

# City of Nerstrand

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## **Introduction**

This Section provides the following information and data for the City of Nerstrand:

- ▶ Demographic data
- ▶ Existing housing inventory
- ▶ Rental housing summary
- ▶ Housing findings and recommendations

The City of Nerstrand is located in eastern Rice County near the Nerstrand State Park and is surrounded by rich agricultural land. Minnesota State Highway 246 serves as the main route through Nerstrand. Minnesota State Highways 56 and 60 are nearby.

Nerstrand's current population is 295 and the city has 108 households. Seven homes have been constructed in Nerstrand since 2000.

The City of Nerstrand has a strong economic base for a city its size including a farm implement dealership, an elevator, a meat market and catering service, a custom cabinet shop, a builder, a road contractor and several other services and businesses.

An elementary school is also located in Nerstrand, which is a great asset for the community.

# **Demographic Data Overview**

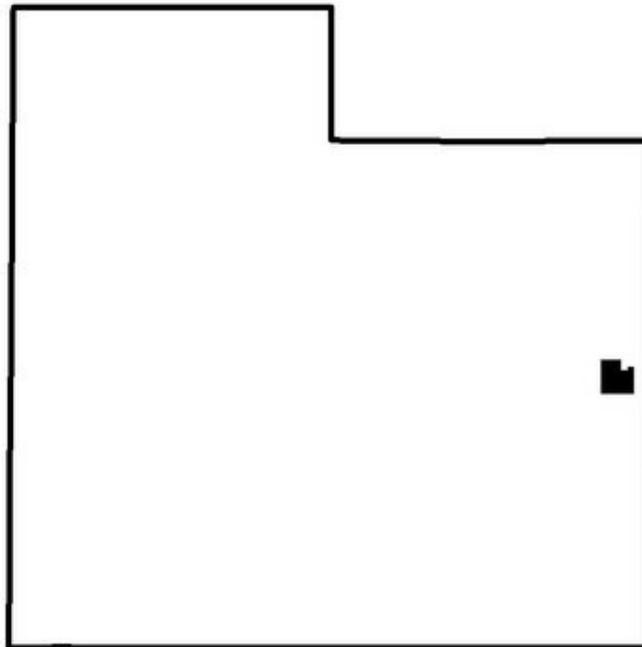
## **Demographic Data Overview**

### **Sources of Data**

The following pages contain demographic data obtained from a variety of local, state and national sources. At the time that research was completed for this Study, the Census Bureau had released 2010 Census information. However, the 2010 Census was more limited in scope than in the past. As a result, some of the demographic variables, such as income and housing cost information, are not available.

To supplement the decennial Census, the Census Bureau has created the American Community Survey, an annual sampling of households. The American Community Survey does provide detailed demographic characteristics. However, because the American Community Survey is an estimate based on sampling data, there is a margin of error that exists for each estimate. The following tables incorporate the 2010 Census data, when available, or the American Community Survey data when 2010 Census data is not available.

### **Location Within Rice County**



## Population Estimates and Trends

The following table presents the City of Nerstrand and Rice County’s population and population growth percentage for the decades from 1980 to 2010. The data was obtained from the U.S. Census Bureau.

<b>Table 1 Population Trends - 1980 to 2010</b>						
	1980 Census	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010
Nerstrand	255	210	233	11.0%	295	26.6%
Rice County	46,089	49,183	56,665	15.2%	64,142	13.2%

Source: U.S. Census

- ▶ The 2010 U.S. Census Bureau’s population data was released in March, 2011. The City of Nerstrand’s population has grown significantly over the past decade. The 2010 Census reports that Nerstrand’s population was 295 in 2010. This is a 62 person increase since 2000, or 26.6%.
  
- ▶ The City of Nerstrand disputed the 2000 U.S. Census count of 233. It was the city’s position that the city’s population was 276 in 2000. If the city’s population count is accurate, there has been a gain of 19 people from 2000 to 2010. With the lack of new construction in Nerstrand from 2000 to 2010, it appears that the city’s 2010 population count was accurate.
  
- ▶ The 2010 population for all of Rice County was 64,142. This is a gain of 7,477 people, which is a 13.2% population increase since 2000.

## Population Projections

The following table presents population level projections using three different sources. To plan for future housing needs, it is necessary to project future population changes. The 10-year growth trend is based on the rate of change between 2000 and 2010, using the 2010 Census, and projects this rate of growth forward between 2010 and 2015. The 20-year growth trend uses the same methodology, but calculates an annual growth rate from the 1990 and 2010 Census data. The third projection is from Community Partners Research, Inc., and is based on population growth and actual housing units constructed over the past five years, which reflects the recession and the downturn in the housing economy.

<b>Table 2 Population Projections Through 2015</b>				
	2010 Population	2015 Projection from 10-year growth trends	2015 Projection from 20-year growth trends	2015 Projection Community Partners Research, Inc.
Nerstrand	295	334	325	298
Rice County	64,142	68,374	69,019	66,053

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

- ▶ The projected population calculated from the 10-year growth rate for Nerstrand, estimates the city’s population to be 334 in 2015, which is an increase of 39 people. The projection based on the 20-year growth rate estimates the population to increase by 30 people by 2015.
- ▶ The 10 and 20-year growth trend population projections for Rice County estimate an increase of between 4,232 and 4,877 people by the year 2015.
- ▶ Community Partners Research, Inc.’s projection based on five-year trends was more conservative than the 10-year and 20-year trends and reflects the downturn in the housing economy. Community Partners Research, Inc. estimates that Nerstrand will gain three people and Rice County will gain 1,911 people from 2010 to 2015.

## Population by Age

The following table compares populations by age in 2000 and 2010, along with the percentage changes.

<b>Table 3 Persons by Age - 2000 - 2010</b>						
Age	City of Nerstrand			Rice County		
	2000	2010	% Change	2000	2010	% Change
0-19	82	85	3.7%	17,474	18,243	4.4%
20-24	7	11	57.1%	5,775	6,174	6.9%
25-34	35	44	25.7%	6,628	7,653	15.5%
35-44	44	43	-2.3%	8,894	8,019	-9.8%
45-54	18	42	133.3%	6,972	9,265	32.9%
55-64	17	25	47.1%	4,447	6,907	55.3%
65-74	15	23	53.3%	3,201	4,146	29.5%
75-84	12	16	33.3%	2,273	2,566	12.9%
85+	3	6	100%	1,001	1,169	16.8%
Total	233	295	26.6%	56,665	64,142	13.2%

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

- ▶ Over the last decade there were some significant percentage changes in the age make-up of the population in Nerstrand. The largest numeric gain occurred among people age 45 to 54 years old. This age group increased by 24 people, or 133.3%. The 55 to 64 and 65 to 74 age ranges gained eight people and the 25 to 34 age range added nine people from 2000 to 2010. The other age ranges, with the exception of 35 to 44, also experienced population increases.
- ▶ The 35 to 44 age range was the only age range that experienced a population decline. This age range declined by one person.
- ▶ Growth in the senior age ranges, 75 and older, were somewhat minimal with the increase of only seven people.
- ▶ Age change patterns for all of Rice County were very similar to the Nerstrand patterns. Like Nerstrand, strong growth did occur in the age ranges between 45 and 64 years old.

## Household Estimates and Trends

The following table presents the City of Nerstrand and Rice County’s number of households and household growth percentage for the decades from 1980 to 2010. The data was obtained from the U.S. Census Bureau.

<b>Table 4 Household Trends - 1980 to 2010</b>						
	1980 Census	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010
Nerstrand	90	79	80	1.3%	108	35.0%
Rice County	14,276	16,347	18,888	15.5%	22,315	18.1%

Source: U.S. Census

- ▶ The 2010 U.S. Census Bureau household data was released in March, 2011. The Census reports that the City of Nerstrand had 108 households in 2010. The city gained 28 households since the 2000 Census, which is a 35% increase.
  
- ▶ The City of Nerstrand disputed the 2000 U.S. Census count of 80. It was the city’s position that the city’s household count in 2000 was 99. If the city’s household count was accurate, there has been a gain of nine households from 2000 to 2010. With the lack of new construction from 2000 to 2010, it appears the city’s 2010 household count is accurate.
  
- ▶ Rice County had 22,315 households in 2010, an increase of 3,427 households since 2000, a gain of 18.1%.
  
- ▶ From 1990 to 2000, Nerstrand gained one household and Rice County gained 2,541 households.

## Average Household Size

The following table provides U.S. Census Bureau information on average household size.

<b>Table 5 Average Number of Persons Per Household - 1980 to 2010</b>				
	1980 Census	1990 Census	2000 Census	2010 Census
Nerstrand	2.83	2.66	2.91	2.73
Rice County	2.83	2.66	2.65	2.55

Source: U.S. Census

- ▶ In most Minnesota communities, average household size has decreased in recent decades. This has been due to household composition changes, such as more single parent families, more senior households due to longer life spans, fewer children per family, etc.
- ▶ The average household size in Nerstrand actually increased from 1990 to 2000, but between 2000 and 2010, the city’s average household size decreased. The average household size in 2000 was 2.91 and has decreased to 2.73 persons per household in 2010. Nerstrand’s average household size is larger than Rice County’s average household size.
- ▶ The average household size for all of Rice County has continued to decrease since 1980. However, the county’s average household size of 2.55 in 2010 is still relatively large, compared to most counties in Greater Minnesota.

## Household Projections

The following table presents population level projections using three different sources. The 10-year growth trend is based on the rate of change between 2000 and 2010, using the 2010 Census, and projects this rate of growth forward between 2010 and 2015. The 20-year growth trend uses the same methodology, but calculates an annual growth rate from the 1990 and 2010 Census data and projects the growth rate forward to 2015. The third projection is from Community Partners Research, Inc., and is based on household growth and actual housing units constructed over the past five years.

<b>Table 6 Household Projections Through 2015</b>				
	2010 Households	2015 Projection from 10-year trends	2015 Projection from 20-year trends	2015 Projection Community Partners Research, Inc.
Nerstrand	108	127	118	121
Rice County	22,315	24,339	24,352	23,082

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

- ▶ The 10-year and 20-year growth trend projections show that the City of Nerstrand will add between 10 and 19 households between 2010 and 2015.
- ▶ The projections based on 10-year and 20-year growth trends for all of Rice County highlight the consistent rate of household growth over the last 20 years. These projections expect the county to add between 2,024 and 2,037 new households from 2010 to 2015. On an annual average, this would equate to 404 and 407 new households per year.
- ▶ Community Partners Research, Inc.’s projection based on five-year trends was more conservative than the 10-year and 20-year trends and reflects the downturn in the housing economy. Community Partners Research, Inc. estimates that Nerstrand will gain three households and Rice County will gain 767 households from 2010 to 2015. These projections are based on actual housing construction and household growth over the past five years.

## Households by Age of Householder

The following table compares households by age of householder in 2000 and 2010, along with the percentage changes.

<b>Table 7 Households by Age - 2000 - 2010</b>						
Age	City of Nerstrand			Rice County		
	2000	2010	% Change	2000	2010	% Change
15-24	2	2	0%	1,016	1,177	15.8%
25-34	16	22	37.5%	2,974	3,219	8.2%
35-44	24	22	-8.3%	4,658	3,981	-14.5%
45-54	10	21	110.0%	3,871	4,960	28.1%
55-64	7	15	114.3%	2,524	3,944	56.3%
65-74	9	12	33.3%	1,919	2,511	30.8%
75+	12	14	16.7%	1,926	2,523	31.0%
Total	80	108	35.0%	18,888	22,315	18.1%

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

- ▶ Comparing 2000 and 2010 Census data, the City of Nerstrand added households over the last decade in all but one of the defined age range. The number of households with a head of household in the 35 to 44 year old age range declined by two households.
- ▶ The largest numeric increases occurred among households in the 45 to 54 year old range, which increased by 11 households, the 55 to 64 year old range, which increased by eight households and the 25 to 34 age range which increased by six households.
- ▶ The number of senior households in the 65 to 74 year old range increased by three households during the decade, while there was an increase of two households in the 75 and older age range.
- ▶ Patterns for all of Rice County were very similar, with the largest numeric gains occurring in the age ranges between 45 and 64 years old, and a decrease in households in the 35 to 44 year old range.

## Household Characteristics

The following table presents data on household characteristics from the 2010 Census. Data has been presented as percentages of the total households to allow for comparative analysis between the City of Nerstrand, Rice County, and the State of Minnesota.

<b>Table 8 Households by Type - 2010</b>								
	Married Couple Family		Male Householder No Wife Present		Female Householder No Husband Present		Non-Family Household	
	With Related Children	W/O Related Children	With Related Children	W/O Related Children	With Related Children	W/O Related Children	1 Person	Non-Family
Nerstrand	32.4%	40.7%	2.8%	1.9%	4.6%	1.9%	12.0%	3.7%
Rice County	22.9%	31.5%	2.9%	1.8%	6.0%	3.0%	25.9%	6.0%
Minnesota	21.2%	29.6%	2.3%	2.0%	5.9%	3.6%	28.0%	7.4%

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

- ▶ Nerstrand had significantly above average percentage of married couples with and without children when compared with county-wide and statewide averages. The city had a low percentage of one person households when compared with Rice County and the State of Minnesota.
- ▶ Rice County had a higher percentage of married couples, both with and without children, compared to the statewide percentage.
- ▶ Nerstrand’s percentages of single parent families with related children were above the statewide percentages.

## Households by Tenure

The following table provides household tenure data for the City of Nerstrand, Rice County and the State of Minnesota. The data was obtained from the 2010 U.S. Census.

<b>Table 9 Households by Tenure - 2010</b>					
	Total Occupied Units	Owned Units	Percent Owned Units	Rented Units	Percent Rented Units
Nerstrand	108	104	96.3%	4	3.7%
Rice County	22,315	16,897	75.7%	5,418	24.3%
Minnesota	2,087,227	1,523,859	73.0%	563,368	27.0%

Source: U.S. Census

- ▶ Nerstrand had a below-average rate of renter occupancy at the time of the 2010 Census. The city's rental household percentage of 3.7% is substantially below the statewide percentage of 27%.

<b>Table 10 Household Changes by Tenure - 2000 to 2010</b>						
	Owned Units			Rented Units		
	Occupied Units 2000	Occupied Units 2010	Change in Owner-Occupied	Occupied Units 2000	Occupied Units 2010	Change in Renter-Occupied
Nerstrand	74	104	30	6	4	-2
Rice County	14,710	16,897	2,187	4,178	5,418	1,240

Source: U.S. Census

- ▶ Between 2000 and 2010, Nerstrand added 30 owner households and lost two renter households. This decreased the percentage of renter occupancy from 7.6% in 2000 to 3.7% in 2010. This data is probably more reflective of owner households gained from 1990 to 2000 as it appears the 2010 U.S. Census undercounted households.
- ▶ Between 2000 and 2010, Rice County had household growth of 2,187 owner-occupied households and 1,240 renter households. This increased the percentage of renter occupancy from 22.1% in 2000 to 24.3% in 2010.

## Renter Households by Household Size

The following table examines renter households by household size in 2000 and 2010. Only renter households have been analyzed as part of the planning process for additional rental housing development.

<b>Table 11 Renter Households by Household Size - 2000 to 2010</b>						
Renter Household Size	City of Nerstrand			Rice County		
	Households in 2000	Households in 2010	Numeric Change	Households in 2000	Households in 2010	Numeric Change
1 Person	2	0	-2	1,921	2,540	619
2 Person	0	4	4	1,049	1,153	104
3 Person	0	0	0	521	677	156
4 Person	1	0	-1	390	520	130
5 Person	2	0	-2	179	293	114
6 Person	1	0	-1	69	141	72
7+ Persons	0	0	0	49	94	45
Total	6	4	-2	4,178	5,418	1,240

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

- ▶ Between 2000 and 2010, Nerstrand’s larger family renter households with four or more persons decreased by four households, which eliminated all rental households with more than four people.
- ▶ There was also a loss of two one-person households, but a gain of four two-person households.
- ▶ For all of Rice County there was significant growth in all sizes of renter households, including 619 one person households.
- ▶ Rice County also had a 361 household increase in large family households, with four or more people.

## Tenure by Age

The following table identifies home ownership or renter status by age of householder in the year 2010. Information is provided for the City of Nerstrand and for Rice County.

<b>Table 12 Households Tenure by Age - 2010</b>				
Age of Householder	City of Nerstrand		Rice County	
	Owners	Renters	Owners	Renters
15 - 24	1/50%	1/50%	254/21.6%	923/78.4%
25 -34	22/100%	0/0%	2,047/63.6%	1,172/36.4%
35 - 44	21/95.5%	1/4.5%	3,114/78.2%	867/21.8%
45 - 54	20/95.2%	1/4.8%	4,151/83.7%	809/16.3%
55 - 64	15/100%	0/0%	3,398/86.2%	546/13.8%
65 - 74	12/100%	0/0%	2,165/86.2%	346/13.8%
75-84	9/100%	0/0%	1,353/77.5%	392/22.5%
85+	4/80%	1/20%	415/53.3%	363/46.7%

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

- ▶ Household tenure by age patterns in Nerstrand show a preference for home ownership among households age 25 years old and older. The rate of home ownership among households in the 25 to 84 age ranges was in excess of 95%.
- ▶ Younger households, age 24 and under, were 50% renters, however, there are only two households in this age range. Households age 85 years old and older had a home ownership rate of 80%.
- ▶ Tenure patterns in the county also showed a strong preference for home ownership in most age ranges. For the entire county, the rate of ownership among households age 35 to 84 years old was 77.5% or greater.

## 2010 Income Data

Household income represents all independent households, including people living alone and unrelated individuals in a housing unit. Families are two or more related individuals living in a household. The American Community Survey has released 2010 income data for all Minnesota jurisdictions, thus, those estimates are used in the following table for Nerstrand, Rice County and Minnesota.

<b>Table 13 Median Household Income - 1999 to 2010</b>			
	1999 Median	2010 Median	% Increase
Nerstrand	\$41,500	\$47,244	13.8%
Rice County	\$48,651	\$57,270	17.7%
Minnesota	\$47,111	\$56,456	19.8%

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

<b>Table 14 Median Family Income - 1999 to 2010</b>			
	1999 Median	2010 Median	% Increase
Nerstrand	\$50,156	\$65,750	31.1%
Rice County	\$56,407	\$69,345	22.9%
Minnesota	\$56,874	\$70,658	24.2%

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

- ▶ The City of Nerstrand's median household income in 2010 was \$47,244, a 13.8% increase from 1999. The city's median family income was \$65,750, a 31.1% increase since 1999.
- ▶ Using the commonly accepted standard that 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in Nerstrand could afford approximately \$1,181 per month for ownership or rental housing in 2010, and a median income family could afford \$1,644 per month in 2010.
- ▶ Using the "rule of thumb" standard that a household can afford to purchase a house that is approximately 2 ½ times annual income, a median income household in the City of Nerstrand could afford a home valued at approximately \$118,110 and a median income household in Rice County could afford approximately \$143,375.

## 2009 Estimated Income and Housing Costs - Renters

The American Community Survey collects information on housing costs in addition to income. The 2009 estimates have been used, since they are more closely matched to the actual number of renter households in the city. The following table provides the number of renter households that were paying different percentages of their gross household income for housing. For comparison, the same information has been presented from the 2000 Census.

Percentage of Household Income for Housing Costs	Number of Renter Households 2009	Percent of All Renter Households 2009
0% to 19.9%	0	0%
20% to 29.9%	2	50%
30% to 34.9%	0	0%
35% or more	2	50%
Not Computed	0	0%
Total	4	100%

Source: American Community Survey

- ▶ The Census reported that two of Nerstrand’s four renter households were paying more than 35% of their income for rent. Households that pay more than 30% of their income for rent, based on accepted industry standards, have a housing cost burden.

Percentage of Household Income for Housing Costs	Number/% of Renter Households 2000	Number/% of Renter Households 2009	Numeric Change 2000 to 2009
0% to 19.9%	0/0%	0/0%	0
20% to 29.9%	2/33.3%	2/50%	0
30% to 34.9%	1/16.7%	0/0%	-1
35% or more	0/0%	2/50%	2
Not Computed	3/50.0%	0/0%	-3
Total	6/100%	4/100%	-2

Source: U.S. Census; American Community Survey

- ▶ In 2000, no renter households were paying more than 35% of their income for housing.

## 2009 Estimated Income and Housing Costs - Owners

The following table provides data on the number of owner households that are paying different percentages of their gross household income for housing costs. The 2009 American Community Survey estimates have been used, since they are more closely matched to the actual number of owner households in the city. For comparison, the same information is presented from the 2000 Census.

<b>Table 17 Ownership Costs as a Percentage of Income - Nerstrand 2009</b>		
Percentage of Household Income for Housing Costs	Number of Owner Households 2009	Percent of All Owner Households 2009
0% to 19.9%	33	25.8%
20% to 29.9%	28	21.9%
30% to 34.9%	6	4.7%
35% or more	61	47.6%
Not Computed	0	0%
<b>Total</b>	<b>128</b>	<b>100%</b>

Source: American Community Survey

- ▶ A slight majority of owner occupants, which would include households with and without a mortgage, reported paying less than 35% of their income for housing. However, 47.6% of home owners reported that they paid more than 35% of their income for housing.

<b>Table 18 Ownership Costs as a Percentage of Income - 2000 and 2009</b>			
Percentage of Household Income for Housing Costs	Number/% of Owner Households 2000	Number/% of Owner Households 2009	Numeric Change 2000 to 2009
0% to 19.9%	41/60.3%	33/25.8%	-8
20% to 29.9%	22/32.4%	28/21.9%	6
30% to 34.9%	2/2.9%	6/4.7%	4
35% or more	3/4.4%	61/47.6%	58
Not Computed	0/0%	0/0%	0
<b>Total</b>	<b>68/100%</b>	<b>128/100%</b>	<b>60</b>

Source: U.S. Census; American Community Survey

- ▶ In 2000, 4.4% of all owners reported paying 35% or more of their income for housing. By 2010, this percentage had increased significantly to 47.6% of all home owners. At the same time, the percentage of households that paid less than 20% of income for housing decreased.

# **Existing Housing Inventory**

## Existing Housing Inventory

The following table identifies the owner occupied and rental housing units by year built in the City of Nerstrand. This data was obtained from the American Community survey and from building permits.

<b>Table 19 Occupied Housing Units by Year Built - Owner/Renter</b>							
	1939 and Earlier	1940-1959	1960-1969	1970-1979	1980-1989	1990-1999	2000-2011
Nerstrand	96/0	7/0	6/4	8/0	2/0	6/0	7/0

Source: American Community Survey

The first number reflects owner-occupied units and the second number reflects rental units

- ▶ The owner-occupied housing stock in Nerstrand is significantly older than average according to the 2009 American Community Survey. The ACS identified approximately 73% of the owner-occupied housing units in 2009 as pre-1940 construction. This was significantly above the statewide average for pre-1940 housing of approximately 18%.

The following table identifies the number and type of housing units in the City of Nerstrand.

<b>Table 20 Nerstrand Occupied Housing Units by Units in Structure</b>					
	Owner-Occupied Units - 2009	Renter-Occupied Units - 2009	Total Units 2009	Unit Construction 2009-2011	Estimated Total 2011
1 Unit Detached	126	2	128	0	128
1 Unit Attached	0	0	0	0	0
2 Units	0	0	0	0	0
3-4 Units	0	0	0	0	0
5+ Units	0	0	0	0	0
Mobile Home	2	2	4	0	4
Total	128	4	132	0	132

Source: U.S. Census Building Permits

- ▶ The table above does not reflect unit demolitions that may have occurred since 2000. From 2000 to 2011, seven homes were constructed in Nerstrand. Four of the homes were constructed by Habitat for Humanity.

## **Housing Condition**

In October, 2011, Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of all of the single family/duplex houses in the City of Nerstrand. The visual survey included 102 single family/duplex structures. Houses that appeared to contain three or more residential units were excluded from the survey.

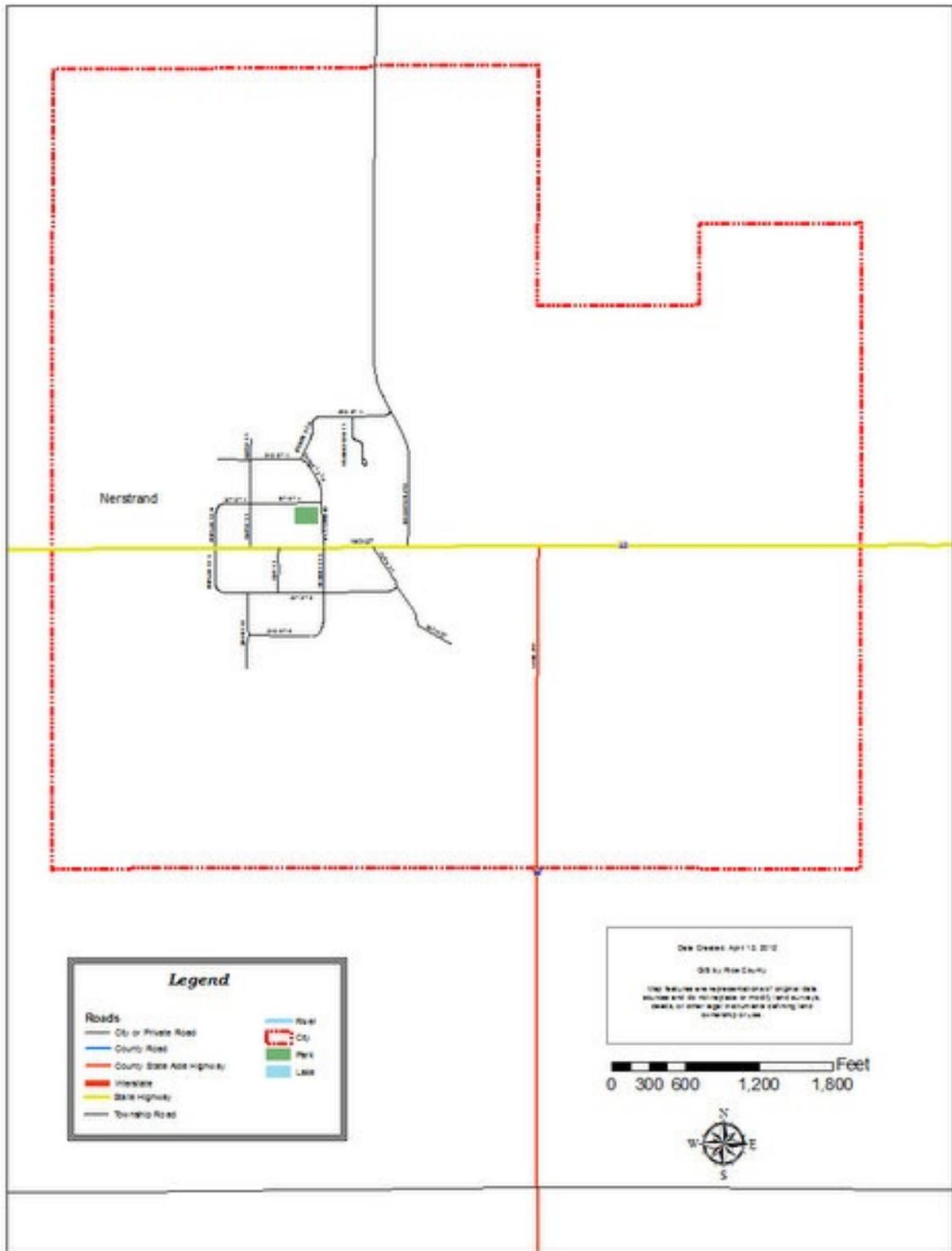
Houses were categorized in one of four levels of physical condition, Sound, Minor Repair, Major Repair, and Dilapidated as defined below. The visual survey analyzed only the physical condition of the visible exterior of each structure. Exterior condition is assumed to be a reasonable indicator of the structure's interior quality.

Dilapidated was the lowest rating used. Dilapidated houses need major renovation to become decent, safe and sanitary housing. Some dilapidated properties may be abandoned and may be candidates for demolition and clearance. Major Rehabilitation is defined as a house needing multiple major improvements such as roof, windows, sidings, structural/foundation, etc. Houses in this condition category may or may not be economically feasible to rehabilitate. Minor Repair houses are judged to be generally in good condition and require less extensive repair, such as one major improvement. Houses in this condition category will generally be good candidates for rehabilitation programs because they are in a salable price range and are economically feasible to repair. Sound houses are judged to be in good, 'move-in' condition. Sound houses may contain minor code violations and still be considered Sound.

<b>Table 21 Windshield Survey Condition Estimate - 2011</b>					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Nerstrand	52 (51.0%)	42 (41.2%)	8 (7.8%)	0 (0%)	102

Source: Community Partners Research, Inc.

- ▶ The visual condition survey found that most of the houses in Nerstrand were in good repair. Approximately 51% of the houses were rated as sound and 42% were rated as needing only minor repairs. Given the age of the single family housing stock, units have been well maintained.
  
- ▶ Approximately 8% of the houses were rated as needing major repair. No houses were considered to be dilapidated and beyond repair.



## Existing Home Sales

This section examines houses that have been sold within a recent 12-month sales period. The information used was obtained from the Rice County Assessor’s Office, through the Beacon portal on the county’s website. This website provides access to county property and tax records, including information that is used for the county’s sales ratio study for the period between October 1, 2010 and September 30, 2011.

The sales information for the city can be sorted into different reports. For its annual sales study, the county examines “good sales”, that are fair market transactions. However, information is also collected on other sales, including “bad sales” that are rejected because they are not considered to be fair market transactions. Two rejection codes include sales of “bank-owned” properties, and “forced” sales transactions, including foreclosures. Although there are other rejection codes, this Study has examined the rejected sales in the bank-owned and forced sale groupings to better understand the significant property transfer activity that has been occurring in recent years due to the distress that has existed in the for-sale real estate market.

All of the sales are for single family units, but a designation is provided for attached housing units, such as twin homes, town houses or condominiums, separate from detached single family homes.

The county’s collection of property sales information is used to compare the fair market sales price to the estimated taxable value. As a result, the county information for good sales primarily reflects existing home sales that have an established tax value. New construction sales activity would generally not be recorded in the data that was used for this analysis, unless the house had been constructed some time ago and did have an established tax value.

<b>Table 22 Nerstrand Residential Sales Activity - 2011 Sales Year</b>				
Unit by Type	Number of Good Sales	Median Sale Price	Highest Sale	Lowest Sale
Single Family Detached	2	\$140,500	\$142,000	\$139,000

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

Only two good sales were identified in the county reports. The calculated median price for a single family “good” house sale in Nerstrand in 2011 was \$140,500, based on the two sales of \$142,000 and \$139,000. However, with only two owner-occupancy, single family detached home sales during this 12-month time period, it is very possible that the small sample does not accurately reflect overall home pricing in the city.

## **Forced Sales Activity in 2011**

There were some additional 2011 sales that were not viewed as “good” sales, representing fair market transactions. The county’s reporting system uses various subcategories for “bad” sales, including one group labeled “forced sale; legal action; auction; foreclosure” and another group labeled “bank sale (including HUD)”. For the purposes of this discussion, “bad” sales in these two classifications will be referred to as distressed sales.

For the 2011 sales year, Nerstrand appears to have had many more distressed sales than “good” sales. Actual analysis of the distressed sales is somewhat difficult, because a single property may be reflected multiple times within a single year, as it transfers from the original owner to a bank, and then may be possibly resold by the bank. The analysts have attempted to remove duplicate sales records for a single property in a single year. It is still possible that a single property is reflected twice, by spanning two different sales years.

After deleting multiple transfers of a single property in a single year, there were five single family detached houses that transferred ownership in the 2011 sales year, compared to only two “good” single family sales.

## Median Home Sale Price Trends

The county’s website also allows a tracking of sales activity in previous years. The following table uses the 12-month sales period used by the county Assessor, starting October 1<sup>st</sup> and ending September 30<sup>th</sup> for each year.

<b>Table 23 Nerstrand Median Residential Sale Price - 2004 to 2011</b>		
Sales Year	Single Family Detached	
	Number of Good Sales	Median Sale Price
2011	2	\$140,125
2010	1	\$179,000
2009	1	\$125,400
2008	2	\$198,080
2007	9	\$132,500
2006	5	\$153,900
2005	4	\$125,500
2004	7	\$150,350
2003	14	\$129,900
2002	3	\$124,300

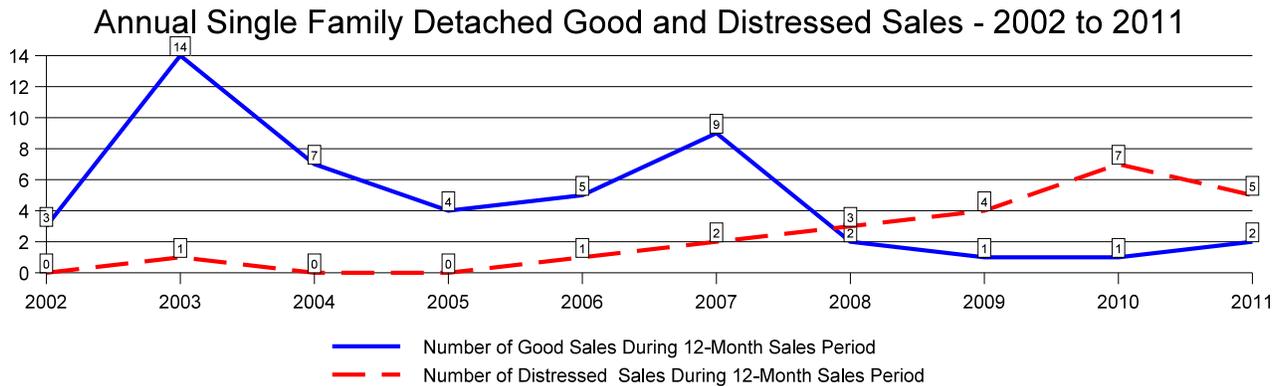
Source: Rice County Assessor; Community Partners Research, Inc.

In many years there have been only a few residential sales in Nerstrand and the median sale prices reflected by annual sales may not be a good indicator of overall home values. This is especially true since 2008, as only one or two sales have been occurring annually. In years with only a limited number of sales, the actual or extrapolated median could have changed significantly with the addition or subtraction of a single sale.

In the years when more sales were present, the median was generally in a range between \$129,000 and \$151,000.

Multiple reasons are cited for the drop in home values across the country in recent years, but the number of transactions that are distressed sales is a contributing cause. Houses that are sold through foreclosure, short-sales, or similar distressed means can negatively impact the voluntary sales that would otherwise occur.

The following chart looks at the number of single family detached, owner-occupancy home sales in Nerstrand over the past 10 years, including both good sales and distressed sales. The distressed sales include the two categories defined above, which are bank-owned sales, and forced sales.



During the earlier years of the past decade, the number of annual distressed sales was relatively small, due to limited foreclosures, bank-owned sales, and similar forced transactions. However, the volume of distressed sales began to increase in 2008, and the county recorded more distressed single family sales than good sales in Nerstrand.

### **Active Residential Listings**

The website Realtor.com, maintained by the National Association of Realtors, was used to collect information on active residential real estate listings in Nerstrand. On December 27, 2011, there were six homes listed for sale in Nerstrand. It is possible that some of the Nerstrand listings were actually located outside the city limits.

It is important to note that the active properties are those included in the Multiple Listing Service (MLS) and would generally be offered through a real estate agent. There are other properties that are posted for sale in Nerstrand that would not be part of the MLS, and therefore are not included in this analysis, such as most homes being offered “for sale by owner”.

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

<b>Table 24 Nerstrand Active MLS Listings by Price Range - 2011</b>		
Asking Price	Number of Listings	Percent of Listings
Less than \$100,000	1	16.7%
\$100,000 - \$124,999	0	0%
\$125,000 - \$149,999	2	33.3%
\$150,000 - \$174,999	0	0%
\$175,000 - \$199,999	1	16.7%
\$200,000 - \$224,999	0	0%
\$225,000 - \$249,999	0	0%
\$250,000 - \$274,999	0	0%
\$275,000 - \$299,999	1	16.7%
\$300,000+	1	16.7%
<b>Total</b>	<b>6</b>	<b>100%</b>

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

There were only four houses listed on Realtor.com in late December. Two of these houses were priced below \$125,000 and two were above \$175,000.

## **Rice County Home Foreclosure Activity**

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

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

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

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

<b>Table 25 Rice County Home Foreclosures - 2005 to 2011</b>							
	2005	2006	2007	2008	2009	2010	2011
Number of foreclosures	79	147	237	298	299	349	268
Rate of foreclosures	0.44%	0.80%	1.25%	1.56%	1.55%	1.80%	1.38%

Source: HousingLink; Community Partners Research

HousingLink reported a rapid rise in the countywide home foreclosure volume since 2005 in Rice County. After stabilizing in 2008 and 2009, the number of foreclosures increased again in 2010. However, the number of foreclosures in 2011 dropped, compared to 2010, and was below the 2008 level.

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

For comparative purposes, Rice County had the 14<sup>th</sup> highest rate of foreclosure among Minnesota's 87 counties in 2011.

## **RealtyTrac Listings**

Another source of information that is often cited for national stories on home foreclosures is RealtyTrac, Inc., a private company that has been tracking and reporting on foreclosure activity and bank-owned real estate across the country.

In December 2011, Community Partners Research viewed the RealtyTrac website. There was one bank-owned property that was identified in Nerstrand. There was also one trustee-sale property listed for auction. It is possible that these properties may have had a Nerstrand mailing address, but may be located outside of the city limits.

RealtyTrac also reports on past foreclosure activity. They report 18 home foreclosures in the Nerstrand zip code area (55053) between 2006 and 2011. RealtyTrac reports that seven of the foreclosures occurred in 2009, the single largest year for volume. The number of foreclosures dropped to five in 2010, and four in 2011.

The RealtyTrac information also reports activity in January 2012, with one foreclosure in the zip code area.

# **Rental Housing Summary**

## **Rental Housing Summary**

The City of Nerstrand has a below-average supply of rental housing units. At the time of the 2010 Census, four of the occupied housing units in the city were renter-occupied. This represented 3.7% of all occupied units in Nerstrand. The Minnesota statewide average for rented housing in 2010 was 27%.

Since 2000, no new rental housing units have been constructed in Nerstrand. Since the 2000 Census, the percentage of rental housing has decreased from 7.5% in 2000 to 3.7% in 2010.

### **Rental Housing Survey**

As part of this housing study, we attempted to contact the owners or managers of all of the multifamily buildings with four or more units in the city. For purposes of new unit construction, it was assumed that most future development would be oriented toward larger buildings and developments, and properties with four or more units offer the best comparison.

There are no multifamily units in Nerstrand, thus, no survey was completed. The four rental units in Nerstrand are in single family homes.

# **Nerstrand - Summary of Growth Trends and Projections**

## **Findings on Growth Trends**

According to the 2010 U.S. Census and the City of Nerstrand's 2000 population and household estimates, the City of Nerstrand's population increased from 276 to 295 people from 2000 to 2010. This is a gain of 19 people, which is a 9.4% increase. Nerstrand also gained nine households from 2000 to 2010, a 9.2% increase. Rice County gained 7,477 people and 3,427 households from 2000 to 2010.

Community Partners Research, Inc., is projecting that the City of Nerstrand will gain five to 10 people and two to four households from 2010 to 2015. Rice County is projected to gain 1,798 to 2,023 people and 705 to 829 households from 2010 to 2015.

## **Rice County Growth Projections by Age Group**

In addition to forecasts on overall household growth, there is projection information available on the changes expected by age of households in Rice County. As part of the research for this study, we have examined information on age patterns and population data from the 2010 U.S. Census. With this data, Community Partners Research, Inc. has calculated age-based projections from 2010 to 2015.

The following projections are for all of Rice County as this information is not available for the small cities in Rice County:

<u>Age Range</u>	<u>Projected Change in Households 2010 to 2015</u>
15 to 24	-36 to -41
25 to 34	-71 to -86
35 to 44	119 to 138
45 to 54	-437 to -457
55 to 64	437 to 456
65 to 74	551 to 565
75 to 84	169 to 178
85 and Older	<u>33 to 37</u>
Total	725 to 830

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

# **Nerstrand - Strengths and Barriers for Housing Development**

## Strengths for Housing Development

The following strengths of the community were identified through statistical data, previous research and on-site review of the local housing stock. These strengths are consistent with the strengths that were identified for Nerstrand in the 2005 Study.

- ▶ **Nerstrand is located within commuting distance of Faribault, Northfield and Kenyon** - Although Nerstrand does not have a large number of employment opportunities within the city limits, the city is located in close proximity to Faribault and Northfield which are Rice County's two major employment, service, commercial and entertainment centers. Kenyon, which has employment opportunities, is also within a short commuting distance.
- ▶ **Tourism and natural amenities** - Nerstrand is located adjacent to the Nerstrand Big Woods and Nerstrand State Park which is a popular tourism/recreation destination. This helps the local economy.
- ▶ **Strong economic and employment base for a city its size** - Nerstrand, a city with a population of 295, has an implement dealership, a bank, a grain elevator, a meat market and catering business, a custom cabinet shop, a road contractor, a builder and several other services and businesses. This is an impressive and diversified employment and commercial base for a small city.
- ▶ **Condition of existing housing stock** - The condition of the housing stock is very good. Approximately 93% of the existing homes are sound or need only minor rehabilitation. No existing homes were rated as dilapidated and beyond repair.
- ▶ **Affordable existing housing stock** - Some of Nerstrand's housing stock is high quality and affordable.
- ▶ **Success with housing development** - In the mid 1990's, the city made low cost residential lots available for \$5,000 including assessments. Twelve new homes have been constructed and the development was very successful. Over the past several years, four Habitat for Humanity homes were constructed in the City of Nerstrand.
- ▶ **Located in prime agricultural area** - Nerstrand is surrounded by prime agricultural land. This has historically created an economic base for the community.

- ▶ **Nerstrand Elementary School** - Nerstrand has a K-5 elementary school, which is a strong focal point for the community. The school makes Nerstrand a desirable location for families with school age children.
- ▶ **Active city involvement in housing** - The city has in the past taken an active role in the preservation and development of housing. The city has implemented Small Cities grants and played an active role in new housing development.
- ▶ **Small town atmosphere** - Nerstrand is a small town with the real and perceived amenities of a small town. This small town living is attractive to some households.
- ▶ **Families with children** - According to the census, more than 39% of Nerstrand's households are families with children. This is a significantly higher percentage than most Minnesota cities.

## **Barriers or Limitations to Housing Activities**

Our research also identified the following barriers, or limitations, that hinder or prevent certain housing activities in the City of Nerstrand.

- ▶ **Competition with Faribault, Northfield and Kenyon** - Nerstrand is in close proximity to Faribault, Northfield, and Kenyon, all of which have more employment, service, and housing opportunities. Although this was identified as a strength, it can also be a barrier. The amenities the larger cities have to offer will remain the preference of most households.
- ▶ **Lack of land for development** - The City of Nerstrand has very little land available for future development. The city is landlocked by agricultural land which would be difficult to annex into the city for development purposes.
- ▶ **Limited number of rental properties** - Nerstrand has only a few rental units. These units are in single family homes. Although a high rate of owner-occupied housing is a strength, a better balance of owner-occupied and rental housing would provide options for households that have a desire to live in the community, but are unwilling or unable to purchase their housing.
- ▶ **Lack of support services** - Nerstrand has only limited support for certain types of housing, especially senior housing. Support services are simply not available for individuals and households that need them.
- ▶ **Lack of lots** - Currently, the only residential lots available for new construction in Nerstrand are infill lots.

# **Nerstrand - Recommendations and Opportunities**

## **Recommendations, Strategies and Housing Market Opportunities**

Based on the research contained in this study, and the housing strengths and barriers identified above, we believe that the following recommendations are realistic options for Nerstrand. They are based on the following strategies:

- ▶ **Be realistic in expectations for housing development** - Large-scale residential growth has not occurred in the recent past and is not likely to occur in the near future. The scale of activities proposed for the future should be compatible with the city's potential for growth.
- ▶ **Build on past successes** - The City of Nerstrand has been successful with its housing development and with the implementation of the Small Cities Development Program.
- ▶ **Protect the city's existing housing stock** - As a bedroom community, the city's future will be heavily dependent on its appeal as a residential location. The condition of the existing housing stock is a major factor in determining the city's long term viability. The existing stock is in good condition and the city's major asset, however, continued rehabilitation efforts are needed to continue to preserve the housing stock.
- ▶ **Protect the city's existing assets and resources** - Nerstrand has many assets not normally associated with a city its size including the elementary school, employment opportunities, a Downtown Commercial District, etc. These are strong assets that make Nerstrand a desirable community to live in, and are key components to the city's long term success and viability. These assets must be protected and improved.
- ▶ **Develop a realistic action plan with goals and time lines** - In the past the city has been involved in housing issues. The city should prioritize its housing issues and establish goals and time lines to achieve success in addressing its housing needs.
- ▶ **Access all available resources for housing** - In addition to the local efforts, the city has other local resources to draw on including the Rice County HRA, Three Rivers Community Action, Inc. and the local Rural Development Office. These resources should be accessed as needed to assist with housing activities.
- ▶ **New housing development generally will not occur without proactive community involvement** - Housing development has included public involvement. To attract new home or apartment construction in the City of Nerstrand, subsidies or some other form of financial assistance will be needed from the City of Nerstrand.

## Summary of Findings/Recommendations

The findings/recommendations for the City of Nerstrand have been formulated through the analysis of the information provided in the previous sections and include a total of seven recommendations divided into the following five categories:

- ▶ **Rental Housing Development**
- ▶ **Home Ownership**
- ▶ **Single Family New Construction**
- ▶ **Housing Rehabilitation**
- ▶ **Other Housing Initiatives**

The findings/recommendations for each category are as follows:

<b>Findings and Recommendations for the City of Nerstrand</b>	
<b>Rental Housing Development</b>	
1.	Develop four general occupancy market rate rental units
<b>Home Ownership</b>	
2.	Utilize and promote all programs that assist with home ownership
3.	Develop a Purchase/Rehabilitation Program
<b>New Construction</b>	
4.	Lot availability and development
<b>Housing Rehabilitation</b>	
5.	Promote owner-occupied housing rehabilitation programs
<b>Other Housing Initiatives</b>	
6.	Create a plan and continue coordination among housing agencies
7.	Promote commercial/rehabilitation and commercial development

# **Nerstrand - Rental Development Recommendation**

**1. Develop four general occupancy market rate rental units**

**Findings:** The City of Nerstrand does not have a market rate general occupancy rental project. We recommended the construction of market rate rental units in both the 2000 and 2005 housing studies. According to the 2010 U.S. Census, there are only four rental units in the City of Nerstrand.

There continues to be a need for quality market rate rental units in the City of Nerstrand.

The first option to developing market rate rental housing would be to encourage a private developer to undertake the project. The developer of the project should seek financial assistance to keep rents affordable including land donations and city incentives such as tax increment financing. If a private developer does not come forward, an area housing agency could construct the market rate units.

**Recommendation:** We recommend the development of four market rate rental housing units. A twin home or townhome style unit would be the preferred style, to cater to active renter households. However, another option is to construct a high quality four-plex that includes state of the art amenities.

We encourage the city and Rice County HRA to use TIF funds or any other resources possible to reduce rents which will make the units affordable to a broader market.

We recommend that the unit mix and rents should be as follows:

**Recommended unit mix, sizes and rents for the Nerstrand Market Rate Housing Project:**

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
Two Bedroom	4	1,000- 1,100	\$750 - \$800

**Note:** The recommended rents are quoted in 2011 dollars, but exclude electricity and garage. We recommend garage rent of \$30 to \$35 per month.

# **Nerstrand - Home Ownership Recommendations**

## **2. Utilize and promote all programs that assist with home ownership**

**Findings:** Home ownership is generally the preferred housing option for most households and most communities. The demographic make-up of Nerstrand is conducive to the promotion of home ownership opportunities, although the demand will be limited because of the limited number of homes in the community. There are a number of strategies and programs that can be used to promote home ownership in Nerstrand. The area's housing agencies and financial institutions can assist with this effort.

First time home buyer assistance, down payment assistance, low interest loans, gap financing and home ownership training programs help to address affordable housing issues. With the city's median home value at approximately \$140,500, many of the homes in the existing housing stock in Nerstrand are valued under purchase price limits for first-time home buyer assistance programs, which is currently \$237,031.

Home ownership counseling and training programs can also play a significant role in helping marginal buyers achieve home ownership. To become homeowners and/or to remain homeowners, many households need financial counseling to improve their credit score, to save for a down payment and to properly budget household income.

While these individual home ownership assistance programs may not generate a large volume of new ownership activity, the combination of below market mortgage money, home ownership training, credit counseling, and down payment assistance may be the mix of incentives that moves a potential home buyer into home ownership.

**Recommendation:** The City of Nerstrand and area housing agencies, such as Three Rivers Community Action, Inc., and the Rice County Housing and Redevelopment Authority, should utilize all available home ownership assistance programs to promote home ownership. The city, in coordination with other Rice County cities, should also explore the possibility of obtaining specific program set-asides for home ownership programs from the Minnesota Housing Finance Agency. Specific set-asides will offer multiple advantages, including a dedicated pool of funds, the opportunity for higher participation limits for income and purchase price, and the flexibility for more local design and control. Mortgage programs should also be developed that include all households and not just first time home buyers to encourage trade-up housing activity. Currently, the Rice County HRA is accessing the Minnesota Cities Participation Program, which provides low interest loans to Rice County households.

The city could work with the area's housing agencies to develop programs that provide financial assistance for households to purchase a home and to assure the City of Nerstrand is receiving its share of resources that are available in the region. Area financial institutions should also continue to have a significant role in assisting households with purchasing a home. Rural Development works with local financial institutions to provide first time home buyer assistance.

Funding sources for home ownership programs include Rural Development, the Minnesota Housing Finance Agency, Fannie Mae, the Federal Home Loan Bank and the Greater Minnesota Housing Fund.

### **3. Develop a Purchase/ Rehabilitation Program**

**Findings:** Nerstrand has a limited stock of older, lower valued homes, some of which need repairs. As some of the lower valued homes come up for sale, they may not be attractive options for potential home buyers because of the amount of repair work that is required.

Several Minnesota cities have developed and implemented a Purchase/Rehabilitation Program, including the cities of Faribault, Northfield and Bemidji. Under the program, an area housing agency purchases an existing home that needs rehabilitation, rehabilitates the home, sells the home to a low income family and provides a mortgage and a monthly payment that are affordable for the family. The Purchase/Rehabilitation Program accomplishes many community goals, including the promotion of home ownership for lower income people, and the rehabilitation of substandard homes.

In many cases, the cost of acquisition and rehab will exceed the house's after-rehab value. Although a public subsidy may be involved, the cost to rehab and sell an existing housing unit is generally lower than the subsidy required to provide an equally affordable unit through new construction.

A program could also be developed to provide mortgage funds directly to households for the purchase and rehabilitation of substandard existing homes.

**Recommendation:** We recommend that the City of Nerstrand work with an area housing agency to develop and implement a rehab/purchase program for existing houses. Area housing agencies and financial institutions could assist by offering some rehabilitation assistance in conjunction with first-time buyer programs to make the city's older housing a more attractive option for potential home buyers. Other potential funding sources include Rural Development, the Minnesota Housing Finance Agency, the Minnesota Small Cities Development

Program, Federal Home Loan Bank funds and the Department of Housing and Urban Development.

Attitudinal surveys that we have conducted in other cities have found that purchase/rehabilitation programs are appealing to people who are currently renting their housing. More than 80% of survey respondents who were renters indicated an interest in buying a home in need of repair if rehabilitation assistance was available.

# **Nerstrand - New Housing Construction Recommendation**

#### **4. Lot Availability and Development**

**Findings:** The City of Nerstrand has experienced limited single family housing construction in recent years. Over the past 12 years, from 2000 to 2011, seven single family homes have been constructed in Nerstrand.

It is our opinion that with the small size of the community, the oversupply of buildable lots in the surrounding communities, and the lack of lots in Nerstrand, the construction of one home over the next five years would be a success.

In the mid 1990s, the City of Nerstrand developed a subdivision. Twelve homes were constructed in the subdivision. With the success of the subdivision, we recommended the development of another subdivision in the 2005 Study. The city did not develop a second subdivision. With the downturn in the economy, and lack of demand for lots, we are not recommending the development of a second subdivision in the 2012 Study.

There are several miscellaneous infill lots scattered around the city. We do not know the availability of some of these infill lots.

**Recommendation:** We use a standard that a 2 ½ year supply of lots should be available in the marketplace, based on annual lot usage. Using our projections that one new house will be constructed over the next five years, the city's infill lots can meet demand.

# **Nerstrand - Housing Rehabilitation Recommendation**

## **5. Promote owner-occupied housing rehabilitation programs**

**Findings:** The affordability and quality of the existing housing stock in Nerstrand will continue to be the major attraction for families that are seeking housing in the area. Investment in owner-occupied housing rehabilitation activities will be critical to offering affordable housing opportunities.

Our 2011 housing condition survey rated the 102 single family homes in the city. Our survey found that 42 homes need minor repairs and eight homes need major repairs. Without rehabilitation assistance, there is the potential that the affordable housing stock will shrink in the City of Nerstrand.

In the past, the City of Faribault Community Development staff and the Rice County HRA have administered housing rehabilitation programs in the City of Nerstrand. Three Rivers Community Action, Inc., is currently administering the weatherization and MHFA rehabilitation programs in Nerstrand and Rice County.

**Recommendation:** We recommend that the City of Nerstrand and area housing agencies continue to identify and apply for funds to develop an ongoing housing rehabilitation program. Rural Development, the Minnesota Housing Finance Agency, the Federal Home Loan Bank and the Minnesota Small Cities Development Program are all potential funding sources.

# **Nerstrand - Other Housing Initiatives**

## **6. Create a plan and continue coordination among housing agencies**

**Findings:** The City of Nerstrand needs staff resources to plan and implement the housing recommendations advanced in this study. The city has access to the Rice County Housing and Redevelopment Authority and Three Rivers Community Action, Inc. The city also has access to the Minnesota Housing Finance Agency and the USDA Rural Development Office. These agencies all have experience with housing and community development programs.

**Recommendation:** The City of Nerstrand is fortunate to have access to several agencies that can address housing needs. It is our recommendation that the city work with the housing agencies to prioritize the recommendations of this study and to implement housing programs in Nerstrand.

It will also be important for the city to look for opportunities to work cooperatively with other Rice County cities to address housing issues. With the number of small cities in the county, and limited staff capacity at both the city and county level, cooperative efforts may be the only way to accomplish certain projects. Cooperative efforts will not only make housing projects more practical, but they will often be more cost-effective and competitive.

## **7. Promote Commercial Rehabilitation and Development**

**Findings:** There are several substandard commercial buildings in the City of Nerstrand.

When households are selecting a city to purchase a home in, they often determine if the city's commercial sector is sufficient to serve their daily needs. A viable commercial district is an important factor in their decision making process.

**Recommendation:** We recommend that the City of Nerstrand coordinate with the Rice County Economic Development Department and HRA to work with commercial property and business owners to rehabilitate their buildings. Also, new businesses should be encouraged to locate in Nerstrand.

The Rice County HRA should be encouraged to apply for SCDP funds and seek other funding sources to rehabilitate commercial buildings. A goal of one commercial rehab project every three years in the City of Nerstrand would be a realistic goal.