street NW	Active	\$162,500	1961	Single Family	3	1	1,212	29,185	0.67	\$134
1921 3rd Avenue NW	Active	\$164,500	1955	Single Family	3	2	2,020	7,405	0.17	\$81
58413 220th Street	Active	\$164,900	1955	Single Family	2	2	2,248	43,560	1	\$73
1006 10th Street NW	Active	\$164,900	1949	Single Family	3	3	1,965	13,503	0.31	\$84
800 2nd Street SW	Active	\$165,900	1912	Single Family	5	3	2,277	11,325	0.26	\$73
2207 18th Avenue SW	Active	\$184,900	2010	Single Family	4	2	1,762	7,840	0.18	\$105
307 Main Street S	Active	\$199,900	1908	Single Family	4	5	3,998	19,602	0.45	\$50
510 6th Avenue NW	Active	\$215,500	1995	Single Family	3	2	2,673	4,356	0.10	\$81
1400 18th Street SW	Active	\$229,900	1995	Single Family	4	4	2,322	13,504	0.31	\$99
1412 28th Street	Active	\$244,900	2016	Single Family	2	2	1,488	6,098	0.14	\$165
1511 29th Street	Active	\$249,900	2007	Single Family	2	2	1,661	7,405	0.17	\$150
303 14th Place	Active	\$249,900	1989	Single Family	4	3	2,640	16,988	0.39	\$95
1906 9th Street SW	Active	\$259,900	1986	Single Family	5	3	3,570	12,197	0.28	\$73
2702 8th Avenue SW	Active	\$265,000	1991	Single Family	4	4	2,421	17,860	0.41	\$109
401 21st Street SW	Active	\$268,000	1948	Single Family	4	3	2,921	24,829	0.57	\$92
2804 5th Avenue	Active	\$279,500	1965	Single Family	4	3	3,030	7,841	0.18	\$92
1909 13th Avenue	Active	\$279,900	2017	Single Family	4	3	2,072	11,326	0.26	\$135
29274 872 Avenue	Active	\$324,900	2012	Single Family	2	2	1,984	871,200	20.00	\$164
405 21st Street SW	Active	\$325,000	1966	Single Family	4	4	3,906	27,007	0.62	\$83
1701 16th Avenue	Active	\$329,000	2004	Single Family	5	4	3,954	14,810	0.34	\$83
2805 8th Avenue SW	Active	\$329,000	1991	Single Family	4	4	4,016	15,246	0.35	\$82
2802 7th Avenue SW	Active	\$329,900	1994	Single Family	4	4	3,498	15,246	0.35	\$94
2309 9th Avenue SW	Active	\$349,900	1992	Single Family	4	3	3,402	34,848	0.80	\$106
Avg.		\$132,170	1945		2.90	2.01	1,753	23,191	0.53	\$76
Median		\$94,900	1951		3.00	2.00	1,594	7,405	0.17	\$69

Source: Southwest Minnesota Realtors, Maxfield Research & Consulting, LLC

**TABLE FS-4**  
**LISTINGS BY YEAR BUILT - ACTIVE & PENDING**  
**AUSTIN**  
**AUGUST 2017**

Decade	Number of Listings	Avg. List Price
1890 to 1900	4	\$48,375
1900 to 1909	3	\$113,933
1910 to 1919	8	\$80,925
1920 to 1929	10	\$79,810
1930 to 1939	5	\$69,260
1940 to 1949	9	\$103,556
1950 to 1959	17	\$122,888
1960 to 1969	6	\$172,950
1970 to 1979	2	\$114,900
1980 to 1989	2	\$252,000
1990 to 1999	6	\$286,533
2000 to 2009	2	\$289,450
2010+	3	\$283,233
<b>Subtotal</b>	<b>77</b>	<b>\$155,216</b>

Source: Southeast Minnesota Realtors, Maxfield Research & Consulting LLC



- The housing supply is older, as only 6.5% of the listings have been constructed since 2000. Table FS-4 shows that the decades with the most listings are the 1950s (22.1%) and the 1920s (13%).



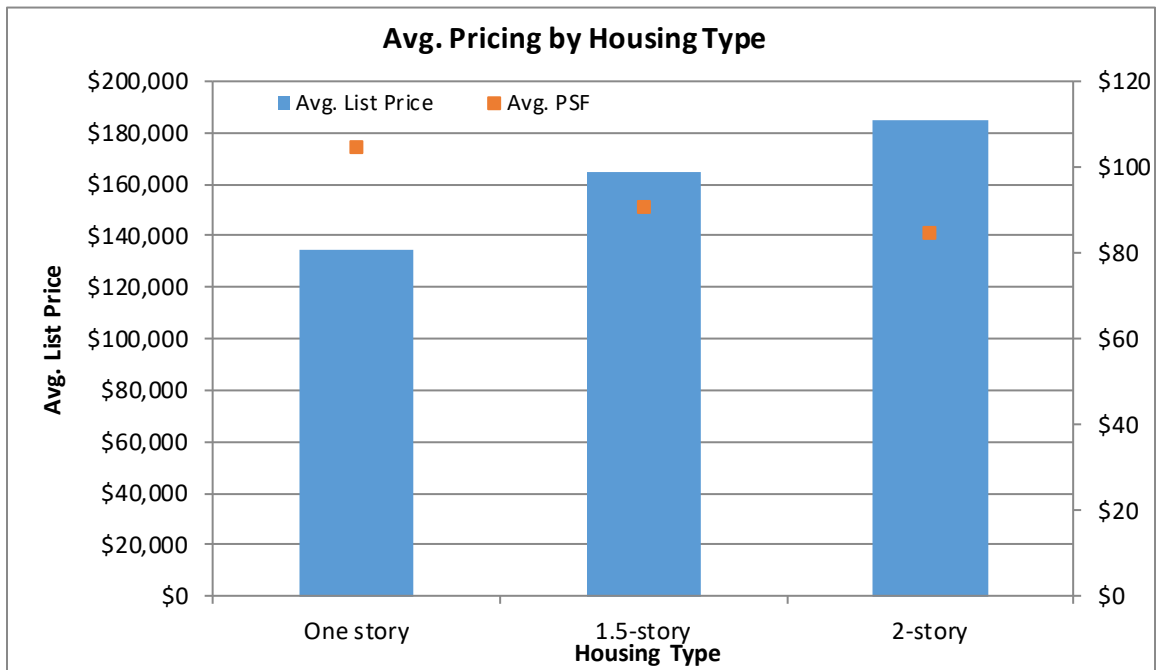
## FOR-SALE MARKET ANALYSIS

TABLE FS-5  
ACTIVE/PENDING LISTINGS BY HOUSING TYPE  
AUSTIN  
AUGUST 2017

Property Type	Listings	Pct.	Median List Price	Avg. List Price	Avg. Home Size Sq. Ft.	Avg. List Price Per Sq. Ft.	Avg. Age of Home
<b>Single-Family</b>							
One story	33	42.9%	\$119,000	\$134,900	1,291	\$104	1958
1.5-story	21	27.3%	\$124,500	\$164,500	1,816	\$91	1947
2-story	23	29.9%	\$165,900	\$184,900	2,184	\$85	1947
<b>Total</b>	<b>77</b>	<b>100.0%</b>	<b>\$151,094</b>	<b>\$157,908</b>	<b>\$1,701</b>	<b>\$95</b>	<b>1952</b>

Source: Southeast Minnesota Realtors, Maxfield Research & Consulting, LLC

- Nearly one-half of the listings are for one-story homes (ranch, ramblers, etc.). Two-story homes make up 30% of the homes for sale, whereas 1.5-stories make-up 27% of the inventory.



- Two-story homes have the highest median price at over \$165,900. However two-story homes are significantly larger than other home styles and average nearly 2,184 square feet. One story homes have the smallest square footages (1,291).
- Across all listings, the average list price per square foot is \$95. Two story have the lowest PSF costs of \$85 and one level homes shave the highest PSF costs at \$104.
- According to Realtor Property Resource (“RPR”), the median days on market in Austin is 58 days; compared to 69 in the State of Minnesota (SEMR does not provide DOM).

## **Actively Marketing Subdivisions/Vacant Lot Supply**

Tables FS-6 shows an inventory of lots within platted subdivisions in Austin. The table includes information on the total number of lots platted, number of lots developed, lots available, acres, average land and home values, and marketing lot costs. Please note: infill lots and scattered lots are omitted from the table. Key findings follow.

- A total of 5 subdivisions with 56 lots currently available in the City of Austin. The subdivisions have 158 lots in total.
- The City of Austin, Mower County and School District #492 have partnered to promote new construction of single and multi-family homes by offering a five-year property tax abatement of any increased valuation.
- Turtle Creek Estates shares the name of the corporation developing the subdivision. Turtle Creek Estates is the original subdivision by the builder with almost one-third of the original forty seven lots still available ranging from \$39,000 to \$79,000 a lot. Some of the remaining lots have pond views and the availability for walk-out basements.
- The Meadows subdivision is located in southwest Austin at the intersection of 29<sup>th</sup> St SW and 16<sup>th</sup> Ave SW. This is Austin's newest subdivision and consisted of forty-three lots in the initial phase. Water, gas, electricity are all installed and there are no assessments. Base units range in price from \$189,000 for one level to \$249,000 with a full basement. When complete, the subdivision will have twenty-six townhome units. Of the original seventeen single family residential lots eleven remain with pricing starting at \$35,000 for these lots.
- Seven Springs I & Seven Springs II lots are completely sold out. Seven Spring III is an extension to the west of the existing Seven Springs development. The lots are almost all suitable for walkout basements. These lots range in asking price from \$39,900 to \$49,900. On community well and each home has an individual septic system.
- The lot supply is driven by single-family, detached homes. There are limited actively marketing lots for twinhomes, townhomes, detached townhomes, etc.
- Nearly all of the vacant lots are flat lots; or lots that are best for slab-on-grade housing products and/or homes with full basements. There are few lots with topography changes for walk-out or look-out lots.
- In the City of Lyle the JO Johnson Housing Development with lots offered by the City of Lyle currently under construction. There are a total of 15 lots in the development, with one lot sold. Lot costs were reduced by half, ranging from \$7,000 to \$8,600. In addition to the lot cost, an assessment will be made for curb, gutter and pavement. Construction and landscaping must be completed within the one year of the date of the purchase agreement.

## FOR-SALE MARKET ANALYSIS

**TABLE FS-6  
ACTIVE SINGLE-FAMILY SUBDIVISIONS  
AUSTIN MARKET AREA  
AUGUST 2017**

Subdivision/Location	City/Twp.	No. of Lots	Vacant/ Avail. SF Lots	Vacant/ Avail. TH Lots	Typical Lot Size (acres)	Average Lot/Land Value <sup>1</sup>	Average Home Value <sup>1</sup>
<b>City of Austin</b>							
Turtle Creek Estates	Austin	47	7	N/A	1.20	\$59,900	\$305,000
The Meadows	Austin	43	3	6	0.58	\$32,900	\$215,000
Seven Springs III	Austin	21	15	N/A	2.00	\$49,900	\$310,000
Nature Ridge	Austin	33	19	N/A	0.55	\$34,084	\$265,000
Orchard Creek Second	Austin	14	4	N/A	0.20	\$22,000	\$170,000
<b>Remainder of Market Area</b>							
JO Johnson Housing Development	Lyle	15	14	N/A	0.43	\$7,457	N/A
<b>Subtotal</b>		<b>173</b>	<b>62</b>	<b>6</b>	<b>0.83</b>	<b>\$42,473</b>	<b>\$262,805</b>

<sup>1</sup>Lot value and home value based on Southeast Minnesota Realtors. Vacant lot values excluded in subdivisions where homes have been constructed.  
Assessed values current as of July/August 2017

Source: Maxfield Research & Consulting, LLC

## **Newer Subdivisions in the City of Austin**

The following are photographs of housing options in select newer subdivisions in the City of Austin.



**Turtle Creek Estates**



**Seven Springs**



**Nature Ridge**



**Orchard Creek Twinhome**



**The Meadows Second  
Twin Home**



**The Meadows Second  
Single Family Home**

### Realtor/Builder Interviews

Maxfield Research & Consulting, LLC. interviewed real estate agents and other professionals familiar with Austin 's owner-occupied market to solicit their impressions of the for-sale housing market in the community. The following are key points derived from these interviews.

- The inventory of homes for sale in the market area range in asking price from \$34,000 to \$349,900; according to local Realtors interviewed this reflects the wide range of wages at the local Hormel plant and corporate office.
- Realtors commented the dwindling supply of houses for sale in the market area is causing prices to significantly outpace income growth.
- Homes are selling fast and in many instances over list price. Most instances of homes selling for over list price are occurring in the entry-level homes where buyers typically have less money for down payments. Potential buyers are requesting sellers to include closing costs in the list price.
- Homes priced under \$200,000 are in the highest demand and sell the fastest. The number of income-qualified buyers decreases over the \$200,000 price point; however, demand is still strong for homes of all price points due to the lack of supply.
- According to Realtor discussions, buyer profiles and generally summarized as follows:
  - Entry-level/first-time buyers: under \$100,000
  - Move-up buyers: \$125,000 to \$200,000
  - New construction: \$225,000+
- Housing prices reflect area household incomes and wages. As a result, many buyers are price sensitive and cannot afford new construction pricing.
- Realtors see a portion of buyers moving back to Austin after they have started a career elsewhere and desire to be in a smaller community with employment options.
- Market rate apartments are in high demand as there are few options for renters seeking nicer apartment products. However, Realtors and developers have not pursued new rental development due to the high costs of development throughout the region and low rents in Austin. As a result, most developers feel it will be difficult to cash flow new market rate apartment development.

### New Construction

- New single-family construction will likely command prices of at least \$150 per square foot for basic finishes and amenities. Homes with nicer finishes (i.e. countertops, flooring, etc.) will command over \$165 PSF.
- Most new single-family construction starts around the low \$200,000s for a standard-finish home with base features. Homes with higher-end finishes will likely surpass \$300,000.
- Although the City of Austin has been actively seeking housing developers; developers have been unwilling to take on the risk for new subdivisions given the up-front development costs, retail price of the lots, and the lot holding costs. Financial incentives offered to developers could help bring down the up-front costs and entice new developers to enter the Austin market.
- Buyers of new single-family homes have gravitated towards larger lot sizes with lot widths of approximately 90 to 100-feet wide.
- Builders mentioned that most construction work must be completed by the contractor to keep costs down and affordable to the end consumer. Builders can't hire out various jobs out to subcontractors without increasing the cost of the home to account for labor costs increases because there is a lack of subcontractors in the area.
- Interviewees have commented that tax abatement is critical for the success of a new subdivision as other Southern Minnesota communities are offering financial incentives to buyers when building new construction. For example, Harmony, Minnesota located 58 miles Southeast of Austin is offering residential home construction rebates on new construction. In an effort to spur new construction and community growth, the Harmony Economic Development Authority (EDA) was authorized by the city council to provide a cash rebate incentivizing new homes in Harmony. Spec/model homes qualify and there are not restrictions or limits on applicant's age, income level, or residency.

The rebate schedule is as follows:

<u>Estimated Market Value</u>	<u>Rebate Amount</u>
\$125,000 - \$150,000	\$5,000
\$150,001 - \$175,000	\$6,750
\$175,001 - \$200,000	\$8,250
\$200,001 - \$250,000	\$10,000
\$250,001+	\$12,000

- The City of Luverne, offers a \$2,500 credit per person on the price of the lot (except the Manfred Heights Addition) with a maximum credit of \$12,500 per household (\$5,000 in Sybesma). A person qualified for the credit if they are listed as a spouse or dependent on the applicants Federal Tax return.
- Nobles County offers the Nobles Home Initiative. The program provides tax abatement on the construction of a new single family home, duplex, or multi-family complex. Construction must occur between April 1, 2014 and December 31, 2017. Tax abatement applies to 100% of the County's share of real estate taxes on the new construction structure for five years, taxes are collected on the land and any additional structures on the lot.

### **Planned and Proposed Housing Projects**

Maxfield Research interviewed planning staff members in Market Area communities in order to identify housing developments under construction, planned, or pending. At the time of this study, there are no pending for-sale projects in progress, however there were several development proposals which were stalled or whose future development was uncertain at the time.

- Phase two of a development in Red Rock Township was halted due to lack of capacity in the septic system. To build phase two the developer would need to expand the septic system or amend the original development conditions as the current lots are too small for on-site septic systems.
- Cedar Ridge Two was subdivided but no plat was officially recorded. The land has since been annexed by the City of Austin and now contains additional development requirements (sidewalks, lighting, etc). The developer decided to rework the concept with smaller lots to account for the increased costs. There has been no forward progress on this development in several years.
- Fox Pointe in Austin was awarded preliminary plat approval in July 2017 to build a 38-unit affordable townhome development with lots for nine single family homes.

## Introduction

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

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

FIGURE 1 AREA MEDIAN INCOME (AMI) DEFINITIONS	
Definition	AMI Range
Extremely Low Income	0% - 30%
Very Low Income	31% - 50%
Low Income	51% - 80%
Moderate Income   Workforce Housing	80% - 120%
Note: Mower County 4-person AMI = \$65,400 (2017)	

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

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



According to the *Joint Center for Housing Studies of Harvard University*, the privately unsubsidized housing stock supplies three times as many low-cost affordable units than assisted projects nationwide. Unlike assisted rental developments, most unsubsidized affordable units are scattered across small properties (one to four unit structures) or in older multifamily structures. Many of these older developments may be vulnerable to redevelopment due to their age, modest rents, and deferred maintenance.

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

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

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

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

## HOUSING AFFORDABILITY

**TABLE HA-1  
MHFA/HUD INCOME AND RENT LIMITS  
MOWER COUNTY- 2017**

	Income Limits by Household Size							
	1 pph	2 pph	3 pph	4 pph	5 pph	6 pph	7 pph	8 pph
30% of median	\$13,740	\$15,720	\$17,670	\$19,620	\$21,210	\$22,770	\$24,330	\$25,920
50% of median	\$22,900	\$26,200	\$29,450	\$32,700	\$35,350	\$37,950	\$40,550	\$43,200
60% of median	\$27,480	\$31,440	\$35,340	\$39,240	\$42,420	\$45,540	\$48,660	\$51,840
80% of median	\$36,640	\$41,920	\$47,120	\$52,320	\$56,560	\$60,720	\$64,880	\$69,120
100% of median	\$45,800	\$52,400	\$58,900	\$65,400	\$70,700	\$75,900	\$81,100	\$86,400
120% of median	\$54,960	\$62,880	\$70,680	\$78,480	\$84,840	\$91,080	\$97,320	\$103,680
	Maximum Gross Rent							
	EFF	1BR	2BR	3BR	4BR			
30% of median	\$343	\$393	\$441	\$490	\$530			
50% of median	\$572	\$655	\$736	\$817	\$883			
60% of median	\$687	\$786	\$883	\$981	\$1,060			
80% of median	\$916	\$1,048	\$1,178	\$1,308	\$1,414			
100% of median	\$1,145	\$1,310	\$1,472	\$1,635	\$1,767			
120% of median	\$1,374	\$1,572	\$1,767	\$1,962	\$2,121			
	Fair Market Rent							
	EFF	1BR	2BR	3BR	4BR			
Fair Market Rent	\$480	\$569	\$756	\$987	\$1,042			

Sources: MHFA, HUD, Novogradac, Maxfield Research and Consulting LLC

Sources: MHFA, HUD, Novogradac, Maxfield Research and Consulting LLC

## HOUSING AFFORDABILITY

**TABLE HA-2**  
**MAXIMUM RENT BASED ON HOUSEHOLD SIZE AND AREA MEDIAN INCOME**  
**MOWER COUNTY - 2017**

Unit Type <sup>1</sup>	HHD Size		Maximum Rent Based on Household Size (@30% of Income)											
	Min	Max	30%		50%		60%		80%		100%		120%	
			Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
Studio	1	1	\$344 - \$344		\$573 - \$573		\$687 - \$687		\$916 - \$916		\$1,145 - \$1,145		\$1,374 - \$1,374	
1BR	1	2	\$344 - \$393		\$573 - \$655		\$687 - \$786		\$916 - \$1,048		\$1,145 - \$1,310		\$1,374 - \$1,572	
2BR	2	4	\$393 - \$491		\$655 - \$818		\$786 - \$981		\$1,048 - \$1,308		\$1,310 - \$1,635		\$1,572 - \$1,962	
3BR	3	6	\$442 - \$569		\$736 - \$949		\$884 - \$1,139		\$1,178 - \$1,518		\$1,473 - \$1,898		\$1,767 - \$2,277	
4BR	4	8	\$491 - \$648		\$818 - \$1,080		\$981 - \$1,296		\$1,308 - \$1,728		\$1,635 - \$2,160		\$1,962 - \$2,592	
<sup>1</sup> One-bedroom plus den and two-bedroom plus den units are classified as 1BR and 2BR units, respectively. To be classified as a bedroom, a den must have a window and closet.														
Note: 4-person Mower County AMI is \$65,400 (2017)														
Sources: HUD, Novogradac, Maxfield Research and Consulting, LLC														

### Housing Cost Burden

Table HA-3 shows the number and percentage of owner and renter households in Minnesota, Austin and the Primary Market Area that pay 30% or more of their gross income for housing. This information was compiled from the American Community Survey 2015 estimates. This information is different than the 2000 Census which separated households that paid 35% or more in housing costs. As such, the information presented in the tables may be overstated in terms of households that may be “cost burdened.” The Federal standard for affordability is 30% of income for housing costs. Without a separate break out for households that pay 35% or more, there are likely a number of households that elect to pay slightly more than 30% of their gross income to select the housing that they choose. Moderately cost-burdened is defined as households paying between 30% and 50% of their income to housing; while severely cost-burdened is defined as households paying more than 50% of their income for housing.

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

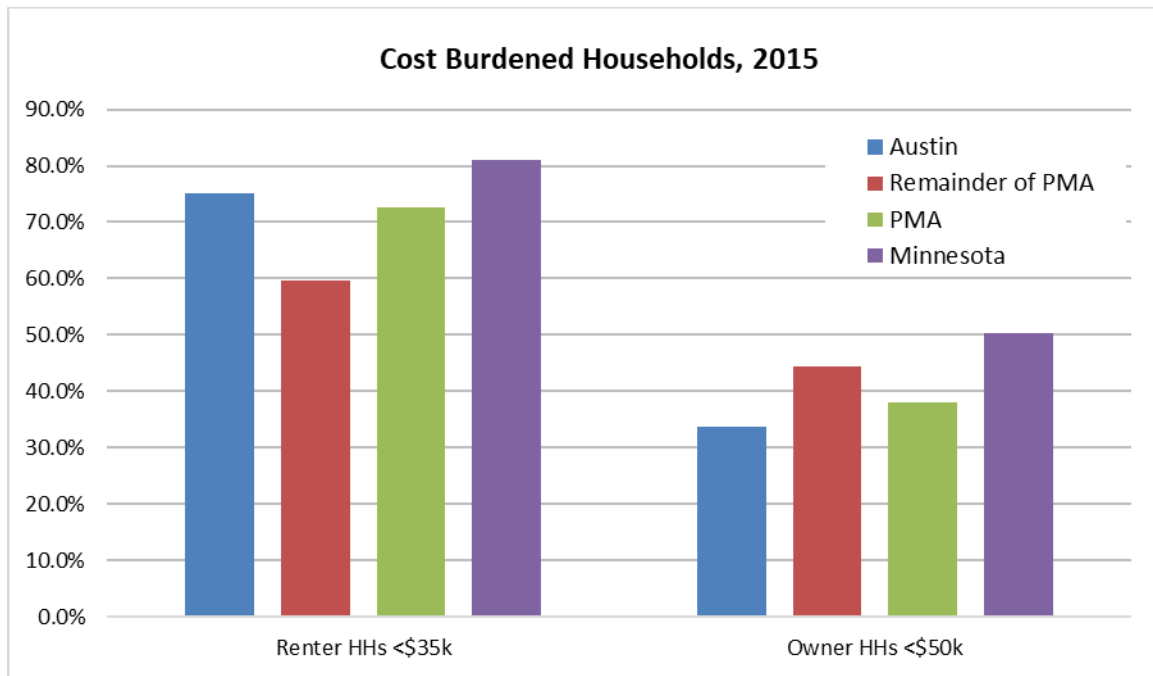
Key findings from Table HA-3 follow.

- In Austin, 16.2% of homeowner households and 53.9% of renter households are cost burdened. When considering homeowners earning less than \$50,000, the proportion of cost burdened households rises to 33.6%. Among renter households earning less than \$35,000, 75.2% of households were cost burdened.
- Outside of Austin, in the Remainder of the Market Area, the proportion of cost burdened renters was lower. Among all renter households, 36.1% were cost burdened and 59.7% of renter households earning less than \$35,000 were cost burdened.
- However, homeowner households in the Remainder of the Market Area were more likely to be cost burdened compared to the City of Austin. In the Remainder of the Market Area, 18.1% of homeowner households were cost burdened and 38.1% of homeowners earning less than \$50,000 were cost burdened.
- The proportion of cost burdened homeowner households in the PMA (18.1%) was slightly less than the state of Minnesota (22.1%). Among homeowner earning less than \$50,000, the proportion of cost burdened PMA households (38.1%) was lower than the State proportion (50.4%).
- In the State of Minnesota, 81.1% of renters earning less than \$35,000 were cost burdened, compared to 72.7% among those in the PMA. However, among all renters the proportion cost burdened in the PMA (50.6%) was greater than the State of Minnesota (48.2%).

## HOUSING AFFORDABILITY

**TABLE HA-3  
HOUSING COST BURDEN  
AUSTIN MARKET AREA  
2015**

	Austin		Remainder of PMA		PMA		Minnesota	
Community	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Owner Households								
All Owner Households	6,270		5,416		11,686		1,522,618	
Cost Burden 30% or greater	1,008	16.2%	1,099	20.4%	2,107	18.1%	334,738	22.1%
Owner Households w/ incomes <\$50,000	2,646		1,876		4,522		450,483	
Cost Burden 30% or greater	878	33.6%	822	44.4%	1,700	38.1%	223,625	50.4%
Renter Households								
All Renter Households	3,475		961		4,436		602,127	
Cost Burden 30% or greater	1,831	53.9%	278	36.1%	2,109	50.6%	272,894	48.2%
Renter Households w/ incomes <\$35,000	2,270		524		2,794		316,969	
Cost Burden 30% or greater	1,670	75.2%	249	59.7%	1,919	72.7%	228,441	81.1%
Median Contract Rent <sup>1</sup>	\$545		\$478		\$531		\$759	
<sup>1</sup> Median Contract Rent 2015 Note: Calculations exclude households not computed. Sources: American Community Survey 2015 estimates; Maxfield Research and Consulting LLC								



## Housing Vouchers

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

- The Austin Housing and Redevelopment Authority has 180 housing vouchers in use, with a six to 12 month waiting list.
- The vouchers issued by the Austin HRA can be used in Austin, as well as, throughout Mower County.
- The Mower County HRA has 29 housing vouchers in use and 11 vouchers available. As a result, an applicant on the waiting list may wait about month for a voucher.
- Of the 29 housing vouchers in use, the largest proportion (15 vouchers) are in use at apartments, followed by single family homes (7 vouchers) and townhomes (5 vouchers), with one voucher in use for both a duplex and mobile home.

- As in Austin, vouchers issued by the Mower County HRA can be use throughout the county.

### **Housing Costs as Percentage of Household Income**

Housing costs are generally considered affordable at 30% of a households' adjusted gross income. Table HA-4 below illustrates key housing metrics based on housing costs and household incomes in the Austin Market Area. The table estimates the percentage of PMA householders that can afford rental and for-sale housing based on a 30% allocation of income to housing. Housing costs are based on the Market Area average.

The housing affordability calculations assume the following:

#### For-Sale Housing

- 10% down payment with good credit score
- Closing costs rolled into mortgage
- 30-year mortgage at 4.05% interest rate
- Private mortgage insurance (equity of less than 20%)
- Homeowners insurance for single-family homes and association dues for townhomes
- Owner household income per 2015 ACS

#### Rental Housing

- Background check on tenant to ensure credit history
- 30% allocation of income
- Renter household income per 2015 ACS

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

- The median income of all Austin Market Area households in 2015 was about \$51,840. However, the median income varies by tenure. According to the 2015 American Community Survey, the median income of a homeowner is \$62,196 compared to \$25,371 for renters.
- Approximately 79% of all households and 85% of owner households could afford to purchase an entry-level home in the Austin Market Area (\$100,000). When adjusting for move-up buyers (\$150,000) about 67.5% of all households and 74% of owner households would income qualify.
- About 77% of existing renter households can afford to rent a one-bedroom unit in the Austin Market Area (\$660/month). The percentage of renter income-qualified households decreases to 62.4% that can afford an existing three-bedroom unit (\$1,200/month). After adjusting for new construction rental housing, the percentage of renters that are income-qualified decreases. About 45.8% of renters can afford a new market rate one-bedroom unit while 22.5% can afford a new three-bedroom unit.

## HOUSING AFFORDABILITY

TABLE HA-4 AUSTIN MARKET AREA HOUSING AFFORDABILITY - BASED ON HOUSEHOLD INCOME						
For-Sale (Assumes 10% down payment and good credit)						
	Single-Family			Townhome/Twinhome/Condo		
	Entry-Level	Move-Up	Executive	Entry-Level	Move-Up	Executive
Price of House	\$100,000	\$150,000	\$225,000	\$80,000	\$100,000	N/A
Pct. Down Payment	10.0%	10.0%	10.0%	10.0%	10.0%	N/A
Total Down Payment Amt.	\$10,000	\$15,000	\$22,500	\$8,000	\$10,000	N/A
Estimated Closing Costs (rolled into mortgage)	\$3,000	\$4,500	\$6,750	\$2,400	\$3,000	N/A
Cost of Loan	\$93,000	\$139,500	\$209,250	\$74,400	\$93,000	N/A
Interest Rate	4.050%	4.050%	4.050%	4.050%	4.050%	N/A
Number of Pmts.	360	360	360	360	360	N/A
Monthly Payment (P & I)	-\$447	-\$670	-\$1,005	-\$357	-\$447	N/A
(plus) Prop. Tax	-\$83	-\$125	-\$188	-\$67	-\$83	N/A
(plus) HO Insurance/Assoc. Fee for TH	-\$33	-\$50	-\$75	-\$100	-\$100	N/A
(plus) PMI/MIP (less than 20%)	-\$40	-\$60	-\$91	-\$32	-\$40	N/A
Subtotal monthly costs	-\$604	-\$905	-\$1,358	-\$556	-\$670	N/A
Housing Costs as % of Income	30%	30%	30%	30%	30%	N/A
Minimum Income Required	\$24,146	\$36,219	\$54,328	\$22,250	\$26,813	N/A
Pct. of ALL Austin PMA HHDS who can afford <sup>1</sup>	79.3%	67.5%	50.0%	81.1%	76.6%	N/A
No. of Austin PMA HHDS who can afford <sup>1</sup>	12,782	10,876	8,055	13,082	12,353	N/A
Pct. of Austin PMA owner HHDS who can afford <sup>2</sup>	85.0%	74.3%	57.8%	86.7%	82.6%	N/A
No. of Austin PMA owner HHDS who can afford <sup>2</sup>	9,939	8,681	6,755	10,136	9,657	N/A
No. of Austin PMA owner HHDS who cannot afford <sup>2</sup>	1,747	3,005	4,931	1,550	2,029	N/A
Rental (Market Rate)						
	Existing Rental			New Rental		
	1BR	2BR	3BR	1BR	2BR	3BR
Monthly Rent	\$660	\$820	\$1,030	\$800	\$925	\$1,200
Annual Rent	\$7,920	\$9,840	\$12,360	\$9,600	\$11,100	\$14,400
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	\$26,400	\$32,800	\$41,200	\$32,000	\$37,000	\$48,000
Pct. of ALL Austin PMA HHDS who can afford <sup>1</sup>	77.0%	70.8%	62.4%	75.5%	66.6%	55.3%
No. of Austin PMA HHDS who can afford <sup>1</sup>	12,417	11,418	10,052	12,167	10,745	8,922
Pct. of Austin PMA renter HHDS who can afford <sup>2</sup>	47.8%	39.8%	27.2%	45.8%	34.8%	22.5%
No. of Austin PMA renter HHDS who can afford <sup>2</sup>	2,118	1,764	1,208	2,030	1,544	999
No. of Austin PMA renter HHDS who cannot afford <sup>2</sup>	2,318	2,672	3,228	2,406	2,892	3,437
<sup>1</sup> Based on 2017 household income for ALL households						
<sup>2</sup> Based on 2015 ACS household income by tenure (i.e. owner and renter incomes. Owner incomes = \$62,196 vs. renter incomes = \$25,371)						
Source: Maxfield Research & Consulting, LLC						



### Introduction

Previous sections of this study analyzed the existing housing supply and the growth and demographic characteristics of the population and household base in the Austin Market Area. This section of the report presents our estimates of housing demand in the Market Area from 2017 through 2025.

### Demographic Profile and Housing Demand

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

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

### 6. *Older seniors*

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

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

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

## Housing Demand Overview

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

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

## HOUSING DEMAND ANALYSIS

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

Source: Maxfield Research & Consulting, LLC

## HOUSING DEMAND ANALYSIS

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

<sup>1</sup> Dwelling units(DU) per acre expressed in net acreage (minus right-of-way)

Source: Maxfield Research & Consulting, LLC

### Demographics

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

### Economy & Job Growth

The economy and housing market are intertwined; the health of the housing market affects the broader economy and vice versa. Housing market growth depends on job growth (or the prospect of); jobs generate income growth which results in the formation of more households. Historically low unemployment rates have driven both existing home purchases and new-home

purchases. Lack of job growth leads to slow or diminishing household growth, which in-turn relates to reduced housing demand. Additionally, low income growth results in fewer move-up buyers which results in diminished housing turnover across all income brackets.

### Consumer Choice/Preferences

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

### Supply (Existing Housing Stock)

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

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

### Housing Finance

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

The ability of buyers to obtain mortgage financing has recently become slightly easier as lenders have eased restrictions that had been in place after the Great Recession. As a result, many borrowers are taking the opportunity to seek for-sale housing within their means or home refinancing their current residence.

### Mobility

It is important to note that demand is somewhat fluid between submarkets and will be impacted by development activity in nearby areas, including other communities outside the Austin Market Area. Demand given for each submarket may be lower or higher if proposed and/or planned developments move forward.

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

Table HD-1 presents our demand calculations for general occupancy for-sale housing in the Austin Market Area between 2017 and 2025. This analysis identifies potential demand for general occupancy for-sale housing that is generated from both new households and turnover households. The following points summarize our findings.

- Because the 65 and older cohort is typically not a target market for new general occupancy for-sale housing, we limit demand from household growth to only those households under the age of 65. According to our projections, the Austin Market Area is expected to increase by 93 households under age 65 between 2017 and 2025.
- Based on household tenure data from the US Census, we expect that 69.1% of the demand will be for owner-occupied housing units. Household growth is expected to generate demand for 64 new households under the age of 65 in the Austin Market Area.
- As of 2017, there are approximately 8,115 owner households under the age of 65 in the Market Area. Based on household turnover data from the 2015 American Community Survey, we estimate that 30% of these under-65 owner households will experience turnover between 2017 and 2025 (turnover rate varies by submarket). This estimate results in anticipated turnover of approximately 2,418 existing households by 2025.
- Considering the age of the Market Area's housing stock, we estimate that 10% of the households turning over will desire new housing. This estimate results in demand from existing households for 242 new residential units in the Market Area between 2017 and 2025.
- Total demand from household growth and existing household turnover between 2017 and 2025 equates to 306 new for-sale housing units.
- Next, we estimate that a portion of the total demand for new for-sale units in the Austin Market Area will come from people currently living outside the PMA. Adding demand from outside the PMA to the existing demand potential, results in a total estimated demand for 360 for-sale housing units by 2025.

## HOUSING DEMAND ANALYSIS

TABLE HD-1 FOR-SALE HOUSING DEMAND AUSTIN MARKET AREA 2017 to 2025			
<b>Demand from Projected Household Growth</b>			
Projected HH growth under age 65 in the Market Area 2017 to 2025 <sup>1</sup>			93
(times) % propensity to own <sup>2</sup>	x	69.1%	
(equals) Projected demand from new HH growth	=		<b>64</b>
<b>Demand from Existing Owner Households</b>			
Number of owner households (age 64 and younger) in Market Area (2017) <sup>3</sup>			8,115
(times) Estimated percent of owner turnover <sup>4</sup>	x	30%	
(equals) Total existing households projected to turnover	=		2,418
(times) Estimated percent desiring new housing	x	10.0%	
(equals) Demand from existing households	=		242
<b>(equals) Total demand from HH growth and existing HHs 2017 to 2025</b>	<b>=</b>		<b>306</b>
(times) Demand from outside Austin Market Area			15%
<b>(equals) Total demand potential for ownership housing, 2017 to 2025</b>			<b>360</b>
		<b>Single Family</b>	<b>Multi-family*</b>
(times) Percent desiring for-sale single-family vs. multifamily <sup>5</sup>	x	75%	25%
(equals) Total demand potential for new single-family & multifamily for-sale housing	=	270	90
(minus) Units marketing or approved platted lots (undeveloped and developed lots) <sup>6</sup>	-	71	6
(equals) Excess demand for new general occupancy for-sale housing	=	<b>199</b>	<b>84</b>
(times) Percent of Market Area demand capturable by Austin	x	60%	80%
<b>(equals) number of units/lots supportable by Austin</b>		<b>119</b>	<b>67</b>
<sup>1</sup> Estimated household growth based on data from Table D-1 as adjusted by Maxfield Research & Consulting, LLC <sup>2</sup> Pct. of owner households under the age of 65 (U.S. Census - 2015, ESRI, Maxfield Research). Adjusted by Maxfield Research to account for shift in tenure <sup>3</sup> Estimate based on 2015 owner households and new owner household growth (under age 65) <sup>4</sup> Based on on turnover from 2015 American Community Survey for households moving over 9-year period; adjusted. <sup>5</sup> Based on preference for housing type and land availability <sup>6</sup> Approved platted lot data does not account for the scattered lot supply which includes individual lots and lots in older non-marketing subdivisions. * Multi-family demand includes demand for townhomes, detached townhomes, twinhomes, and condominium units.			
Source: Maxfield Research & Consulting, LLC			

- Based on land available, building trends, the existing housing stock, and demographic shifts (increasing older adult population), we project 75% of the for-sale owners in the PMA will prefer traditional single-family product types while the remaining 25% will prefer a maintenance-free multi-family product (i.e. twin homes, townhomes, or condominiums). This results in demand for 270 single-family units and 90 multifamily units through 2025.
- We then subtract the current identified platted lots that are under construction or approved. After subtracting the current lot supply in subdivisions (71 total single-family lots and six multi-family) we find total demand through 2025 resulting in 199 new single-family lots and 84 multifamily units/lots.

- Finally, we estimate that 60% of the excess single-family demand and 80% of the excess multifamily demand from the Austin Market Area demand could be captured in Austin. **Therefore, total for-sale demand in Austin through 2025 is 67 multifamily lots/units and 119 additional single-family lots.**

### Rental Housing Demand Analysis

Table HD-2 presents our calculation of market rate general-occupancy rental housing demand for the Austin Market Area. This analysis identifies potential demand for rental housing that is generated from both new households and turnover households.

- According to our projections, the Austin Market Area is expected to increase by 93 non-senior households between 2017 and 2025. Because the 65 and older cohort is typically not a target market for new general-occupancy market rate rental housing, we limit demand from household growth to only those households under the age of 65.
- We identify the percentage of households that are likely to rent their housing, 30.9%, based on 2015 tenure data. Renter household growth is expected to generate demand for 29 new households under the age of 65 in the Austin Market Area.
- Secondly, we calculate demand from existing households under the age of 65 in the Austin PMA that could be expected to turnover between 2017 and 2025. As of 2017, there are 3,629 renter households under the age of 65 in the PMA. Based on household turnover data from the 2015 American Community Survey, we estimate that between 70.6% of these under-65 owner households will experience turnover between 2017 and 2025. This results in an anticipated turnover of approximately 2,562 existing households by 2025.
- We then estimate the percent of existing renter households turning over that would prefer to rent in a new rental development. Considering the age of the PMA's housing stock, we estimate that 15% of the households turning over in the Austin PMA will desire new rental housing. This estimate results in demand from existing households for 384 new residential rental units between 2017 and 2025.
- Combining demand from household growth plus turnover results in total demand in the County for 486 rental units between 2017 and 2025.
- Like for-sale housing, we estimate that 15% of the total demand for new rental housing units will come from people currently living outside of the Market Area. As a result, we find demand for 486 renter households based on household growth and existing households alone between 2017 and 2025.
- Based on a review of renter household incomes and sizes and monthly rents at existing properties, we estimate that 57% of the total demand will be for market rate housing, 21%



## HOUSING DEMAND ANALYSIS

of the total demand in the PMA will be for affordable housing and 22% will be for subsidized housing.

- We then subtract from our demand new units under construction at 95% occupancy. As of August 2017 there were 38 affordable townhome units under construction in Austin. Therefore, we reduced our demand by 36 units, resulting in total rental demand of 450 units.
- **Finally, we estimate that a site in Austin can capture 80% of the total subsidized and affordable Market Area demand and 75% of the total market rate Market Area demand, resulting in demand for 86 subsidized units, 53 affordable units, and 207 market rate units in Austin.**

TABLE HD-2 RENTAL HOUSING DEMAND AUSTIN MARKET AREA 2017 to 2025			
<b>Demand from Projected Household Growth</b>			
Projected HH growth under age 65 in the Austin Market Area 2017 to 2025 <sup>1</sup>			93
(times) Estimated % to be renting their housing <sup>2</sup>	x		30.9%
(equals) Projected demand from new HH growth	=		<b>29</b>
<b>Demand from Existing Renter Households</b>			
Number of renter HHs (age 64 and younger) in Austin Market Area (2017) <sup>3</sup>			3,629
(times) Estimated percent of renter turnover <sup>4</sup>	x		70.6%
(equals) Total existing households projected to turnover	=		2,562
(times) Estimated percent desiring new rental housing	x		15%
(equals) Demand from existing households			384
<b>(equals) Total demand from HH growth and existing HHs 2017 to 2025</b>	<b>=</b>		<b>413</b>
(times) Demand from outside Austin Market Area			15%
<b>(equals) Total demand potential for rental housing, 2017 to 2025</b>			<b>486</b>
		<b>Subsidized</b>	<b>Affordable</b>
(times) Percent of rental demand by product type <sup>5</sup>	x	22%	21%
(equals) Total demand potential for general-occupancy rental housing units	=	108	102
(minus) Units under construction or pending <sup>6</sup>	-	0	36
(equals) Excess demand for new general occupancy rental housing	=	<b>108</b>	<b>66</b>
(times) Percent of Market Area demand capturable by Austin	x	80%	80%
<b>(equals) number of units supportable by Austin</b>		<b>86</b>	<b>53</b>
			<b>207</b>
<sup>1</sup> Estimated household growth based on data from Table D-1 as adjusted by Maxfield Research & Consulting, LLC			
<sup>2</sup> Pct. of renter households under the age of 65 (U.S. Census - 2015, ESRI, Maxfield Research). Adjusted by Maxfield Research to account for tenure shift			
<sup>3</sup> Estimate based on 2015 renter households (under age 65)			
<sup>4</sup> Based on on turnover from 2015 American Community Survey for households turnover.			
<sup>5</sup> Based on the combination of current rental product and household incomes of area renters (non-senior households)			
<sup>6</sup> Pending/proposed/under construction at 95% occupancy.			
Source: Maxfield Research & Consulting, LLC.			

### Senior Housing Demand Analysis

Tables HD-3 and HD-7 shows demand calculations for senior housing in the Austin Market Area by submarket from 2017 to 2025. Demand methodology employed by Maxfield Research utilizes capture and penetration rates that blend national senior housing trends with local market characteristics, preferences and patterns. Our demand calculations consider the following target market segments for each product types:

**Market Rate Active Adult Rental and Ownership Housing:** Target market based includes age 55+ older adult and senior households with incomes of \$35,000 or more and senior homeowners with incomes between \$25,000 and \$34,999.

**Affordable/Subsidized Independent Housing:** Target market based includes age 55+ older adult and senior households with incomes of \$35,000 or less.

**Congregate Housing:** Target market base includes age 65+ seniors who would be financially able to pay for housing and service costs associated with congregate housing. Income-ranges considered capable of paying for congregate housing are the same as for active adult housing.

**Assisted Living Housing:** Target market base includes older seniors (age 75+) who would be financially able to pay for private pay assisted living housing (incomes of \$40,000 or more and some homeowners with incomes below \$40,000).

**Memory Care Housing:** Target market base includes age 65+ seniors who would be financially able to pay for housing and service costs associated with memory care housing. Income ranges considered capable of paying for memory care housing (\$60,000 or more) are higher than other service levels due to the increased cost of care.

Existing senior housing units are subtracted from overall demand for each product type.

## HOUSING DEMAND ANALYSIS

**TABLE HD-3**  
**MARKET RATE ADULT/FEW SERVICES HOUSING DEMAND**  
**AUSTIN MARKET AREA**  
**2017 & 2025**

	2017			2025		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of >\$35,000 <sup>1</sup>	2,326	1,602	1,175	2,311	1,803	1,166
# of Households w/ Incomes of \$25,000 to \$34,999 <sup>1</sup>	+ 244	282	379	+ 197	292	308
(times ) Homeownership Rate	x 85%	89%	75%	x 85%	89%	75%
(equals) Total Potential Market Base	= 2,534	1,852	1,461	= 2,479	2,062	1,398
(times) Potential Capture Rate	x 0.5%	5.0%	15.0%	x 0.5%	5.0%	15.0%
(equals) Demand Potential	= 13	93	219	= 12	103	210
<b>Potential Demand from Market Area Residents</b>	= 324			= 325		
(plus Demand from Outside Market Area (15%) <sup>2</sup>	+ 108			+ 108		
<b>(equals) Total Demand Potential</b>	= 433			= 434		
	<b>Owner-Occupied</b>		<b>Renter-Occupied</b>	<b>Owner-Occupied</b>		<b>Renter-Occupied</b>
(times) % by Product Type	x 45%	x	55%	x 45%	x	55%
(equals) Demand Potential by Product Type	= 195	=	238	= 195	=	238
(minus) Existing and Pending MR Active Adult Units <sup>3</sup>	- 97	-	29	- 97	-	29
<b>(equals) Excess Demand for MR Active Adult Units</b>	= 98	=	209	= 98	=	210
(times) Percent capturable by a Site in Austin	x 70%	x	70%	x 70%	x	70%
<b>(equals) # of units supportable by a Site in Austin</b>	= 68	=	147	= 69	=	147

<sup>1</sup> 2025 calculations define income-qualified households as all households with incomes greater than \$40,000 and homeowner households with incomes between \$30,000 and \$39,999.



<sup>2</sup> Based on project manager interviews and historical trends.

<sup>3</sup> Existing and pending are deducted at market equilibrium (95% occupancy).

Source: Maxfield Research & Consulting, LLC

## HOUSING DEMAND ANALYSIS

**TABLE HD-4**  
**AFFORDABLE INDEPENDENT SENIOR HOUSING DEMAND**  
**AUSTIN MARKET AREA**  
**2017 & 2025**

	2017			2025		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes less than \$35,000/\$40,000	842	754	1,576	680	761	1,521
(times ) Percent Renter Households	x 15%	11%	25%	x 15%	11%	25%
(equals) Total Potential Market Base	= 123	86	386	= 99	87	373
(times) Potential Capture Rate	x 2.0%	10.0%	20.0%	x 2.0%	10.0%	20.0%
(equals) Demand Potential	= 2	9	77	= 2	9	75
<b>Total Market Rate Demand Potential</b>	= 88 			= 85 		
(plus) Demand from Outside Market Area (35%)	+ 48			+ 46		
(equals) Total Demand Potential	= 136			= 131		
(times) Pct. income-qualified for subds. & affordable	37%		63%	38%		62%
(equals) Demand Potential	50		86	50		81
(minus) Existing and Pending Subs/Aff. Independent Units <sup>1</sup>	415		0	415		0
(equals) Total Demand Potential in Market Area	0		86	0		81
(times) Estimated Percent Capturable by a Site in Austin	x 85%			x 85%		
<b>(equals) Excess Demand Capturable by a Site in Austin</b>	<b>0</b>	<b>73</b>		<b>0</b>	<b>69</b>	
<sup>1</sup> Includes existing and pending units at 95% occupancy, or market equilibrium. No additional units are planned through 2025.						
Source: Maxfield Research & Consulting, LLC						

**TABLE HD-5**  
**MARKET RATE CONGREGATE HOUSING DEMAND**  
**AUSTIN MARKET AREA**  
**2017 & 2025**

	<b>2017</b>		<b>2025</b>	
	Age of Householder		Age of Householder	
	65-74	75+	65-74	75+
# of Households w/ Incomes of >\$35,000 <sup>1</sup>	1,602	1,175	1,803	1,166
# of Households w/ Incomes of \$25,000 to \$34,999 <sup>1</sup>	+ 282	379	+ 292	308
(times) Homeownership Rate	x 89%	75%	x 89%	75%
(equals) Potential Market	= 250	286	= 259	232
(equals) Total Potential Market Base	= 1,852	1,461	= 2,062	1,398
(times) Potential Capture Rate <sup>2</sup>	x 1.5%	11.0%	x 1.5%	11.0%
(equals) Demand Potential	= 28 + 161		= 31 + 154	
<b>Potential Demand from Market Area Residents</b>	= 188		= 185	
(plus) Demand from Outside Market Area (15%)	+ 33		+ 33	
<b>(equals) Total Demand Potential</b>	= 222		= 217	
(minus) Existing and Pending Congregate Units <sup>3</sup>	- 121		- 121	
<b>(equals) Excess Demand for Congregate Units</b>	= 101		= 97	
(times) Percent capturable by a Site in Austin	75%		75%	
<b>(equals) # of units supportable by a Site in Austin</b>	<b>76</b>		<b>73</b>	
<sup>1</sup> 2025 calculations define income-qualified households as all households with incomes greater than \$40,000 and homeowner households with incomes between \$30,000 and \$39,999. <sup>2</sup> The potential capture rate is derived from data from the Summary Health Statistics for the U.S. Population: National Health Interview Survey, 2007 by the U.S. Department of Health and Human Services. The capture rate used is the percentage of seniors needing assistance with IADLs, but not ADLs (seniors needing assistance with ADLs typically need assistance with multiple IADLs and are primary candidates for assisted living.). <sup>3</sup> Existing and pending are deducted at market equilibrium (95% occupancy).				
Source: Maxfield Research & Consulting, LLC				

## HOUSING DEMAND ANALYSIS

<b>TABLE HD-6</b> <b>MARKET RATE ASSISTED LIVING DEMAND</b> <b>AUSTIN MARKET AREA</b> <b>2017 &amp; 2025</b>						
Age group	2017			2025		
	People	Percent Needing Assistance <sup>1</sup>	Number Needing Assistance <sup>1</sup>	People	Percent Needing Assistance <sup>1</sup>	Number Needing Assistance <sup>1</sup>
75 - 79	1,347	25.5%	<b>343</b>	1,538	25.5%	<b>392</b>
80 - 84	1,124	33.6%	<b>378</b>	1,129	33.6%	<b>379</b>
85+	1,556	51.6%	<b>803</b>	1,472	51.6%	<b>760</b>
Total	4,027		<b>1,524</b>	4,139		<b>1,531</b>
<b>Percent Income-Qualified<sup>2</sup></b>			<b>51%</b>			<b>49%</b>
Total potential market			770			756
(times) Percent living alone			x 54%			54%
(equals) Age/income-qualified singles needing assistance			= 419			411
(plus) Proportion of demand from couples (12%) <sup>3</sup>			+ 57			56
(equals) Total age/income-qualified market needing assistance			= 476			468
(times) Potential penetration rate <sup>4</sup>			x 40%			40%
(equals) Potential demand from PMA residents			= 190			187
(plus) Proportion from outside the PMA (20%)			+ 48			47
(equals) Total potential assisted living demand			= 238			234
(minus) Existing market rate assisted living units <sup>5</sup>			- 196			196
<b>(equals) Total excess market rate assisted living demand</b>			<b>= 42</b>			<b>38</b>
(times) Percent of demand capturable by a Site in Austin			x 80%			80%
<b>(equals) Excess assisted living demand capturable at a Site in Austin</b>			<b>= 34</b>			<b>30</b>
<sup>1</sup> The percentage of seniors unable to perform or having difficulty with ADLs, based on the 2008 Survey of Income and Program Participation (SIPP) files, conducted by the U.S. Census Bureau.						
<sup>2</sup> Includes households with incomes of \$40,000 or more (who could afford monthly rents of \$3,000+ per month) plus 40% of the estimated owner households with incomes below \$40,000 (who will spend down assets, including home-equity, in order to live in assisted living housing).						
<sup>3</sup> The 2009 Overview of Assisted Living (a collaborative project of AAHSA, ASHA, ALFA, NCAL & NIC) found that 12% of assisted living residents are couples.						
<sup>4</sup> We estimate that 60% of the qualified market needing assistance with ADLs could either remain in their homes or reside at less advanced senior housing with the assistance of a family member or home health care, or would need greater care provided in a skilled care facility.						
<sup>5</sup> Existing and pending units at 93% occupancy. We exclude 15% of units to be Home and Community Based Waiver recipients.						
Source: Maxfield Research & Consulting, LLC						

TABLE HD-7 MEMORY CARE DEMAND AUSTIN MARKET AREA 2017 & 2025		
	2017	2025
65 to 74 Population	3,912	4,530
(times) Dementia Incidence Rate <sup>1</sup>	x 2%	x 2%
(equals) Estimated Age 65 to 74 Pop. with Dementia	= 78	= 91
75 to 84 Population	2,471	2,667
(times) Dementia Incidence Rate <sup>1</sup>	x 19%	x 19%
(equals) Estimated Age 75 to 84 Pop. with Dementia	= 469	= 507
85+ Population	1,556	1,472
(times) Dementia Incidence Rate <sup>1</sup>	x 42%	x 42%
(equals) Estimated Age 85+ Pop. with Dementia	= 654	= 618
<b>(equals) Total Senior Population with Dementia</b>	<b>= 1,201</b>	<b>= 1,216</b>
(times) Percent Income/Asset-Qualified <sup>2</sup>	x 53%	x 56%
(equals) Total Income-Qualified Market Base	= 635	= 676
(times) Percent Needing Specialized Memory Care Assistance	x 25%	x 25%
(equals) Total Need for Dementia Care	= 159	= 169
(plus) Demand from Outside Market Area (20%)	+ 40	+ 42
Total Demand Potential	= 199	= 211
(minus) Existing and Pending Memory Care Units <sup>3</sup>	- 87	- 87
<b>(equals) Excess Demand for Memory Care Units</b>	<b>= 112</b>	<b>= 124</b>
(times) Percent capturable by a Site in Austin	x 85%	x 85%
<b>(equals) # of units supportable by a Site in Austin</b>	<b>= 95</b>	<b>= 106</b>
<sup>1</sup> Alzheimer's Association: Alzheimer's Disease Facts & Figures (2009) <sup>2</sup> Includes seniors with income at \$60,000 or above plus 30% of homeowners with incomes below this threshold (who will spend down assets, including home-equity, in order to live in memory care housing. Households with incomes at \$65,000+ for 2025 calculations due to inflation. <sup>3</sup> Existing memory care units less units occupied by public pay residents and a 7% vacancy rate.		
Source: Maxfield Research & Consulting, LLC		

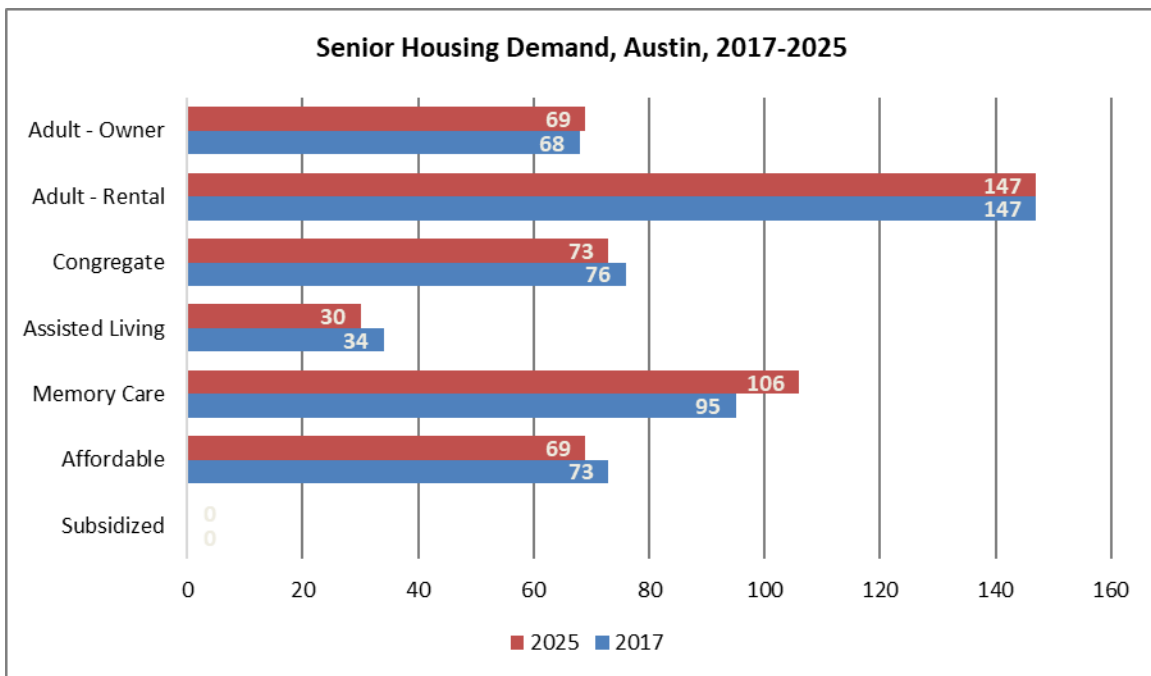
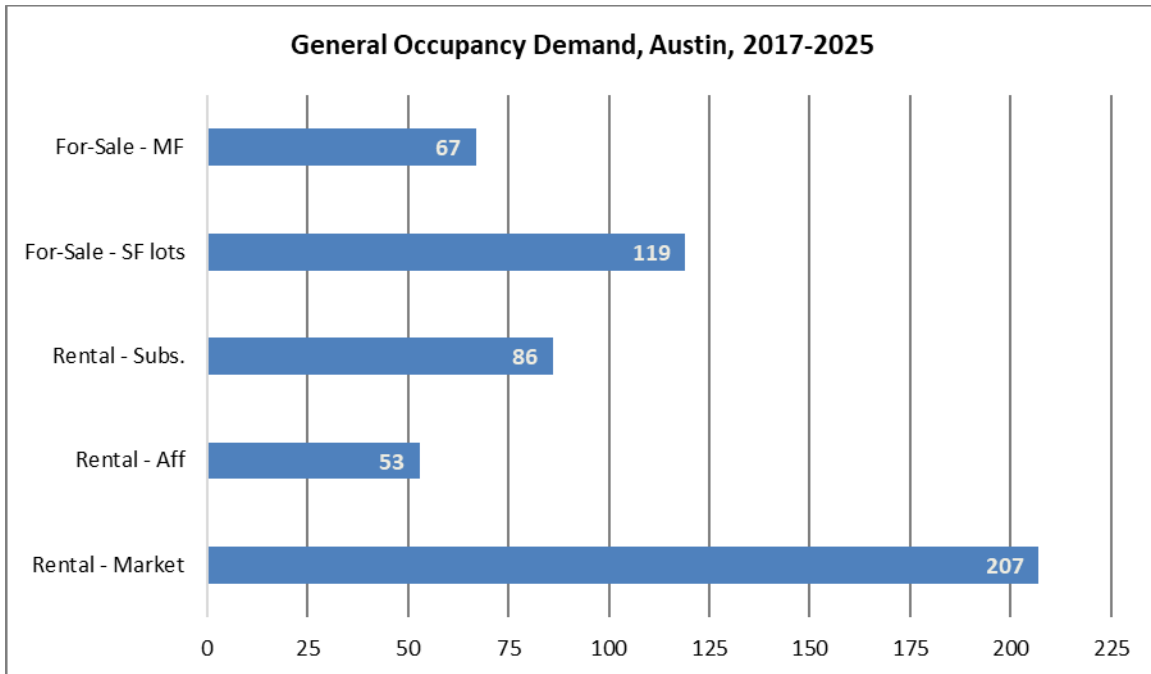
## Introduction/Overall Housing Recommendations

This section summarizes demand calculated for specific housing products in Austin and recommends development concepts to meet the housing needs forecast for the City. All recommendations are based on findings of the *Comprehensive Housing Needs Assessment*. The following table and charts illustrate calculated demand by product type. It is important to recognize that housing demand is highly contingent on projected household growth; household growth could be higher should increased job growth ensue and the overall economy continues to improve.

TABLE CR-1 SUMMARY OF HOUSING DEMAND AUSTIN MARKET AREA 2017 to 2025				
Type of Use	Demand in Market Area		Demand in Austin	
	2017-2025		2017-2025	
General-Occupancy				
Rental Units - Market Rate	276		207	
Rental Units - Affordable	66		53	
Rental Units - Subsidized	108		86	
For-Sale Lots - Single-family	199		119	
For-Sale Units/Lots - Multifamily	84		67	
Total General Occupancy Supportable	733		532	
	Demand in Market Area		Demand in Austin	
	2017	2025	2017	2025
Age-Restricted (Senior)				
Market Rate				
Adult Few Services (Active Adult)	307	308	215	216
Ownership	98	98	68	69
Rental	209	210	147	147
Congregate	101	97	76	73
Assisted Living	42	38	34	30
Memory Care	112	124	95	106
Total Market Rate Senior Supportable	562	567	420	425
Affordable/Subsidized				
Active Adult - Subsidized	0	0	0	0
Active Adult - Affordable	86	81	73	69
Total Affordable Senior Supportable	86	81	73	69
Note: Demand subtracts projects under construction or planned projects. In addition, all vacant single-family lots in newer subdivisions are subtracted.				
Source: Maxfield Research & Consulting, LLC.				



## RECOMMENDATIONS AND CONCLUSIONS



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

## RECOMMENDATIONS AND CONCLUSIONS

RECOMMENDED HOUSING DEVELOPMENT					
AUSTIN					
2017 to 2025					
		Purchase Price/ Monthly Rent Range <sup>1</sup>	No. of Units	Pct. of Total	Development Timing
Owner-Occupied Housing (General-Occupancy)					
Single-Family <sup>2</sup>					
	Entry-Level	<\$140,000	28 - 30	39%	2017+
	Move-up	\$150,000 - \$225,000	25 - 27	35%	2017+
	Executive	\$225,000+	18 - 20	26%	2017+
	<b>Total</b>		<b>71 - 77</b>	<b>100%</b>	
Townhomes/Detached Townhomes/Twin Homes/Condominiums					
	Entry-level	<\$140,000	16 - 18	57%	2017+
	Move-up	\$150,000 to \$175,000	12 - 14	43%	2017+
	<b>Total</b>		<b>28 - 32</b>	<b>100%</b>	
	<b>Total Owner-Occupied</b>		<b>99 - 109</b>		
General Occupancy Rental Housing					
	Affordable Rental Apartments	Income guidelines	40 - 50	25%	2020+
	Market Rate Rental Housing	\$800/1BR - \$1200/3BR	80 - 100	50%	2017+
	Affordable Rental Townhomes	Income guidelines	10 - 12	6%	2020+
	Market Rate Rental Townhomes	\$975/2BR - \$1400/3BR	30 - 40	19%	2017+
	<b>Total</b>		<b>160 - 202</b>	<b>100%</b>	
Senior Housing					
	Active adult affordable rental <sup>3</sup>	Moderate-income	50 - 60	22%	2017+
	Active adult market rate rental	\$700 - \$1,000	50 - 60	22%	2017+
	Active Adult Senior Coop	\$50,000 to \$90,000	30 - 40	14%	2019+
	Congregate (Independent Living)	\$2,000 - \$2,250	40 - 50	18%	2018+
	Assisted Living	\$2,750/EFF - \$4,000/2BR	20 - 24	9%	2020+
	Memory Care	\$4,200 - \$5,500	30 - 40	14%	2017+
	<b>Total</b>		<b>220 - 274</b>	<b>100%</b>	
<b>Total - All Units</b>			<b>479 - 585</b>		
<sup>1</sup> Pricing in 2017 dollars. Pricing can be adjusted to account for inflation.					
<sup>2</sup> Recommendations include the absorption of some existing previously platted lots.					
<sup>3</sup> Affordable project could be combined with market rate active adult into a mixed-income community					
Note - Recommended development does not coincide with total demand. Austin may not be able to accommodate all recommended housing types based on a variety of factors (i.e. development constraints, land availability, etc.)					
Source: Maxfield Research & Consulting, LLC					

### Recommended Housing Product Types

#### *For-Sale Housing*

##### *Single-Family Housing*

Table HD-1 identified demand for 270 single-family housing units in the Austin Market Area through 2025. However, after accounting for the existing 71 vacant single-family newer lots in the Austin area (see Table FS-6) and the portion capturable in the City of Austin (60%); demand is found for 119 single-family homes in Austin through 2025.

The lot supply benchmark for growing communities is a three- to five-year lot supply, which ensures adequate consumer choice without excessively prolonging developer-carrying costs. Given the number of existing platted lots in Austin and the number of homes constructed annually between 2008 and 2016, the current lot supply is able to meet the demand in the short-term.

Through our analysis and interviews, we find strong need for new single-family housing product in Austin. Maxfield Research finds demand for all price points of new single-family homes. We recommend that an additional 71 to 77 single-family homes be built in Austin through 2025, of which 28 to 30 would be entry-level (under \$140,000), 25 to 27 would be move-up (\$150,000 to \$225,000), and 18 to 20 would be executive homes (over \$225,000).

The median list price in August 2017 was \$94,000, making a home affordable to 71% of PMA households. As a result, the existing resale market will appeal to most entry-level buyers. However, there is strong demand for entry-level new construction priced under \$200,000. Nonetheless, it is very difficult to develop and build new construction for less than \$200,000 due to a variety of factors (i.e. land, infrastructure, materials and labor, etc.). Therefore, a private-public partnership will be needed to deliver new single-family construction priced under \$200,000.

A move-up buyer or step-up buyer is typically one who is selling one house and purchasing another one, usually a larger and more expensive home. Usually the move is desired because of a lifestyle change, such as a new job or a growing family. Move-up new construction homes are generally priced from around \$155,000 to \$225,000 and will be customized. Executive-level homes are loosely defined as those homes priced above \$225,000 and will be built-to-suit and highly customized.

Buyers of new single-family homes prefer larger lot size, with lot widths of approximately 90 to 100-feet wide. Because of the larger lot frontages and sizes, the final lot costs are higher due to lower-density which drives up the retail price of the home. If entry-level new construction homes are pursued, lot widths will need to be reduced to increase densities to reduce the lot costs to the consumer. Lot sizes of 0.25 units per acre (80-wide) would help bring down new lot

development costs. In many real estate markets across the Midwest lot sizes are trending downward to help minimize lot development and infrastructure costs.

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

A growing number of households desire alternative housing types such as townhouses, twinhomes, detached townhomes, and twinhomes. Typically, the target market for for-sale multifamily housing is empty-nesters and retirees seeking to downsize from their single-family homes. In addition, professionals, particularly singles and couples without children, also will seek townhomes if they prefer not to have the maintenance responsibilities of a single-family home. In some housing markets, younger households also find purchasing multifamily units to be generally more affordable than purchasing new single-family homes.

Austin is predominantly a single-family housing market with few options for those buyers seeking association-maintained communities. Realtors reported limited actively marketing lots for twinhomes, townhomes and detached townhomes.

Table HD-1 found demand for 67 for-sale multifamily units in Austin through 2025. Because of the lack of supply, aging demographics, desire for association-maintained housing from other age cohorts and the wide ranges of wages offered at some of Austin's largest employers, Austin would benefit from the development of more alternative housing product types.

These units could be developed as twin homes, duplexes, detached townhomes or villas, townhomes/row homes, or any combination. Because the main target market is usually empty-nesters and young seniors, the majority of townhomes should be one-level, or at least have a master suite on the main level if a unit is two-stories. We recommend a variety of for-sale multifamily products across all price points that will appeal to a wide profile of buyers.

The following provides greater detail into townhome and twinhome style housing.

- *Twinhomes*— By definition, a twin home is basically two units with a shared wall with each owner owning half of the lot the home is on (a duplex if two units on one individual lot). The swell of support for twinhome and one-level living units is generated by the aging baby boomer generation, which is increasing the numbers of older adults and seniors who desire low-maintenance housing alternatives to their single-family homes but are not ready to move to service-enhanced rental housing (i.e. downsizing or right sizing).

Traditionally most twin home developments have been designed with the garage being the prominent feature of the home; however, today's newer twin homes have much more architectural detail. Many higher-end twin home developments feature designs where one garage faces the street and the other to the side yard. This design helps reduce the prominence of the garage domination with two separate entrances. Housing products designed

to meet the needs of these aging Austin residents, many of whom desire to stay in their current community if housing is available to meet their needs, will be needed into the foreseeable future.

Twinhomes are also a preferred for-sale product by many builders across the Midwest as units can be developed as demand warrants. Because twinhomes bring higher density and economies of scale to the construction process, the price point can be lower than stand-alone single-family housing. Move-up twin homes have especially been popular in other markets over the past few years and have commanded price premiums.

- *Detached Townhomes/Villas* – An alternative to the twinhome is the one-level villa product and/or rambler. This product also appeals mainly to baby boomers and empty nesters seeking a product similar to a single-family living on a smaller scale while receiving the benefits of maintenance-free living. Many of these units are designed with a walk-out or look-out lower level if the topography warrants. We recommend lot widths ranging from 45 to 55 feet with main-level living areas between 1,600 and 1,800 square feet. The main level living area usually features a master bedroom, great room, dining room, kitchen, and laundry room while offering a “flex room” that could be another bedroom, office, media room, or exercise room. However, owners should also be able to purchase the home with the option to finish the lower level (i.e. additional bedrooms, game room, storage, workshop, den/study, etc.) and some owners may want a slab-on-grade product for affordability reasons. Finally, builders could also provide the option to build a two-story detached product that could be mixed with the villa product.

Pricing for a detached townhome/villa will vary based on a slab-on-grade home versus a home with a basement. Base pricing for a slab-on-grade villa should start at \$150,000 and will fluctuate based on custom finishes, upgrades, etc.

- *Side-by-Side and Back-to-Back Townhomes* – This housing product is designed with three or four or more separate living units in one building and can be built in a variety of configurations. With the relative affordability of these units and multi-level living, side-by-side and back-to-back townhomes have the greatest appeal among entry-level households without children, young families and singles and/or roommates across the age span. However, two-story townhomes would also be attractive to middle-market, move-up, and empty-nester buyers. Many of these buyers want to downsize from a single-family home into maintenance-free housing, many of which will have equity from the sale of their single-family home. This for-sale product type in Austin could be priced the most economically targeting the \$140,000 to \$175,000 price point.
- *Duplexes* – A duplex is simply one housing unit divided into two separate units with a common wall structure. Duplexes can take many forms; either a side-by-side or a two-story structure. Many buyers and real estate investors seek out duplexes to live in one of the units while renting the other side. Duplexes can also be a popular concept for families who desire to have relatives next door resulting in a multi-generation housing arrangement

### ***General Occupancy Rental Housing***

Our competitive inventory identified that the vacancy rates for all types of general occupancy rental product is very low. There were no vacancies among subsidized and affordable housing units, market rate units reported a 3.0% vacancy. The rental market is considered at equilibrium at a 5% vacancy rate which suggests Austin has pent-up demand for all rental products regardless of income.

There are few market rate apartment options in Austin. Many property managers or owners have no trouble leasing units and they are usually filled instantly once a vacancy becomes available. Area Realtors commented that there is high demand from renters seeking newer apartments.

A portion of the older market rate units are priced at or below guidelines for affordable housing, which indirectly satisfies demand from households that income-qualify for financially assisted housing.

The growing renter base today is seeking newer market rate rental properties with additional and updated amenities that are not offered in older developments. Although ownership housing in many Austin households is generally affordable for first-time home buyers, households desire rental housing as they relocate to Austin. In 2016, Vision 2020's Business Friendly Environment Committee polled professional newcomers about housing. Survey responses repeatedly mentioned the need for newer rentals with updated interiors and community amenities aimed at millennials and young professionals.

Maxfield Research and Consulting LLC calculated demand for 207 market rate, 53 affordable, and 86 subsidized units in Austin through 2025. New general-occupancy rental housing can be developed immediately and will continue to be in demand throughout this decade.

- ***Market Rate Rental*** – Maxfield Research recommends the development of market rate rental housing immediately. A new rental project(s) will also have a diverse resident profile, including young to mid-age professionals as well as singles and couples across the age span. Seniors and older adults will also be a target market for a new rental project in Austin. There is demand for 207 units through 2025; however, we believe demand could be even higher given the low vacancy rates and lack of supply in Austin. New market rate product will likely be developed across multiple buildings and developments. We recommend new middle-market to upper-middle market rental project(s) that will continue to attract new employees relocating to Austin, empty-nesters looking to transition to a maintenance free lifestyle, as well as, couples and singles of all ages. To appeal to a wide target market, we suggest a market rate apartment project with a unit mix consisting of one-bedroom units, one-bedroom plus den units, two-bedroom units, and a few two-bedroom plus den or three-bedroom units.

## RECOMMENDATIONS AND CONCLUSIONS

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Monthly contract rents (in 2017 dollars) should range from \$800 for a one-bedroom unit to \$1,200 for a two-bedroom den or three-bedroom unit. Average market rate rents in Austin are \$0.85 per square foot, thus we recommend that monthly rents at a new development should charge on average \$0.95 to \$1.05 per square foot to be financially feasible. Monthly rents can be trended up by 2.0% annually prior to occupancy to account for inflation depending on overall market conditions. However, because they are top rents incentives or a private-public partnership will be needed to bring down the cost of the rental units.

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

- *Market Rate General Occupancy Rental Townhomes*– In addition to the recommended traditional multi-story apartment projects, we find demand exists for larger townhome units for families - including those who are new to the community and want to rent until they find a home for purchase. An additional 30 to 40 rental townhome units could be supported in Austin in the short-term. We recommend a project with contract rents starting at approximately \$975 for two-bedroom units to \$1,300 for three-bedroom units. Units should feature contemporary amenities (i.e. in-unit washer/dryer, high ceilings, etc.) and an attached two car garage.
- *Affordable General Occupancy Rental Apartments or Townhomes*– Rental apartments or townhomes affordable to moderate-income households would be in demand in Austin. There are currently seven projects with 348 affordable units in Austin, however there are no vacancies. These projects would have income-restrictions established by HUD and would likely target households with incomes between 50% to 80% of area median income; however, some could be workforce units with affordability up to 120% AMI. Most affordable housing projects are affordable at 60% AMI. We recommend a project with 40 to 50 apartment units and 10 to 12 townhomes. Units should feature central air conditioning, full appliance package, in-unit washer/dryer, and covered parking. Such developments are popular with families that cannot afford housing options in the for-sale market or market rate rentals.

### *Senior Housing*

As illustrated in Table CR-1, demand exists for all types of senior housing product types in Austin. Over the course of nine years, there is demand for 425 new market rate and affordable senior units through 2025. Additional senior housing is recommended in order to provide housing opportunity to residents in their stages of later life. The development of additional senior housing serves a two-fold purpose in meeting the housing needs in Austin: older adult and senior residents are able to relocate to new age-restricted housing in Austin, and existing homes and rental units that were occupied by seniors become available to other new households. Hence, development of additional senior housing does not mean the housing needs of younger households are neglected; it simply means that a greater percentage of housing need is satisfied by housing unit turnover. The types of housing products needed to accommodate the aging population base are discussed individually in the following section.

- Active Adult Senior Cooperative –Maxfield Research and Consulting, LLC projected demand for 69 active adult ownership units through 2025. Construction of an additional 30 to 40 units in stand-alone cooperative facility would initially satisfy adult ownership demand through 2025. Maxfield Research & Consulting, LLC recommends a cooperative development with a share costs starting around \$50,000. The cooperative model, in particular, appeals to a larger base of potential residents in that it has characteristics of both rental and ownership housing. Cooperative developments allow prospective residents an ownership option and homestead tax benefits without a substantial upfront investment as would be true in a condominium development or life care option. Maxfield Research & Consulting, LLC has found the cooperative model to be very well-accepted in rural communities across the Midwest
- Active Adult Rental (Market Rate) – Demand was projected for about 147 market rate active adult rental units in Austin through 2025. Currently, there is one market rate active adult rental projects in Austin. There may be seniors who are currently residing in general-occupancy housing that would consider relocating to a newer active adult product.

We recommend a new project of approximately 50 to 60 units. The project should offer modest contract rents with base monthly rents starting at \$700 per month for one-bedroom units to \$1,000 or more for larger two-bedroom units. The project should offer transportation, activities, and optional services for housekeeping, etc.

However, even with significant demand, active adult developments can be difficult to develop in small communities. The projects are not need based and therefore seniors may choose to remain in their homes or downsize to alternative housing options like a twin home rather than choose an active adult community where rents may be higher than other housing alternatives



## RECOMMENDATIONS AND CONCLUSIONS

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- *Affordable Few Services Rental* – Austin demand for affordable senior housing is projected to be 69 units by 2025. All the demand for income restricted housing in Austin was for affordable senior housing as the existing subsidized housing units are meeting the current demand. Although this product would be well received by seniors in and near the Austin area; it may be difficult to develop given the economies of scale needed and financing challenges. Affordable senior housing will likely be a low-income tax credit project through the Minnesota Housing Finance Agency. Alternatively, a mixed-income building combining affordable and market rate senior housing units could also be pursued.
- *Independent Living/Congregate* – There are 127 congregate units (meals and limited support service) in the Austin Market Area. Demand was calculated for 73 congregate units through 2025. Based on this demand, we recommend 40 to 50 congregate units with a mix of one-bedroom, one-bedroom plus den, and two-bedroom units. Monthly contract rents should range from \$2,000 for one-bedroom units to \$2,250 for two-bedroom units. The monthly fees should include all utilities (except telephone and basic cable/satellite television) and the following services:
  - I'm OK program;
  - Daily noon meal;
  - Regularly scheduled van transportation;
  - Social, health, wellness and educational programs;
  - 24-hour emergency call system; and
  - Complimentary use of laundry facilities.

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

New independent housing could be developed adjacent to an existing senior campus or in a stand-alone development.

- *Assisted Living and Memory Care Senior Housing* – Based on our analysis, we find demand for 30 assisted living units and 106 memory care units in Austin through 2025. There are 248 existing assisted living units and 110 existing memory care units in the Austin Market Area. We recommend an additional 20 to 24 assisted living units to meet increasing demand through 2025 that has contract rents starting at \$2,750 for studio units to \$4,000 for two-bedroom units. New assisted living units could be developed as a stand-alone facility with a memory care wing or as an addition to the existing assisted living project in Austin.

We recommend an additional 30 to 40 units of memory care to be added in Austin. Memory care housing can be developed as a stand-alone facility or attached to an existing assisted living facility. Memory care unit mix should be mostly studios and one-bedroom

## RECOMMENDATIONS AND CONCLUSIONS

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units with a few two-bedroom units for couples with base monthly contract rents ranging from \$4,200 to \$5,500. Memory care units should be located in a secured, self-contained wing located on the first floor of a building and should feature its own dining and common area amenities including a secured outdoor patio and wandering area.

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

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

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

## Challenges and Opportunities

The following were identified as the greatest challenges and opportunities for developing the recommended housing types, sorted alphabetically.

- Affordable Housing.** Based on current home prices, about 79% of Austin Market Area householders could afford to purchase an entry-level home resale home priced at \$100,000 in 2017. Likewise, 77% of householders can also afford the average market rate rent at a one-bedroom rental project in the Austin Market Area (\$660/month). Because of the relative affordability of homes for purchase, some householders who would not consider purchasing may do so earlier since the cost to own an entry-level home is on-par with rental housing costs. The following chart compares the costs of homeownership to rentals given today's housing costs based on a 30% allocation of income to housing. We do note, however, that not all householders will have the credit scores and down payment that would qualify them to purchase for-sale housing.

TABLE HA-4 AUSTIN MARKET AREA HOUSING AFFORDABILITY - BASED ON HOUSEHOLD INCOME						
For-Sale (Assumes 10% down payment and good credit)						
	Single-Family			Townhome/Twinhome/Condo		
	Entry-Level	Move-Up	Executive	Entry-Level	Move-Up	Executive
Price of House	\$100,000	\$150,000	\$225,000	\$80,000	\$100,000	N/A
Pct. Down Payment	10.0%	10.0%	10.0%	10.0%	10.0%	N/A
Total Down Payment Amt.	\$10,000	\$15,000	\$22,500	\$8,000	\$10,000	N/A
Estimated Closing Costs (rolled into mortgage)	\$3,000	\$4,500	\$6,750	\$2,400	\$3,000	N/A
Cost of Loan	\$93,000	\$139,500	\$209,250	\$74,400	\$93,000	N/A
Interest Rate	4.050%	4.050%	4.050%	4.050%	4.050%	N/A
Number of Pmts.	360	360	360	360	360	N/A
Monthly Payment (P & I)	-\$447	-\$670	-\$1,005	-\$357	-\$447	N/A
(plus) Prop. Tax	-\$83	-\$125	-\$188	-\$67	-\$83	N/A
(plus) HO Insurance/Assoc. Fee for TH	-\$33	-\$50	-\$75	-\$100	-\$100	N/A
(plus) PMI/MIP (less than 20%)	-\$40	-\$60	-\$91	-\$32	-\$40	N/A
Subtotal monthly costs	-\$604	-\$905	-\$1,358	-\$556	-\$670	N/A
Housing Costs as % of Income	30%	30%	30%	30%	30%	N/A
Minimum Income Required	\$24,146	\$36,219	\$54,328	\$22,250	\$26,813	N/A
Pct. of ALL Austin PMA HHDS who can afford <sup>1</sup>	79.3%	67.5%	50.0%	81.1%	76.6%	N/A
No. of Austin PMA HHDS who can afford <sup>1</sup>	12,782	10,876	8,055	13,082	12,353	N/A
Pct. of Austin PMA owner HHDS who can afford <sup>2</sup>	85.0%	74.3%	57.8%	86.7%	82.6%	N/A
No. of Austin PMA owner HHDS who can afford <sup>2</sup>	9,939	8,681	6,755	10,136	9,657	N/A
No. of Austin PMA owner HHDS who cannot afford <sup>2</sup>	1,747	3,005	4,931	1,550	2,029	N/A
Rental (Market Rate)						
	Existing Rental			New Rental		
	1BR	2BR	3BR	1BR	2BR	3BR
Monthly Rent	\$660	\$820	\$1,030	\$800	\$925	\$1,200
Annual Rent	\$7,920	\$9,840	\$12,360	\$9,600	\$11,100	\$14,400
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	\$26,400	\$32,800	\$41,200	\$32,000	\$37,000	\$48,000
Pct. of ALL Austin PMA HHDS who can afford <sup>1</sup>	77.0%	70.8%	62.4%	75.5%	66.6%	55.3%
No. of Austin PMA HHDS who can afford <sup>1</sup>	12,417	11,418	10,052	12,167	10,745	8,922
Pct. of Austin PMA renter HHDS who can afford <sup>2</sup>	47.8%	39.8%	27.2%	45.8%	34.8%	22.5%
No. of Austin PMA renter HHDS who can afford <sup>2</sup>	2,118	1,764	1,208	2,030	1,544	999
No. of Austin PMA renter HHDS who cannot afford <sup>2</sup>	2,318	2,672	3,228	2,406	2,892	3,437

<sup>1</sup> Based on 2017 household income for ALL households

<sup>2</sup> Based on 2015 ACS household income by tenure (i.e. owner and renter incomes. Owner incomes = \$62,196 vs. renter incomes = \$25,371)

Source: Maxfield Research & Consulting, LLC

- **Age of Rental Housing Stock.** The Rental Market Analysis section of the report identified the newest general occupancy housing product is Science Park built in 2016. The overall market rate general occupancy rental housing stock in the Austin Market Area has a median year built of 1992. However, most of the rental housing stock lacks the contemporary amenities many of today's renters seek.

Many renters today seek the following unit amenities: in-unit laundry, walk-in closets, balconies/patios, oversized windows, and individually controlled heating and air-conditioning. Community amenities included: community rooms with kitchens and big screen TV's, fitness centers, Wi-Fi, extra storage, and the inclusion of environmentally responsible design and features. Most of these features and amenities are not offered in current rental housing products in the Austin Market Area. However, a newer rental development that includes many of these amenities would be a more expensive product than exists today in Austin.

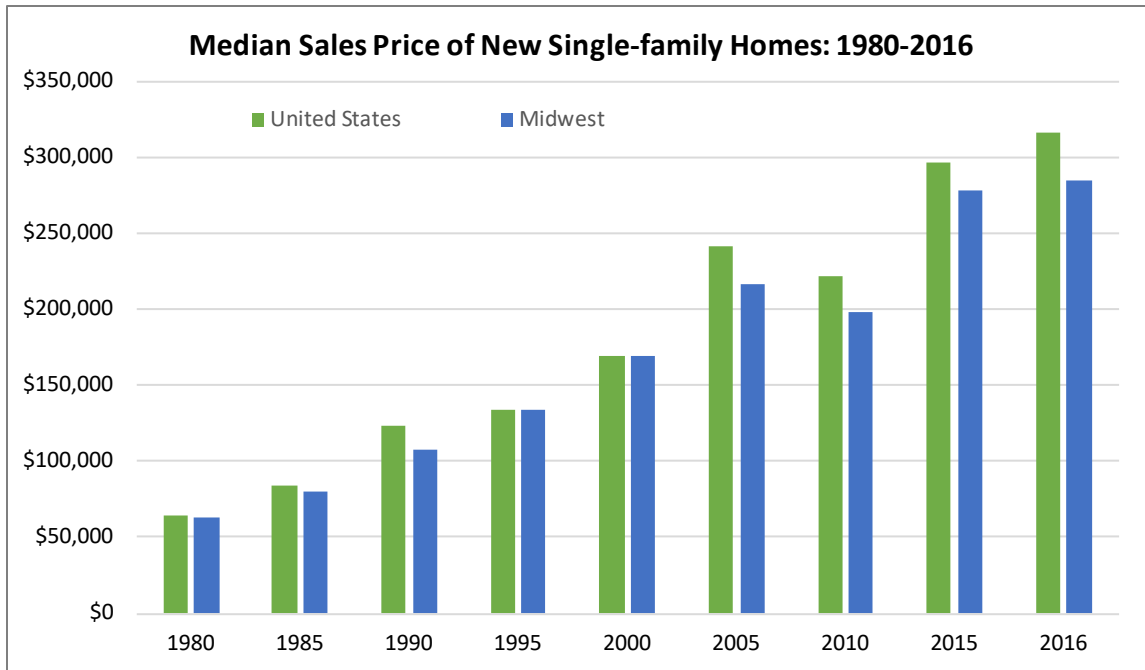
- **Aging Population.** As illustrated in Table D-2, there is significant growth in the Austin Market Area senior population, especially among seniors ages 65 to 74 (+20.8% growth through 2030). In addition, Table D-7 shows market area homeownership rates among seniors 65+ is approximately 81%. High homeownership rates among seniors indicate there could be lack of senior housing options, or simply that many seniors prefer to live in their home and age in place. Aging in place tends to be higher in rural vs. urban settings as many rural seniors do not view senior housing as an alternative retirement destination but a supportive living option only when they can no longer live independently. Rural areas also tend to have healthier seniors and are also more resistant to change. Because of the rising population of older adults, demand for alternative maintenance-free housing products should be rising. In addition, demand for home health care services and home remodeling programs to assist seniors with retrofitting their existing homes should also increase.
- **Changing Household Types.** Table D-8 provides insight into changing household types. In 2015, the largest proportion of household types in Austin were those Married without Children (27.7%) and those living alone (33.7%). These two household types account for 61.4% of all households in Austin. These household types are not typically the market for new single-family homes. A proportion of these households will consist of empty nesters that own a home and are likely to continue living in their home as long as they are able, as noted above. Young professional households will also constitute a proportion of both married households without children and households living alone, would be a target market for both new rental projects with modern amenities and entry level single family or multifamily for-sale properties such as single-family homes or attached townhomes.
- **Code Enforcement.** Most local governments have housing codes to ensure safe and habitable housing within their community. Code enforcement is important as it protects the safety and welfare of residents, maintains/increases property values, reduced vandalism, and increases the overall attractiveness of the community which should result in continued reinvestment and development in the community. Most residents support code compliance as a means to protect their home investment and their property value.

Based on our windshield survey of housing stock in the City of Austin, there are substandard housing units scattered throughout neighborhoods in the city. Although the majority of homes in the city are well taken care for, there are homes and apartment buildings that have deferred maintenance issues. Examples of exterior deferred maintenance may include peeling paint, broken windows, damaged siding or chimneys, poor foundation, or other signs of negligence. Interior conditions may include plumbing and heating problems, electrical issues, damaged walls or flooring, unsanitary conditions, among others. In addition to deferred maintenance issues, nuisance concerns include tall grass and weeds, rubbish and garbage, junk cars, or other items not suitable for outdoor use.

The local governments should proactively review neighborhoods annually to ensure all homes are being properly maintained. Action should be taken on those properties where there are clear violations.

The City of Austin may also want to consider property acquisition within redevelopment areas in the communities where dilapidated housing units exist. Many cities acquire abandoned, tax delinquent, and vacant problem properties and make them available to not-for-profit and for-profit developers. Through these efforts properties are returned to tax-producing properties while improving neighborhood aesthetics and assisting in community economic development efforts (See *Demolition* below).

- **Construction & Development Costs.** The cost to build and develop new single-family housing has increased significantly over the past decade and since the Great Recession in all Markets. New construction pricing peaked last decade between 2005 and 2007 before falling during the recession. Pricing in nearly every market across the United States decreased between 2008 and 2011 before escalating again in 2012. However, since the Great Recession it has become increasingly difficult for builders to construct entry-level new homes due to a number of constraints – rising land costs, rising material and labor costs, lack of construction labor, and increasing regulation and entitlement fees. As a result, affordable new construction homes have become rare as builders are unable to pencil-out modestly priced new construction. However, there is strong demand in Austin for homes priced under \$200,000 should builders provide a product that could be delivered to the market at this price point.



- Demolition Programs.** Due to the aging of the housing stock, there are situations when communities are proactive and knock down houses that have been vacant or have been rundown in the community. Many local governments have programs that demolish blighted and abandoned homes that are beyond repair. Blighted and/or abandoned homes lower the property values in the neighborhood, financially drain community resources, are unsafe, and can contribute to overall community decline or disinvestment. We recommend local governments initiate programs and ordinances to address blighted structures. Demolished home lots can become be put to productive reuse such as future housing sites, land banks, community gardens, parks, green space, etc.

Demolition costs vary widely based on numerous factors such as if the home contains asbestos or lead-based paint, foundations/basements, soil contaminations, reuse/deconstruction of building materials, etc.

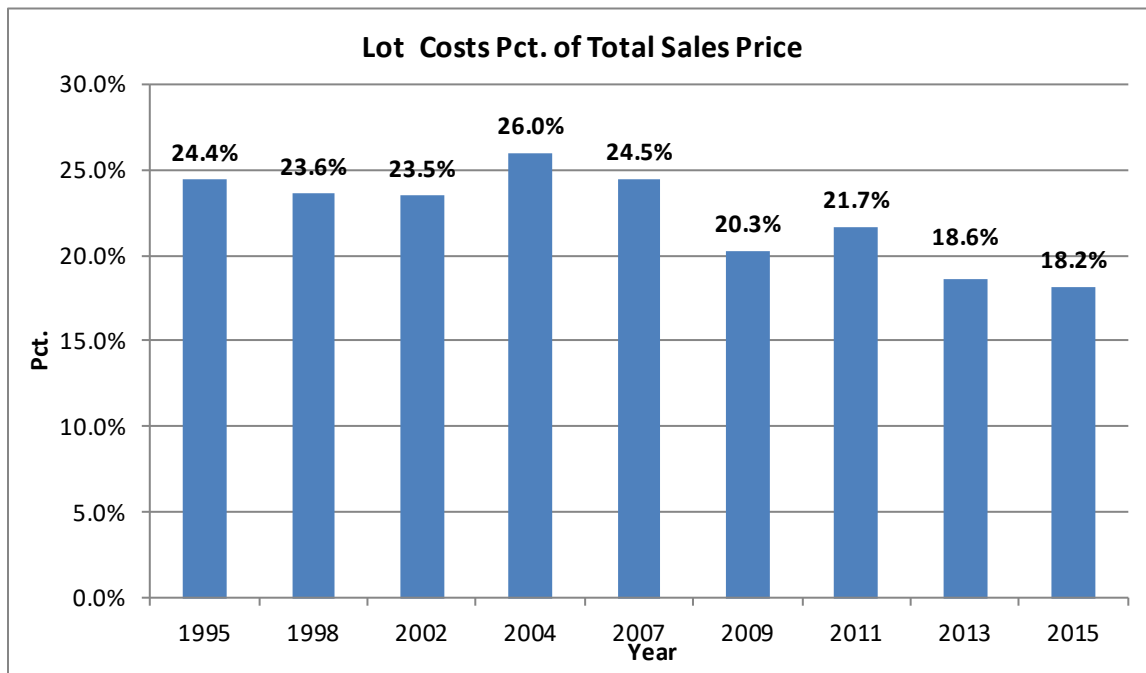
Municipalities fund demolition programs from a variety of sources. Many larger cities can rely on CDBG fund or neighborhood stabilization funds, while some states can look to the “Hardest Hit Program” that provided federal funds to 18 states who can then tailor programs to their individual needs. Some cities have relied on funding from TIF, funds from the general fund, EDA grants, and state blight reduction programs.

- Developers Lot Carrying Costs.** Land development and entitlement carries a large financial risk for builders and/or investors. Prior the Great Recession developing land was considered a profitable side of the housing business. However, today land development continues to be dominated by larger builders that can absorb the lot inventory more easily than smaller builders or land developers. Due to raw land costs, entitlements, and the cost to develop infrastructure, developers will be cautious given the lot price they could achieve.

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Prolonged carrying costs due to slow lot absorption are deterrents for builders and developers who must absorb project development costs until the lots are sold.

As a result, the land development business is not a lucrative business for real estate investors and future lot development may require a private-public partnership to bring down infrastructure costs. The chart below shows the average lot cost across the country compared to the retail sales price of the home.



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

Although Table CR-1 showcased demand for many housing products in Austin through 2025, many of the products will require some density for the project to be finically feasible. Because demand may not be high enough to support various stand-alone housing concepts

new development may require private/public partnerships or the combination of multiple product types to ensure the project can be developed.

- **Financing Barriers/Infrastructure Costs and Private/Public Partnerships.** One of the key challenges facing housing development in rural communities is financing. Finding banks to finance projects is difficult as most lenders require substantial equity contributions from the developer. As discussed in a previous bullet (*Developers' Carrying Costs*), developers are typically required to upfront residential subdivisions and pay for the cost of water, sewer, curb and gutter, utilities, etc. Because of the substantial cost to fund improvements, most builders/developers do not have the assets or equity to fund the project and lenders have conservative underwriting standards. Furthermore, private investors seek targeted returns on investment and liquidity that cannot be guaranteed as lot absorption/takedowns is an unknown factor. Many local jurisdictions do not have the necessary tools today to fund infrastructure costs.

Because of this barrier, we recommend exploring other private/public partnerships to entice housing development. Private/public partnerships are a creative alliance formed to achieve a mutual purpose and goal. Partnerships between local jurisdictions, the private sector, and nonprofit groups can help communities develop housing products through collaboration that otherwise may not materialize. Private sector developers can benefit through greater access to sites, financial support, and relaxed regulatory processes. Public sectors have increased control over the development process, maximize public benefits, and can benefit from and increased tax base.

A number of communities have solved housing challenges through creative partnerships in a variety of formats. Many of these partnerships involve numerous funding sources and stakeholders. Because of the difficulty financing infrastructure costs in the Austin Market Area, it will likely require innovative partnerships to stimulate housing development. We also recommend exploring additional partnerships with major employers in Austin that could assist housing product by donating into a housing trust fund that would be designated for housing projects that would best serve workers in Austin.

- **Housing Resources & Programs.** Many communities and local Housing and Redevelopment Authorities (HRAs) offer programs to promote and preserve the existing housing stock. In addition, there are various regional and state organizations that assist local communities enhance their housing stock. The following bullet points outline a variety of resources available:

### State Resources:

*Greater Minnesota Housing Fund* – The Greater Minnesota Housing Fund (“GMHF”) supports, preserves, and creates affordable housing in the 80 counties outside the core Twin



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Cities Metro Area. The GMHF provides numerous programs, financing mechanisms, technical support, and research to support production of affordable housing across Greater Minnesota.

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

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

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

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

### Regional Resources and Programs:

*Semcac:* Semcac is a Community Action Agency serving southeastern Minnesota, including Mower County. Semcac offers several Housing Rehab Programs, including:

- *Small Cities Development Program:* Semcac partners with local governments and HRAs to administer the Small Cities Development Program which provides funding for housing, public infrastructure and commercial rehabilitation projects.
- *Fix Up Fund Loan Program:* Semcac administers the Minnesota Housing Finance Agency Fix-Up Fund Loan Program. The program allows for the rehabilitation or renovation of an owner-occupied homes. Homeowners can borrow up to \$50,000 with a secured loan with a maximum repayment term of 240 months. Homeowners can receive a loan up to \$15,000 for an unsecured loan with a maximum repayments term of 120 months. The maximum household income limit for this program is \$96,500.
- *Rehab Loan Program:* The Rehab Loan Program is aimed at making homes livable, accessible and energy efficient for low-income homeowners. Improvements eligible for funding include plumbing, electrical wiring, roofing, heating, accessibility improvements and the remedy of any defect structural issues resulting in noncompliance with code requirements.

In addition to the resources available at the state and regional-level, the City of Austin can explore a toolbox of housing programs that would aid in the enhancement of the city’s

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housing stock. The following is a sampling of potential programs that could be explored and includes some programs already in place in Austin.:

- Architectural Pro Bono Assistance: Local architects and/or architectural students volunteer their time to design site plans for non-profit developers or governmental agencies to provide a baseline for developers and funders.
- Brush Pick-Up: Schedule an annual brush pick-up in the spring months so property owners can properly dispose of any trees, brush, that are removed by the local government and recycled and/or composted.
- Construction Management Services – Assist homeowners regarding local building codes, reviewing contractor bids, etc.
- Density Bonuses – Since the cost of land can be a significant barrier to housing affordability, increasing densities can result in lower housing costs by reducing the land costs per unit. Communities can offer density bonuses as a way to encourage higher-density residential development while also promoting an affordable housing component.
- Historic Preservation – Encourage residents to preserve historic housing stock in neighborhoods with turn-of-the-century character through restoring and preserving architectural and building characteristics. Typically funded with low interest rates on loans for preservation construction costs.
- Home Fair – Provide residents with information and resources to promote improvements to the housing stock. Typically offered on a weekend in early spring where homeowners can meet and ask questions to architects, landscapers, building contractors, lenders, building inspectors, Realtors, etc.
- Home-Building Trades Partnerships – Partnership between local Technical Colleges or High Schools that offer building trades programs. Affordability is gained through reduced labor costs provided by the school. New housing production serves as the “classroom” for future trades people to gain experience in the construction industry. This program is contingent on proximity to these programs.
- Home Sale Point of Sale - City ordinance requiring an inspection prior to the sale or transfer of residential real estate. The inspection is intended to prevent adverse conditions and meet minimum building codes. Sellers are responsible for incurring any costs for the inspection. Depending on the community, evaluations are completed by city inspectors or 3rd party licensed inspectors.
- Home Energy Loans – Offer low interest home energy loans to make energy improvements in their homes.
- Household and Outside Maintenance for the Elderly (H.O.M.E.) Program – Persons 60 and over receive homemaker and maintenance services. Typical services include house cleaning, grocery shopping, yard work/lawn care, and other miscellaneous maintenance requests.
- Land Banking – Land Banking is a program of acquiring land with the purpose of developing at a later date. After a holding period, the land can be sold to a developer (often at a price lower than market) with the purpose of developing affordable housing.

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- Land Trust - Utilizing a long-term 99-year ground lease, housing is affordable as the land is owned by a non-profit organization. Subject to income limits and targeted to work-force families with low-to-moderate incomes. If the family chooses to sell their home, the selling price is lower as land is excluded.
- Mobile Home Improvements – Offer low or no-interest loans to mobile home owners for rehabilitation. Establish income-guidelines based on family size and annual gross incomes.
- Property Improvement Contest – Local residents nominate properties for recognizing quality exterior property improvements, facades, landscaping, etc. Property owners who are recognized receive a prize and are highlighted in local media. Typically administered in the spring to fall months.
- Realtor Forum - Typically administered by local governments with partnership by local school board. Inform local Realtors about school district news, current development projects, and other marketing factors related to real estate in the community. In addition, Realtors usually receive CE credits.
- Redevelopment Credit – remove a substandard home with new construction
- Remodeling Advisor – Partner with local architects and/or builders to provide ideas and general cost estimates for property owners
- Rental Collaboration – Local government organizes regular meetings with owners, property managers, and other stakeholders operating in the rental housing industry. Collaborative, informational meetings that includes city staff, updates on economic development and real estate development, and updates from the local police, fire department, and building inspection departments.
- Rental License – Licensing rental properties in the communities. Designed to ensure all rental properties meet local building and safety codes. Typically enforced by the fire marshal or building inspection department. Should require annual license renewal.
- Rent to Own - Income-eligible families rent for a specified length of time with the end-goal of buying a home. The HRA or other public agency saves a portion of the monthly rent that will be allocated for a down payment on a future house.
- Senior Housing Regeneration Program - Partnership between multiple organizations that assists seniors transitioning to alternative housing options such as senior housing, condominiums, townhomes, etc.
- Tax Abatement: A temporary reduction in property taxes over a specific time period on new construction homes or home remodeling projects. Encourages new construction or rehabilitation through property tax incentives.
- Tax Increment Financing (TIF): Program that offers communities a flexible financing tool to assist housing projects and related infrastructure. TIF enables communities to dedicate the incremental tax revenues from new housing development to help make the housing more affordable or pay for related costs. TIF funds can be used to provide a direct subsidy to a particular housing project or they can also be used to promote affordable housing by setting aside a portion of TIF proceeds into a dedicated fund from other developments receiving TIF.
- Waiver or Reduction of Development Fees – There are several fees developers must pay including impact fees, utility and connection fees, park land dedication fees, etc. To

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help facilitate affordable housing, some fees could be waived or reduced to pass the cost savings onto the housing consumer.

- **Job Growth/Employment.** Historically, low unemployment rates have driven both existing home purchases and new-home purchases. Lack of job growth leads to slow or diminishing household growth, which in-turn relates to reduced housing demand. Like most areas across Minnesota, the Midwest, and U.S., the Austin unemployment rate peaked in 2009 during the Great Recession at 6.9%. This rate was lower than what many cities and counties experienced during the recession. The unemployment rate has decreased annually since 2009 and was only 3.1% as of the end of 2016. Although the low unemployment rate is generally considered positive news, a very low unemployment rate can be challenging for employers looking to add additional staff.

The Hormel Foods Corp is the largest employer in Austin, employing people across several different employment types, from salaried workers in an office setting at the Hormel Headquarters to hourly employees in meat processing. Any significant changes to the Hormel workforce will impact the demand for housing in Austin.

In addition, there are over 5,500 people who commute to Austin for work from other cities. Given the right product and price point some of these commuters could be convinced to shorten their commutes and relocate to Austin.

- **Land Banking/Land Acquisition.** Land Banking is a program of acquiring land with the purpose of developing at a later date. After a holding period, the land can be sold to a developer (often at a price lower than market) with the purpose of developing housing. The City of Austin should consider establishing a land bank to which private land may be donated and public property may be held for future housing development.

Similarly, land acquisition is a tool used by many governmental authorities to set aside land for a variety of public purposes; including new development/redevelopment, infrastructure projects, recreation, conservation, etc. Many local governments consider land acquisition and land banking as a strategy for stimulating private sector development.

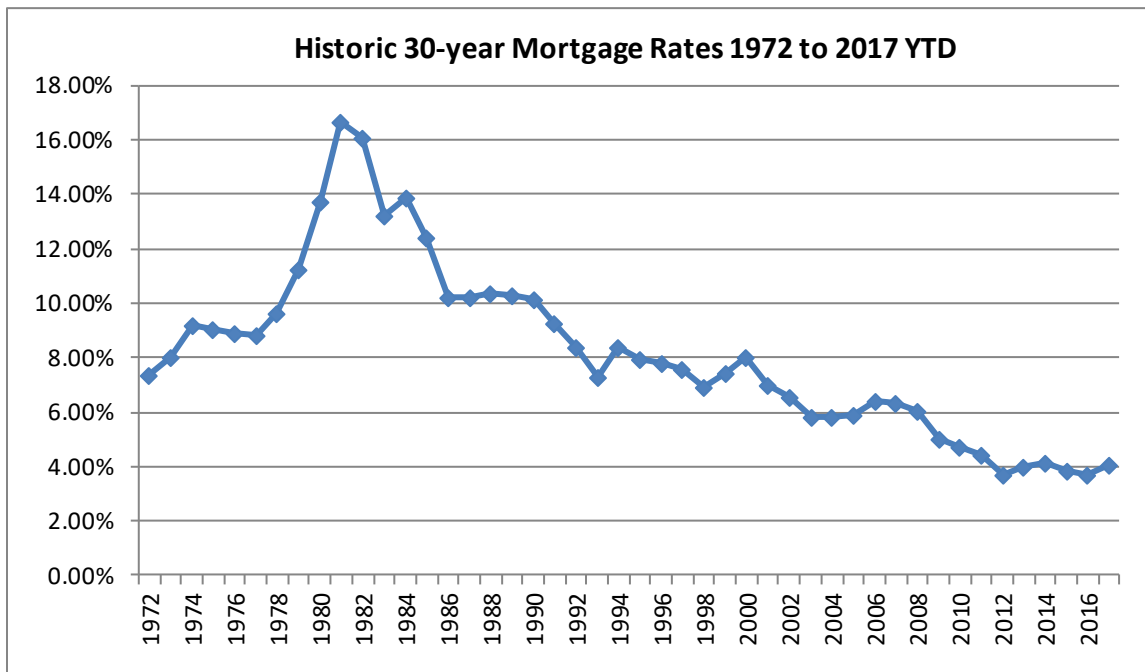
- **Lot Supply.** Table FS-6 showed an inventory of 62 vacant lots throughout the Austin Market Area in newer subdivisions. Based on this lot supply and the recent construction activity over the past five years, the current finished lot inventory is sufficient to meet short term demand.
- **Mayo Clinic Consolidation.** Mayo Clinic announced plans in July 2017 to move several services from its Albert Lea location to its Austin location, citing a \$13 million loss at the two campuses during the last two years, a provider shortage and a sharp decrease in demand for inpatient services. The intensive care unit will be transferred from Albert Lea to Austin in October 2017. Inpatient services will move to Austin in January 2018 and the behavioral health center is expected to follow in 2019. Labor and delivery services will relocate in late

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2019 or early 2020, and will be the last of the Mayo Clinic services to move to Austin from Albert Lea. According to the Minnesota Rural Health Association, the consolidation of services at Mayo Clinic sites is representative of the difficulty of rural health care throughout the country where 80 critical access hospitals have closed in rural areas in seven years.

- **Mortgage Rates.** Mortgage rates play a crucial part in housing affordability. Lower mortgage rates result in a lower monthly mortgage payment and buyers receiving more home for their dollar. Rising interest rates often require homebuyers to raise their down payment in order to maintain the same housing costs. Mortgage rates have remained at historic lows over the past several years coming out of the Great Recession. The Federal Reserve has raised the short-term interest rate only twice since the recession; however, they have hinted at rates increasing later in 2017. However, at this time it is unknown if the central bank will raise rates to head off inflation. A significant increase in rates (+1% or more; over 5% in the short term) would greatly affect the housing market and would slow projected housing demand.

The following chart illustrates historical mortgage rate averages as compiled by Freddie Mac. The Freddie Mac Market Survey (PMMS) has been tracking mortgage rates since 1971 and is the most relied upon benchmark for evaluating mortgage interest market conditions. The Freddie Mac survey is based on 30-year mortgages with a loan-to-value of 80%. The average mortgage rate for a 30-year fixed loan in 2017 has been approximately 4% through the first half of 2017.



- **Multifamily Development Costs.** It will be challenging to construct new market rate multifamily product given achievable rents and development costs. Per the *Rental Housing Section* of the report, the average rents in the Austin Market Area average about \$0.85 per square foot. Maxfield Research finds in most rural communities the average rent per square foot can easily exceed \$1.00 to \$1.10 per square foot to cover the total project and development costs. Construction costs for new multifamily housing (3-story stick frame construction) will likely average over \$110,000 per unit to develop (assuming low land costs). Development costs of this scale will likely require rents per square foot significantly higher than the existing product in Lee County. Based on these costs, it will be difficult to develop stand-alone multifamily housing structures by the private sector based on achievable rents. As a result, a private-public partnership or other financing programs will likely be required to spur development (i.e. tax abatement, TIF, etc.).
- **Rehabilitation Assistance.** Funds are available in the City of Austin, and throughout Mower County, providing a 2% loan, up to \$6,000, to cover down-payment, closing costs or rehabilitation.
- **Rental Housing.** The City of Austin began a rental registration program, which one-third of properties have registered for to date. As the registration grows, the City should consider making the list publicly available to new residents looking for a rental unit. In addition, the Austin Area Chamber of Commerce employs a “Community Concierge”. New residents can contact the concierge for help with a rental housing search. These options may help ease the rental search for new residents. However, the rental housing in Austin is lacking in amenities common in newer rental housing development, such updated interiors, community rooms, fitness centers and pools.

During conversations with property managers and employers, many noted that rental housing is typically full. Low vacancy rates limit renter choice and could make relocation difficult for new residents and employees.

- **Renovation of Existing Housing Stock (both owner and rental).** As illustrated in the *Housing Characteristics* section of this report, the median year built of all housing in the county was 1956. The largest proportion of Austin’s housing stock (30.0%) was built in the 1950s. About 35.5% of the housing stock was built pre-1940, with the next highest decade in the 1970s (17%). Only 8.5% of Austin’s housing stock was built since 2000. Because of the older housing stock, many housing units in Austin become affordable through a combination of factors such age of structure, condition, square footage, functionally obsolete, etc. Housing units that are older with low rents or low market values are considered “naturally occurring affordable housing” as the property values on these units are low.

Maxfield Research & Consulting, LLC conducted a windshield survey of homes throughout the county and found most of the homes were in adequate to good condition; but there were several older homes with minor to significant deferred maintenance. In many cases, these homes would occur on a block by block basis with deferred maintenance while all the

neighboring homes were well-maintained. Since Austin's housing stock is older, the demand for remodeling and replacement and demolition needs will continue to increase as today's consumer's desire updated features and amenities. Maxfield Research & Consulting recommends encouraging housing programs that will enhance the existing housing stock. Examples of housing programs are located in the section titled "Housing Resources and Programs" located previously. In addition, we recommend the City consider purchasing dilapidated housing structures and reposition the land for future development while enhancing neighborhoods from the removal of substandard housing units (see Demolition Programs above).

- **Tax Abatement.** Beginning August 1, 2016 and running through December 31, 2019, the City of Austin, Mower County and School District #492 are offering a five year tax abatement on the new construction value of single- and multi-family homes.
- **Vision 2020 Survey.** In 2016, Vision 2020's Business Friendly Environment Committee polled professional newcomers about housing. Key points from survey are summarized below:
  - Of survey respondents that did not live in Austin, 71% reported the reason as available housing.
  - Respondents were likely to own (60.7%) and to be satisfied with their housing (60.7%).
  - Several respondents commented that rental options were outdated.
  - When asked to identify important community amenities, 66.1% commented that the quality of the unit was important to their family.
  - Among renters, 23.2% prefer a single-family house, 16.1% prefer a condo or townhome and 10.7% prefer an apartment.

**APPENDIX**



### Definitions

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

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

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

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

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

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

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

**Assisted Living** – Assisted Living properties come in a variety of forms, but the target market for most is generally the same: very frail seniors, typically age 80 or older (but can be much

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

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

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

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

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

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

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

**Demand** – The total number of households that would potentially move into a proposed new or renovated housing project. These households must be of appropriate age, income, tenure and

size for a specific proposed development. Components vary and can include, but are not limited to: turnover, people living in substandard conditions, rent over-burdened households, income-qualified households and age of householder. Demand is project specific.

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

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

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

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

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

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

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

Fair Market Rent Mower County - 2017					
	Fair Market Rent				
	EFF	1BR	2BR	3BR	4BR
Fair Market Rent	\$480	\$569	\$756	\$987	\$1,042

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

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

**Gross Rent** – The monthly housing cost to a tenant which equals the Contract Rent provided for in the lease, plus the estimated cost of all utilities paid by tenants. Maximum Gross Rents for Mower County are shown in the figure below.

Gross Rent Mower County – 2017					
	Maximum Gross Rent				
	EFF	1BR	2BR	3BR	4BR
30% of median	\$343	\$393	\$441	\$490	\$530
50% of median	\$572	\$655	\$736	\$817	\$883
60% of median	\$687	\$786	\$883	\$981	\$1,060
80% of median	\$916	\$1,048	\$1,178	\$1,308	\$1,414
100% of median	\$1,145	\$1,310	\$1,472	\$1,635	\$1,767
120% of median	\$1,374	\$1,572	\$1,767	\$1,962	\$2,121

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Mobility** – The ease at which people move from one location to another. Mobility rate is often illustrated over a one-year time frame.

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

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

**Naturally Occurring Affordable Housing** – Although affordable housing is typically associated with an income-restricted property, there are other housing units in communities that indirectly provide affordable housing. Housing units that were not developed or designated with

income guidelines (i.e. assisted) yet are more affordable than other units in a community are considered “naturally-occurring” or “unsubsidized affordable” units. This rental supply is available through the private market, versus assisted housing programs through various governmental agencies. Property values on these units are lower based on a combination of factors, such as: age of structure/housing stock, location, condition, size, functionally obsolete, school district, etc.

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

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

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

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

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

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

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

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

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

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

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

**Senior Housing** – The term “senior housing” refers to any housing development that is restricted to people age 55 or older. Today, senior housing includes an entire spectrum of hous-

ing alternatives. Maxfield Research Consulting, LLC. classifies senior housing into four categories based on the level of support services. The four categories are: Active Adult, Congregate, Assisted Living and Memory Care.

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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