

City of Lonsdale

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Introduction

This section provides the following information and data for the City of Lonsdale:

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

The City of Lonsdale is located in Northwestern Rice County on Minnesota State Highway 19, six miles west of Interstate 35. Lonsdale's current population is 3,674, which is a population increase of 146.4% since 2000, and the city has 1,277 households.

From 2000 to 2011, 872 housing units were constructed in Lonsdale including 735 single family detached homes, 81 twinhome/townhouses and 56 senior rental units.

Lonsdale is served by two school districts, Tri-City United and New Prague.

Demographic Data Overview

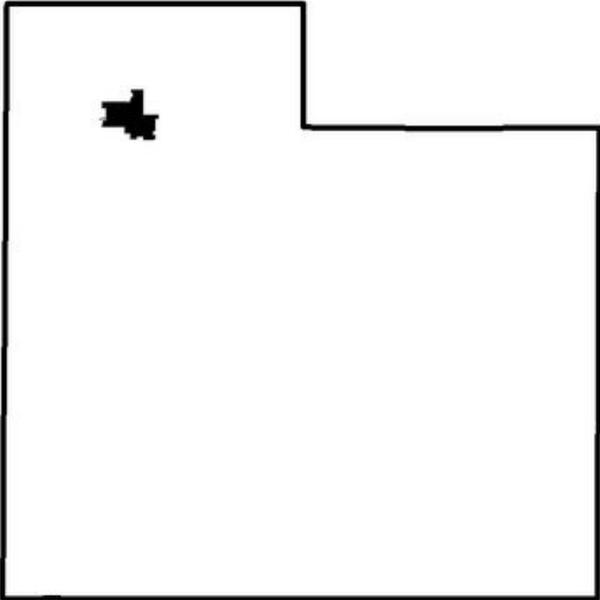
Demographic Data Overview

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. The American Community Survey estimates were derived from five-year sampling, obtained between 2006 and 2010.

Location in Rice County



Population Estimates and Trends

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

Table 1 Population Trends - 1980 to 2010						
	1980 Census	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010
Lonsdale	1,160	1,252	1,491	19.1%	3,674	146.4%
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. Lonsdale’s population grew substantially over the past decade. The 2010 Census reports that Lonsdale’s population was 3,674 in 2010. This is a 2,183 person increase since 2000, or 146.4%. This growth rate is significantly higher than Lonsdale’s growth from 1990 to 2000. From 1990 to 2000, Lonsdale gained 239 people, an increase of 19.1%.

- ▶ 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. From 1990 to 2000, Rice County gained 7,482 people, an increase of 15.2%.

Population Projections

The following table presents population level projections using three different sources. To plan for future housing needs and issues, it is necessary to project future population growth and 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 accounts for the impact the downturn in the economy has had on the local housing market and ultimately population growth.

Table 2 Population Projections Through 2015				
	2010 Census	2015 Projection from 10-year growth trends	2015 Projection from 20-year growth trends	2015 Projection Community Partners Research, Inc.
Lonsdale	3,674	6,364	5,451	4,047
Rice County	64,142	68,374	69,019	66,053

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

- ▶ The population projection, calculated from the 10-year growth rate for Lonsdale, estimates the city’s population to be 6,364 in 2015, which is an increase of 2,690 people. The projection based on the 20-year growth rate estimates the population to increase by 1,777 people to 5,451 people by 2015.

- ▶ The 10-year and 20-year growth trend population projections for Rice County estimate an increase of between 4,232 and 4,877 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 Lonsdale will gain 373 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.

Table 3 Persons by Age - 2000 to 2010						
Age	City of Lonsdale			Rice County		
	2000	2010	% Change	2000	2010	% Change
0-19	463	1,296	179.9%	17,474	18,243	4.4%
20-24	101	172	70.3%	5,775	6,174	6.9%
25-34	243	814	235.0%	6,628	7,653	15.5%
35-44	254	626	146.5%	8,894	8,019	-9.8%
45-54	150	361	140.7%	6,972	9,265	32.9%
55-64	97	225	132.0%	4,447	6,907	55.3%
65-74	77	109	41.6%	3,201	4,146	29.5%
75-84	78	57	-26.9%	2,273	2,566	12.9%
85+	28	14	-50.0%	1,001	1,169	16.8%
Total	1,491	3,674	146.4%	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 Lonsdale. Several age ranges experienced significant population growth. The largest numeric gain occurred among people age 0 to 19. This age group increased by 833 people, or 179.9%. The 25 to 34 age range increased by 571 people, a 235% gain. The 35 to 44, 45 to 54 and 55 to 64 age ranges also experienced significant population increases.
- ▶ The 75 to 84 and 85 and older age ranges were the only age ranges that experienced population declines. The 75 to 84 age range decreased by 21 people and the 85 and older age range decreased by 14 people over the past decade.
- ▶ Rice County also experienced growth in all age ranges with the exception of the 35 to 44 age range which decreased by 875 people.

Household Estimates and Trends

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

Table 4 Household Trends - 1980 to 2010						
	1980 Census	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010
Lonsdale	390	437	560	28.2%	1,277	128.0%
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 Lonsdale had 1,277 households in 2010. The city gained 717 households since the 2000 Census, which is a 128% increase.

- ▶ 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, Lonsdale gained 123 households and Rice County gained 2,541 households.

Average Household Size

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

Table 5 Average Number of Persons Per Household - 1980 to 2010				
	1980 Census	1990 Census	2000 Census	2010 Census
Lonsdale	2.97	2.85	2.62	2.87
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 Lonsdale decreased from 1990 to 2000, but between 2000 and 2010, the city’s average household size increased substantially. The average household size in 2000 was 2.62 and has increased to 2.87 persons per household in 2010.
- ▶ 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 this rate of growth 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.

Table 6 Household Projections Through 2015				
	2010 Households	2015 Projection from 10-year growth trends	2015 Projection from 20-year growth trends	2015 Projection Community Partners Research, Inc.
Lonsdale	1,277	2,095	1,891	1,407
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 Lonsdale will add between 614 and 818 households from 2010 to 2015.
- ▶ The projections for all of Rice County are very similar and 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 to 407 new households per year.
- ▶ Community Partners Research, Inc.’s household projections based on five-year trends are more conservative than the 10-year and 20-year trends, and reflect the downturn in the housing economy. Community Partners Research, Inc. estimates that Lonsdale will gain 130 households and Rice County will gain 767 households from 2010 to 2015. These projections are based on actual housing construction and estimated 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.

Table 7 Households by Age - 2000 - 2010						
Age	City of Lonsdale			Rice County		
	2000	2010	% Change	2000	2010	% Change
15-24	35	56	60.0%	1,016	1,177	15.8%
25-34	125	418	234.4%	2,974	3,219	8.2%
35-44	142	337	137.3%	4,658	3,981	-14.5%
45-54	90	214	137.8%	3,871	4,960	28.1%
55-64	51	130	154.9%	2,524	3,944	56.3%
65-74	48	67	39.6%	1,919	2,511	30.8%
75+	69	55	-20.3%	1,926	2,523	31.0%
Total	560	1,277	128.0%	18,888	22,315	18.1%

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

- ▶ Comparing 2000 and 2010 Census data, the City of Lonsdale added households over the last decade in all but one of the defined age ranges. The number of households with a head of household in the 75 and over age range declined by 20.3%.
- ▶ The largest numeric increases occurred among households in the 25 to 34 year old range, which increased by 293 households, the 35 to 44 year old range, which increased by 195 households and the 45 to 54 age range which increased by 124 households.
- ▶ Rice County experienced household gains in all but one age range with the largest numeric gains occurring in the age ranges between 45 and 64 years old. There was a decrease of 677 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 Lonsdale, Rice County, and the State of Minnesota.

Table 8 Households by Type - 2010								
	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
Lonsdale	38.3%	26.1%	4.2%	1.1%	5.2%	1.6%	16.6%	6.9%
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: 2010 Census; Community Partners Research, Inc.

- ▶ Lonsdale had a much higher percentage of couples with children and a lower percentage of couples without children when compared with countywide and statewide averages. The city had a low percentage of one person households when compared with Rice County and the State of Minnesota.
- ▶ Lonsdale’s percentage of single parent families with related children was above the statewide patterns.
- ▶ Rice County’s percentages of married couples, both with and without children, were above the statewide percentages.

Households by Tenure

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

Table 9 Households by Tenure - 2010					
	Total Occupied Units	Owned Units	Percent Owned Units	Rented Units	Percent Rented Units
Lonsdale	1,277	1,129	88.4%	148	11.6%
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

- ▶ Lonsdale had a below-average rate of renter occupancy at the time of the 2010 Census. The city's renter household percentage of 11.6% is substantially below the statewide percentage of 27%.

Table 10 Household Changes by Tenure - 2000 to 2010						
	Owned Units			Rented Units		
	Occupied Units 2000	Occupied Units 2010	Change in Owned Units	Occupied Units 2000	Occupied Units 2010	Change in Rented Units
Lonsdale	484	1,129	645	76	148	72
Rice County	14,710	16,897	2,187	4,178	5,418	1,240

Source: U.S. Census

- ▶ Between 2000 and 2010, Lonsdale added 645 owner households and 72 renter households. This decreased the percentage of renter occupancy from 13.6% in 2000 to 11.6% in 2010.
- ▶ Between 2000 and 2010, Rice County had net household growth of 2,187 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.

Table 11 Renter Households by Household Size - 2000 to 2010						
Renter Household Size	City of Lonsdale			Rice County		
	Households in 2000	Households in 2010	Numeric Change	Households in 2000	Households in 2010	Numeric Change
1 Person	36	48	12	1,921	2,540	619
2 Person	22	35	13	1,049	1,153	104
3 Person	10	19	9	521	677	156
4 Person	3	27	24	390	520	130
5 Person	5	14	9	179	293	114
6 Person	0	3	3	69	141	72
7+ Persons	0	2	2	49	94	45
Total	76	148	72	4,178	5,418	1,240

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

- ▶ Between 2000 and 2010, Lonsdale added 38 large family renter households with four or more persons.
- ▶ There was also a gain of 34 small renter households with three or fewer people.
- ▶ 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 Lonsdale and for Rice County.

Table 12 Households Tenure by Age - 2010				
Age of Householder	City of Lonsdale		Rice County	
	Owners	Renters	Owners	Renters
15 - 24	45/80.4%	11/19.6%	254/21.6%	923/78.4%
25 -34	373/89.2%	45/10.8%	2,047/63.6%	1,172/36.4%
35 - 44	304/90.2%	33/9.8%	3,114/78.2%	867/21.8%
45 - 54	184/86.0%	30/14.0%	4,151/83.7%	809/16.3%
55 - 64	116/89.2%	14/10.8%	3,398/86.2%	546/13.8%
65 - 74	63/94.0%	4/6.0%	2,165/86.2%	346/13.8%
75-84	33/75.0%	11/25.0%	1,353/77.5%	392/22.5%
85+	11/100%	0/0%	415/53.3%	363/46.7%

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

- ▶ Household tenure by age patterns in Lonsdale show a preference for home ownership among households in all age ranges. The rate of home ownership among households in all age ranges was in excess of 75%.
- ▶ Tenure patterns in Rice County 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.
- ▶ Approximately 78% of the Rice County households in the 15 to 24 age range are renters and 46.7% of households 85 and older are renters.

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 the City of Lonsdale, Rice County and the State of Minnesota.

Table 13 Median Household Income - 1999 to 2010			
	1999 Median	2010 Median	% Change
Lonsdale	\$50,054	\$67,863	35.6%
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.

Table 14 Median Family Income - 1999 to 2010			
	1999 Median	2010 Median	% Change
Lonsdale	\$58,676	\$72,841	24.1%
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.

- ▶ Lonsdale’s median household income of \$67,863 is significantly higher than Rice County and Minnesota’s median household income.
- ▶ Lonsdale’s median household income increased by 35.6% over the past decade.
- ▶ 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 Lonsdale could afford approximately \$1,697 per month for ownership or rental housing in 2010, and a median income family could afford \$1,821 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 Lonsdale could afford a home valued at approximately \$169,603 and a median income household in Rice County could afford approximately \$143,175.

2010 Estimated Income and Housing Costs - Renters

The following table provides data on the number of renter households that are paying different percentages of their gross household income for housing costs according to the 2010 American Community Survey. For comparison, we have presented the same information from the 2000 Census.

Table 15 Gross Rent as a Percentage of 2010 Household Income - Lonsdale		
Percentage of Household Income for Housing Costs	Number of Renter Households 2010	Percent of All Renter Households 2010
0% to 19.9%	56	35.2%
20% to 29.9%	38	23.9%
30% to 34.9%	23	14.5%
35% or more	42	26.4%
Not Computed	0	0%
Total	159	100%

Source: 2010 American Community Survey

- ▶ The Census reported that 40.9% of renter households in Lonsdale were paying more than 26.4% of their income for rent, including 30.1% of all renters that were paying more than 35% of income for housing. Households that pay more than 30% of their income for rent, based on accepted housing industry standards, have a housing cost burden.

Table 16 Gross Rent as a Percentage of Household Income - 2000 and 2010			
Percentage of Income for Housing Costs	Number/% of Renter Households 2000	Number/% of Renter Households 2010	Numeric Change 2000 to 2010
0% to 19.9%	38/48.7%	56/35%	18
20% to 29.9%	23/29.5%	38/23.9%	15
30% to 34.9%	4/5.1%	23/14.5%	19
35% or more	11/14.1%	42/26.4%	31
Not Computed	2/2.6%	0/0%	-2
Total	78/100%	159/100%	81

Source: 2000 Census; 2010 American Community Survey

- ▶ From 2000 to 2010, the percent of Lonsdale renter households paying more than 30% of income for housing increased from 19.2% to 40.9%.

2010 Estimated Income and Housing Costs - Owners

The 2010 American Community Survey also provided housing cost estimates for owner-occupants. The following table provides estimates of the number of households in the City of Lonsdale that are paying different percentages of their gross household income for housing costs. For comparison, we have presented the same information from the 2000 Census.

Table 17 Ownership Costs as a Percentage of 2010 Household Income		
Percentage of Household Income for Housing Costs	Number of Owner Households 2010	Percent of All Owner Households 2010
0% to 19.9%	301	27.6%
20% to 29.9%	320	29.4%
30% to 34.9%	107	9.8%
35% or more	362	33.2%
Not Computed	0	0%
Total	1,090	100%

Source: 2010 American Community Survey

- ▶ A majority of owner-occupants, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. However, 33.2% of home owners reported that they paid more than 35% of their income for housing.

Table 18 Ownership Costs as a Percentage of Income - 2000 to 2010			
Percentage of Income for Housing Costs	Number/% of Owner Households 2000	Number/% of Owner Households 2010	Numeric Change 2000 to 2010
0% to 19.9%	210/46.9%	301/27.6%	91
20% to 29.9%	142/31.7%	320/29.4%	178
30% to 34.9%	29/6.5%	107/9.8%	78
35% or more	61/13.6%	362/33.2%	301
Not Computed	6/1.3%	0/0%	-6
Total	448/100%	1,090/100%	642

Source: 2000 Census; 2010 American Community Survey

- ▶ In 2000, 13.6% of all owners reported paying 35% or more of their income for housing. By 2010, this percentage increased significantly to 33.2%.

Existing Housing Inventory

Existing Housing Inventory

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

Table 19 Occupied Housing Units by Year Built - Owner/Renter							
	1939 and Earlier	1940-1959	1960-1969	1970-1979	1980-1989	1990-1999	2000-2009
Lonsdale	83/0	78/0	41/4	111/33	20/14	115/2	467/56

Source: 2009 American Community Survey; Community Partners Research, Inc.

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

- ▶ The owner-occupied housing stock in Lonsdale is much newer than average according to the 2009 American Community Survey (ACS). The ACS identified only 9% of the owner-occupied housing units in 2009 as pre-1940 construction. This was well below the statewide average for pre-1940 owner-occupied housing of approximately 18%.

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

Table 20 Lonsdale Occupied Housing Units by Units in Structure					
	Owner Units 2009	Renter Units 2009	Total Units 2009	Unit Construction 2010-2011	Estimated Total 2011
1 Unit Detached	860	33	893	23	916
1 Unit Attached	49	10	59	0	59
2 Units	3	0	3	0	3
3-4 Units	0	4	4	0	4
5+ Units	0	46	46	56	102
Mobile Home	3	0	3	0	3
Other	0	0	0	0	0
Total	915	93	1,008	79	1,087

Source: U.S. Census Building Permits

- ▶ In 2010 and 2011, 23 single family homes were constructed. Also, the 56-unit Villages of Lonsdale senior housing project was reported in the 2010/2011 total, although it was completed in 2009. The table above does not reflect unit demolitions that may have occurred since 2000.

New Housing Construction Activity

The following table identifies the number of housing units constructed in the City of Lonsdale from 2000 to 2011. The data was obtained from city building permits.

Table 21 Housing Unit Construction Activity - 2000 to 2011				
Year	Single Family Detached	Single Family Attached	Multi-Family	Total
2000	34	2	0	36
2001	59	6	0	65
2002	72	6	0	78
2003	105	18	0	123
2004	148	11	0	159
2005	118	26	0	144
2006	86	8	0	94
2007	49	4	0	53
2008	8	0	56	64
2009	31	0	0	31
2010	10	0	0	10
2011	15	0	0	15
TOTAL	735	81	56	872

Source: Building Permits

- ▶ From 2000 through 2011, Lonsdale has added 816 new single family housing units through new construction, (735 detached units and 81 attached units). This is an average annual production of 68 single family units per year. During the 1990s, the city averaged just over 20 single family housing starts per year. However, the average annual production over the past three years has been only 19 units.
- ▶ In 2008, a building permit was issued to construct 56 senior with services units in Lonsdale.

Housing Condition

In October, 2011, Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of 320 single family/duplex houses in the older neighborhoods in the City of Lonsdale. Houses that appeared to contain three or more residential units were excluded from the survey. The newer subdivisions in Lonsdale were not included in the survey. A map showing the area that was surveyed is provided on the next page.

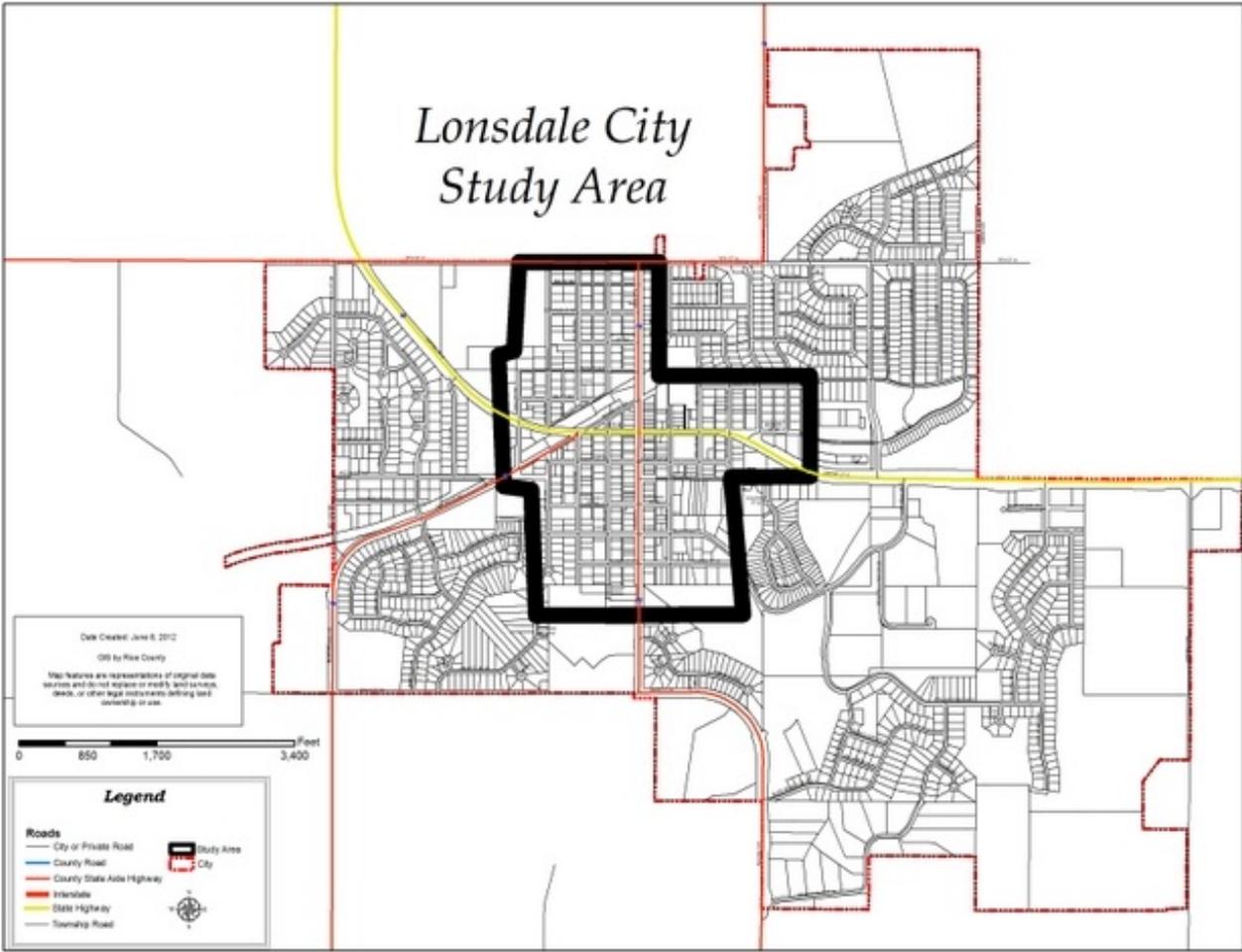
Houses were categorized in one of four levels of physical condition, Sound, Minor Repair, Major Repair, and Dilapidated as defined below. The visual survey analyzed only the physical condition of the visible exterior of each structure. Exterior condition is assumed to be a reasonable indicator of the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

Table 22 Windshield Survey Condition Estimate - 2011					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Lonsdale	164 (51.3%)	131 (40.9%)	24 (7.5%)	1 (0.3%)	320

Source: Community Partners Research, Inc.

- ▶ The visual condition survey found that most of the houses in Lonsdale were in good repair. Approximately 92% of the houses were rated as sound, or needing only minor repairs.
- ▶ Approximately 8% of the houses were rated as needing major repair. In the survey area only, one house was 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 of the rejection codes with a significant number of transactions 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 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.

Table 23 Lonsdale Residential Sales Activity - 2011 Sales Year				
Unit by Tenure	Number of Good Sales	Median Sale Price	Highest Sale	Lowest Sale
Single Family Detached	36	\$141,734	\$200,500	\$73,000
Town House	4	\$135,000	\$150,000	\$99,900

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

The median price for a single family “good” house sale in Lonsdale in 2011 was \$141,734. However, there were only 36 owner-occupancy, single family detached home sales during this 12-month time period.

The median price was only slightly lower for attached housing, but this was based on a very small volume of good sales. The median sale price for town house/twin home units was \$135,000.

Forced Sales Activity in 2011

There were many additional 2011 sales in Lonsdale 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, Lonsdale 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.

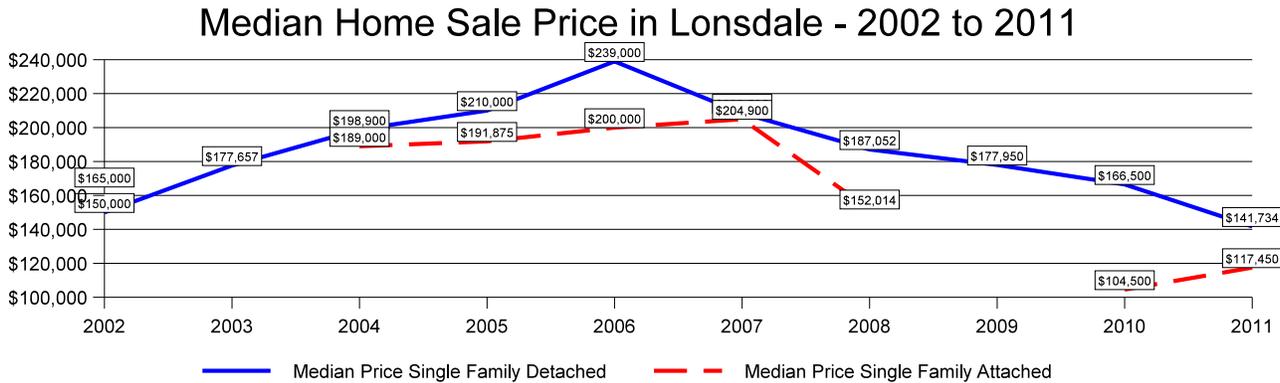
After deleting multiple transfers of a single property in a single year, there were 75 single family detached houses that transferred ownership as distressed sales in the 2011 sales year, compared to 36 “good” single family sales. There were 10 additional distressed sales of single family attached units, compared to only four good sales. All of the attached unit sales were listed as town houses.

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 1st and ending September 30th for each year.

Table 24 Lonsdale Median Residential Sale Price - 2002 to 2011				
Sales Year	Single Family Detached		Single Family Attached	
	Number of Good Sales	Median Sale Price	Number of Good Sales	Median Sale Price
2011	36	\$141,734	4	\$117,450
2010	35	\$166,500	5	\$104,500
2009	26	\$177,950	0	N/A
2008	22	\$187,052	2	\$152,014
2007	46	\$208,505	5	\$204,900
2006	65	\$239,000	2	\$200,000
2005	61	\$210,000	4	\$191,875
2004	59	\$198,900	1	\$189,000
2003	52	\$177,657	0	N/A
2002	47	\$150,000	2	\$165,000

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



Rice County sales records are available for the past ten years, and show the rapid rise in home prices that occurred in the middle half of the last decade, followed by a steady decline in the median price. The volume of “good” sales

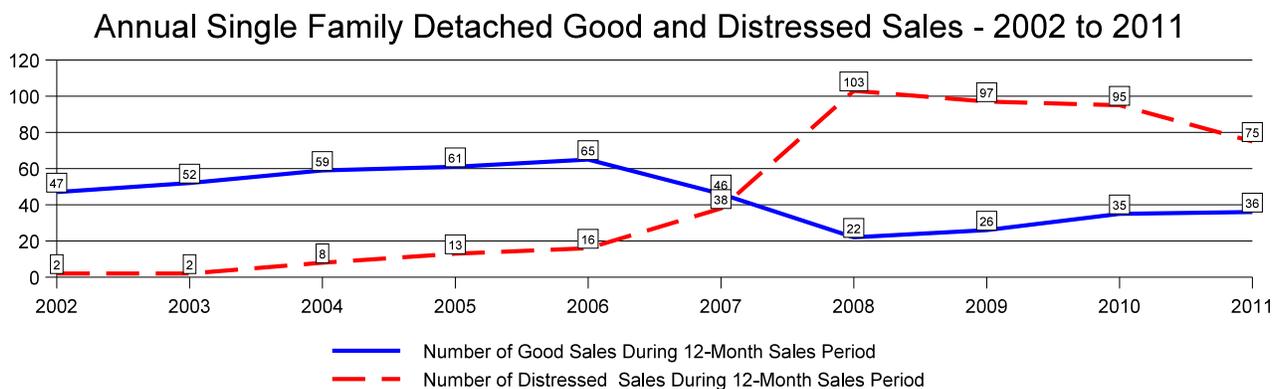
generally followed the same pattern, with the number of sales reaching a peak in 2006, the same year that the median sale price reached its highest level. There has never been a large volume of attached unit sales in Lonsdale, but in 2007 both the highest median price and the largest good sales volume were achieved.

For single family detached houses, the median home sale price in Lonsdale dropped to \$141,734 for the 2011 sales year, the lowest point reached over the 10-year time period that was reviewed. In 2002, the median sale price had been \$150,000. The 2011 median price was down more than \$97,000 from the peak that was reached in the 2006 sales year.

For attached single family units, the median price reached a 10-year low in 2010, at \$104,500. Although the median sale price rebounded slightly in 2011, it was still down more than \$87,000 from the highest point in 2007.

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 Lonsdale 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.



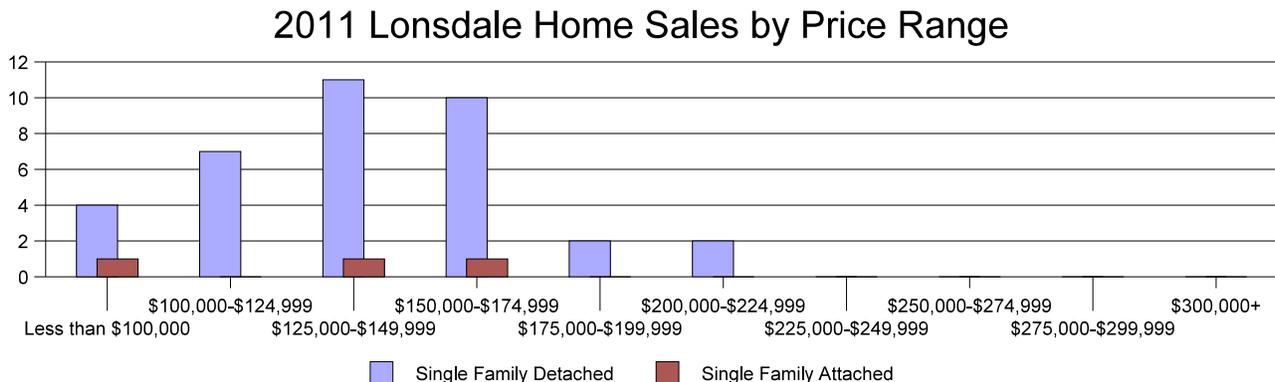
During the earlier years of the past decade, the number of annual distressed sales was relatively small, due to limited foreclosures, bank-owned sales, and similar forced transactions. However, the volume of distressed sales began to increase in 2007, and by 2008, the county recorded more than four times as many distressed single family sales as good sales in Lonsdale. As the number of distressed sales increased, the median price of good sales steadily dropped.

2011 Home Sales by Price Range

The following table looks at single family houses that sold in the past 12-month sales period that were coded as good sales by the county.

Table 25 Lonsdale Home Sales by Price Range - 2011 Sales Year				
Sale Price	Single Family Detached		Single Family Attached	
	Number of Sales	Percent of Sales	Number of Sales	Percent of Sales
Less than \$100,000	4	11.1%	1	33.3%
\$100,000 - \$124,999	7	19.4%	0	0%
\$125,000 - \$149,999	11	30.6%	1	33.3%
\$150,000 - \$174,999	10	27.8%	1	33.3%
\$175,000 - \$199,999	2	5.6%	0	0%
\$200,000 - \$224,999	2	5.6%	0	0%
\$225,000 - \$249,999	0	0%	0	0%
\$250,000 - \$274,999	0	0%	0	0%
\$275,000 - \$299,999	0	0%	0	0%
\$300,000+	0	0%	0	0%
Total	36	100%	3	100%

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



A large majority of recent residential sales were priced less than \$175,000. In the 12-month sales period ending September 30, 2011, nearly 89% of all existing, "good" single family detached home sales were for \$174,999 or less. No detached homes sales were for \$225,000 or more.

Prices were lower for attached single family units, such as town homes. All three attached home sales in 2011 that had an assigned value for less than \$175,000.

The most recent sales year is greatly different from the peak sales periods in Lonsdale. In the 2006 sales year, when the median price of single family detached sales reached its highest level, 60% of all "good" sales were for \$225,000 or more, and there were 10 sales priced at \$300,000, or more.

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 Lonsdale. On December 23, 2011, there were 34 homes listed for sale. This would include both detached and attached units, such as town houses.

It is possible that some of the houses had duplicate listings. The analysts attempted to identify and remove duplicate listings from the data. Some of the homes were identified as not being within the city limits, and these units were also removed. However, it is probable that some of the Lonsdale listings are 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 Lonsdale 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.

Table 26 Lonsdale Active MLS Listings by Price Range - 2011		
Asking Price	Number of Listings	Percent of Listings
Less than \$100,000	1	2.9%
\$100,000 - \$124,999	3	8.8%
\$125,000 - \$149,999	8	23.5%
\$150,000 - \$174,999	8	23.5%
\$175,000 - \$199,999	2	5.9%
\$200,000 - \$224,999	2	5.9%
\$225,000 - \$249,999	6	17.6%
\$250,000 - \$274,999	0	0%
\$275,000 - \$299,999	0	0%
\$300,000+	4	11.8%
Total	34	100%

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

Based on the listings on Realtor.com, most of the listings in Lonsdale are priced below \$175,000. Overall, nearly 59% of active listings are priced at \$174,999 or less. Approximately 29% of listings are priced between \$175,000 and \$249,999. Nearly 12% of the listings are priced at \$300,000 or more. The analysis of “good” sales in the past year showed no houses selling for more than \$300,000, although the inclusion of “bad” sales may have lifted this total somewhat.

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.

Table 27 Rice County Home Foreclosures - 2005 to 2011							
	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 14th 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 Realty Trac website. There were nine bank-owned properties that were identified in Lonsdale. There were also 12 trustee-sale properties listed for auction. It is possible that some of these properties may have had a Lonsdale mailing address, but may be located outside of the city limits.

RealtyTrac also reports on past foreclosure activity. They report 360 home foreclosures in the Lonsdale zip code area (55046) between 2006 and 2011. RealtyTrac reports that 160 of the foreclosures occurred in 2009, the single largest year for volume. The number of foreclosures dropped to 74 in 2010, and 82 in 2011.

The RealtyTrac information also reports activity in January 2012, with 12 foreclosures in the zip code area. If this monthly level is sustained, 2012 would surpass 2010 and 2011, but would be lower than the peak reached in 2009.

Rental Housing Inventory

Rental Housing

The City of Lonsdale has a significantly below-average supply of rental housing units compared with similar sized cities in the State of Minnesota. At the time of the 2010 Census, 148 of the occupied housing units in the city were renter-occupied. This represented approximately 11.6% of all occupied units in the city. The Minnesota statewide average for rented housing in 2010 was 27%.

Since 2000, 56 new rental housing units have been constructed in the Villages of Lonsdale.

Rental Housing Survey

As part of this housing study, we contacted the owners or managers of all the multifamily buildings with more than eight 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 more than eight units offer the best comparison.

Occupancy/Vacancy

There are four rental projects in the City of Lonsdale. Three projects are subsidized through Rural Development. Landmark Square Apartments has 24 total units with 12 one-bedroom and 12 two-bedroom units. Ten units are senior/disabled and 12 units are general occupancy. Fifteen tenants receive rent assistance.

The MGM Apartments is a general occupancy project with 14 one-bedroom and two two-bedroom units. Ten tenants receive rent assistance.

Southside Apartments is a general occupancy, 12-unit project with 10 two-bedroom and two three-bedroom units. No rent assistance is available, thus, tenants pay 30% of their income, but not less than the base rent.

There is a total of 52 units in these three projects. In November, 2011, there were two vacancies in the 52 units, which equates to a 3.8% vacancy rate.

Additionally, the 56-unit Villages of Lonsdale project was surveyed. This project was constructed in 2009. The project includes 17 independent, 25 assisted living and 14 memory care units. In November, 2011, the independent and memory care units were fully occupied. Seven of the 25 assisted living units were vacant.

Table 28 Lonsdale Multifamily Rental Housing Inventory

Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized					
Landmark Square Apartments	12 - 1 Bedroom <u>12 - 2 Bedroom</u> 24 Total Units	\$375 \$415 30% of income	1 vacancy	General occupancy and senior	USDA Rural Development subsidized townhouses and apartments built in 1990. The project includes a 10-unit senior building and two general occupancy buildings with 14 total units. Fifteen tenant households receive rent assistance with rent based on 30% of income. Remainder pay 30% of income but not less than basic or more than market rents listed.
MGM Apartments	14 - 1 Bedroom <u>2 - 2 Bedroom</u> 16 Total Units	\$430-\$445 \$480-\$495 30% of income	1 vacant one-bedroom unit	General occupancy	USDA Rural Development subsidized apartments built in 1979. Ten tenant households have rent assistance available, tenants without rent assistance pay 30% of income but not less than basic rents listed. One unit vacant at time of survey.
Southside Apartments	10 - 2 Bedroom <u>2 - 3 Bedroom</u> 12 Total Units	\$495-\$610 \$535-\$625	No vacancies	General occupancy, primarily single mothers w/ children	USDA Rural Development subsidized apartments built in 1983. No rent assistance is available so all households pay 30% of income, but not less than basic or more than market rents listed. Manager reported that the units are usually fully occupied.
Senior with Services					
Villages of Lonsdale	17 - Independent 25 - Assisted Living <u>14 - Memory Care</u> 56 Total Units	\$1015-\$1479 \$2749-\$3259 +additional services \$178.50/day/all inclusive	7 vacant assisted living units, independent and memory care units fully occupied	Seniors	Senior with services project opened in September, 2009. The 17 independent units include nine one-bedroom and eight two-bedroom units. The 25 assisted living units include 23 one-bedroom and two two-bedroom units. Director reports excellent occupancy for independent and memory care units, but there are currently seven vacant assisted living units and assisted living units haven't been fully occupied since opening.

Source: Community Partners Research, Inc.

Lonsdale - Summary of Growth Trends and Projections

Findings on Growth Trends

According to the 2010 U.S. Census, the City of Lonsdale's population increased from 1,491 to 3,674 people from 2000 to 2010. This is a gain of 2,183 people, which is a 146.4% increase. Lonsdale also gained 717 households from 2000 to 2010, a 128% 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 Lonsdale will gain 344 to 402 people and 120 to 140 households from 2010 to 2015. This is a gain of 69 to 80 people and 24 to 28 households annually. This projected population and household growth is considerably slower than the growth from 2000 to 2010. However, population and household growth slowed significantly over the last four years of the decade. The majority of the growth was in the first six years of the decade.

Rice County is projected to gain 1,798 to 2,023 people and 705 to 829 households from 2010 to 2015.

Lonsdale has traditionally been a popular community for families with children. Demographic patterns show that the city has a significantly above-average population of children and married couples with children.

Most of the housing opportunities in the city's residential subdivisions will continue to appeal to families. Although many of the houses will also appeal to the trade-up market, which will most often be middle-aged households.

Despite the strong demographic preference for home ownership, we do not want to minimize the importance of rental housing in the Lonsdale market. The city has a significantly below-average percentage of rental housing available. While this is not an uncommon occurrence for a small community, it will be important to offer more rental options as Lonsdale grows. To be a vibrant community, it will be important for the city to offer a range of life cycle housing options. Younger households and older senior households rent with greater frequency than middle age households. To keep this segment of the population in Lonsdale, it will be important to offer housing opportunities appropriate to people's age and life style choices.

Based on the research that was conducted for this study, and the analysis of available information, we have identified the following strengths that will help the city as it addresses its housing needs, and barriers that will limit or hinder certain housing activities. Following this discussion, specific strategies and recommendations for action are provided.

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 smaller 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.

Lonsdale - Strengths and Barriers for Housing Development

Strengths for Housing Development

The following strengths of the community were identified through statistical data, local interviews, previous research and on-site review of the local housing stock.

- ▶ **Lonsdale is located within easy commuting distance of the metro area and other employment opportunities** - Although Lonsdale does not have a large number of employment opportunities within the city limits, it is in close proximity to the metro area, Northfield, Faribault and New Prague. Residents are able to live in Lonsdale and commute to work.
- ▶ **Subdivision development** - The city has had many new single family subdivisions over the past decade.
- ▶ **Available land for development** - The city currently has 368 residential lots on the market and has available land for future development.
- ▶ **Active housing involvement from developers and builders** - Lonsdale has many developers and builders who have been actively involved in developing lots and constructing homes.
- ▶ **Affordable single family homes** - Lonsdale has a stock of affordable single family homes. These homes provide affordable housing options for low and moderate income home buyers and first time home buyers.
- ▶ **Land availability for industrial growth** - The city has an industrial park for industrial growth and development.
- ▶ **Household growth for the city** - The city has sustained household growth over the past three decades. The city is projected to experience growth into the foreseeable future.
- ▶ **Commercial development** - The city has experienced commercial development over the past decade.
- ▶ **Elementary School** - The Tri-City United School District has constructed an elementary school in Lonsdale. This greatly enhances Lonsdale's ability to attract and retain young families.

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 Lonsdale.

- ▶ **Competition with Metro Area and regional centers** - Although it is a strength being in close proximity to the metro area, New Prague, Northfield and Faribault, it can also be a barrier as Lonsdale is competing with these cities for housing development, industrial development, etc.
- ▶ **Housing diversity** - Lonsdale's housing unit growth has been primarily owner-occupied single family homes and town homes. The construction of rental housing has been limited.
- ▶ **Commercial development** - Lonsdale's commercial district is adequate to meet most daily needs and there has been limited commercial growth. However, to support the household growth that Lonsdale has experienced, there is a need for substantial commercial development.
- ▶ **Over supply of residential lots** - There are 368 residential lots available in the City of Lonsdale. This is an oversupply based on new housing construction projections over the next five years.
- ▶ **Median home values** - Home values in Lonsdale have decreased over the past several years.
- ▶ **Foreclosures** - Lonsdale has had a high number of foreclosures over the past several years, which has a negative impact on new home construction.
- ▶ **Existing housing programs** - Lonsdale has limited access to home ownership programs, housing rehabilitation programs, etc.

Lonsdale - 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 the City of Lonsdale. They are based on the following strategies:

- ▶ **Be realistic in expectations for housing development** - The scale of activities proposed for the future should be compatible with the city's potential for growth.
- ▶ **Develop a realistic action plan with goals and time lines** - The city has had active community involvement on housing issues. This is a valuable resource as the city plans its future housing activities. The city should prioritize its housing plans and should establish goals to achieve its plan.
- ▶ **Protect the city's existing assets and resources** - Lonsdale has assets including employment opportunities, commercial businesses, an affordable housing stock, and new subdivisions. These are strong assets that make Lonsdale a desirable community to live in, and are key components for the city's long-term success and viability. These assets must be protected and improved.
- ▶ **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 and Three Rivers Community Action, Inc. These resources should be accessed as needed to assist with housing activities.
- ▶ **Build on past success** - Single family home and twin home/town home development has been successful in the past. The city should build on past success.
- ▶ **Develop life-cycle housing** - It is vital for Lonsdale to provide housing opportunities for all ages and households types. These housing opportunities enable a community to thrive, promote economic development and allow households to live in the community throughout their lives.

Summary of Findings/Recommendations

The findings/recommendations for the City of Lonsdale have been formulated through the analysis of the information provided in the previous sections and include a total of 17 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:

Findings and Recommendations for the City of Lonsdale	
Rental Housing Development	
1.	Develop 26 to 30 general occupancy market rate rental units
2.	Monitor the need for additional subsidized/tax credit rental units
3.	Monitor the need for senior with services units
4.	Develop a mixed-use downtown commercial/housing project
Home Ownership	
5.	Utilize and promote all programs that assist with home ownership
6.	Develop a Purchase/Rehabilitation Program
New Construction	
7.	Market lot availability and development
8.	Monitor the need for townhouse and twin home development
9.	Continue cooperation with agencies/nonprofits that develop affordable housing
10.	Develop home ownership and new construction marketing programs
Housing Rehabilitation	
11.	Promote rental housing rehabilitation programs
12.	Promote owner-occupied housing rehabilitation programs

Findings and Recommendations for the City of Lonsdale	
Other Housing Initiatives	
13.	Acquire and demolish dilapidated structures
14.	Create a plan and continue coordination among housing agencies
15.	Develop a City of Lonsdale New Construction Incentive Program
16.	Promote commercial/rehabilitation and commercial development
17.	Strategies to address Lonsdale’s current housing issues

Lonsdale - Rental Development Recommendations

Rental Housing Development

Findings: It is difficult to produce new affordable rental units. A number of factors including federal tax policy, state property tax rates, high construction costs and low rental rates have all contributed to making rental housing production difficult to achieve, especially in small cities.

In the past 25 years, only two rental projects have been constructed in Lonsdale. Landmark Square Apartments, a 24-unit Rural Development project, was constructed in 1990. The project includes 10 senior/disabled and 14 general occupancy units. In 2009, a senior with services project, Villages of Lonsdale, was constructed. This project has 17 independent, 25 assisted living and 14 memory care units.

There are only two other rental projects in Lonsdale with more than six units. MGM Apartments is a 16-unit general occupancy Rural Development project constructed in 1979 and Southside Apartments is a 12-unit general occupancy Rural Development project constructed in 1983.

As part of this study a rental survey was conducted. A total of 108 rental units in four multifamily buildings were contacted. The survey showed that nine of the market rate, subsidized and senior units surveyed were vacant, which is an 8.3% vacancy rate. This is above the range of 3% to 5% which is considered a healthy market to allow for unit choice and availability and to also assure the viability and profitability of the rental project. However, seven of the nine vacancies were assisted living units. When the assisted living is excluded, the vacancy rate is 2.4%

The City of Lonsdale is projected to gain between 120 and 140 households and all of Rice County is projected to gain between 705 and 829 households through 2015. It is projected that approximately 25% of the new Lonsdale households and 30% of the new Rice County households will be renters. With the projected households gains in Lonsdale and Rice County, we are recommending several strategies to develop a healthy rental market in the City of Lonsdale. These strategies include:

- ▶ **Promote household growth** - The city and all stakeholders should continue to implement all strategies possible to continue the city's household growth including job creation, marketing the community, assuring a healthy and diverse housing stock, etc. These efforts will continue to make the City of Lonsdale an attractive and viable city.

- ▶ **Rehabilitate rental housing** - Most of Lonsdale’s rental housing stock is more than 25 years old. Some of this rental housing stock needs rehabilitation. Rental rehabilitation programs should be accessed to rehabilitate rental units, when it is economically feasible.
- ▶ **Demolish dilapidated rental housing** - Rental housing that is substandard and no longer feasible for renovation, should be demolished and eliminated from the rental housing stock.
- ▶ **Develop new rental housing** - New rental housing can achieve several goals which include:
 - Addressing pent-up demand for certain housing types
 - Upgrading the overall quality of the rental stock
 - Increasing the city’s rent structure
 - Addressing gaps in the city’s rental stock
 - Attracting new households to the city

1. Develop 26 to 30 general occupancy market rate rental units

Findings: The City of Lonsdale 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. From 2000 to 2010, the City of Lonsdale gained 717 households, a 128% increase in households, and no new general occupancy rental units were constructed. Additionally, it is projected that Lonsdale will gain an additional 120 to 140 households from 2010 to 2015.

There continues to be a need for quality market rate rental units in the City of Lonsdale. The city has a pent-up demand for market rate general occupancy units. The city should strive to achieve a balance between new owner-occupied single family homes and rental units as some households moving into the community would prefer to rent, or are unable to buy a house or are unable to remain in their home due to financial considerations.

We believe it is appropriate to make the project available to tenants of all ages, to better serve all of the local market. There are currently 52 subsidized general occupancy rental units in the city. Because these units are income restricted we do not feel the new proposed project will compete with the existing subsidized housing. Also, although some of the prospective tenants will be seniors, 17 senior independent units were recently constructed in Villages of Lonsdale. These units are fully occupied.

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. If a private developer does not come forward, an area housing agency could potentially construct the market rate units.

Recommendation: We recommend the development of 26 to 30 market rate general occupancy rental housing units. A twinhome or town home style unit would be the preferred style, to cater to active renter households. However, another option is to construct a high quality apartment project that includes state of the art amenities. Also, if town home style units are constructed, it is recommended that the units are constructed in phases. Additionally, some of the units could be constructed in a mixed-use building.

We believe there is sufficient demand in Lonsdale for 26 to 30 general occupancy rental units. The City of Lonsdale has a limited supply of market rate rental units, primarily in single family homes and small rental buildings, and a traditional market rate apartment complex does not exist in the city.

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 development of town house style units and the unit mix and rents should be as follows:

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

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
Two Bedroom	20-22	1,000- 1,100	\$800 - \$850
Three Bedroom	6-8	1,150 - 1,250	\$925 - \$975
Total	26-30		

Note: The recommended rents are quoted in 2012 dollars, and exclude electricity and garage. We recommend garage rent of \$30 to \$35 per month.

2. Monitor the need for additional subsidized/tax credit rental housing units

Findings: The City of Lonsdale has three Rural Development general occupancy subsidized projects.

Landmark Square Apartments has 24 units, 12 one-bedroom and 12 two-bedroom. The manager reported no vacancies. MGM Apartments has a total of 16 units, 14 one-bedroom and two two-bedroom. The manager reports two vacancies.

Southside Apartments has 12 units, 10 two-bedroom and two three-bedroom. Currently, there are no vacancies.

In 2005, we recommended the development of 12-16 moderate income rental units. Although it is nearly impossible to construct "deep subsidy" rental units that allow tenant rent to be based on income, there is a possibility of constructing "shallow subsidy" rental units to serve the moderate income rental market using federal low income housing tax credits and other resources. There are numerous examples of affordable tax credit developments in both Rice County and others areas in the state.

It has been very difficult in the past to produce moderately priced rental units without using tax credits and the income restrictions that go with their use. It is very difficult for a private developer to construct rental housing and charge an affordable rent.

Recommendation: We are not recommending the construction of additional tax credit/subsidized rental units at this time. We do recommend that the city and area housing agencies continue to monitor the need for additional tax credit/subsidized units in the future.

We are not recommending tax credit/subsidized units as we have recommended 26 to 30 market rate general occupancy units and currently, it is very difficult for small cities to obtain tax credits or other funding to develop tax credit or subsidized rental units.

With three subsidized rental projects and no general occupancy market rate projects in the city, it is our recommendation that available resources are utilized to develop a market rate general occupancy rental project.

3. Monitor the need for senior with services rental units

Findings: In the 2005 Study, we recommended the development of 12 to 16 senior with services units.

In 2009, the Villages of Lonsdale was developed which includes 25 assisted living units and 14 memory care units. Currently, there are seven vacant assisted living units and the assisted living units have not been fully occupied since the facility opened.

Recommendation: We recommend that the need for additional senior with services units be monitored. If the assisted living units at Villages of Lonsdale become totally occupied and there is additional demand, there may be a need for additional assisted living units later in the five-year projection period.

4. Develop a Downtown Mixed Use Commercial/Housing Project

Findings: As stated in Recommendation 1, the City of Lonsdale has a shortage of rental housing. Additionally, with the residential development and household growth the city has experienced since 2000, commercial development is needed to serve the growing population. Also, the downtown would benefit from renovation and new construction.

New mixed use projects have been developed in several Minnesota cities including Savage, Shakopee, Chaska, Waconia and Norwood Young America. Some of these projects were developed because of market demand while others were developed to enhance the downtown, to introduce a new product to the market and to serve as a catalyst for downtown redevelopment.

In the 2005 Housing Study, we recommended the development of a mixed-use project in Lonsdale.

Recommendation: We recommend the development of a mixed use building in downtown Lonsdale. It may be necessary to acquire several parcels to create an adequate site for development.

We recommend commercial space on the first floor and 10 to 12 rental units on the 2nd floor. Prior to construction, a portion of the commercial space should be leased to an anchor tenant who would complement existing downtown businesses and attract people to downtown.

The 10-12 rental units should be market rate units and include one and two bedroom units. Please note that these units are not in addition to the units recommended in the 2nd recommendation of this section. If a mixed use building was constructed, the number of general occupancy units recommended previously should be reduced.

Ideally, a private developer would construct and own the building, however, if this is not feasible, the Lonsdale EDA could develop and own the project.

Lonsdale - Home Ownership Recommendations

Home Ownership Recommendations

Findings: Expanding home ownership opportunities is one of the primary goals for most cities. High rates of home ownership promote stable communities and strengthen the local tax base.

The median owner-occupied home value in Lonsdale is estimated to be \$141,734. Approximately 11% of the homes in Lonsdale are valued at less than \$100,000, thus, Lonsdale has a limited market for first time home buyers and households seeking moderately priced homes. The affordable price of some of the Lonsdale homes, is attractive when compared to prices in the south metro area.

Our analysis of Lonsdale demographic trends shows household growth in the traditionally strong home ownership in the 55 to 74 age ranges. While most households in these age ranges already own their housing, this group represents a strong potential market for 'trade-up' housing. Increasingly, the older households within this group look for lower maintenance housing options, such as twin homes or town house developments. Some older households may eventually move out of Lonsdale to move into other housing options in larger communities, if these options don't exist in Lonsdale.

Also, the number of households in the 35 to 44 age range is expected to increase in Lonsdale. Households in these age ranges are typically first-time and move-up home buyers. While some of these households already own their housing, those households that have not been able to achieve the goal of home ownership, may need the assistance of special programs to help them purchase their first home and will be seeking affordable homes.

To assist in promoting the goal of home ownership, the following activities are recommended.

5. 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. As discussed previously, the demographic make-up of Lonsdale is conducive to the promotion of home ownership opportunities. There are a number of strategies and programs that can be used to promote home ownership in Lonsdale. 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 \$141,734, many of the homes in the existing housing stock in Lonsdale are valued under purchase price limits established by the Minnesota Housing Finance Agency for first-time home buyer assistance programs. Also, there are several single family homes in the Lonsdale rental market. Many of these homes could be converted to owner-occupied homes. Conversely, home ownership programs may prevent owner-occupied homes from being converted to rentals. Also, in 2010, there were 59 vacant homes in the City of Lonsdale. Some of these homes may also be available for home ownership opportunities.

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 Lonsdale 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. Currently,

the Rice County HRA is accessing the Minnesota Cities Participation Program, which provides low interest mortgage loans to Rice County households.

Mortgage programs should also be developed that include all households and not just first time home buyers to encourage trade-up housing activity.

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 Lonsdale is receiving its share of resources that are available in the Region. Local financial institutions should also continue to have a significant role in assisting households with purchasing a home. Also, 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.

6. Develop a Purchase/ Rehabilitation Program

Findings: Lonsdale has a stock of older, lower valued homes, some of which need repairs. The city also has approximately 59 vacant homes. As some 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.

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 Lonsdale, in coordination with the Rice County HRA, consider the creation of 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. In some similar sized communities, more than 80% of survey respondents who were renters indicated an interest in buying a home in need of repair if rehabilitation assistance was also available.

A purchase/rehabilitation program will achieve several goals. The program will encourage home ownership, prevent substandard homes from becoming rental properties and rehabilitate homes that are currently substandard.

Lonsdale - New Housing Construction Recommendations

New Housing Construction

Findings: The City of Lonsdale has experienced substantial single family housing construction since 2000. Over the past 12 years, from 2000 to 2011, 816 single family units have been constructed in Lonsdale, which is an average of approximately 68 housing units per year. The peak years for new construction were 2003 when 123 units were constructed, 2004 when 159 units were constructed and 2005 when 144 units were constructed. Conversely, an average of only 16 single family units per year have been constructed over the past four years, 2008 through 2011.

The attractiveness of the community, the city's proximity to larger surrounding communities and the availability of lots, should result in the continued construction of new homes annually.

Overall household projections for Lonsdale and Rice County indicate demand for owner-occupied housing construction. Growth is anticipated through 2015 among households in the 55 to 74 age ranges. Households in these age ranges tend to be predominantly home owners, and form a market for higher priced, trade-up housing and low maintenance housing such as town homes and twin homes. The number of households in the 35 to 44 year old range is also expected to increase in Lonsdale and Rice County through 2015. Many of the households in these age ranges are first time buyers and move-up buyers.

It is our opinion that if the city, local housing agencies and developers are proactive, 20 to 25 homes can be constructed annually in Lonsdale over the next five years. Our projection for single family housing starts includes homes built in the new subdivisions and on infill lots, and includes single family attached housing units, such as twin homes and town houses.

7. Market Lot Availability and Development

Findings: As part of this study, we attempted to identify the inventory of available residential lots for single family housing construction in the City of Lonsdale. Currently, there are approximately 368 lots available in the city’s subdivisions including:

- ▶ Harmony Meadows I - 34 lots
- ▶ Harvest Ponds - 4 lots
- ▶ Harvest Pond 2 - 14 lots
- ▶ Heritage Estates 2 - 1 lot
- ▶ Heritage Estates 3 - 7 lots
- ▶ Heritage Estates 5 - 1 lot
- ▶ Legacy Meadows - 35 lots
- ▶ Rayann Acres - 57 lots
- ▶ Rolling Ridge - 14 lots
- ▶ Shadow Stone - 30 lots
- ▶ Shadow Stone 2 - 2 lots
- ▶ Singing Hills - 3 lots
- ▶ Val Rose Gardens - 21 lots
- ▶ WELCO - 34 lots
- ▶ Willow Creek - 9 lots
- ▶ Willow Creek 2 - 27 lots
- ▶ Willow Creek 3 - 62 lots
- ▶ Willow Creek Ponds - 13 lots

There are also several miscellaneous infill lots scattered around the city that we did not attempt to count. We do not know the availability 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 20 to 25 new houses will be constructed per year, the city should have approximately 50 to 63 residential lots available to meet the expected demand. The available inventory could include lots that are currently buildable, as well as lots in the advanced planning stages that could be available for the next construction season.

Using this standard, the City of Lonsdale, with 368 available lots, plus infill lots, currently has an over supply of available lots. There is not a need to develop additional lots in Lonsdale over the next five years. These lots are an asset for the city and the opportunity they provide should be maximized. The City of Lonsdale and the lot owners should work with area housing and economic development agencies to market these lots. Signage, brochures, marketing on web sites, displays at building shows, etc., all could be marketing strategies to sell the lots.

8. Monitor the need for townhouse and twin home development

Findings: Lonsdale has experienced owner-occupied attached housing development since 2000. From 2000 through 2011, 81 attached owner-occupied housing units have been constructed in the City of Lonsdale. Many communities have seen attached housing take an increasingly large share of new construction. Twin home/townhome development in Lonsdale accounted for approximately 10% of the new home construction over the past 12 years. However, no attached single family units have been constructed in Lonsdale over the past four years.

Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, thus, making homes available for families. It is estimated that Rice County households in the 55 to 74 age ranges will increase from 988 to 1,021 households from 2010 to 2015. It is important for the city to offer a range of life-cycle housing options as many of these households will be seeking to downsize into low maintenance housing options.

Recommendation: In a good economy, it is our projection that over the next five years approximately 20% of the City of Lonsdale's new single family construction would be twin home/town home construction.

However, the downturn in the economy has impacted home and town home development. In 2011, there were 10 distressed attached home sales in Lonsdale. As a result, we are not recommending the construction of twin homes/townhomes at this time. The exception would be if a builder pre-sold the units prior to construction. As the housing market improves, there may be a need for twin homes/townhomes later in the five-year projection period.

We recommend that future twin home/townhome development consider the following:

- ▶ Senior friendly home designs
- ▶ Maintenance, lawn care, snow removal, etc. all covered by an Association
- ▶ Cluster development of a number of homes which provides security
- ▶ Homes are at a price that is acceptable to the market

The public sector's role in any owner-occupancy attached housing development may be limited, as the private sector can often meet this housing need if a demand exists. The city should assure that adequate land is available for development and that zoning allows for attached housing development.

9. Continue cooperation with housing agencies and nonprofit organizations supporting new home construction

Findings: With the difficulty of producing new houses that are affordable to lower income people, it is important to take advantage of opportunities presented by other groups and organizations such as Habitat for Humanity. Habitat for Humanity has been very successful and very proactive in constructing new homes in Rice County.

Additionally, Three Rivers Community Action, Inc. and the Southwest Minnesota Housing Partnership have constructed affordable homes. Also, the Rice County HRA may develop affordable homes in the future. With 368 lots available in the City of Lonsdale, there are opportunities to work with housing agencies and nonprofit organizations to develop a variety of housing types.

Additional financial resources that may be available for affordable new home construction include the Minnesota Housing Finance Agency (MHFA), the Small Cities Development Program (SCDP), and the Greater Minnesota Housing Fund (GMHF).

Recommendation: We recommend that the City of Lonsdale and area housing agencies continue to develop relationships with nonprofit groups and housing agencies that help to produce affordable housing units. The city should consider contributing to projects through land donations, grant writing, project coordination activities, loans, public improvements, etc.

10. Develop home ownership and new construction marketing programs

Findings: Opportunities for new housing construction are sometimes limited because of the lack of information and awareness of financing programs, lots on the market, local builders, etc. This is especially evident for new households moving into the area. The home buying/home building process can be very intimidating for first-time home buyers and builders.

Recommendation: We recommend the creation of additional marketing materials that describe the lots, builders and financing programs that are available in Lonsdale. Lonsdale has an asset with its large inventory of available lots. Buying a lot, selecting a builder, obtaining financing and constructing or purchasing a home can be an intimidating process. Often households have not been through this process and do not know where to begin

or how to proceed. A "How-To" brochure with pertinent and up-to-date information will encourage and assist households with constructing a home or finding a suitable move-up home. This can be accomplished in coordination with the City of Lonsdale, the EDA, realtors, builders, etc.

Another possibility for promoting ownership options is to organize a housing fair that educates and informs the public on lots, builders, finance programs, etc. The housing fair should include developers, builders, lenders, realtors, public agencies, etc. Local employers should be contacted to assess their interest and possible participation in the event. The housing fair could be a regional event with several participating jurisdictions.

These marketing programs do not have to be "city" projects but could possibly be developed by a local civic organization or the private sector.

Lonsdale - Housing Rehabilitation Recommendations

Housing Rehabilitation

Findings: The City of Lonsdale has an asset in its existing housing stock. Existing units, both now and into the future, will represent the large majority of the affordable housing opportunities. Existing units generally sell at a discount to their replacement value. Units that are not maintained and improved may slip into disrepair and be lost from the housing stock. Efforts and investment in housing rehabilitation activities will be critical to offering affordable housing opportunities.

Housing options for households will largely be met by the existing, more affordable housing stock. As this existing stock ages, more maintenance and repair are required. Without rehabilitation assistance, the affordable stock will shrink, creating an even more difficult affordability situation.

The following specific recommendations are made to address the housing rehabilitation needs.

11. Promote rental housing rehabilitation programs

Findings: Based on 2010 U.S. Census data, the City of Lonsdale currently has approximately 148 rental units. These rental units are in multi-family projects, small rental buildings, duplexes and single family homes. Many of these rental structures could benefit from rehabilitation as a majority of the rental structures are more than 25 years old and some rental units are in poor condition.

The rehabilitation of older rental units can be one of the most effective ways to produce decent, safe and sanitary affordable housing. However, it is often difficult for rental property owners to rehabilitate and maintain their rental properties while keeping the rents affordable for the tenants.

Recommendation: The City of Lonsdale and area housing agencies should seek funds to rehabilitate rental units. The funds should allow for program design flexibility, which will make rental rehabilitation workable.

Potential funding sources include Minnesota Small Cities Development Program funds, the Federal Home Loan Bank, the Minnesota Housing Finance Agency, Rural Development and local funds.

The Minnesota Housing Finance Agency has recently initiated the Rental Rehabilitation Deferred Loan Program. The Southwest Minnesota Housing Partnership is administering this new program in Rice County. This program provides a maximum 0% deferred loan of \$25,000/unit and \$300,000/project. The project must meet applicable income, rent and rehabilitation requirements.

12. Promote owner-occupied housing rehabilitation programs

Findings: The affordability of some of the existing housing stock in Lonsdale 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 320 single family homes in the older Lonsdale neighborhoods. Our survey found that 131 homes need minor repairs and 24 homes need major repairs. Without rehabilitation assistance, there is the potential that the affordable housing stock will shrink in the City of Lonsdale.

Currently, the City of Lonsdale is utilizing Minnesota Small Cities Development Program funds to rehabilitate several owner-occupied homes. Three Rivers Community Action, Inc., is currently administering the weatherization and the MHFA programs in Lonsdale.

Recommendation: We recommend that the City of Lonsdale 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.

Lonsdale - Other Housing Initiatives

Other Housing Initiatives

13. Acquire and demolish dilapidated structures

Findings: Our housing condition survey identified only one home in Lonsdale that is dilapidated and too deteriorated to rehabilitate. We also identified 24 homes as needing major repair and several of these homes may be too dilapidated to rehabilitate.

Recommendation: We recommend that the city of Lonsdale demolish severely dilapidated structures. The city is enhanced when blighted and dilapidated structures are removed. Also, some of the cleared lots can possibly be utilized for the construction of new affordable housing units. Additionally, the demolition of dilapidated rental structures will upgrade the city's rental housing stock.

Possible funding sources to acquire and demolish dilapidated housing include Minnesota Small Cities Development Program funds, Minnesota Housing Finance Agency funds and the tax increment funds.

14. Create a plan and continue coordination among housing agencies

Findings: The City of Lonsdale needs staff resources in addition to existing city staff to plan and implement many of the housing recommendations advanced in this Study. The city has access to the Lonsdale Economic Development Authority, the Rice County Housing and Redevelopment Authority, Three Rivers Community Action, Inc., and the Southwest Minnesota Housing Partnership. The city also has access to the Minnesota Housing Finance Agency, the USDA Rural Development Office and the Greater Minnesota Housing Fund. These agencies all have experience with housing and community development programs.

Recommendation: The City of Lonsdale 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 develop a plan to address the city's housing needs. The plan should include strategies, time lines and the responsibilities of each agency. While there has traditionally been a degree of staff interaction between these agencies, it will be important that a coordinated approach be used to prioritize and assign responsibility for housing programs.

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.

15. Develop City of Lonsdale Housing Incentive Programs

Findings: The City of Lonsdale has 368 available lots and foreclosed homes that need repair. Also, based on the housing condition survey of older neighborhoods there are 131 existing houses that need minor repair and 24 houses that need major repair. Thus, we recommend that the city consider the development of incentive programs for the following:

- ▶ Remodeling/repair of an existing home
- ▶ Construction of a new home

Recommendation: The Incentives could include, but are not limited to:

- ▶ Free water and sewer for a period of time
- ▶ Real estate tax abatement
- ▶ Permit and hook up fees waived
- ▶ Discounts at area businesses
- ▶ Reduced lot prices

16. Promote Commercial Rehabilitation and Commercial Development

Findings: There are several substandard commercial buildings in the City of Lonsdale. Although there has been commercial development in Lonsdale over the past decade, there is still a need for new business development in Lonsdale to keep pace with the city's population growth.

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.

The City of Lonsdale has utilized SCDP funds to rehabilitate commercial buildings in downtown Lonsdale, however, building owner participation was limited.

Recommendation: We recommend that the City of Lonsdale and the Lonsdale EDA coordinate with the Rice County HRA to work with commercial business owners to rehabilitate their buildings. Also, new businesses should also continue to be encouraged to locate in Lonsdale.

Although the City of Lonsdale has recently received Minnesota Small Cities Development Program funds to rehabilitate commercial buildings, participation was limited. However, the City of Lonsdale should be encouraged to continue work with area housing agencies to seek funding sources to rehabilitate commercial buildings and to promote new commercial development.

17. Strategies to address Lonsdale's current housing issues

Findings: As with most cities in Minnesota and throughout the United States, the City of Lonsdale has experienced a downturn in its housing economy.

Over the past several years, the Lonsdale housing economy has experienced the following:

- ▶ Median home values decreased from \$239,000 in 2006 to \$141,734 in 2011
- ▶ Significant increase in distressed existing home sales - 85 in 2011
- ▶ Excess residential lot inventory - 371 vacant residential lots in 2011
- ▶ Increase in home foreclosures - 82 in 2011
- ▶ Decrease in housing unit construction - 605 units constructed from 2000 to 2005; 265 units constructed from 2006 to 2011
- ▶ Increase in vacant single family homes from 10 in 2000 to 59 in 2010
- ▶ Conversion of approximately 26 homes from owner-occupied to renter-occupied from 2000 to 2010

Recommendation: Many of the recommendations previously stated, directly or indirectly, address the housing problems that are the result of the downturn in the housing economy. However, we are recommending several additional actions including:

- ▶ Development of a housing marketing program that promotes and markets the current lot inventory, affordable homes, the positive aspects of living in Lonsdale, etc.

- ▶ Schedule a housing summit that involves all stakeholders (city and county officials, developers, builders, housing agencies, financial institutions, etc.) to discuss the current status of housing in Lonsdale and Rice County to determine if there are additional solutions to the current housing problems.
 - * Followup meetings could be held among subsets of the attendees to further pursue ideas and potential solutions that are generated from the summit.
- ▶ Determine if private/public partnerships can be developed to develop programs, projects, etc.
- ▶ Research the potential for developing programs and projects that utilize the current housing economy to address ongoing housing needs. During this crisis are there opportunities?
- ▶ Potentially, these efforts could be undertaken with Rice County and the other cities in Rice County as all of the cities in Rice County have experienced similar problems due to the downturn in the housing economy.