Comprehensive Housing Needs Analysis for New Ulm, Minnesota

(Revised Draft)

Prepared for:

City of New Ulm
New Ulm, MN

October 2022

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Research & Consulting

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October 14, 2022

New Ulm Economic Development Authority
Heather Bregel
100 North Broadway
New Ulm, MN 56073

Dear Ms. Bregel:

Attached is the *Comprehensive Housing Needs Analysis for New Ulm, Minnesota* conducted by Maxfield Research and Consulting, LLC. The housing analysis projects housing need through 2030 and provides recommendations on the amount and type of housing that could be built across New Ulm to satisfy demand from current and future residents over this decade. The study identifies a potential demand for over 800 new housing units through 2030. Demand was nearly equally divided between general-occupancy housing (45%) and age-restricted senior housing (55%).

Overall, the housing market is very tight across New Ulm; led in more-so from the pandemic-induced housing boom that further tightened the housing market. Our inventory of rental properties (market rate and affordable/subsidized) found a combined vacancy rate of only 0.8%; indicating strong demand for new rental supply and few opportunities for existing/new households to relocate to New Ulm. The for-sale market has experienced record-low supply and strong appreciation over the past few years (+21% since 2021). Finally, senior housing is dominated by service-based supply and demand is strongest for market rate and affordable active adult and independent senior housing.

Detailed information regarding recommended housing concepts and the challenges associated with developing the needed housing can be found in the *Recommendations* and *Challenges and Opportunities* sections at the end of the report.

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

Sincerely,

MAXFIELD RESEARCH AND CONSULTING, LLC

Matt Mullins	Brian Smith	Andrew McIntyre
Vice President	Senior Associate	Research Associate
Matt Mullins	Brian M Smith	Andrew McIntyre

Attachment

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This section highlights the key findings from the Housing Demand Analysis completed for New Ulm. Calculations of projected housing demand are provided through 2030 and recommendations for housing products to meet demand over the short-term are found in the *Conclusions and Recommendations* section of the report.

Key Findings

1. Population in New Ulm grew historically through 1980 and since has remained relatively stable over the past few decades. New Ulm experienced growth this past decade of 4% in population (598 persons) and 5% in households (299 households). Projections through 2030 indicate continued growth in both population and households of 3.5% and 4%, respectively. While we project growth through 2030, if the looming recession and if inflation were to remain high through the decade, these projections may not occur at the same rate.

2. The aging baby boomer generation (ages 58 to 76 in 2022) is impacting the composition of the New Ulm population. Younger seniors (ages 65 to 74) are projected to grow by 13% over the next five years (213 people). The 75 and older age group is also projected to grow over the next five years (11%, or 168 people). This older population growth will result in demand for alternative housing products; both for-sale and rental housing types. At the same time, there is modest growth projected (3%) in the older Millennial generation (ages 35 to 44) that will be seeking home ownership opportunities.

3. New Ulm is a major job importer as there is a positive inflow of about 5,930 workers. This provides an opportunity to draw new households to New Ulm. Due to the lack of available housing in New Ulm, a portion of these inflow workers who may have chosen to live in New Ulm are forced to look elsewhere and commute. The labor force in New Ulm which has been relatively steady over the past decade has declined significantly since 2019 (-6%) and nearly a reduction of 800 people (-10%) since 2010. Although the unemployment rate has fallen to 2.9%, the city unemployment rate has dropped due to the labor force declining faster than the decline in those employed. Employers find the lack of affordable housing options to be a hinderance to attracting and retaining employees.

4. The overall rental vacancy rate for the rental products surveyed in the New Ulm was 0.8%. Rental vacancy rates are low across all housing affordability with market rate at 0.3%, subsidized (deep-subsidy) rental housing at 1.8%, and 0.0% at affordable (shallow-subsidy) products. The vacancy rates are well below market equilibrium indicating pent-up demand for additional units at all income levels. As a result, there are virtually no availability for householders seeking rental housing in the community.

5. The average number of resales in New Ulm has increased roughly 33% from 2015, averaging about 205 sales over the past five years. Median sales prices have grown steadily from 2013 to 2021 increasing by 4% per year. The median sales price has risen substantially over the past year with an increase of 22% from 2021 through September 2022. Inventory has been tight over the past few years and only 21 homes were listed for sale in the PMA as of September 12th, 2022. High interest rates are showing signs of impacting the market slowing market times and reducing sales prices.

6. The new construction market continues to be a slow and steady producing an average of 21 homes annually in New Ulm. Quality lots are adequality represented in New Ulm as 157 vacant buildable lots were identified in 10 subdivisions. Homes priced under $250,000 are difficult to construct as builders are unable to pencil-out this price point given today's development and regulatory costs. Therefore, new construction caters to move-up and executive buyers; while entry-level homes are serviced by the existing housing stock.

7. The demand for for-sale housing through 2030 was calculated for nearly 200 units which are likely to be absorbed by the existing lot supply in the near-term. The strongest need is for additional rental housing ; both market rate and shallow-subsidy affordable units. With the exception of assisted living senior housing, demand for additional active adult and senior independent housing options will grow with the increasing aging population in New Ulm.

8. In the near-term, 40-year record inflation and rising mortgage rates are projected to slow the for-sale market and could impact multifamily housing development with rising construction and financing costs. As a result, mobility rates could flatten in the short-term as households are on the side-lines impacted by affordability and supply constraints. As a result, public-private partnerships will be sought after to alleviate headwinds while providing much needed housing supply in New Ulm.

Purpose and Scope of Study

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

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

Demographic Analysis

- New Ulm's population declined by 0.5% (-72 people) from 2000 to 2010. During the past decade, the population in New Ulm experienced strong growth increasing 4% (598 people) by 2020. Growth in New Ulm is projected to continue as the population is expected to increase 3.5% (490 people) by 2030.

- Although the population in New Ulm declined from 2000 to 2010, households experienced growth of 4% (238 people). Household growth continued through 2020 with New Ulm adding another 299 households (5%). Projected to 2030, New Ulm is expected to grow by 264 households (4%).

- The New Ulm population is aging as the 65 and older age cohort is projected to have the greatest percentage growth increasing by 385 people (12%) from 2022 to 2027. The growth in this age cohort can be primarily attributed to the baby boom generation aging into their young senior years. The population under the age of 65 is projected to decline by 135 people (-1%).

- In 2022, the median household income in New Ulm was estimated to be $72,819 and is projected to climb 6% to $77,021 by 2027. The average annual increase of 1.2% in New Ulm is lower than the historical annual inflation rate of 1.9% over the past ten years.

- In New Ulm, 72% of all households are estimated to be owned in 2022. New Ulm grew by an estimated 286 renter households (20%) from 2010 to 2022 while owner households grew by just 1% overall, gaining an estimated 52 households.

- An estimated 75% of renter households in New Ulm are occupied by one- or two-persons in 2022 with 53% of renter households in New Ulm one-person households. In comparison, two-person owner represent the majority of owned housing at an estimated 42%.

- Family households in 2022 comprised an estimated 62% of all households in New Ulm compared with single-person households estimated to be the most common household type (34%) followed by married couples without children (33%).

Housing Characteristics

- Between 2010 and 2021, 460 housing units were permitted resulting in about 42 units annually in New Ulm. Development of units were split about evenly between single-family and multifamily housing structures. Single family units were constructed at an average of 21 units per year over the period.

- The greatest percentage of homes in New Ulm were built prior to 1940, which comprised nearly 24% of the entire housing stock. Much of the remaining housing development occurred from 1950s through the 1970s accounting for about 43% of the housing built in the city. Housing built prior to the 1970s account for 72% of the housing stock in New Ulm.

- The dominant housing type is the single-family detached home, representing 94% of all owner-occupied housing units in New Ulm. In addition, 22% of renter households are estimated to be single-family detached homes.

- In New Ulm, 56% of homes have a mortgage. This is less than the state proportion of homes with a mortgage (69%) indicating more household own their home outright in comparison.

- The median **contract** rent in New Ulm was estimated at $650 (see page 177 for contract rent definition). Based on a 30% allocation of income to housing, an income of $26,000 would be needed to afford the median rent. The state contract rent is estimated at $916 (41% higher than New Ulm).

- The majority of residents (90%) did not move within the year. Of the residents that moved within the last year, approximately 48% moved within Brown County and 29% moved from outside of the county but from within the State of Minnesota.

- The median income of renter households was significantly lower than the median income owner households in the PMA. In 2020, owner-occupied households in the PMA reported a median income of $78,565 compared to $37,052 among renter-occupied households.

- The majority of New Ulm residents (90%) did not move during the last year. Among residents that moved, they were most likely to move within their same county (5%) followed by a move from a different county within Minnesota (3%).

- Of those who reported a move in New Ulm, 23% were between the ages of 1 and 24 and 16% were between the ages of 25 and 34.

Employment Trends

- Resident employment in New Ulm has decreased by 777 people between 2010 and 2021 (-10%). The number of individuals in the labor market also decreased at a slightly lower rate (-6%) than resident employment.

- Until the COVID-19 pandemic hit in 2020, the labor force in New Ulm had been relatively stable since 2015 along with those employed. The unemployment rate in comparison has been steadily declining from 7.3% in 2009 to 3.8 in 2019.

- The pandemic caused the unemployment rate in New Ulm to jump to 5.3% with a decline in the labor force of 1% and a reduction of those employed (-3%) from 2019 to 2020. While the unemployment rate has rebounded to 2.9% in 2021, the labor force and employed persons has continued to decline at 6% and 4%, respectively.

- New Ulm is the top home destination for workers in the city with a 39% share, while many are commuting from Sleepy Eye (4%) and Mankato (2%). About 63.5% of New Ulm's residents travel less than ten miles to their place of employment, while 18% have a commute distance greater than 50 miles.

- New Ulm can be considered an importer of workers, as the number of residents coming into the city for work (inflow) is greater than the number of workers leaving the city (outflow) for employment. Approximately 5,930 workers came into the city for work while 2,486 workers left, for a net difference of 3,447.

- The Manufacturing industry is the largest employment sector in New Ulm, providing 2,124 jobs in 2021 (23% of the total). The Education and Health Services sector was the next largest sector with 2,054 workers (22% of the total jobs) followed by Trade, Transportation, and Utilities sector with 1,942 workers (21%).

- Employers in the manufacturing sector indicate a continued lack of available affordable housing for both rental and for-sale. Those skilled employees relocating to the area particularly have a difficult time finding suitable permanent and/or temporary housing in the area.

- 3M, in the electrical equipment and component manufacturing industry, is the largest employer in New Ulm with 700 employees. The city's next two largest employers are New Ulm Medical Center, with 600 employees and Kraft Foods, with 495 employees.

Rental Housing Market Analysis

- Based on the US Census American Community Survey data, the median **gross** rent in New Ulm was $774 in 2020 (see page 179 for definition of gross rent). An income of $30,960 would be needed to afford the median rent allocating 30% of income to housing. The median gross rent in the State of Minnesota is estimated at $1,010 (30% higher than New Ulm).

- Overall, 18 out of 20 general occupancy apartment communities were contacted. At the time of our survey, one market rate unit, zero affordable, and four subsidized units were vacant, resulting in an overall vacancy rates of 0.3% for market rate units, 0.0% for affordable, and 1.8% for subsidized. The industry standard is 5% vacancy for market rate and 3% for affordable/subsidized for a stabilized rental market, which promotes competitive rates, ensures adequate choice, and allows for unit turnover.

- Nearly 64% of the market rate units inventoried in multifamily buildings in New Ulm are two-bedroom units. The following is the unit breakdown, monthly rent ranges, and average rent for each market rate unit type:
  - **One-bedroom units:** 28% | $575 to $975 | Avg. $719
  - **One-bedroom + den units:** 1% | $895 to $895 | Avg. $895
  - **Two-bedroom units:** 63.5% | $675 to $1,150 | Avg. $858
  - **Two-bedroom + den units:** 2% | $1,105 to $1,140 | Avg. $1,123
  - **Three-bedroom units:** 6% | $759 to $1,160 | Avg. $885

- The majority of affordable units inventoried in multifamily buildings in New Ulm are one-bedroom units (62%). The following is the unit breakdown, monthly rent ranges, and average rent for each affordable unit type:
  - **One-bedroom units:** 20% | $610 | Avg. $610
  - **Two-bedroom units:** 62% | $665 to $750 | Avg. $858
  - **Three-bedroom units:** 8% | $775 to $835 | Avg. $885

Senior Housing Market Analysis

- Senior housing is a concept that generally refers to the integrated delivery of housing and services to seniors. Products range from independent apartments and/or townhomes with virtually no services on one end, to highly specialized, service-intensive assisted living units or housing geared for people with dementia-related illnesses (termed "memory care") on the other end of the spectrum.

- The strongest growth is predicted to occur among older adults in New Ulm. Aging of baby boomers led to an increase of 537 people (50%) in the 65 to 74 population between 2010 and 2022 in New Ulm. As this group ages, the 75 and older cohort is projected to grow by 11% (168 people) while the 65 to 74 age group will also grow by 13% (213 people).

- Maxfield Research identified 11 senior housing properties in the PMA with 391 units of which 57% of the units provide service-enhanced housing. These include 178 assisted living units and 46 memory care units. Active adult housing consists of 121 market rate units and 46 subsidized units.

- At the time of the survey, there were 18 vacant service-enhanced units (10.3% vacancy rate), including two memory care vacancies (4.3% vacancy) and 16 assisted living vacancies (12.5%). The market rate active adult units were 2.5% vacant (three vacancies), while the subsidized senior properties were 2.2% vacant (one vacancy).

- A 93% occupancy rate is generally considered equilibrium in assisted living and memory care housing, while 95% occupancy considered equilibrium in independent living and active adult. As such, the current supply of service-enhanced units appear to be oversupplied (potentially high from the pandemic), while the active adult units appear to be undersupplied.

For-Sale Housing Market Analysis

- New Ulm has averaged 181 resales of for-sale housing annually since 2013. Transaction activity has increased over the past five years averaging 205 resales during that time. Lower activity occurred during the 2013 to 2016 period with the average being 152 home resales per year. The lowest resale point over the period was in 2014 with 138 resales.

- The pricing of resales in New Ulm has shifted higher over the period as 59% of all resales were priced between $100,000 and $199,999 in New Ulm in 2021 compared to 65% of resales were priced between $50,000 to $149,999 back in 2013. Only 39.5% of all sales were under $149,000 in New Ulm in 2021. In addition, only 7% of resales in 2013 were priced more than $200,000 compared to 17% by 2021.

- The median resale price of single-family homes in New Ulm was 33% higher in 2021 ($161,800) when compared to the 2013 ($121,392). Through September 2022, the median resale price has jumped to $196,900 (22%) from the previous year. The increasing appreciation of home prices is having a significant effect on many first-time homebuyers as home prices are increasing faster than wage growth and until recently, inflation.

- Inventory (i.e. homes for sale) has been low recently with only 21 homes listed in the entire PMA at a point in time in September 12th, 2022; resulting in a tight market of homes for sale for buyers. Few homes were available at all price ranges with 28.5% of the listings priced between $150,000 to $199,999.

- Based on the median list price of $289,900 as of September 12th, 2022, in New Ulm, the income required to afford a home at this price would be about $82,300 to $96,630 based on the standard of 3.0 to 3.5 times the median income (and assuming these households do not have a high level of debt).

- Maxfield Research inventoried 11 subdivisions with 157 vacant/available lots. Of these lots, 105 are available for single-family development and 52 for twin home/townhome development. Based on historic new construction volumes and demand the lot supply is roughly about 5-years deep.

Development Pipeline

- The Hope Housing Foundation is planning an affordable workforce rental project of up 118 units located at Maplewood Drive and North Highland Avenue. The plan includes eight twin homes (16 units), six row-home style townhomes, and a four-story 96-unit multifamily structure. The Hope Housing Foundation is currently in the process of securing funding for the project. This project if developed would absorb the calculated demand for shallow-subsidy housing in New Ulm through the decade.

- EBMD, LLC purchased the Marketplatz Mall with plans to develop market rate multifamily rental apartments. The proposed development will include a 30-unit apartment in phase I with 60 additional units in future phases. Current timing for development at this time would be a construction start of 2023. We have accounted for the 30 units in Phase I of this development in our demand calculations.

- Market rate and affordable rental apartments have been proposed at Boundary Street and Lake Avenue. The development is planned to include a mix of market rate and affordable apartments between 30 to 50 units. Timing of this development is unknown as of this study. Due to the project timing and mix of affordability of the unit mix uncertain we did not include this project in our demand calculations.

- The Oak Hills Living Center has proposed to add an additional 15 units of assisted living and 15 memory care units to its current campus. The plan also would include a reconfiguration of the existing 16 studio units into a mix of (4) studio and (12) one-bedroom units to better fill the needs of the current senior market. Due to current construction costs and supply chain issues, the project is currently on hold pending financing. Oak Hills plans to pursue the development but timing is uncertain.

- S&P Development is developing additional plats to the Milford Heights subdivision at Pfaender Drive and County Road 27. The additions include the recently platted (March 2022) fifth addition that will consist of 10 twin homes (20 units) and a sixth addition that is platted with 14 single family homes. Construction of the twin homes and single-family homes are planned for 2023.

Housing Affordability

- In New Ulm, about 37% of renter households and 12% of owner householders are estimated to be paying more than 30% of their income for housing costs. Compared to the Minnesota average, the percentage of cost burdened renter households is lower than the state average of 47% and owner households at 18%.

- The New Ulm EDA administers 127 housing choice vouchers in Brown County, however due to funding about 110 vouchers are utilized at this time. New Ulm is home to 85% of the housing choice vouchers.

- An estimated 54% of existing renter households can afford to rent a one-bedroom unit in New Ulm ($725/month) and an estimated 50% that can afford an existing two-bedroom unit ($800/month).

- Approximately 71% of all PMA households could afford to purchase an entry-level home in New Ulm ($150,000) and 43.5% of all households would income qualify for move-up buyers ($250,000).

Housing Needs Analysis Summary

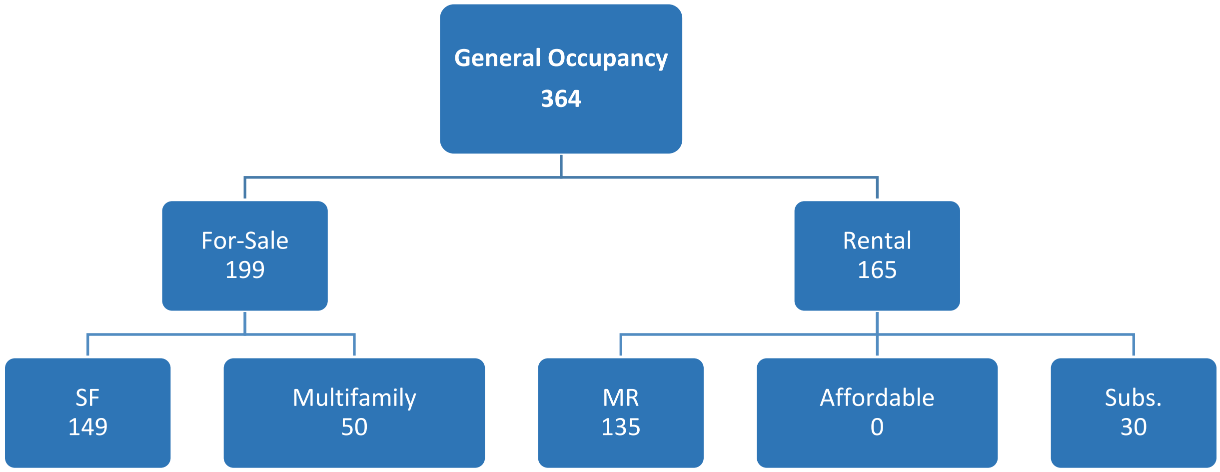
- Based on our calculations, demand exists in New Ulm for the following general occupancy product types between 2022 and 2030:

  - Market rate rental 135 units
  - Affordable rental 0 units (due to 118 units moving forward)
  - Subsidized rental 30 units
  - For-sale single-family 149 units
  - For-sale multifamily 50 units

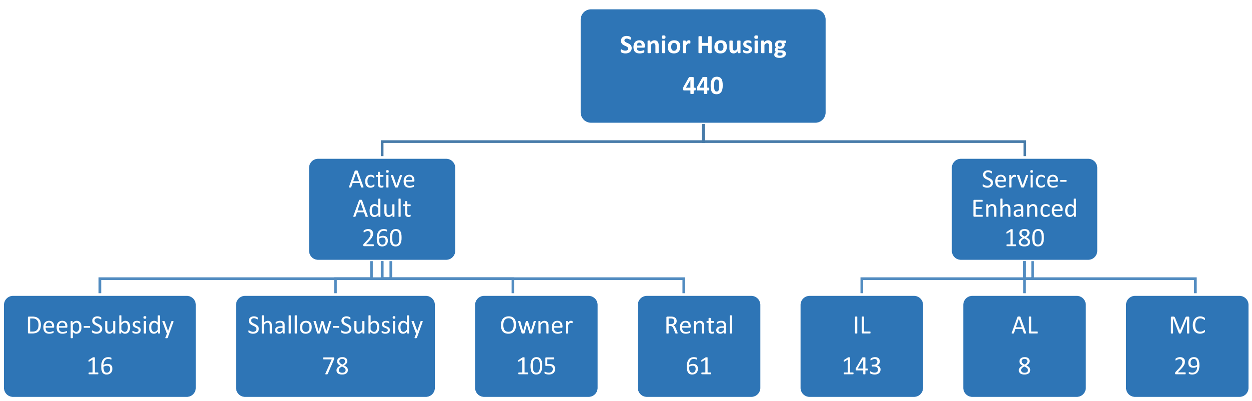
- In addition, we find demand for multiple senior housing product types. By 2027, demand in New Ulm for senior housing is forecast for the following:

  - Active adult ownership 105 units
  - Active adult market rate rental 61 units
  - Active adult affordable 78 units
  - Active adult subsidized 16 units
  - Independent Living 143 units
  - Assisted Living 8 units
  - Memory Care 29 units

New Ulm Projected General Occupancy Demand, 2022 – 2030



New Ulm Projected Senior Demand, 2022 – 2027



- Below are recommended product types for New Ulm:

RECOMMENDED HOUSING DEVELOPMENT CITY OF NEW ULM 2022 to 2030				
	Purchase Price/ Monthly Rent Range[1]	No. of Units	Pct. of Total	Development Timing
Owner-Occupied Homes				
Single Family [2]				
Move-up	$250,00 - $350,000	100 - 110	75%	2023+
Executive	$350,000+	30 - 40	25%	2023+
Total		**130 - 150**	**100%**	
Townhomes/Detached Townhomes/Twinhomes [2]				
Attached Townhomes	$225,000-$275,000	20 - 25	50%	2023+
Twinhomes/Detached Townhomes	$285,000+	20 - 25	50%	2023+
Total		**40 - 50**	**100%**	
Total Owner-Occupied		**170 - 200**		
General Occupancy Rental Housing				
Market Rate Rental Housing				
Apartment-style	$875/1BR - $1,150/2BR	85 - 95	71%	2023+
Townhomes	$1,150/2BR - $1,275/3BR	35 - 40	29%	2023+
Total		**120 - 135**	**100%**	
Affordable Rental Housing				
Apartment-style	Moderate Income[3]	50 - 55	70%	2023+
Townhomes	Moderate Income[3]	20 - 25	30%	2023+
Total		**70 - 80**	**100%**	
Total Renter-Occupied		**190 - 215**		
Senior Housing (i.e. Age Restricted) 2022-2027				
Active Adult Cooperative	1BR & 2BR / $75,000+	40 - 50	23%	2023+
Active Adult Affordable Rental	Moderate Income[3]	40 - 50	23%	2023+
Active Adult Market Rate Rental	$1,000/1BR - $1,200/2BR	40 - 50	23%	2023+
Independent Living (Congregate)	$1,500/1BR - $2,000/2BR	36 - 40	19%	2023+
Assisted Living	$3,500/1BR - $4,000/2BR	- - -	0%	
Memory Care	$5,500/Studio - $6,500/1BR	24 - 28	13%	2026+
Total		**180 - 218**	**100%**	
Total - All Units		**540 - 633**		

[1] Pricing in 2022 dollars. Pricing can be adjusted to account for inflation.

[2] Recommendations include the absorption of some existing previously platted lots.

[3] Affordablity subject to income guidelines per Minnesota Housing Financing Agency (MHFA). See Brown County Income limits.

Note - Recommended development does not coincide with total demand. New Ulm may not be able to accommodate all recommended housing types based on a variety of factors (i.e. development constraints, land availability, etc.)

Source: Maxfield Research & Consulting, LLC

Detailed demand calculations and recommendation by submarket are provided in more detail in the recommendations and conclusions section of the report.

Introduction

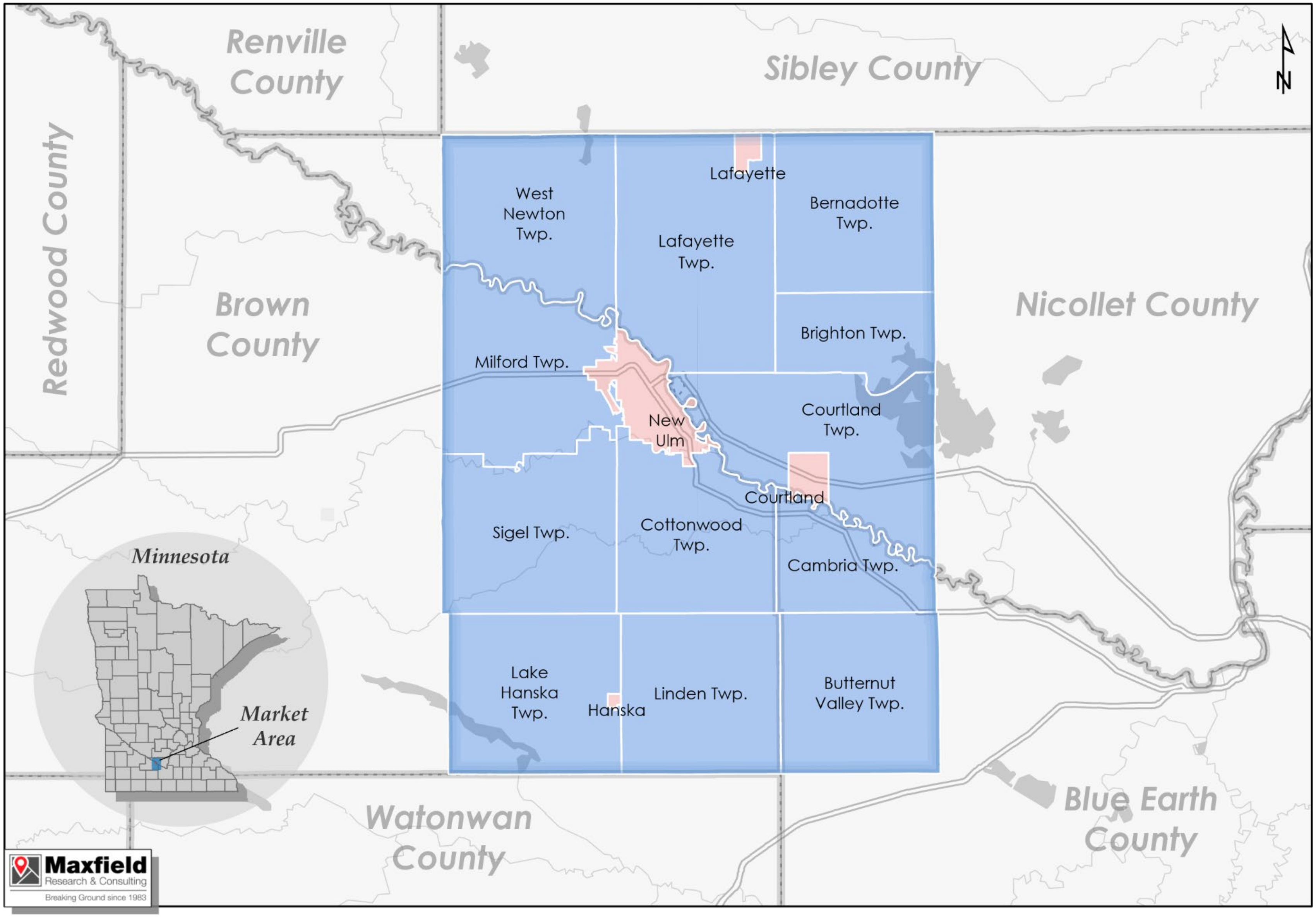
This section of the report examines factors related to the current and future demand for both owner and renter-occupied housing in New Ulm, Minnesota. It includes an analysis of population and household growth trends and projections, projected age distribution, household income, household types and household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

New Ulm Primary Market Area

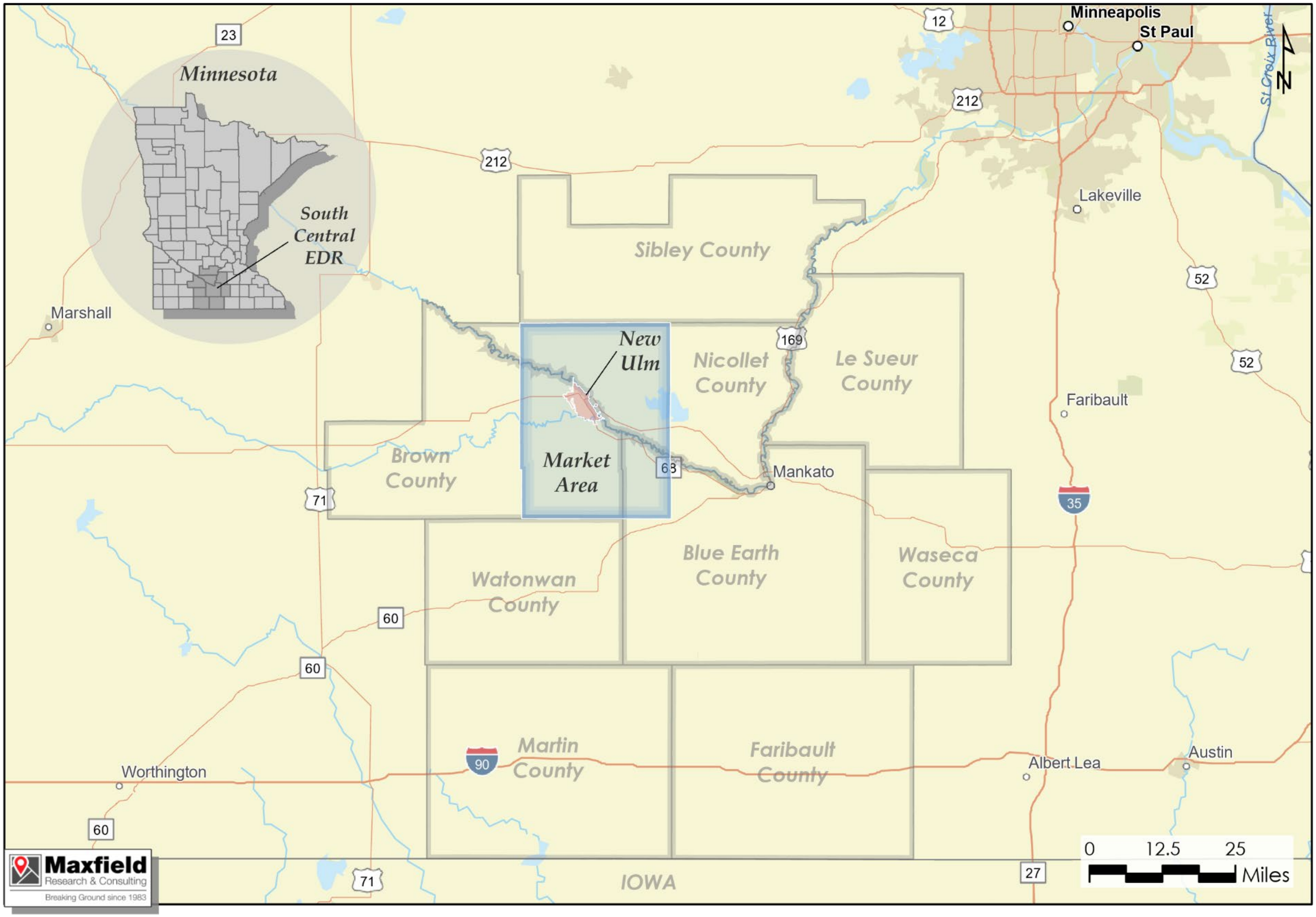
For purposes of the housing analysis, the Primary Market Area (PMA) encompasses the following geographies: New Ulm, Bernadotte Township, Butternut Valley Township, Cambria Township, Cottonwood Township, Courtland, Courtland Township, Hanska, Lafayette, Lafayette Township, Lake Hanska Township, Linden Township, Milford Township, Sigel Township, and West Newton Township.

In some cases, additional demand for housing will come from individuals moving from just outside the county, those who return from other locations (particularly young households returning after pursuing their degrees or elderly returning from retirement locations), and seniors who move to be near the adult children living in New Ulm and the larger PMA. Demand generated from within and outside of the PMA is considered in the demand calculations presented later in this analysis. The maps on the following pages highlight the City of New Ulm, PMA and Minnesota's South Central Economic Development Region 9, which includes the following counties: Brown, Blue Earth, Faribault, Le Sueur, Martin, Nicollet, Sibley, Waseca, and Watonwan.

City of New Ulm and Primary Market Area



City of New Ulm and South Central Minnesota EDR



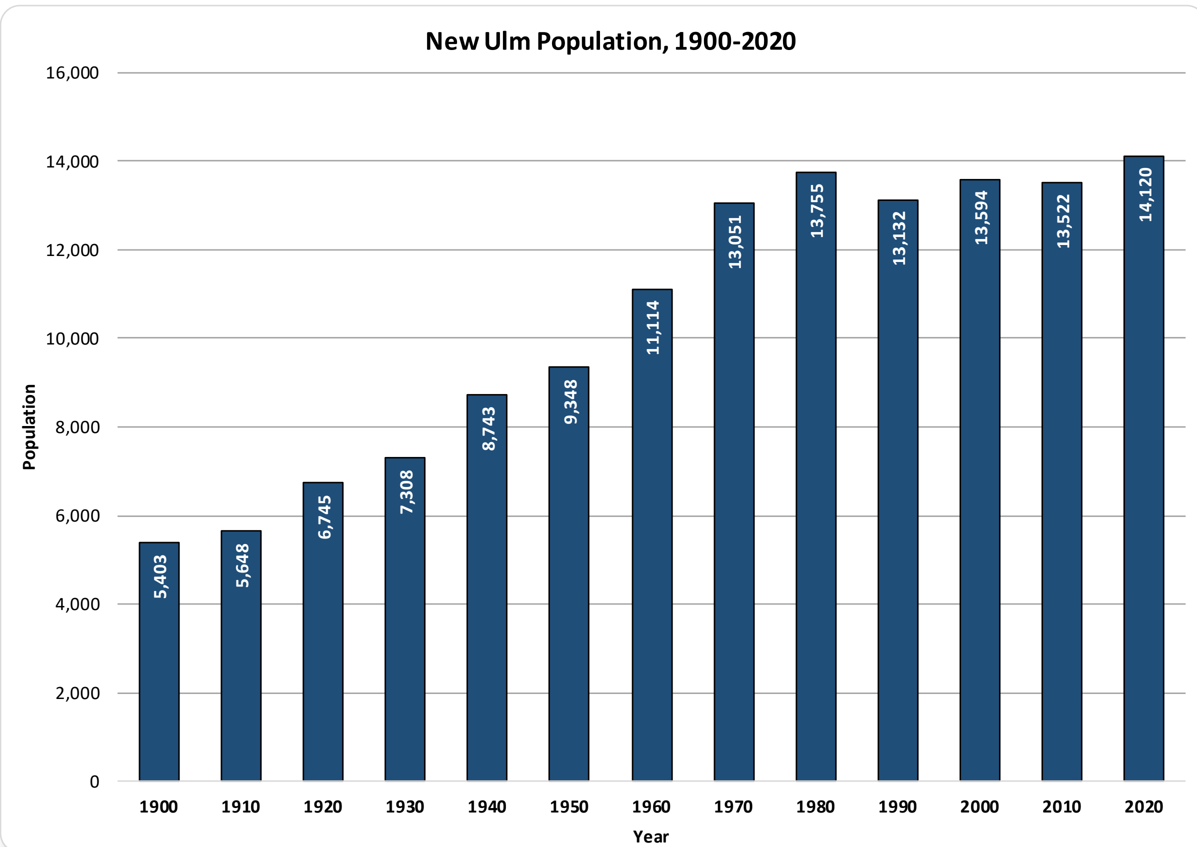
Historic Population

The figure on the following page shows New Ulm and the PMA's historic population from 1900 to 2020. Data was obtained from the US Census Bureau.

- The population in New Ulm has grown every decade since 1900 until 1990 when the population declined 623 people (-4.5%). Average population growth since 1900 is 9% and has ranged from has ranged from a high of 20% growth between 1930 and 1940 to a low of a -4.5% decline between 1980 and 1990. The average growth for New Ulm was 12% from 1950 to 1980 but has fallen to an average of less than 1% from 1980 to 2020.

- New Ulm's population has grown by over 8,700 people from 5,403 people in 1900 to 14,120 people in 2020.

- Decades with the largest population growth in New Ulm include: 1930 to 1940 (20%), 1950 to 1960 (19%), and 1960 to 1970 (17%).



Population and Household Growth from 2000 to 2020

Tables D-1 and D-2 present the population and household growth of New Ulm, the PMA Remainder, The PMA, , the South Central Minnesota Planning Region, and the State of Minnesota in 2000, 2010, and 2020. The data is sourced from the U.S. Census. Additionally, data for New Ulm, the PMA Remainder, and the PMA from tables D-1 and D-2 is also presented in graph format.

Population

- The population of New Ulm remained relatively stable falling by only 0.5% between 2000 and 2010 from 13,594 to 13,522 (-72 people). The decline of the population in New Ulm between 2000 and 2010 (-0.2%) was far less than the loss in population in the PMA Remainder (-9%) and the PMA (-3.5%). The Southeast Minnesota Planning Area and the State of Minnesota however, experienced growth of 4% and 8%, respectively over the decade.

- From 2010 to 2020, the population of New Ulm grew to 14,120 people, a strong increase in population (4%) in comparison to last decade. New Ulm's growth between 2010 and 2020 (598 people, 4%) was greater than the loss in the PMA Remainder (-20 people, -0.3%). Growth in New Ulm was greater than that of the South Central Minnesota EDR (2.5%) but less than that of Minnesota (8%).

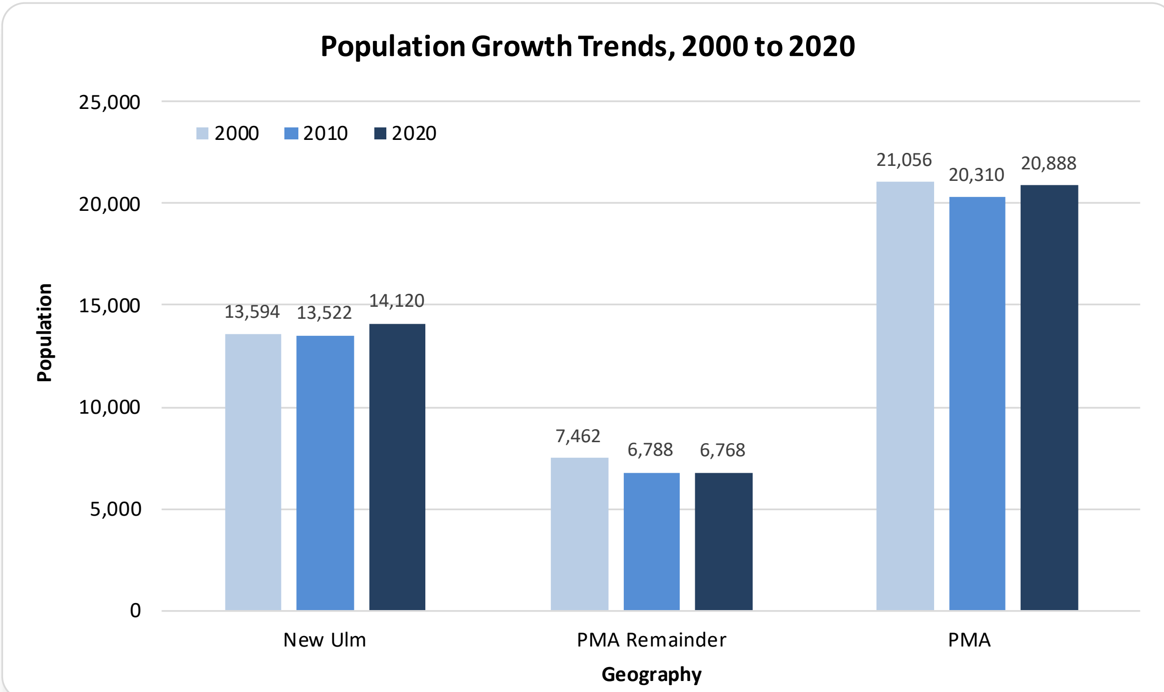
- From 2000 to 2020, the most significant percent change in population occurred in the State of Minnesota (16%), followed by the South Central Minnesota Planning Area (6.5%), and the New Ulm (4%). The Remainder of the PMA and the PMA as a whole fell in population by 9% and 1%, respectively over the period.

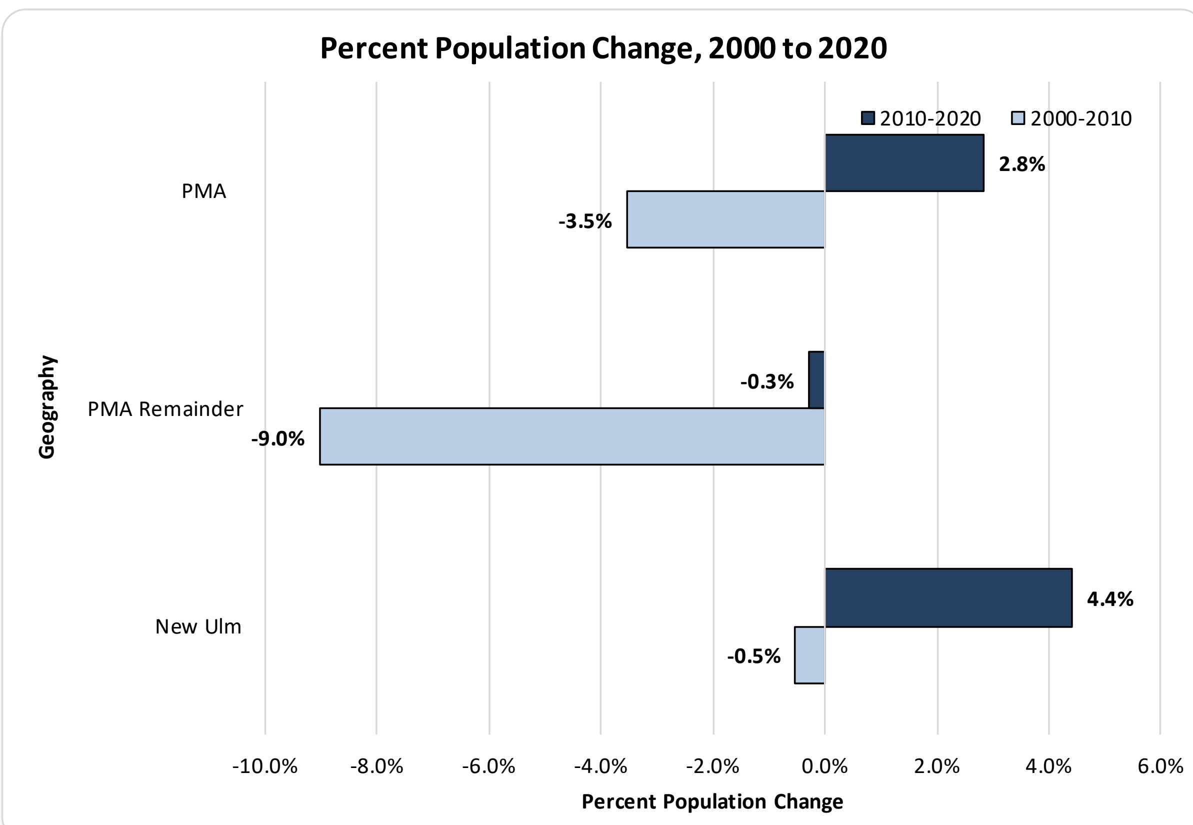
TABLE D-1
HISTORIC POPULATION
NEW ULM STUDY AREA
2000 - 2020

	Historic Population			Change			
	Census			2000 - 2010		2010 - 2020	
	2000	2010	2020	No.	Pct.	No.	Pct.
New Ulm	13,594	13,522	14,120	-72	-0.5%	598	4.4%
PMA Remainder	7,462	6,788	6,768	-674	-9.0%	-20	-0.3%
PMA	21,056	20,310	20,888	-746	-3.5%	578	2.8%
South Central Minnesota EDR	222,790	231,302	237,155	8,512	3.8%	5,853	2.5%
Minnesota	4,919,479	5,303,925	5,706,494	384,446	7.8%	402,569	7.6%

Note: The South Central Minnesota EDR includes the following counties: Blue Earth, Brown, Faribault, Le Suer, Martin, Nicollet, Sibley, Waseca, and Watonwan.

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


Population Growth Trends, 2000 to 2020
25,000
20,000
15,000
10,000
5,000
0
Population
2000
2010
2020
13,594
13,522
14,120
7,462
6,788
6,768
21,056
20,310
20,888
New Ulm
PMA Remainder
PMA
Geography


Percent Population Change, 2000 to 2020
2010-2020
2000-2010
PMA
2.8%
-3.5%
PMA Remainder
-0.3%
-9.0%
New Ulm
4.4%
-0.5%
Geography
-10.0%
-8.0%
-6.0%
-4.0%
-2.0%
0.0%
2.0%
4.0%
6.0%
Percent Population Change

Households

Household growth trends are typically a more accurate indicator of housing needs than population growth since a household is, by definition, an occupied housing unit. However, additional demand can result from changing demographics of the population base, which results in demand for different housing products.

- The number of New Ulm households grew by 4% between 2000 and 2010 from 5,494 to 5,732. The growth in the number of New Ulm households between 2000 and 2010 (4%) was greater than the growth in the PMA Remainder (2%) and the PMA (4%), but less than the Southeast Minnesota Planning Area (7%), and Minnesota (10%).

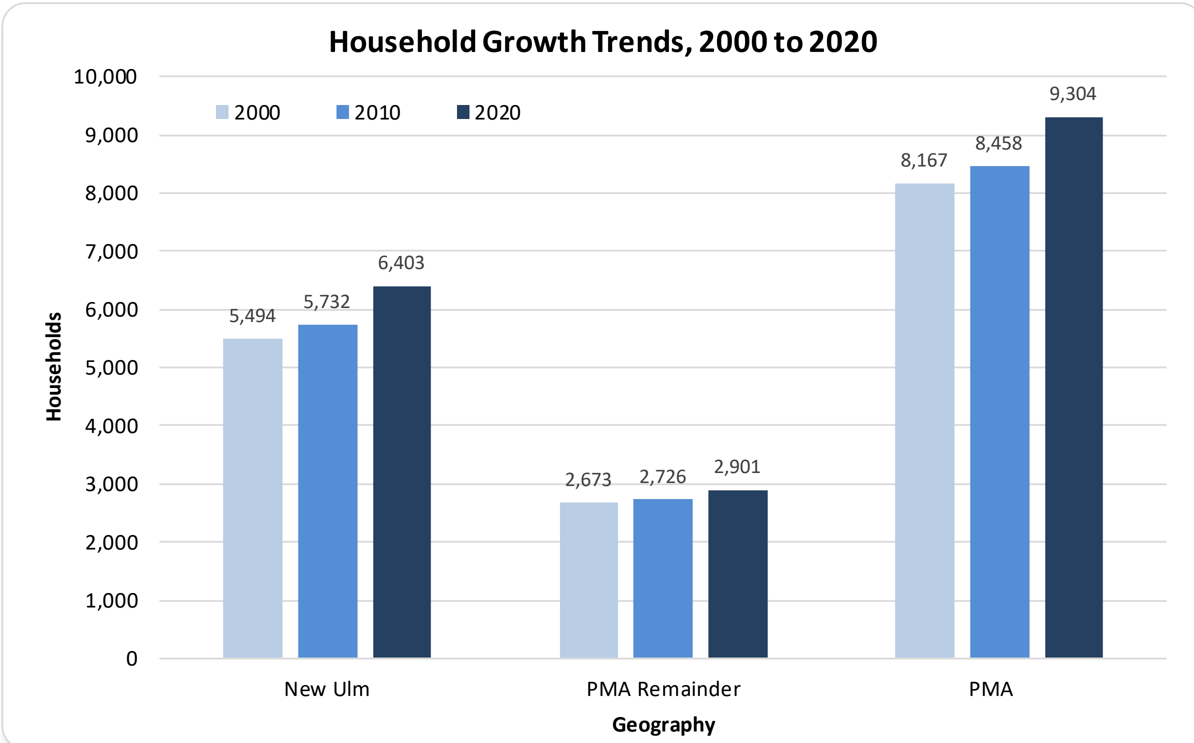
- From 2010 to 2020, the number of New Ulm households grew to 6,031, a higher increase in households (5%) than between 2000 and 2010. New Ulm's household growth between 2010 and 2020 (5%) was more than that of the PMA Remainder (0%), the PMA (3.5%), and the South Central Minnesota Planning Area (4%) but less than the State of Minnesota (8%).

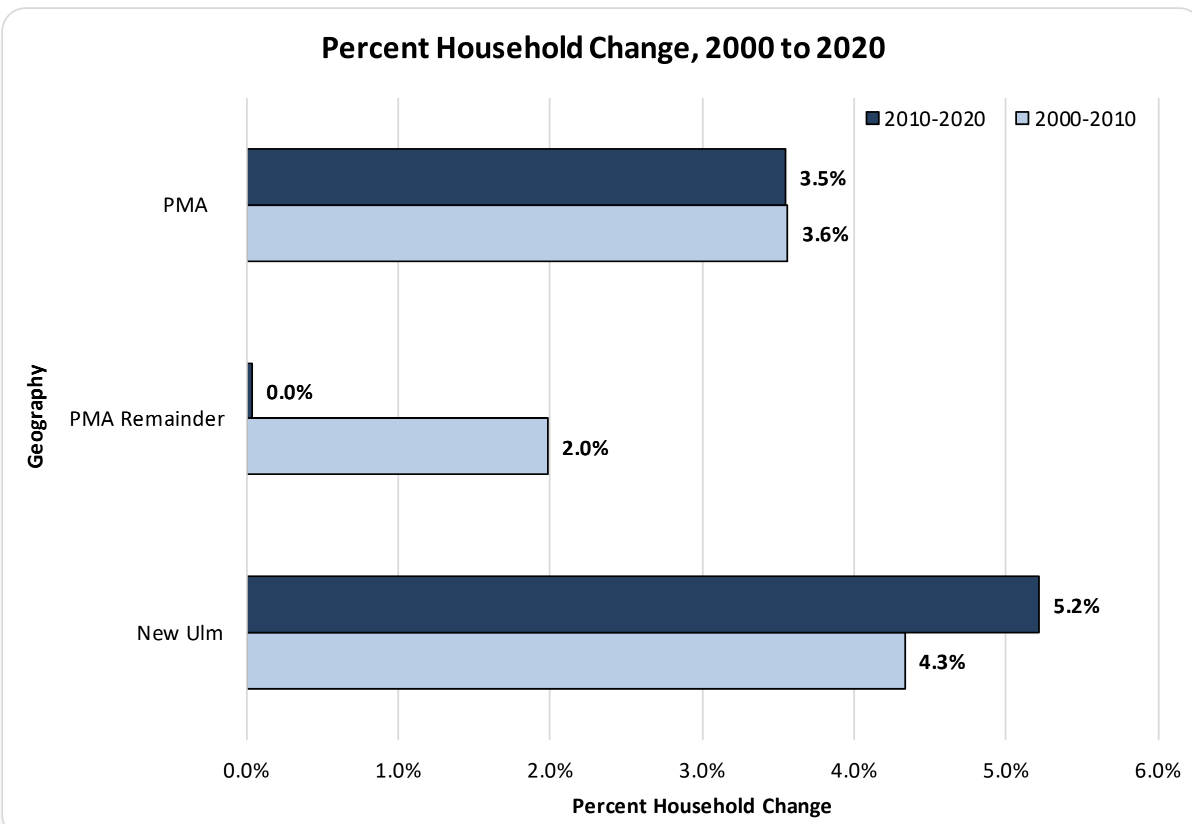
TABLE D-2
HISTORIC HOUSEHOLDS
NEW ULM STUDY AREA
2000 - 2020

	Historic Households			Change			
	Census			2000 - 2010		2010 - 2020	
	2000	2010	2020	No.	Pct.	No.	Pct.
New Ulm	5,494	5,732	6,031	238	4.3%	299	5.2%
PMA Remainder	2,673	2,726	2,727	53	2.0%	1	0.0%
PMA	8,167	8,458	8,758	291	3.6%	300	3.5%
South Central Minnesota EDR	85,109	91,292	94,864	6,183	7.3%	3,572	3.9%
Minnesota	1,895,127	2,087,227	2,253,990	192,100	10.1%	166,763	8.0%

Note: The South Central Minnesota Planning Area includes the following counties: Blue Earth, Brown, Faribault, Le Suer, Martin, Nicollet, Sibley, Waseca, and Watonwan.

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


Household Growth Trends, 2000 to 2020
2000
2010
2020
Households
10,000
9,000
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
5,494
5,732
6,403
2,673
2,726
2,901
8,167
8,458
9,304
New Ulm
PMA Remainder
PMA
Geography


Percent Household Change, 2000 to 2020
2010-2020
2000-2010
Geography
PMA
3.5%
3.6%
PMA Remainder
0.0%
2.0%
New Ulm
5.2%
4.3%
0.0%
1.0%
2.0%
3.0%
4.0%
5.0%
6.0%
Percent Household Change

Population and Household Estimates and Projections

Table D-3 presents population and household growth trends and projections for New Ulm, the PMA Remainder, PMA, the South Central Minnesota EDR (Economic Development Region), and the State of Minnesota through 2030. Projections for 2030 are based on information from ESRI, the Minnesota State Demographic Center, and adjusted by Maxfield Research and Consulting, LLC based on local trends.

- Projections indicate New Ulm will experience a 3.5% increase in population between 2020 and 2030. The projected population increase will be slightly lower than the population increase experienced in the decade between 2010 and 2020 (4%). However, the population growth has increased considerably from 2000 to 2010 in New Ulm when the population declined by 0.5%.

- The PMA reported population decline between 2000-2010 (-3.5%) and growth from 2010-2020 (3%). The majority of the decline occurred in the Remainder of the PMA as the population declined 9% from 2000 to 2010 and 0.3% from 2010 to 2020.

- Due to declining household size, household growth is projected to outpace population growth. A 4% increase in households is forecast for New Ulm between 2020 to 2030. Similar trends are expected to occur for the PMA, which is expected to increase in households by 3%. The State of Minnesota in comparison, is expected to increase in households by 6%.

- Household size is expected to decline slightly in New Ulm from 2.34 people per household in 2020 to 2.32 people per household in 2030 while household size in the PMA is expected to decline from 2.48 people per household in 2020 to 2.42 people per household in 2030. The State of Minnesota for comparison, is expected to decrease in people per household from 2.53 people per household in 2020 to 2.52 people per household in 2030.

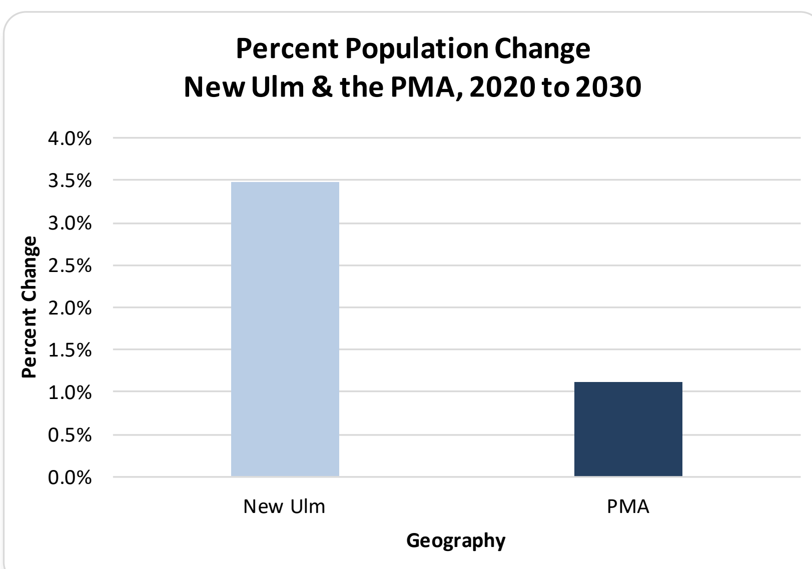


TABLE D-3
POPULATION GROWTH TRENDS AND PROJECTIONS
CITY OF NEW ULM, PMA REMAINDER, PMA, SOUTH CENTRAL MINNESOTA PLANNING REGION, & STATE OF MINNESOTA
2000 - 2030

	Census			Projected		Change					
						2000 - 2010		2010 - 2020		2020 - 2030	
	2000	2010	2020	2025	2030	No.	Pct.	No.	Pct.	No.	Pct.
Population											
New Ulm	13,594	13,522	14,120	14,312	14,610	-72	-0.5%	598	4.4%	490	3.5%
PMA Remainder	7,462	6,788	6,768	6,664	6,513	-674	-9.0%	-20	-0.3%	-255	-3.8%
PMA	21,056	20,310	20,888	20,976	21,123	-746	-3.5%	578	2.8%	235	1.1%
South Central Minnesota EDR	222,790	231,302	237,155	238,528	241,673	8,512	3.8%	5,853	2.5%	4,518	1.9%
State of Minnesota	4,919,479	5,303,925	5,706,494	5,870,258	6,034,892	384,446	7.8%	402,569	7.6%	328,398	5.8%
Households											
New Ulm	5,494	5,732	6,031	6,120	6,295	238	4.3%	299	5.2%	264	4.4%
PMA Remainder	2,673	2,726	2,727	2,702	2,696	53	2.0%	1	0.0%	-31	-1.1%
PMA	8,167	8,458	8,758	8,822	8,991	291	3.6%	300	3.5%	233	2.7%
South Central Minnesota EDR	85,109	91,292	94,864	96,000	97,648	6,183	7.3%	3,572	3.9%	2,784	2.9%
State of Minnesota	1,895,127	2,087,227	2,253,990	2,320,938	2,394,162	192,100	10.1%	166,763	8.0%	140,172	6.2%
Persons Per Household											
New Ulm	*2.47*	*2.36*	*2.34*	*2.34*	*2.32*						
PMA Remainder	*2.79*	*2.49*	*2.48*	*2.47*	*2.42*						
PMA	*2.58*	*2.40*	*2.39*	*2.38*	*2.35*						
South Central Minnesota EDR	*2.62*	*2.53*	*2.50*	*2.48*	*2.47*						
State of Minnesota	*2.60*	*2.54*	*2.53*	*2.53*	*2.52*						

Note: The South Central Minnesota EDR (Economic Development Region) Area includes the following counties: Blue Earth, Brown, Faribault, Le Suer, Martin, Nicollet, Sibley, Waseca, and Watonwan.

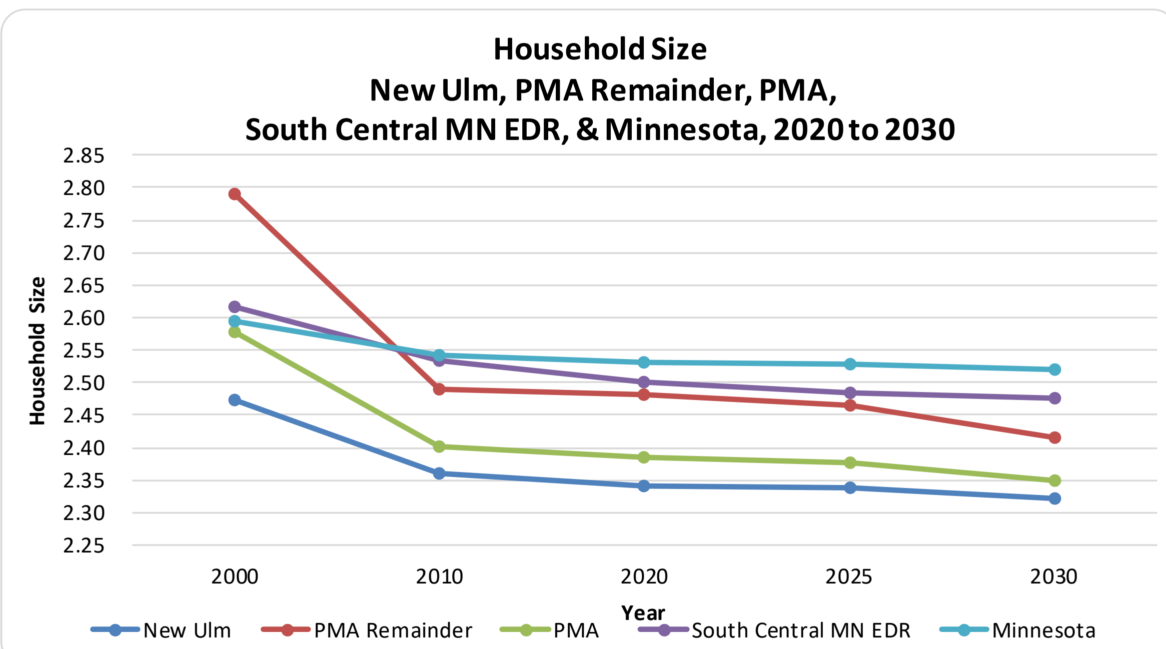
Sources: U.S. Census; State of Minnesota Demographer; ESRI; Maxfield Research and Consulting, LLC

Household Size

Household size is calculated by dividing the number of persons in households by the number of households (or householders). Nationally, the average number of people per household has been declining for over a century; however, there have been sharp declines starting in the 1960s and 1970s. Persons per household in the U.S. were about 4.5 in 1916 and declined to 3.2 in the 1960s. Over the past 50 years, it dropped to 2.57 as of the 2000 Census. However, due to the economic recession this trend has been temporarily halted as renters and laid-off employees "doubled-up," which increased the average U.S. household size to 2.59 as of the 2010 Census and further increasing to 2.61 in 2020 as rental housing unit production increased dramatically.

The declining household size has been caused by many factors, including: aging, higher divorce rates, cohabitation, smaller family sizes, demographic trends in marriage, etc. Most of these changes have resulted from shifts in societal values, the economy, and improvements in health care that have influenced how people organize their lives. Table D-3 highlights the declining household size in New Ulm, the PMA, the South Central Minnesota EDR, and the State of Minnesota.

- In 2010, the household size in New Ulm was 2.36 while the PMA had a household size of 2.40 in the PMA. In comparison, household size in the South Central Minnesota EDR averaged 2.53 persons per household while the State of Minnesota had 2.54 persons per households. By 2020, household size has fallen to 2.34 in New Ulm and 2.39 in the PMA. The South Central Minnesota EDR fell to 2.50 with the Minnesota's household size decreasing slightly to 2.53.



- New Ulm's household size is projected to be 2.34 by 2025 and declining to at 2.32 in 2030. New Ulm's projected household size will be less than the state's, which is projected to be 2.53 in 2025 and 2.52 in 2030.

- The PMA Remainder's household size is projected to be 2.47 by 2025 and decrease to 242 by 2030. This decline is more significant than New Ulm's drop in household size and likely due to the more rural character of the PMA Remainder.

Age Distribution Trends

The age distribution of a community's population helps in assessing the type of housing needed. For example, younger and older people are more attracted to higher-density housing located near services and entertainment while middle-aged people (particularly those with children) traditionally prefer lower-density single-family homes. Table D-4 presents the age distribution of New Ulm and the PMA population from 2000 to 2027. We also include the South Central EDR and the State of Minnesota for comparison. Information from 2000 and 2010 is sourced from the U.S. Census. Age distribution data for the 2020 U.S. Census was unavailable at the time of the study. The 2022 estimates and projections for 2027 were provided by ESRI, with adjustments made by Maxfield Research.

- In 2022, the largest adult cohort by age in New Ulm is estimated to be the 55 to 64 age cohort, totaling an estimated 2,015 people (14% of the population), followed by the 65 to 74 and 25 to 34 age groups with an estimated 1,618 people (11%, each group). In the PMA, the 55 to 64 cohort is the largest age group (15% of the population) in 2022, followed by 65 to 74 cohort (12%).

- The most rapid growth is estimated to have occurred among older adults in the PMA. Aging of baby boomers led to an estimated increase of 537 people (50%) in the 65 to 74 population in New Ulm and 875 people (53%) in the PMA between 2010 and 2022.

- As these older adult groups age, the majority of growth in New Ulm and the PMA is expected to continue to increase in those ages 65 and older over the next several years. The 75 and older age group is projected to grow 19% in New Ulm adding a projected 191 people while the PMA is set to expand 315 people (22%) from 2022 to 2027.

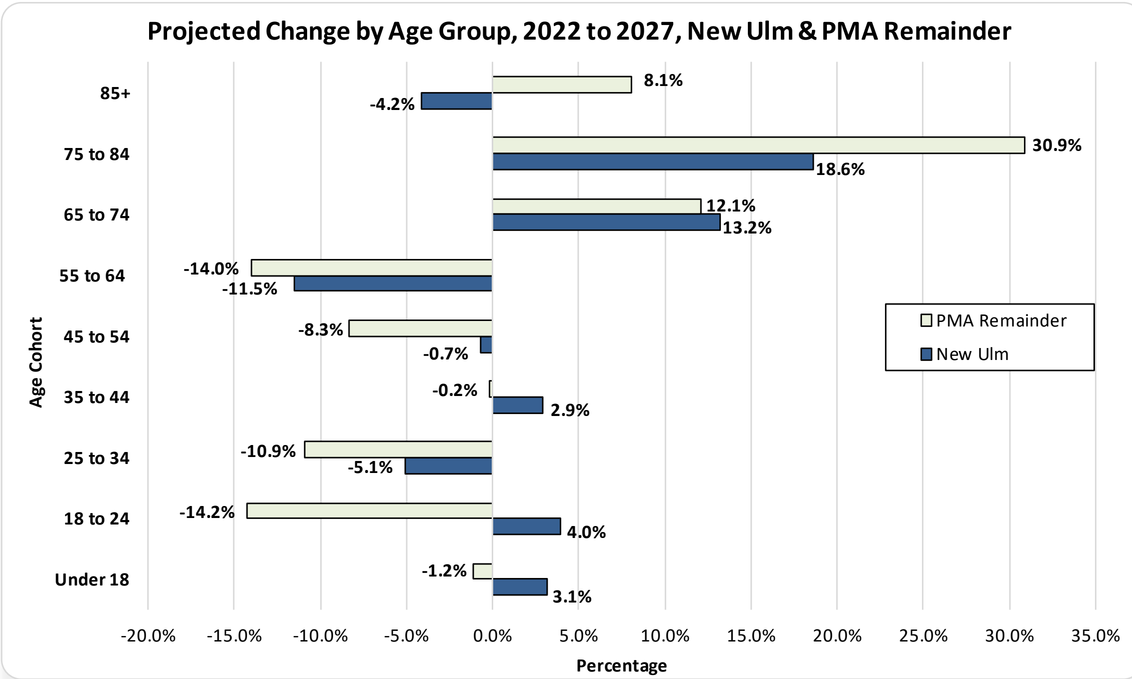
- The PMA is expected to experience declines in most adult age cohorts under age 65 with the largest decline expected in the 55 to 64 age group between 2022 and 2027, which is projected to contract 395 people (-12%) and 232 people in New Ulm (-11.5%). The loss projected for this cohort is a result of the comparatively small number of people who will move into this age group between 2022 and 2027, a phenomenon known as the "baby bust." The "baby bust" is often referred to the generation of children born between 1965 and 1980, an era when the United States birthrate dropped sharply.

TABLE D-4
POPULATION AGE DISTRIBUTION
NEW ULM, PMA REMAINDER, PMA, SOUTH CENTRAL MINNESOTA EDR, & MINNESOTA
2000 to 2027

	Number of People				Change					
	U.S. Census		Estimate	Forecast	U.S. Census		Estimate/Forecast			
	2000	2010	2022	2027	2000-2010		2010-2022		2022-2027	
New Ulm	**No.**	**No.**	**No.**	**No.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**
Under 18	3,141	2,801	2,831	2,919	-340	-10.8%	30	1.1%	89	3.1%
18 to 24	1,713	1,576	1,473	1,532	-137	-8.0%	-103	-6.5%	58	4.0%
25 to 34	1,455	1,550	1,618	1,536	95	6.5%	68	4.4%	-82	-5.1%
35 to 44	2,011	1,360	1,519	1,563	-651	-32.4%	159	11.7%	44	2.9%
45 to 54	1,819	2,007	1,544	1,533	188	10.3%	-463	-23.1%	-11	-0.7%
55 to 64	1,204	1,716	2,015	1,783	512	42.5%	299	17.4%	-232	-11.5%
65 to 74	1,142	1,081	1,618	1,831	-61	-5.3%	537	49.7%	213	13.2%
75 to 84	844	928	1,026	1,217	84	10.0%	98	10.6%	191	18.6%
85+	265	503	548	525	238	89.8%	45	8.9%	-23	-4.2%
Total	**13,594**	**13,522**	**14,193**	**14,439**	**-72**	**-0.5%**	**917**	**6.8%**	**246**	**1.7%**
PMA Remainder	**No.**	**No.**	**No.**	**No.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**
Under 18	2,135	1,516	1,323	1,308	-619	-29.0%	-193	-12.7%	-15	-1.2%
18 to 24	538	428	403	346	-110	-20.4%	-25	-5.8%	-57	-14.2%
25 to 34	759	692	680	606	-67	-8.8%	-12	-1.7%	-74	-10.9%
35 to 44	1,322	804	823	821	-518	-39.2%	19	2.3%	-2	-0.2%
45 to 54	1,090	1,306	854	783	216	19.8%	-452	-34.6%	-71	-8.3%
55 to 64	702	1,047	1,166	1,002	345	49.1%	119	11.3%	-163	-14.0%
65 to 74	513	581	918	1,029	68	13.3%	337	58.1%	111	12.1%
75 to 84	318	319	404	528	1	0.3%	85	26.5%	125	30.9%
85+	85	95	136	147	10	11.8%	41	43.6%	11	8.1%
Total	**7,462**	**6,788**	**6,707**	**6,571**	**-674**	**-9.0%**	**-81**	**-1.2%**	**-136**	**-2.0%**
PMA	**No.**	**No.**	**No.**	**No.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**
Under 18	5,276	4,317	4,154	4,227	-959	-18.2%	-163	-3.8%	73	1.8%
18 to 24	2,251	2,004	1,877	1,878	-247	-11.0%	-127	-6.4%	1	0.1%
25 to 34	2,214	2,242	2,298	2,142	28	1.3%	56	2.5%	-157	-6.8%
35 to 44	3,333	2,164	2,342	2,384	-1,169	-35.1%	178	8.2%	42	1.8%
45 to 54	2,909	3,313	2,398	2,316	404	13.9%	-915	-27.6%	-82	-3.4%
55 to 64	1,906	2,763	3,181	2,785	857	45.0%	418	15.1%	-395	-12.4%
65 to 74	1,655	1,662	2,537	2,861	7	0.4%	875	52.6%	324	12.8%
75 to 84	1,162	1,247	1,430	1,745	85	7.3%	183	14.7%	315	22.1%
85+	350	598	684	672	248	70.9%	86	14.4%	-12	-1.7%
Total	**21,056**	**20,310**	**20,900**	**21,010**	**-746**	**-3.5%**	**590**	**2.9%**	**110**	**0.5%**
South Central MN EDR	**No.**	**No.**	**No.**	**No.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**
Under 18	55,012	51,579	48,719	49,556	-3,433	-6.2%	-2,860	-5.5%	837	1.7%
18 to 24	28,043	29,324	27,524	26,764	1,281	4.6%	-1,800	-6.1%	-760	-2.8%
25 to 34	25,223	28,712	30,192	27,861	3,489	13.8%	1,480	5.2%	-2,331	-7.7%
35 to 44	33,143	25,430	27,860	29,102	-7,713	-23.3%	2,430	9.6%	1,242	4.5%
45 to 54	28,958	33,094	25,602	25,256	4,136	14.3%	-7,492	-22.6%	-346	-1.4%
55 to 64	18,674	27,890	31,737	27,836	9,216	49.4%	3,847	13.8%	-3,901	-12.3%
65 to 74	15,952	16,775	25,323	27,804	823	5.2%	8,548	51.0%	2,481	9.8%
75 to 84	12,426	12,161	13,720	16,630	-265	-2.1%	1,559	12.8%	2,910	21.2%
85+	5,359	6,337	6,751	6,982	978	18.2%	414	6.5%	231	3.4%
Total	**222,790**	**231,302**	**237,428**	**237,791 0**	**8,512**	**3.8%**	**6,126**	**2.6%**	**363**	**0.2%**
Minnesota	**No.**	**No.**	**No.**	**No.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**
Under 18	1,286,894	1,284,063	1,277,640	1,300,083	-2,831	-0.2%	-6,423	-0.5%	22,443	1.8%
18 to 24	470,434	502,799	513,042	503,636	32,365	6.9%	10,243	2.0%	-9,406	-1.8%
25 to 34	673,138	715,586	779,208	767,166	42,448	6.3%	63,622	8.9%	-12,042	-1.5%
35 to 44	824,182	681,094	753,062	784,735	-143,088	-17.4%	71,968	10.6%	31,673	4.2%
45 to 54	665,696	807,898	688,978	673,466	142,202	21.4%	-118,920	-14.7%	-15,512	-2.3%
55 to 64	404,869	629,364	769,047	720,316	224,495	55.4%	139,683	22.2%	-48,731	-6.3%
65 to 74	295,825	354,427	579,503	638,329	58,602	19.8%	225,076	63.5%	58,826	10.2%
75 to 84	212,840	222,030	291,747	339,661	9,190	4.3%	69,717	31.4%	47,914	16.4%
85+	85,601	106,664	128,616	128,837	21,063	24.6%	21,952	20.6%	221	0.2%
Total	**4,919,479**	**5,303,925**	**5,780,843**	**5,856,228**	**384,446**	**7.8%**	**476,918**	**9.0%**	**75,385**	**1.3%**

Note: The South Central Minnesota EDR includes the following counties: Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicolllet, Sibley, Waseca, and Watowan.

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



- Contraction is also forecast for younger adults in the PMA between 2022 and 2027, as the 25 to 34 cohort is projected to decline 7% (-157 people). New Ulm is projected to experience a decline in the 25 to 34 cohort of 82 people (-5%).

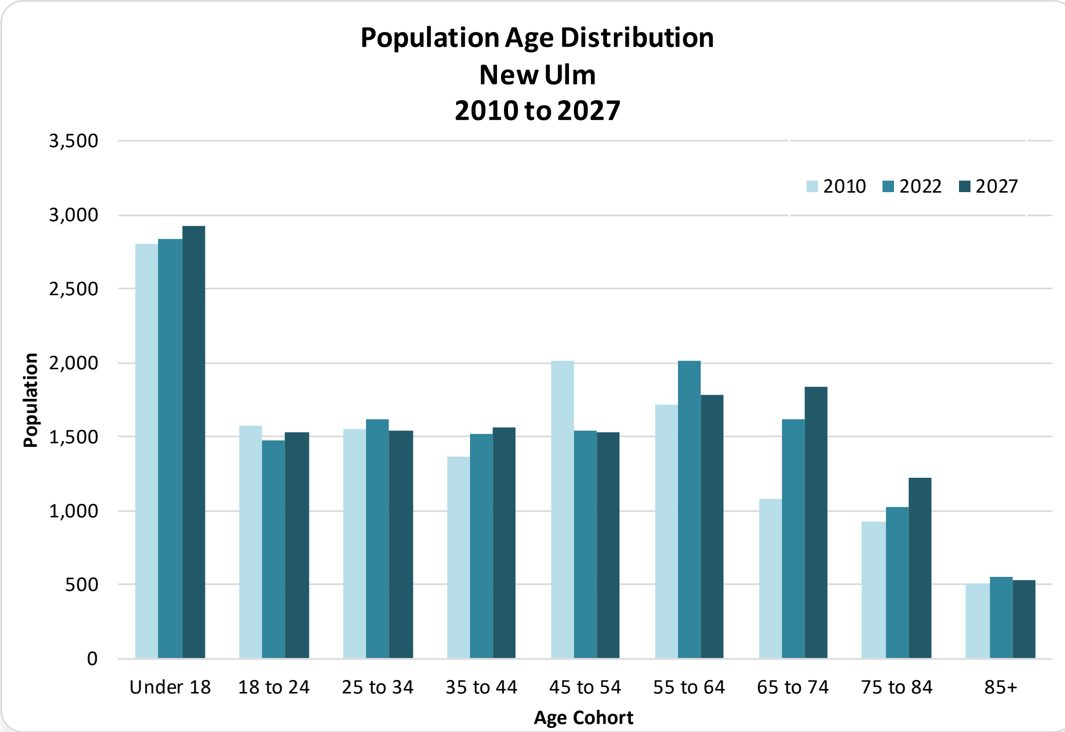
- After estimated growth for the 25 to 34 age cohort (8%) between 2010 and 2022, the PMA is projected to experience growth in the age 35 to 44 cohort, adding 42 people (2% growth), as the "echo boom" moves into this age group from 2022 to 2027.

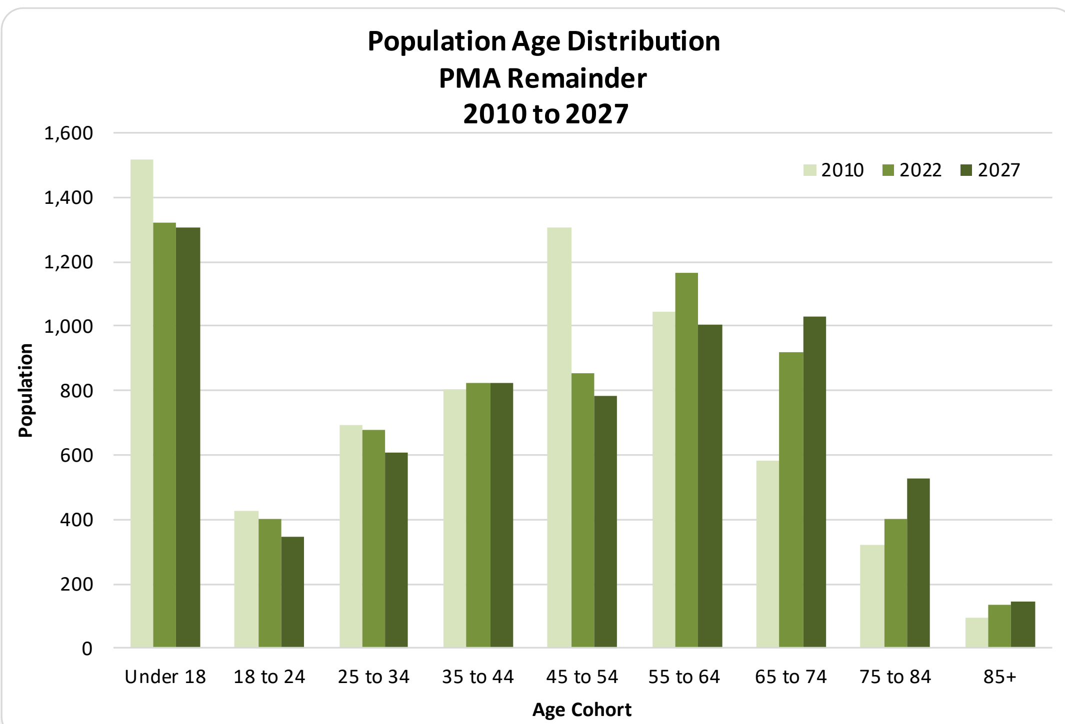
- Traditionally, this age group has been a target market for entry level and/or move-up ownership housing, although a higher proportion of this cohort is now likely to rent their housing longer than in the past versus shifting over into the for-sale market due to lifestyle and economic factors.

- Based on age distribution projections for New Ulm and the PMA, demand is expected to be strongest for housing units catering to the senior population (65+) and for-sale and rental housing targeting the 35 to 44 age group.

- Typical housing products sought by households in various age groups include:

  - Rental housing targeting the young adult (25 to 34) age group;
  - Maintenance-free, single-level housing (ownership or rental) targeting the empty nester population (55 to 74 age group);
  - Entry-level ownership housing for first-time home buyers (age 25 to 34);
  - Entry-level and move-up ownership housing for family households (age 35 to 54); and,
  - Age-restricted active adult or service-enhanced (i.e. assisted living) housing for seniors.


Population Age Distribution
New Ulm
2010 to 2027
2010
2022
2027
Population
3,500
3,000
2,500
2,000
1,500
1,000
500
0
Under 18
18 to 24
25 to 34
35 to 44
45 to 54
55 to 64
65 to 74
75 to 84
85+
Age Cohort


Population Age Distribution
PMA Remainder
2010 to 2027
2010
2022
2027
Population
1,600
1,400
1,200
1,000
800
600
400
200
0
Under 18
18 to 24
25 to 34
35 to 44
45 to 54
55 to 64
65 to 74
75 to 84
85+
Age Cohort

Race of Population

The race of the population illustrates the diversity for New Ulm, the PMA Remainder, PMA, South Central Minnesota EDR, and State of Minnesota. Data for 2010 and 2020 was obtained from the U.S. Census.

- The majority of New Ulm residents reported their race as "White Alone" in 2020 (96%) which was a decrease from 98% in 2010. New Ulm is considered the "most German" city in Minnesota due to its strong German heritage.

- From 2010 to 2020, population growth in New Ulm increased in the population of most racial group with only the White Alone and Asian Alone racial groups experienced declines. The largest increase occurred in residents reporting their race as Two or More Races (246% growth) followed by Black or African American Alone followed increasing by 116%.

- Although residents identifying as a race other than White Alone or Asian Alone represented significant proportional increase in population, these groups still make up a very small proportion of the total population. The Two or More Races population represented 2.2% of New Ulm's population in 2020 while those identifying as Black or African American Alone represent 0.7% of New Ulm's population.

- Between 2010 and 2020 the Hispanic or Latino population increased in all geographies. In 2010, 1.8% of New Ulm's population reported their ethnicity as Hispanic or Latino. In 2020, the proportion of the population reporting their ethnicity as Hispanic, or Latino increased to 3.4% of New Ulm's population (an increase of 90%).

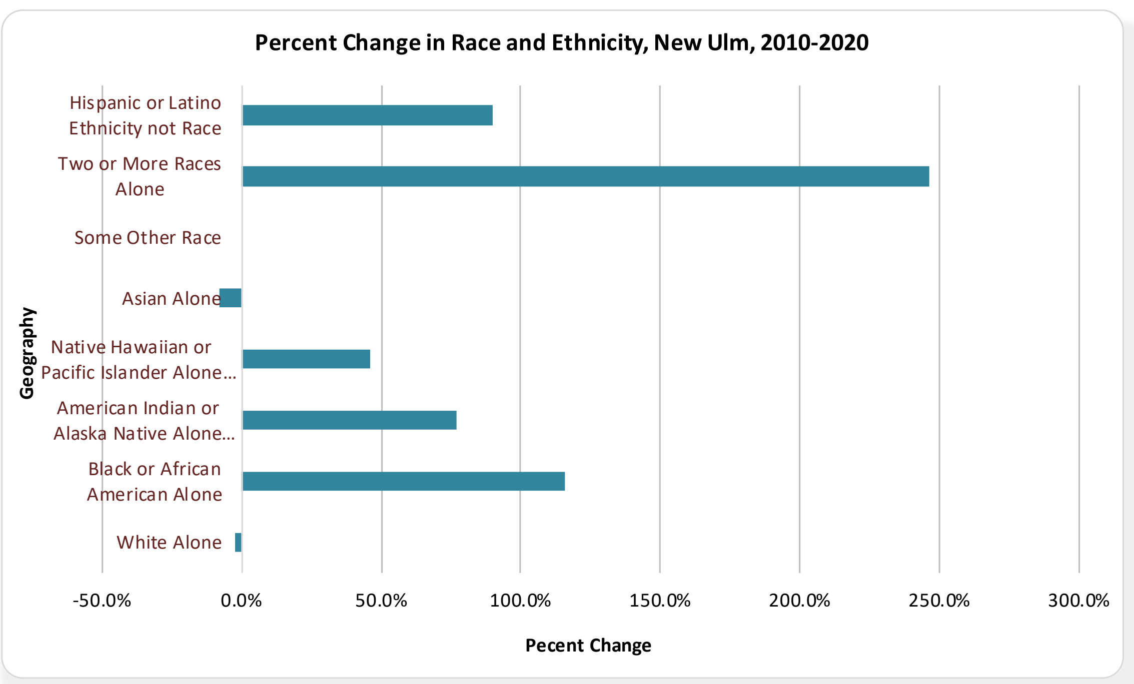
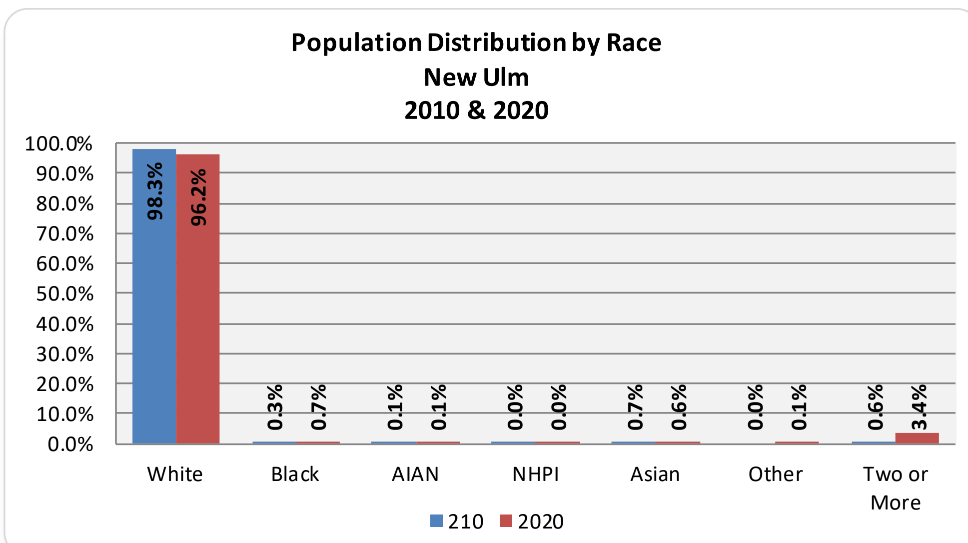


TABLE D-5
POPULATION DISTRIBUTION BY RACE
NEW ULM, PMA REMAINDER, PMA, SOUTH CENTRAL MN EDR, & STATE OF MINNESOTA
2010 & 2020

	White Alone		Black or African American Alone		American Indian or Alaska Native Alone (AIAN)		Native Hawaiian or Pacific Islander Alone (NHPI)		Asian Alone		Some Other Race		Two or More Races Alone		Hispanic or Latino *Ethnicity not Race*	
	2010	2020	2010	2020	2010	2020	2010	2020	2010	2020	2010	2020	2010	2020	2010	2020
Number																
New Ulm	13,055	13,136	41	91	11	20	2	3	88	83	0	18	84	299	241	470
PMA Remainder	6,669	6,561	15	10	1	3	0	0	16	8	0	12	22	107	65	67
PMA	19,724	19,697	56	101	12	23	2	3	104	91	0	30	106	406	306	537
SC MN EDR	211,751	203,458	3,110	6,551	575	702	42	88	2,426	3,058	103	542	2,197	6,546	11,098	16,210
State of Minnesota	4,405,142	4,353,880	269,141	392,850	55,421	57,046	1,860	2,621	212,996	297,460	5,947	20,963	103,160	236,034	250,258	345,640
Percentage																
New Ulm	98.3%	96.2%	0.3%	0.7%	0.1%	0.1%	0.0%	0.0%	0.7%	0.6%	0.0%	0.1%	0.6%	2.2%	1.8%	3.4%
PMA Remainder	99.2%	97.9%	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.2%	0.1%	0.0%	0.2%	0.3%	1.6%	1.0%	1.0%
PMA	98.6%	96.8%	0.3%	0.5%	0.1%	0.1%	0.0%	0.0%	0.5%	0.4%	0.0%	0.1%	0.5%	2.0%	1.5%	2.6%
SC MN EDR	96.2%	92.1%	1.4%	3.0%	0.3%	0.3%	0.0%	0.0%	1.1%	1.4%	0.0%	0.2%	1.0%	3.0%	5.0%	7.3%
State of Minnesota	87.2%	81.2%	5.3%	7.3%	1.1%	1.1%	0.0%	0.0%	4.2%	5.5%	0.1%	0.4%	2.0%	4.4%	5.0%	6.4%

Note: The South Central Minnesota EDR includes the following counties: Blue Earth, Brown, Faribault, Le Sueur Martin Nicollet, Sibley, Waseca, and Watowan.

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



Household Income by Age of Householder

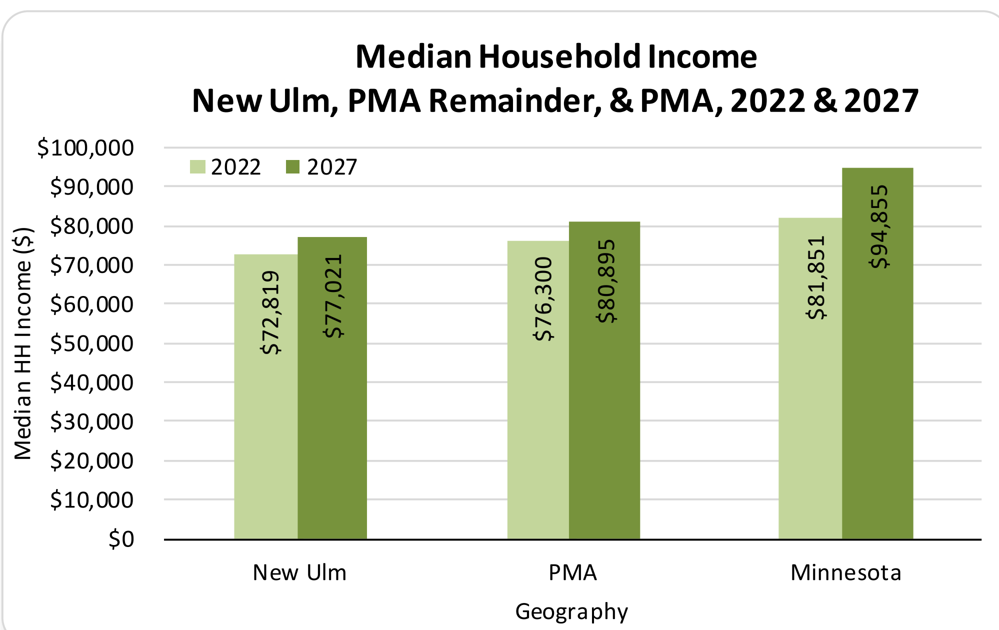
The estimated distribution of household incomes in New Ulm and the PMA Reminder for 2022 and 2027 are shown in Tables D-6 and D-7. The data was estimated by Maxfield Research and Consulting, LLC based on income trends provided by ESRI. The data helps ascertain the demand for different housing products based on the size of the market at specific cost levels.

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

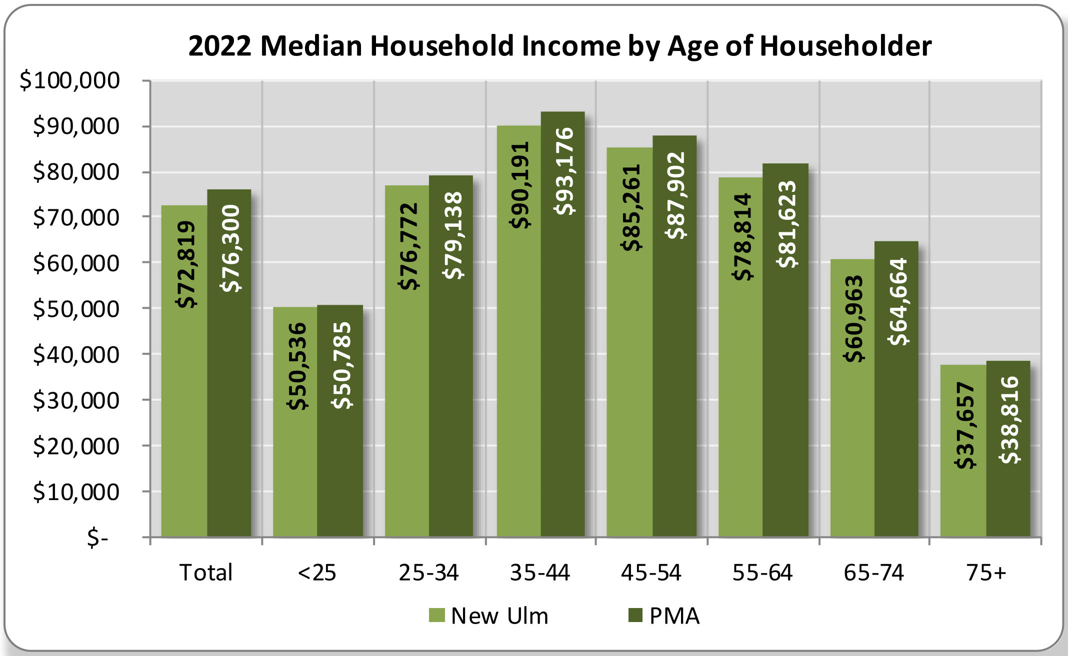
A generally accepted standard for affordable owner-occupied housing is that a typical household can afford to pay 3.0 to 3.5 times their annual income on a single-family home. Thus, a $50,000 income would translate to an affordable single-family home of $150,000 to $175,000. The higher end of this range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

- In 2022, the median household income is estimated to be $72,819 in New Ulm, 5% lower than $76,300 in the PMA.

- By 2027, the median household income is projected to rise by 6% to $77,021 in New Ulm, compared to 6% growth in the PMA as well. The average annual increase of 1.2% in New Ulm is lower than the historical annual inflation rate of 1.9% over the past ten years.



- As households age through the lifecycle, household incomes typically tend to peak in their mid-40s to mid-50s. This trend is evident in the Market Area as the age 35 to 44 cohort has the highest estimated income at $90,191 in New Ulm, compared to $93,176.



- Rental housing typically targets younger renter households. The median household income in New Ulm was estimated at $50,536 for the under-25 age group and $76,772 for the 25 to 34 age group as of 2022. Households earning the median income for these age groups could afford monthly housing costs based on spending 30% if their income estimated at $1,263 and $1,919, respectively.

- Based on the current market rate weighted average rent of roughly $778 for renter-occupied housing units in New Ulm, a household would need to have an estimated annual income of $31,120 or greater to not exceed 30% of its monthly income on rental housing costs. In 2022, an estimated 5,084 households in New Ulm (84% of the total households) were estimated to have incomes of at least $31,120 or more.

- Newer market rate properties are likely to have average monthly rents of at least $950 for a one-bedroom unit and $1,100 for a two-bedroom unit. Thus, to afford one-bedroom market rate units at $950 a household would need estimated annual incomes of $38,000 or higher, allocating 30% of their adjusted gross income (AGI) and $44,000 or higher for a two-bedroom unit.

- In 2022, an estimated 4,690 households in the City (77% of all households) were estimated to have incomes of at least $38,000 and 4,422 households (73% of all households) were estimated to have incomes of $44,000 or more.

TABLE D-6 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER CITY OF NEW ULM (Number of Households) 2022 and 2027								
		Age of Householder						
	Total	Under 25	25-34	35-44	45-54	55-64	65 -74	75+
2022								
Less than $15,000	243	21	21	17	22	49	39	73
$15,000 to $24,999	430	16	37	15	22	56	76	207
$25,000 to $34,999	572	20	58	36	41	75	104	238
$35,000 to $49,999	670	35	84	55	59	93	156	188
$50,000 to $74,999	1,244	44	185	165	170	268	271	142
$75,000 to $99,999	1,360	33	219	220	248	307	197	137
$100,000 to $149,999	1,201	19	170	292	224	255	149	91
$150,000 to $199,999	175	0	17	28	45	43	27	15
$200,000+	175	0	17	28	45	43	27	15
Total	**6,070**	**189**	**808**	**855**	**877**	**1,188**	**1,045**	**1,107**
Median Income	***$72,819***	***$50,536***	***$76,772***	***$90,191***	***$85,261***	***$78,814***	***$60,963***	***$37,657***
2027								
Less than $15,000	210	25	16	13	18	32	34	72
$15,000 to $24,999	351	16	25	9	17	38	64	182
$25,000 to $34,999	558	25	50	31	36	61	109	246
$35,000 to $49,999	691	41	77	51	60	73	168	221
$50,000 to $74,999	1,126	46	160	144	138	213	280	146
$75,000 to $99,999	1,348	35	201	216	237	263	236	160
$100,000 to $149,999	1,354	26	175	321	251	253	202	127
$150,000 to $199,999	371	0	38	75	67	89	47	54
$200,000+	177	0	18	28	45	36	32	17
Total	**6,186**	**214**	**761**	**888**	**869**	**1,056**	**1,173**	**1,226**
Median Income	***$77,021***	***$50,000***	***$79,532***	***$96,823***	***$90,179***	***$83,313***	***$66,725***	***$41,335***
Change - 2022 to 2027								
Less than $15,000	-33	3	-5	-4	-4	-17	-5	-1
$15,000 to $24,999	-79	0	-12	-6	-5	-18	-12	-26
$25,000 to $34,999	-15	4	-8	-5	-5	-14	5	8
$35,000 to $49,999	21	6	-7	-4	0	-20	12	33
$50,000 to $74,999	-117	2	-25	-21	-32	-55	9	4
$75,000 to $99,999	-12	2	-17	-4	-11	-44	39	23
$100,000 to $149,999	154	6	5	29	27	-3	53	36
$150,000 to $199,999	196	0	21	47	22	46	21	39
$200,000+	2	0	1	0	0	-7	5	2
Total	**116**	**25**	**-48**	**33**	**-8**	**-132**	**127**	**119**
Median Income	***$4,202***	***-$536***	***$2,760***	***$6,632***	***$4,918***	***$4,499***	***$5,762***	***$3,678***
Sources: ESRI; Maxfield Research and Consulting LLC								

- Shallow-subsidy (i.e. LIHTC, low-income-housing-tax-credit) affordable housing units typically target households with incomes between 40% and 60% of AMI or lower if the household utilizes additional housing assistance such as a voucher. Households would need to qualify at or below $30,600 for a one-person household at 50% to $60,780 for a six-person household at 60% of AMI. Brown County income guidelines are shown in Table HA-1 in the Housing Affordability section.

- Based on affordability at 60% of AMI and $725 for two-bedroom rents at the only affordable property in the PMA, households would need incomes between $29,000 and $52,380 to qualify and afford a two-bedroom unit. In 2022, an estimated 1,132 households (19% of the total households) in New Ulm have incomes of between $29,000 and $52,380.

- Households with incomes below $15,000 are typically a market for deep-subsidy (i.e. project-based Section 8) rental housing. An estimated 4% (243 households) of New Ulm's households in 2022 had incomes of less than $15,000.

TABLE D-7
HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER
PMA
(Number of Households)
2022 and 2027

		Age of Householder						
	Total	**Under 25**	**25-34**	**35-44**	**45-54**	**55-64**	**65 -74**	**75+**
2022								
Less than $15,000	325	23	25	20	33	68	53	102
$15,000 to $24,999	534	19	43	17	27	77	96	255
$25,000 to $34,999	694	23	68	42	48	91	136	286
$35,000 to $49,999	973	45	116	76	82	139	237	278
$50,000 to $74,999	1,762	51	239	232	255	394	403	189
$75,000 to $99,999	1,920	42	293	321	349	460	292	165
$100,000 to $149,999	1,859	22	254	420	343	431	269	119
$150,000 to $199,999	356	1	34	73	94	86	48	20
$200,000+	355	0	34	73	94	86	48	20
Total	**8,779**	**227**	**1,105**	**1,276**	**1,323**	**1,832**	**1,581**	**1,435**
Median Income	***$76,300***	***$50,785***	***$79,138***	***$93,176***	***$87,902***	***$81,623***	***$64,664***	***$38,816***
2027								
Less than $15,000	270	27	19	17	23	38	44	102
$15,000 to $24,999	414	18	26	9	19	46	77	220
$25,000 to $34,999	644	25	55	33	39	69	132	291
$35,000 to $49,999	880	46	97	61	70	92	215	299
$50,000 to $74,999	1,676	55	207	210	212	327	442	223
$75,000 to $99,999	1,953	50	273	321	334	405	357	213
$100,000 to $149,999	2,099	33	261	453	369	427	366	189
$150,000 to $199,999	659	1	66	115	107	150	107	114
$200,000+	396	0	36	82	106	78	65	30
Total	**8,991**	**253**	**1,040**	**1,300**	**1,279**	**1,632**	**1,805**	**1,682**
Median Income	***$80,895***	***$53,747***	***$83,189***	***$99,943***	***$94,160***	***$87,679***	***$74,349***	***$45,405***
Change - 2022 to 2027								
Less than $15,000	-55	3	-7	-4	-10	-30	-9	0
$15,000 to $24,999	-120	-2	-17	-8	-8	-32	-19	-34
$25,000 to $34,999	-50	1	-13	-9	-9	-21	-3	4
$35,000 to $49,999	-93	1	-19	-15	-11	-47	-22	21
$50,000 to $74,999	-87	4	-32	-22	-43	-68	39	35
$75,000 to $99,999	33	8	-19	-0	-14	-54	65	48
$100,000 to $149,999	240	11	7	33	26	-4	97	70
$150,000 to $199,999	303	0	33	41	13	64	59	93
$200,000+	41	0	3	8	12	-8	17	10
Total	**212**	**26**	**-65**	**24**	**-44**	**-199**	**224**	**247**
Median Income	***$4,595***	***$2,962***	***$4,051***	***$6,767***	***$6,258***	***$6,056***	***$9,685***	***$6,589***

Sources: ESRI; Maxfield Research and Consulting LLC

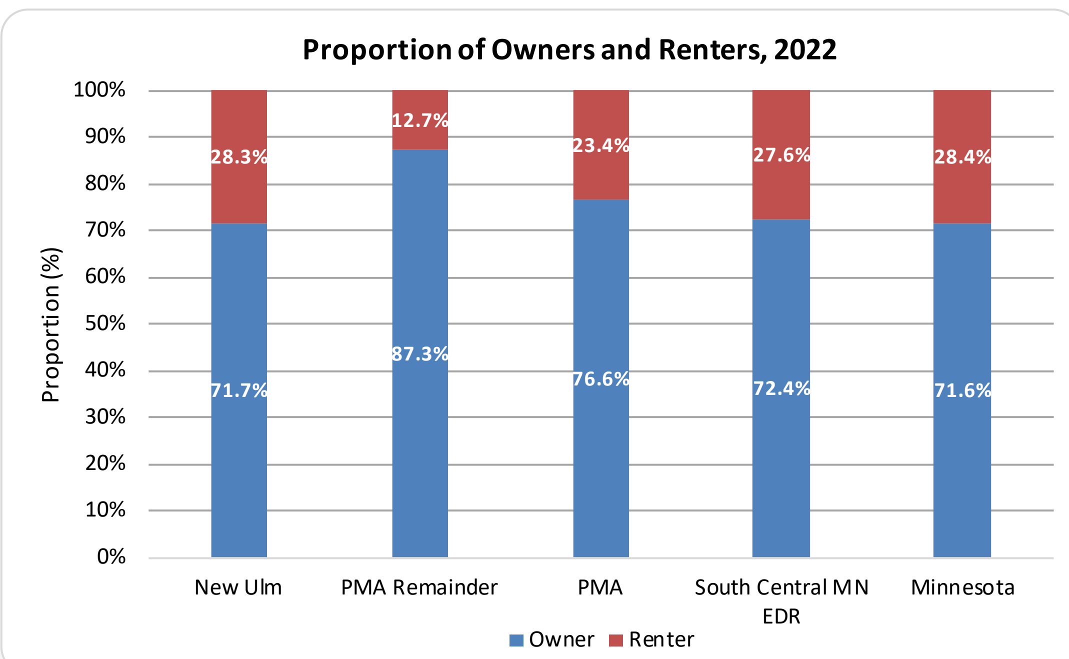
- The median resale price for a detached single-family home sold in New Ulm through September 2022 was $196,900. Assuming that a potential home buyer has good credit, makes a 10% down payment, and current 6.75% mortgage rates (30-year fixed), a household would need to have a minimum annual income of roughly $64,727 to be income-qualified for a home purchased at the 2022 median resale price in New Ulm.

  - In 2022, an estimated 52% of PMA households (4,580 households) and 49% of New Ulm households (2,974 households have incomes of $64,700 or higher.
  - The proportions of PMA households able to afford a detached single-family home sold at the median sale price by age group are as follows: 40% of households under age 25, 67% of households age 25 to 34, 79% of households age 35 to 44, 77% of households age 45 to 54, 69% of households age 55 to 64, and 43% of households age 65 and older.

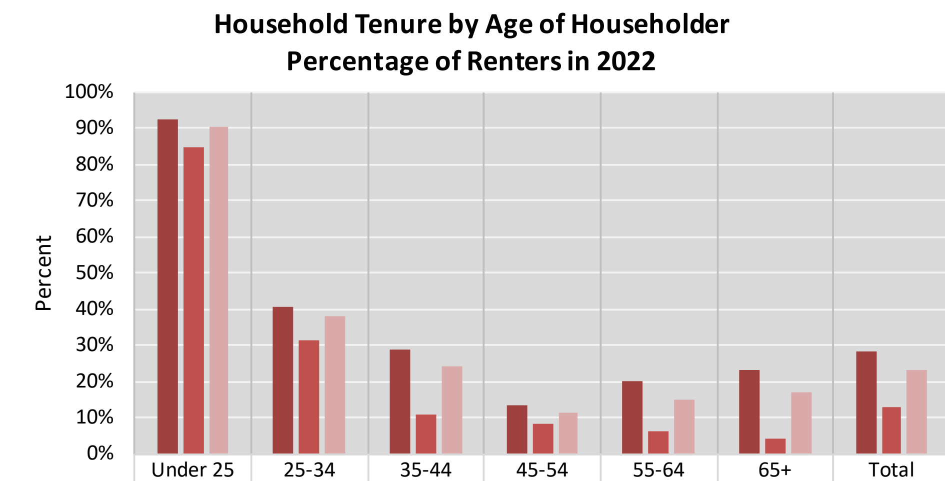
Tenure by Age of Householder

Table D-8 shows 2010 and 2022 tenure data for by age cohort from the U.S. Census Bureau. The data for 2022 is based on US Census American Community Survey and adjusted by Maxfield Research based on current estimates. This data is useful in determining demand for certain types of housing since housing preferences change throughout an individual's life cycle.

- In New Ulm, 72% of all households are estimated to be owned in 2022, giving it a home-ownership rate lower than the Remainder of the PMA (87%) and similar to that of the South Central Minnesota EDR (72%).

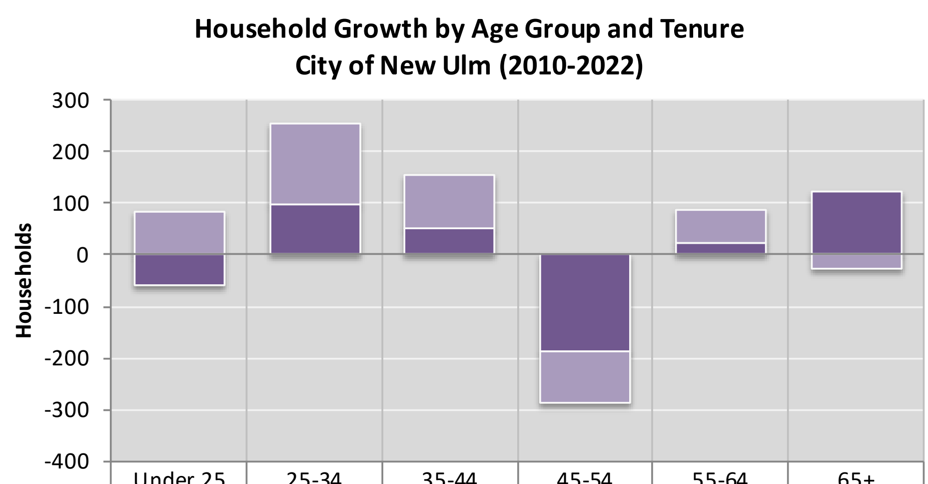


- Typically, the youngest and oldest households rent their housing in greater proportions than middle-age households. This pattern is apparent among the younger Market Area households as 52% of the population under the age of 35 rented in New Ulm compared to 41% in the Remainder of the PMA.



	Under 25	25-34	35-44	45-54	55-64	65+	Total
New Ulm	93%	41%	29%	13%	20%	23%	28%
Remainder	85%	31%	11%	8%	7%	4%	13%
PMA	91%	38%	24%	12%	15%	17%	23%

- Renter household growth in New Ulm was estimated to have occurred for households under age 25 through age 44 along with the 55 to 64 age group. The 45 to 54 age group is estimated to have declined significantly (-20%) while the 65 and older cohort is estimated to have experienced a minimal decline of 7%.



	Under 25	25-34	35-44	45-54	55-64	65+
Rent	85	156	105	-100	66	-27
Own	-58	99	51	-186	22	124

TABLE D-8
TENURE BY AGE OF HOUSEHOLDER
NEW ULM PMA
2010 AND 2022

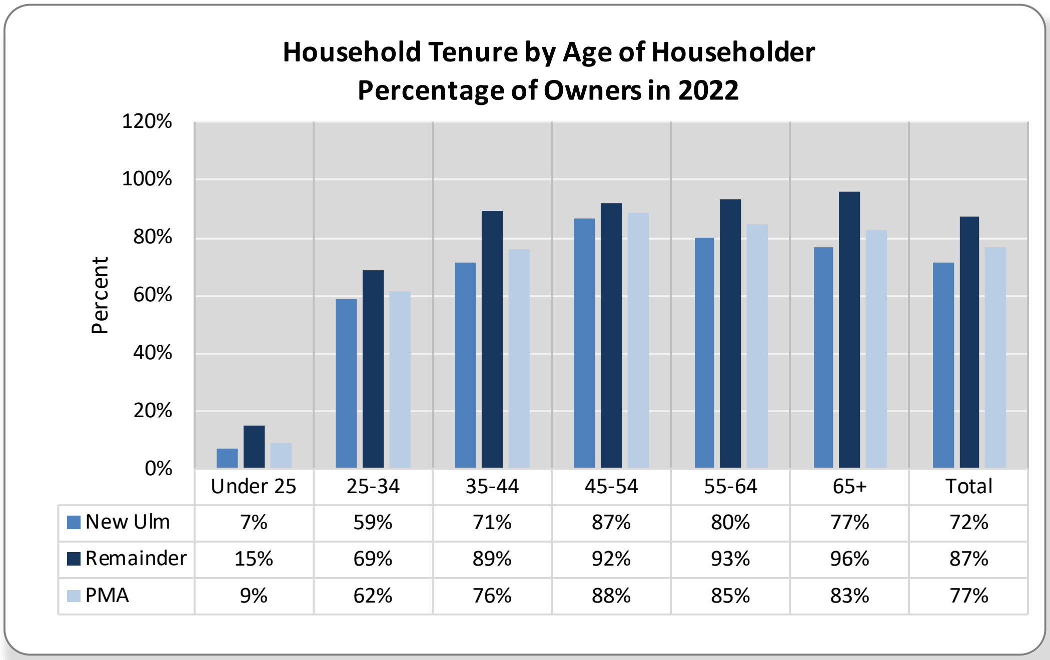
		New Ulm				PMA Remainder				PMA				SE MN Planning Area				Minnesota	
		2010		2022		2010		2022		2010		2022		2010		2022		2010	2022
Age		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	Pct.	Pct.
15-24	Own	78	31.3%	20	7.4%	32	62.7%	14	15.3%	110	36.7%	34	9.3%	1,231	19.7%	1,111	15.8%	19.8%	19.1%
	Rent	171	68.7%	256	92.6%	19	37.3%	76	84.7%	190	63.3%	333	90.7%	5,010	80.3%	5,939	84.2%	80.2%	80.9%
	Total	**249**	**100.0%**	**277**	**100.0%**	**51**	**100.0%**	**90**	**100.0%**	**300**	**100.0%**	**367**	**100.0%**	**6,241**	**100.0%**	**7,050**	**100.0%**	**100.0%**	**100.0%**
25-34	Own	521	65.6%	620	59.1%	240	74.5%	259	68.9%	761	68.2%	880	61.7%	8,597	62.1%	8,395	57.5%	56.1%	52.3%
	Rent	273	34.4%	429	40.9%	82	25.5%	117	31.1%	355	31.8%	546	38.3%	5,245	37.9%	6,212	42.5%	43.9%	47.7%
	Total	**794**	**100.0%**	**1,049**	**100.0%**	**322**	**100.0%**	**376**	**100.0%**	**1,116**	**100.0%**	**1,425**	**100.0%**	**13,842**	**100.0%**	**14,607**	**100.0%**	**100.0%**	**100.0%**
35-44	Own	620	79.1%	671	71.4%	362	89.2%	292	89.2%	982	82.5%	963	76.0%	10,621	78.5%	10,922	75.9%	75.0%	73.0%
	Rent	164	20.9%	269	28.6%	44	10.8%	35	10.8%	208	17.5%	305	24.0%	2,908	21.5%	3,471	24.1%	18.3%	27.0%
	Total	**784**	**100.0%**	**940**	**100.0%**	**406**	**100.0%**	**327**	**100.0%**	**1,190**	**100.0%**	**1,267**	**100.0%**	**13,529**	**100.0%**	**14,392**	**100.0%**	**93.3%**	**100.0%**
45-54	Own	952	81.4%	766	86.6%	626	91.5%	427	91.7%	1,578	85.1%	1,193	88.4%	15,334	83.6%	12,272	81.4%	84.0%	80.1%
	Rent	218	18.6%	118	13.4%	58	8.5%	39	8.3%	276	14.9%	157	11.6%	3,014	16.4%	2,811	18.6%	16.0%	19.9%
	Total	**1,170**	**100.0%**	**884**	**100.0%**	**684**	**100.0%**	**465**	**100.0%**	**1,854**	**100.0%**	**1,349**	**100.0%**	**18,348**	**100.0%**	**15,083**	**100.0%**	**100.0%**	**100.0%**
55-64	Own	870	84.7%	892	80.0%	582	95.1%	567	93.6%	1,452	88.6%	1,459	84.8%	14,231	86.9%	15,285	84.5%	86.6%	82.7%
	Rent	157	15.3%	223	20.0%	30	4.9%	39	6.4%	187	11.4%	262	15.2%	2,136	13.1%	2,803	15.5%	13.4%	17.3%
	Total	**1,027**	**100.0%**	**1,115**	**100.0%**	**612**	**100.0%**	**606**	**100.0%**	**1,639**	**100.0%**	**1,721**	**100.0%**	**16,367**	**100.0%**	**18,087**	**100.0%**	**100.0%**	**100.0%**
65-74	Own	590	85.8%	816	90.2%	341	94.2%	540	95.1%	931	88.7%	1,357	92.1%	9,015	87.2%	12,016	87.8%	87.5%	84.3%
	Rent	98	14.2%	88	9.8%	21	5.8%	28	4.9%	119	11.3%	116	7.9%	1,318	12.8%	1,664	12.2%	12.5%	15.7%
	Total	**688**	**100.0%**	**905**	**100.0%**	**362**	**100.0%**	**569**	**100.0%**	**1,050**	**100.0%**	**1,473**	**100.0%**	**10,333**	**100.0%**	**13,681**	**100.0%**	**100.0%**	**100.0%**
75-84	Own	489	75.1%	386	66.4%	189	87.9%	209	96.4%	678	78.3%	595	74.6%	6,612	79.6%	6,252	77.9%	78.9%	78.1%
	Rent	162	24.9%	195	33.6%	26	12.1%	8	3.6%	188	21.7%	203	25.4%	1,698	20.4%	1,769	22.1%	21.1%	21.9%
	Total	**651**	**100.0%**	**581**	**100.0%**	**215**	**100.0%**	**217**	**100.0%**	**866**	**100.0%**	**797**	**100.0%**	**8,310**	**100.0%**	**8,021**	**100.0%**	**100.0%**	**100.0%**
85+	Own	182	49.3%	183	57.2%	47	63.5%	59	101.0%	229	51.7%	242	64.0%	2,536	58.7%	2,674	63.1%	55.3%	57.0%
	Rent	187	50.7%	137	42.8%	27	36.5%	-1	0.0%	214	48.3%	136	36.0%	1,786	41.3%	1,565	36.9%	44.7%	43.0%
	Total	**369**	**100.0%**	**320**	**100.0%**	**74**	**100.0%**	**59**	**100.0%**	**443**	**100.0%**	**378**	**100.0%**	**4,322**	**100.0%**	**4,239**	**100.0%**	**100.0%**	**100.0%**
TOTAL	Own	4,302	75.1%	4,354	71.7%	2,419	88.7%	2,367	87.4%	6,721	79.5%	6,721	76.6%	68,177	74.7%	68,927	72.4%	27.0%	71.6%
	Rent	1,430	24.9%	1,716	28.3%	307	11.3%	342	12.6%	1,737	20.5%	2,058	23.4%	23,115	25.3%	26,235	27.6%	73.0%	28.4%
	Total	**5,732**	**100.0%**	**6,070**	**100.0%**	**2,726**	**100.0%**	**2,709**	**100.0%**	**8,458**	**100.0%**	**8,779**	**100.0%**	**91,292**	**100.0%**	**95,162**	**100.0%**	**100.0%**	**100.0%**

Note: The South Central Minnesota EDR includes the following counties: Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Sibley, Waseca, and Watowan.

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

- Overall, New Ulm grew by an estimated 286 renter households (20%) over the period while owner households grew by just 1% overall, gaining an estimated 52 households.

- Although owner household growth in New Ulm was minimal overall, estimated growth occurred from ages 25 to 44 (13%, 150 households) and 55 to 74 (17%, 248 households). Ownership decline was strongest in households ages 45 to 54 (-20%, -186 households) and 75 to 84 (-21%, -103 households).



	Under 25	25-34	35-44	45-54	55-64	65+	Total
New Ulm	7%	59%	71%	87%	80%	77%	72%
Remainder	15%	69%	89%	92%	93%	96%	87%
PMA	9%	62%	76%	88%	85%	83%	77%

Tenure by Household Size

Tables D-9 show the distribution of households by size in 2022. Data is collected from the U.S. Census American Community Survey for 2020 and adjusted by Maxfield Research to reflect current estimates. This data is useful in that it sheds insight into unit types that may be most needed in New Ulm.

- Household size for renters tends to be smaller than for owners. This is a result of the typical market segments for rental housing, including households that are younger and are less likely to be married with children, as well as older adults and seniors who choose to downsize from their single-family homes. This is evident by an estimated 75% of renter households in New Ulm occupied by one- or two-persons in 2022 with the Remainder of the PMA slightly higher having an estimated 79%.

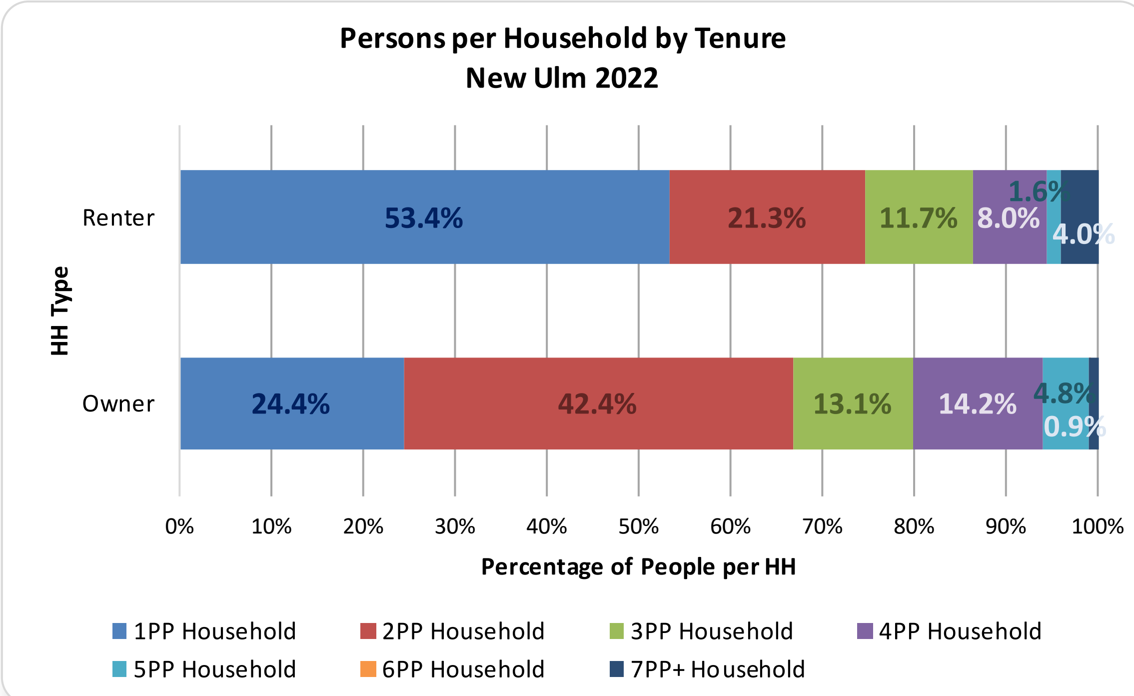
- In 2022, an estimated 53% of renter households in New Ulm and the PMA were one-person households. This is a higher percentage when compared to the South Central Minnesota EDR (44%) and the State of Minnesota (46%).

TABLE D-9
OWNER AND RENTER HOUSEHOLDS BY SIZE
NEW ULM PMA
2022

	New Ulm		PMA Remainder		PMA		South Central MN EDR		Minnesota	
	Owner Househoulds									
Size	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**
1PP Household	1,061	24.4%	425	17.9%	1,486	22.1%	15,297	22.2%	363,957	22.1%
2PP Household	1,848	42.4%	1,145	48.4%	2,993	44.5%	28,657	41.6%	642,941	39.1%
3PP Household	569	13.1%	285	12.0%	854	12.7%	9,574	13.9%	242,299	14.7%
4PP Household	619	14.2%	290	12.3%	910	13.5%	8,727	12.7%	234,485	14.3%
5PP Household	209	4.8%	156	6.6%	365	5.4%	4,585	6.7%	103,694	6.3%
6PP Household	8	0.2%	51	2.1%	58	0.9%	1,364	2.0%	34,328	2.1%
7PP+ Household	41	0.9%	15	0.6%	56	0.8%	723	1.0%	21,669	1.3%
Total	**4,354**	**100%**	**2,367**	**100%**	**6,721**	**100%**	**68,927**	**100%**	**1,643,374**	**100%**
	Renter Households									
Size	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**
1PP Household	915	53.4%	182	53.4%	1,098	53.4%	11,442	43.6%	293,895	45.9%
2PP Household	366	21.3%	87	25.5%	453	22.0%	6,750	25.7%	170,102	26.5%
3PP Household	200	11.7%	20	5.9%	220	10.7%	3,833	14.6%	75,724	11.8%
4PP Household	137	8.0%	11	3.2%	148	7.2%	2,407	9.2%	53,651	8.4%
5PP Household	28	1.6%	36	10.7%	64	3.1%	1,124	4.3%	26,335	4.1%
6PP Household	0	0.0%	4	1.2%	4	0.2%	400	1.5%	12,097	1.9%
7PP+ Household	69	4.0%	1	0.2%	70	3.4%	279	1.1%	8,924	1.4%
Total	**1,716**	**100%**	**342**	**100%**	**2,058**	**100%**	**26,235**	**100%**	**640,729**	**100%**

Note: The South Central Minnesota EDR includes the following counties: Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Sibley, Waseca, and Watowan.

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



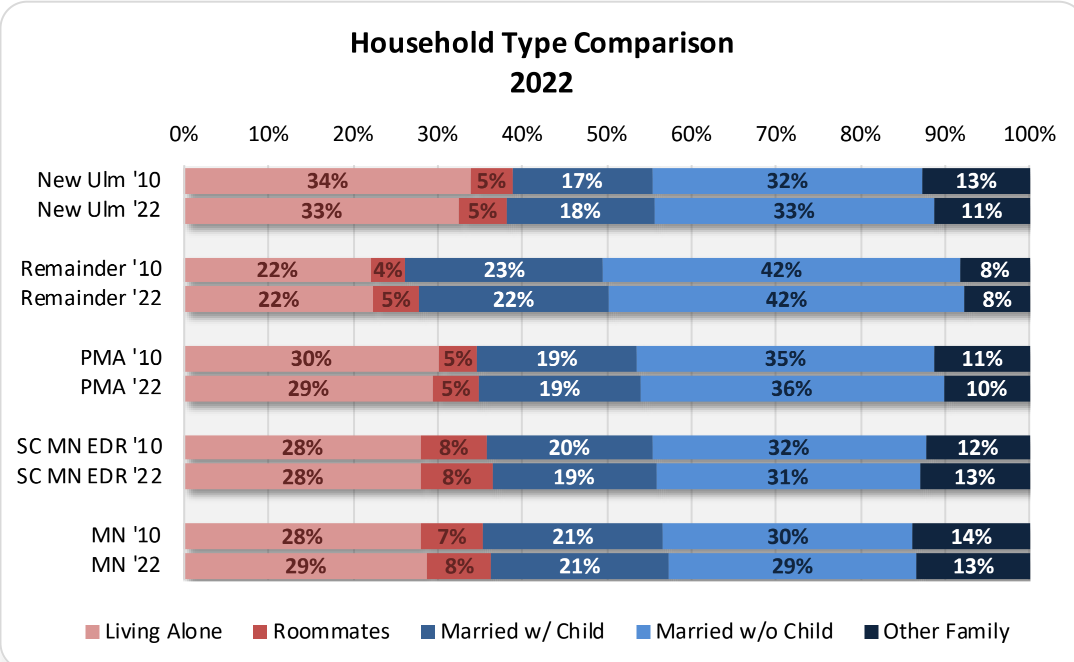
- Owner households were most likely to contain two or more people. In New Ulm, two-person households represent the majority as an estimated 42% of these households are owners. Two-person households account for 48% of the owner households in the Remainder of the PMA.

Household Type

Table D-10 shows household type trends in New Ulm compared to the Remainder of the PMA in 2010 and 2022. Data for 2010 is obtained from the Decennial Census, while the 2022 data is based on the 2016-2020 American Community Survey and adjusted by Maxfield Research to reflect current year household estimates. Shifting household types can stimulate demand for a variety of housing products. The data is useful in assessing housing demand since the household composition often dictates the type of housing needed and preferred.

- Married couple family households typically generate demand for single-family detached ownership housing.
- Married couples without children often desire multifamily housing for convenience reasons. Married couple families without children are generally made up of younger couples that have not had children (and may not have children) and older couples with adult children that have moved out of the home.
- Other family households, defined as a male or female householder with no spouse present (typically single-parent households), often require affordable housing.

- Changes in non-family households (households living alone and households composed of unrelated roommates) often drive demand for rental housing.



- In 2022, family households comprised an estimated 62% of all households in New Ulm compared to 72% in the Remainder of the PMA.

- In New Ulm, single-person households were estimated to be the most common household type in 2022 (34%), followed by married couples without children (33%).

- Family households experienced an estimated 7% growth between 2010 and 2022 in New Ulm, increasing by 250 households, while family households declined by an estimated 3% in the Remainder of the PMA.

- New Ulm experienced an estimated 12% increase in the number of married couples with children after adding an estimated 116 households between 2010 and 2022, while the number of married couples without children grew by 9% (170 households). The Remainder of the PMA experienced declines in both married couples with children and married without children growing by 5% and 1%, respectively.

- Between 2010 and 2022, non-family households increased by an estimated 4% (88 households) in New Ulm and 5% in the Remainder of the PMA.

- The number of single-person households increased by an estimated 2% (30 households) in New Ulm while the number of roommate households increased by 58 households (21%) from 2010 to 2022.

TABLE D-10
HOUSEHOLD TYPE
NEW ULM PMA
2010 & 2022

			Family Households						Non-Family Households			
	Total HH's		Married w/ Child		Married w/o Child		Other *		Living Alone		Roommates **	
Households	**2010**	**2022**	**2010**	**2022**	**2010**	**2022**	**2010**	**2022**	**2010**	**2022**	**2010**	**2022**
New Ulm	**5,732**	**6,070**	**951**	**1,067**	**1,833**	**2,003**	**727**	**690**	**1,946**	**1,976**	**275**	**333**
PMA Remainder	2,726	2,709	637	608	1,149	1,141	226	209	601	607	113	144
PMA	8,458	8,779	1,588	1,675	2,982	3,144	953	899	2,547	2,584	388	477
SC MN EDR	91,292	95,162	17,829	18,404	29,540	29,703	11,258	12,397	25,553	26,738	7,112	7,920
State of Minnesota	2,087,227	2,284,103	443,212	475,553	617,297	673,280	288,506	304,391	584,008	657,852	154,204	173,026
Percent												
New Ulm	**100.0%**	**100.0%**	**16.6%**	**17.6%**	**32.0%**	**33.0%**	**12.7%**	**11.4%**	**33.9%**	**32.6%**	**4.8%**	**5.5%**
PMA Remainder	100.0%	100.0%	23.4%	22.4%	42.1%	42.1%	8.3%	7.7%	22.0%	22.4%	4.1%	5.3%
PMA	100.0%	100.0%	18.8%	19.1%	35.3%	35.8%	11.3%	10.2%	30.1%	29.4%	4.6%	5.4%
SC MN EDR	100.0%	100.0%	19.5%	19.3%	32.4%	31.2%	12.3%	13.0%	28.0%	28.1%	7.8%	8.3%
State of Minnesota	100.0%	100.0%	21.2%	20.8%	29.6%	29.5%	13.8%	13.3%	28.0%	28.8%	7.4%	7.6%
	Change 2010-2022											
	No.	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**
New Ulm	**338**	**5.9%**	**116**	**12.2%**	**170**	**9.3%**	**-37**	**-5.0%**	**30**	**1.6%**	**58**	**21.0%**
PMA Remainder	-17	-0.6%	-29	-4.6%	-8	-0.7%	-17	-7.5%	6	1.0%	31	27.8%
PMA	321	3.8%	87	5.5%	162	5.4%	-54	-5.6%	37	1.4%	89	23.0%
SC MN EDR	3,870	4.2%	575	3.2%	163	0.6%	1,139	10.1%	1,185	4.6%	808	11.4%
State of Minnesota	196,876	9.4%	32,341	7.3%	55,983	9.1%	15,885	5.5%	73,844	12.6%	18,822	12.2%

* Single-parents with children
** Includes unmarried couples without children and group quarters
Note: The South Central Minnesota EDR includes the following counties: Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Sibley, Waseca, and Watowan.
Sources: U. S. Census; ESRI, Inc.; Maxfield Research and Consulting, LLC

Introduction

The variety and condition of the housing stock in a community provides the basis for an attractive living environment. Housing functions as a building block for neighborhoods and goods and services. We examined the housing market in New Ulm and the PMA by reviewing data on the age of the existing housing supply; examining residential building trends since 2010; and reviewing housing data from the American Community Survey.

Residential Construction Trends

Building Permits

Maxfield Research obtained data on the number of new construction housing units from 2010 through 2021. Data was obtained from the City of New Ulm and the US Department of Housing and Urban Development's (HUD) State of the City Data Systems (SOCDS). Table HC-1 on the following page displays the number of building permits issued for new construction of residential units by City in New Ulm, Brown County, and the South Central Minnesota EDR.

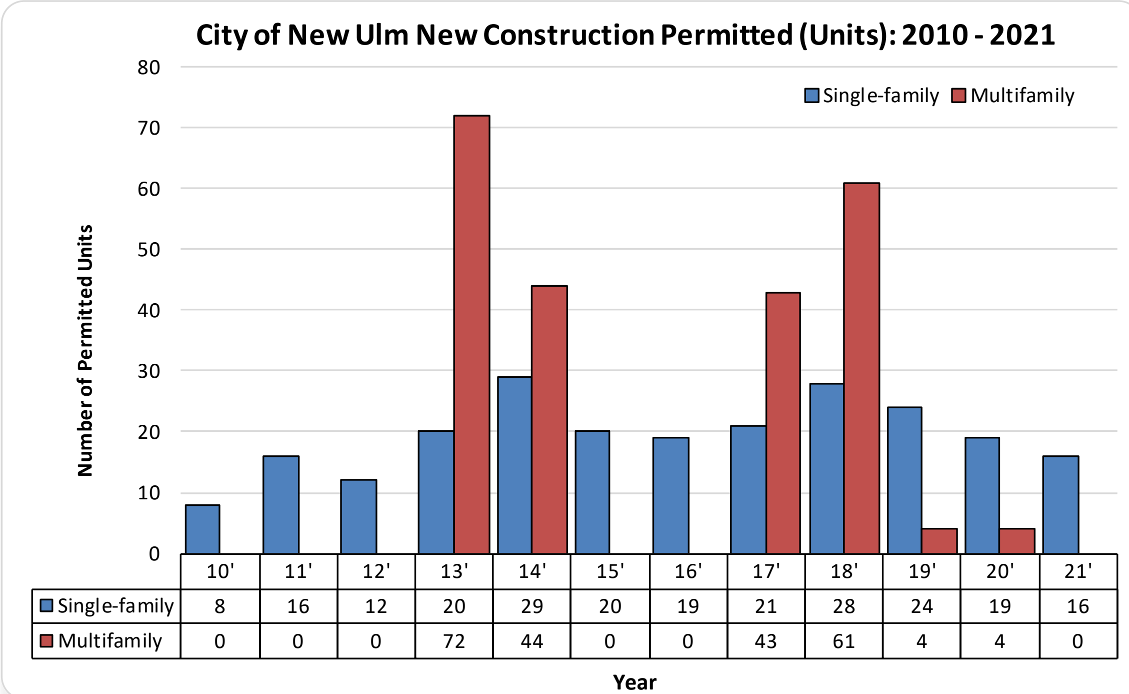
Detached single-family is defined as fully detached housing units. Multifamily housing includes for-sale and rental projects includes duplex, triplex, and four-plex structures, in addition to buildings with five or more units. A multifamily structure is generally defined as a residential building containing units built one on top of another and those built side-by-side which do not have a ground-to-roof wall and/or have common facilities. Townhomes include attached single-family units, semi-attached units, side-by-side units, and rowhouses.

- Development activity has been relatively steady in the City of New Ulm with an average of 19 detached single-family homes built per year since 2010. A total of 460 residential housing units were permitted in New Ulm from 2010 through 2021, averaging 38 new units per year in the City.

- Of the 460 new residential units permitted in New Ulm, 50.4% of those permits were issued for single-family units while 49.6% were issued for multifamily units. In comparison, single-family permits accounted for 70% in Brown County and 63% in the South Central Minnesota EDR.

- New Ulm accounted for nearly three-quarters (74%) of the permitted units between 2010 and 2021 in Brown County and 6% of all units in the South Central Minnesota EDR.

- Nearly all of the multifamily units (96%) permitted are in projects containing 5 or more units. Development of these larger multifamily buildings occurred in two, two-year time periods from 2013 to 2014 and 2017 and 2018.



HC-1
RESIDENTIAL CONSTRUCTION BUILDING PERMITS ISSUED
CITY OF NEW ULM, BROWN COUNTY, & SOUTH CENTRAL EDR: 09
2010 to 2021

	City of New Ulm			Brown County			South Central EDR: 09*		
	Units Permitted			Units Permitted			Units Permitted		
Year	Single-Family Units	Multifamily Units	Total Units	Single-Family Units	Multifamily Units	Total Units	Single-Family Units	Multifamily Units	Total Units
2010	8	0	8	23	4	27	313	142	455
2011	16	0	16	30	0	30	318	101	419
2012	12	0	12	31	0	31	346	329	675
2013	20	72	92	49	72	121	450	294	744
2014	29	44	73	46	44	90	384	242	626
2015	20	0	20	36	0	36	391	567	958
2016	19	0	19	52	0	52	400	163	563
2017	21	43	64	42	43	85	518	223	741
2018**	28	61	89	41	6	47	490	225	715
2019	24	4	28	29	8	37	359	119	478
2020	19	4	23	37	8	45	516	219	735
2021	16	0	16	19	0	19	500	260	760
Total	**232**	**228**	**460**	**435**	**185**	**620**	**4,985**	**2,884**	**7,869**

* Includes the following counties: Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Sibley, Waseca, and Watonwan.
** 2018 permit numbers in New Ulm are more than in Brown County due to the different sources.
Sources: City of New Ulm; HUD's State of the City Data Systems (SOCDS); & Maxfield Research and Consulting LLC.

American Community Survey

The American Community Survey ("ACS") is an ongoing statistical survey administered by the U.S. Census Bureau that is sent to approximately 3 million addresses annually. The survey gathers data previously contained only in the long form of the decennial census. As a result, the survey provides a more "up-to-date" portrait of demographic, economic, social, and household characteristics every year, not just every ten years. The most recent ACS highlights data collected between 2016 and 2020. It should be noted that all ACS surveys are subject to sampling error and uncertainty. The ACS reports margins of errors (MOEs) with estimates for most standard census geographies. The MOE is shown by reliability from low, medium to high. Due to the MOE, 2020 ACS data may have inconsistencies with previous 2010 Census data and current available 2020 Census data.

Tables HC-2 through HC-10 show key data from the American Community Survey for the City of New Ulm, PMA, and PMA Remainder.

Occupied Housing Units by Tenure

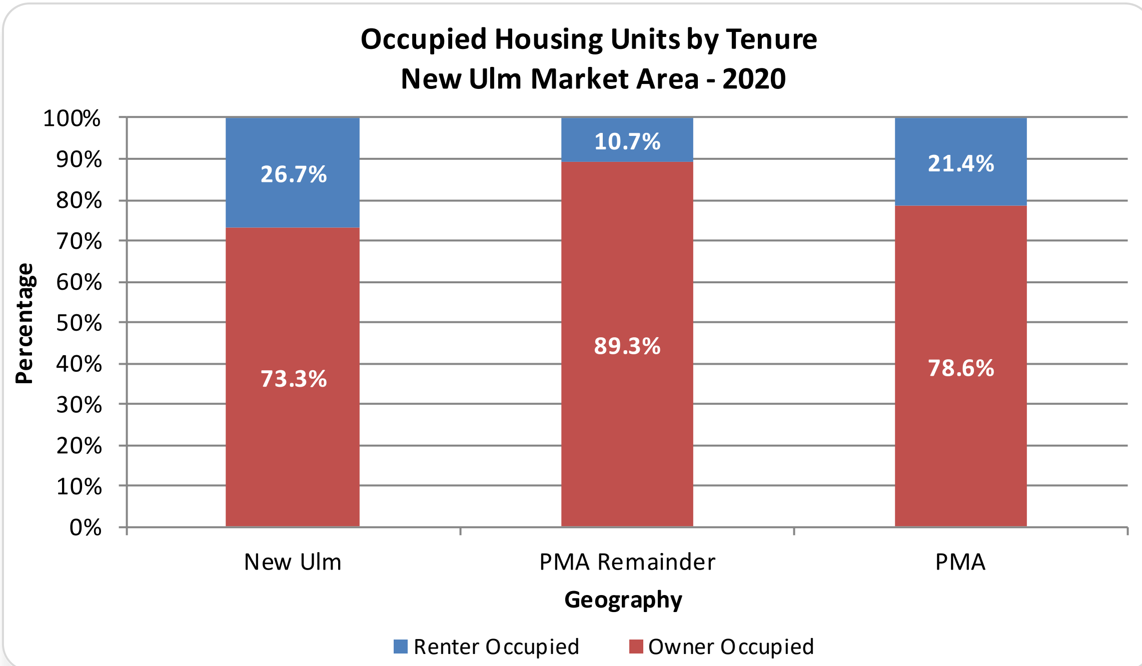
Tenure is a key variable that analyzes the propensity for householders to rent or own their housing unit. Tenure is an integral statistic used by numerous governmental agencies and private sector industries to assess neighborhood stability. Table HC-2 shows the tenure by occupied housing units in 2020.

- Housing in the PMA is overwhelmingly owner occupied. In 2020, 78.6% of housing units were owner occupied in the PMA.
- The proportion of renter occupied units was higher within the City of New Ulm than in the Remainder of the PMA. In New Ulm, 26.7% of households were renter occupied in 2020 compared to 10.7% in the Remainder of the PMA.

TABLE HC-2
OCCUPIED HOUSING UNITS BY TENURE
NEW ULM MARKET AREA
2020

	New Ulm		PMA Remainder		PMA	
Year/Occupancy	**Pct.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**
Owner Occupied	4,184	73.3%	2,495	89.3%	6,679	78.6%
Renter Occupied	1,522	26.7%	298	10.7%	1,820	21.4%
Total	**5,706**	**100.0%**	**2,793**	**100.0%**	**8,499**	**100.0%**

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



Age of Housing Stock

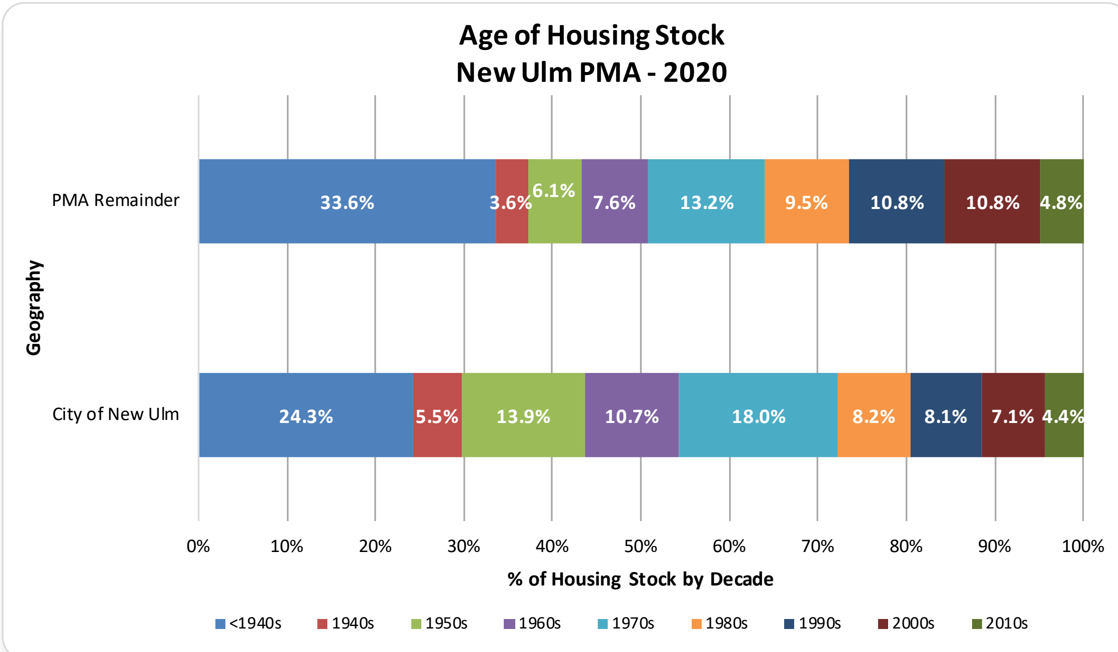
The following graph shows the age distribution of the housing stock based on data from the U.S. Census Bureau and the American Community Survey (5-Year estimates). Table HC-3 includes the number of housing units built in the City of New Ulm, the PMA Remainder, and the PMA, prior to 1940 and during each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

- In New Ulm, the PMA Remainder, and the PMA, the largest decade for which housing stock was built was prior to the 1940s. This time period represented the following percentages for each of the three geographies: New Ulm, 24.3%; the PMA Remainder, 33.6%; and the PMA, 27.4%.

- The second highest decade for which housing was built in all three geographies was the 1970s. The 1970s represented the following percentages for each of the three geographies: New Ulm, 18.0%; the PMA Remainder, 13.2%; and the PMA, 16.4%.

- Since the 2000s, 15.7% of the PMA Remainder's housing stock has been built compared to 11.4% in New Ulm during the past two decades.

- The charts on the following page illustrates the breakdown by decade of the housing stock in both New Ulm and the PMA Remainder.



- Owner occupied units in New Ulm have an older median age (1964) than in the PMA Remainder (1957). In contrast, renter occupied units in New Ulm have a newer median age (1971) than in the PMA Remainder (1957).

- Owner and renter occupied housing were nearly the same age in the PMA. Owner-occupied housing reported a median age of 1966 and renter-occupied housing reported a median age of 1968. Below is a bar graph of the decade breakdown by tenure for the PMA.

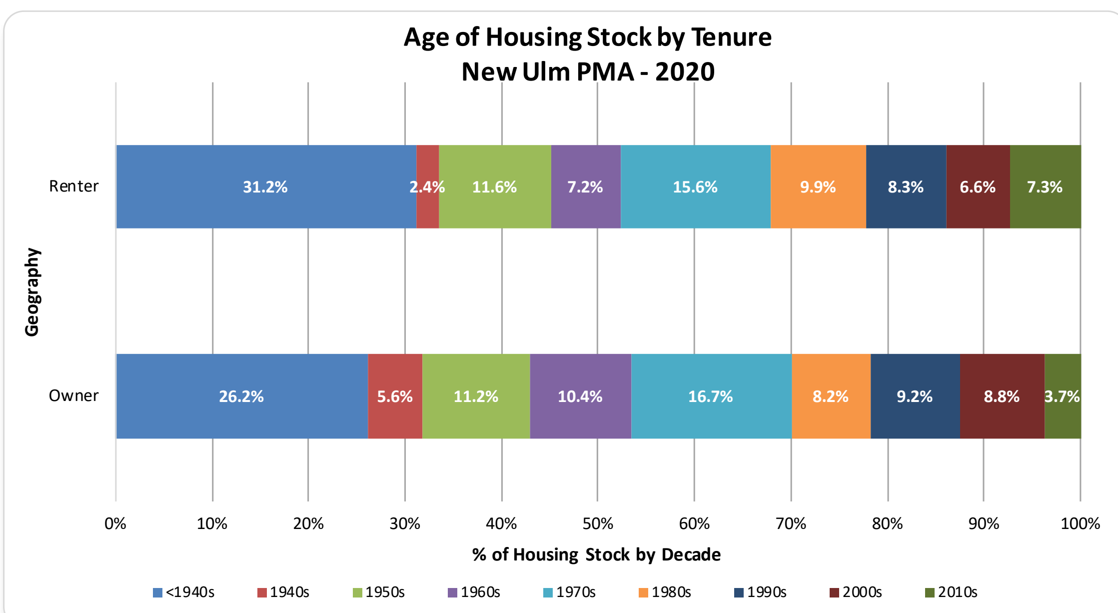


TABLE HC-3
AGE OF HOUSING STOCK
NEW ULM MARKET AREA
2020

	Total Units	Med. Yr. Built	Year Unit Built: <1940 No.	<1940 Pct.	1940s No.	1940s Pct.	1950s No.	1950s Pct.	1960s No.	1960s Pct.	1970s No.	1970s Pct.	1980s No.	1980s Pct.	1990s No.	1990s Pct.	2000s No.	2000s Pct.	2010s No.	2010s Pct.
City of New Ulm																				
Owner-Occupied	4,043	1964	937	23.2%	292	7.2%	569	14.1%	499	12.3%	727	18.0%	304	7.5%	328	8.1%	284	7.0%	103	2.5%
Renter-Occupied	1,593	1971	432	27.1%	16	1.0%	213	13.4%	102	6.4%	288	18.1%	157	9.9%	128	8.0%	114	7.2%	143	9.0%
Total	**5,636**	**1966**	**1,369**	**24.3%**	**308**	**5.5%**	**782**	**13.9%**	**601**	**10.7%**	**1,015**	**18.0%**	**461**	**8.2%**	**456**	**8.1%**	**398**	**7.1%**	**246**	**4.4%**
PMA Remainder																				
Owner-Occupied	2,422	1968	758	31.3%	70	2.9%	155	6.4%	172	7.1%	350	14.5%	228	9.4%	267	11.0%	287	11.8%	135	5.6%
Renter-Occupied	386	1957	185	47.9%	31	8.0%	16	4.1%	41	10.6%	20	5.2%	39	10.1%	36	9.3%	17	4.4%	1	0.3%
Total	**2,808**	**1966**	**943**	**33.6%**	**101**	**3.6%**	**171**	**6.1%**	**213**	**7.6%**	**370**	**13.2%**	**267**	**9.5%**	**303**	**10.8%**	**304**	**10.8%**	**136**	**4.8%**
PMA																				
Owner-Occupied	6,465	1966	1,695	26.2%	362	5.6%	724	11.2%	671	10.4%	1,077	16.7%	532	8.2%	595	9.2%	571	8.8%	238	3.7%
Renter-Occupied	1,979	1968	617	31.2%	47	2.4%	229	11.6%	143	7.2%	308	15.6%	196	9.9%	164	8.3%	131	6.6%	144	7.3%
Total	**8,444**	**1966**	**2,312**	**27.4%**	**409**	**4.8%**	**953**	**11.3%**	**814**	**9.6%**	**1,385**	**16.4%**	**728**	**8.6%**	**759**	**9.0%**	**702**	**8.3%**	**382**	**4.5%**

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

Housing Units by Structure and Tenure

Table HC-4 shows the housing stock in New Ulm, the Remainder of the PMA, the PMA, and Minnesota by type of structure and tenure based on the 2016 to 2020 ACS estimates.

- Single-family detached units are the dominate housing type for owner-occupied units in the City of New Ulm (94.4%) and the PMA Remainder (96.6%).
- Single-family detached units also made of up the largest share of renter-occupied units in the City of New Ulm (22%) and in the PMA Remainder (76%). In comparison, in the State of Minnesota, structures with 50 or more units made up the largest percentage of renter occupied units (24%) and single-family detached units constituted 19%.
- Single-family units account for 80.5% of all unit types in the PMA and 74% in the City of New Ulm. Single-family rental housing is on the rise as home prices continue to increase. The PMA has a significantly high amount of single-family rental units at 32.5% compared to the State of Minnesota at 19%.
- Although single family detached units accounted for the largest share of rental units in New Ulm, renter-occupied units in the city were more varied across building types compared to the Remainder of the PMA. Rental properties with 50 or more units accounted for 15% of rental units and buildings with 20 to 49 units accounted for 18.5% of rental units in the City of New Ulm. In the PMA Remainder, rental buildings with 3 to 4 units (8.5%) accounted for next highest share followed by 10-to-19-unit buildings at 5%.

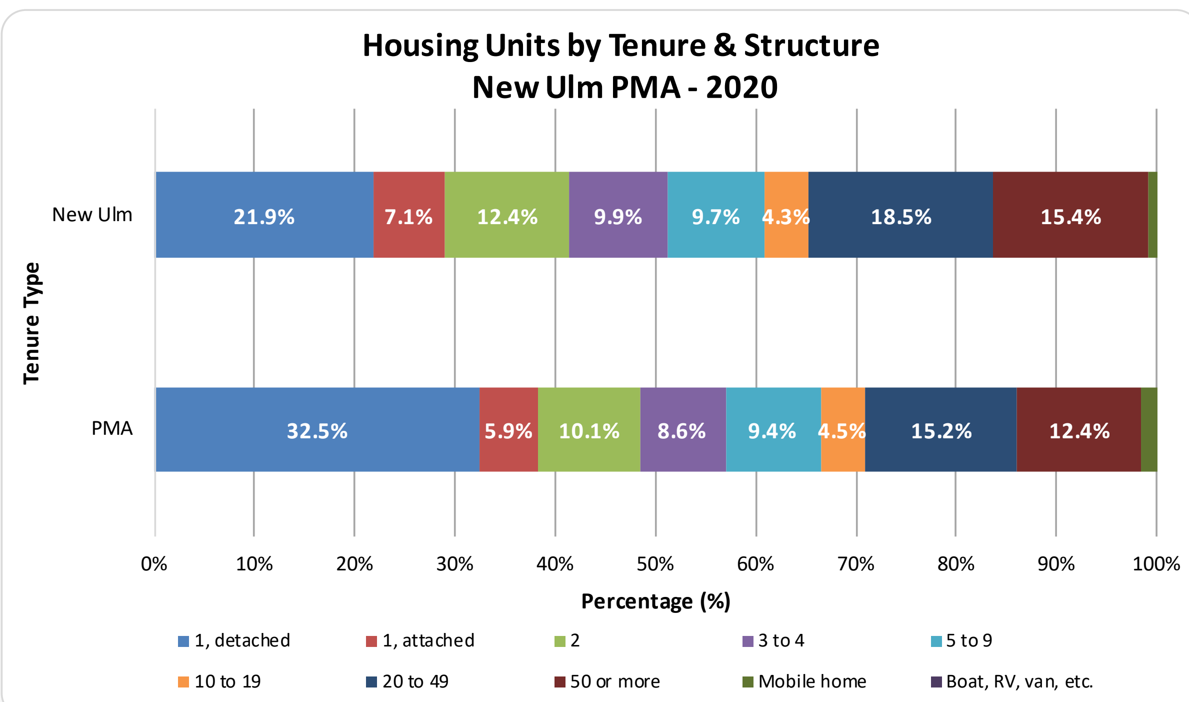


TABLE HC-4
HOUSING UNITS BY STRUCTURE & TENURE
NEW ULM MARKET AREA
2020

	New Ulm				PMA Remainder				PMA				State of MN	
Units in Structure	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied %	Renter-Occupied %
1, detached	3,817	94.4%	349	21.9%	2,340	96.6%	294	76.2%	6,157	95.2%	643	32.5%	85.3%	19.2%
1, attached	53	1.3%	113	7.1%	8	0.3%	3	0.8%	61	0.9%	116	5.9%	7.8%	8.3%
2	41	1.0%	198	12.4%	2	0.1%	1	0.3%	43	0.7%	199	10.1%	0.7%	5.7%
3 to 4	9	0.2%	157	9.9%	2	0.1%	13	3.4%	11	0.2%	170	8.6%	0.5%	6.0%
5 to 9	0	0.0%	154	9.7%	0	0.0%	33	8.5%	0	0.0%	187	9.4%	0.5%	6.7%
10 to 19	6	0.1%	69	4.3%	0	0.0%	20	5.2%	6	0.1%	89	4.5%	0.3%	11.5%
20 to 49	17	0.4%	294	18.5%	0	0.0%	6	1.6%	17	0.3%	300	15.2%	0.6%	17.0%
50 or more	0	0.0%	245	15.4%	0	0.0%	0	0.0%	0	0.0%	245	12.4%	1.3%	24.2%
Mobile home	100	2.5%	14	0.9%	70	2.9%	16	4.1%	170	2.6%	30	1.5%	3.0%	1.5%
Boat, RV, van, etc.	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%	0.1%
Total	**4,043**	**100%**	**1,593**	**100%**	**2,422**	**100%**	**386**	**100%**	**6,465**	**100%**	**1,979**	**100%**	**100%**	**100%**

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

Owner-Occupied Housing Units by Mortgage Status

Table HC-5 shows mortgage status from the American Community Survey for 2020 (5-Year estimates). Mortgage status provides information on the cost of homeownership when analyzed in conjunction with mortgage payment data. A mortgage refers to all forms of debt where the property is pledged as security for repayment of debt. A first mortgage has priority claim over any other mortgage or if it is the only mortgage. A second (and sometimes third) mortgage is called a “junior mortgage,” a home equity line of credit (HELOC) would also fall into this category. Finally, a housing unit without a mortgage is owned free and clear and is debt free.

- In the City of New Ulm, 56% of homes have a mortgage while 44% own their homes without a mortgage. Thus, the percentage of housing units in New Ulm owned without a mortgage is significantly higher than the State of Minnesota (31%).

- Of the New Homes with a mortgage, 7% had an additional second mortgage or home equity loan. In comparison, of the 16% of homes throughout the State of Minnesota had a second mortgage or home equity loan.

- Where debt other than a mortgage was reported, it was most likely to be a home equity loan only, with about 5% of homes with a mortgage in New Ulm carrying a home equity loan.

- Housing units with a mortgage reported a slightly higher median value than those without a mortgage. The median value of housing units with a mortgage was $147,000 in New Ulm compared to $144,400 for homes without a mortgage.

- Median home prices within the City of New Ulm were lower than those in the Remainder of the PMA. Homes with a mortgage had a median value of $206,667 and homes without a mortgage had a median value of $201,870 in the PMA Remainder. These values are roughly 43% and 37% higher than in New Ulm.

- The median value of a home with a mortgage in the State of Minnesota was 70% higher than New Ulm with at $245,100 among homes with a mortgage and 46% higher than homes without a mortgage.

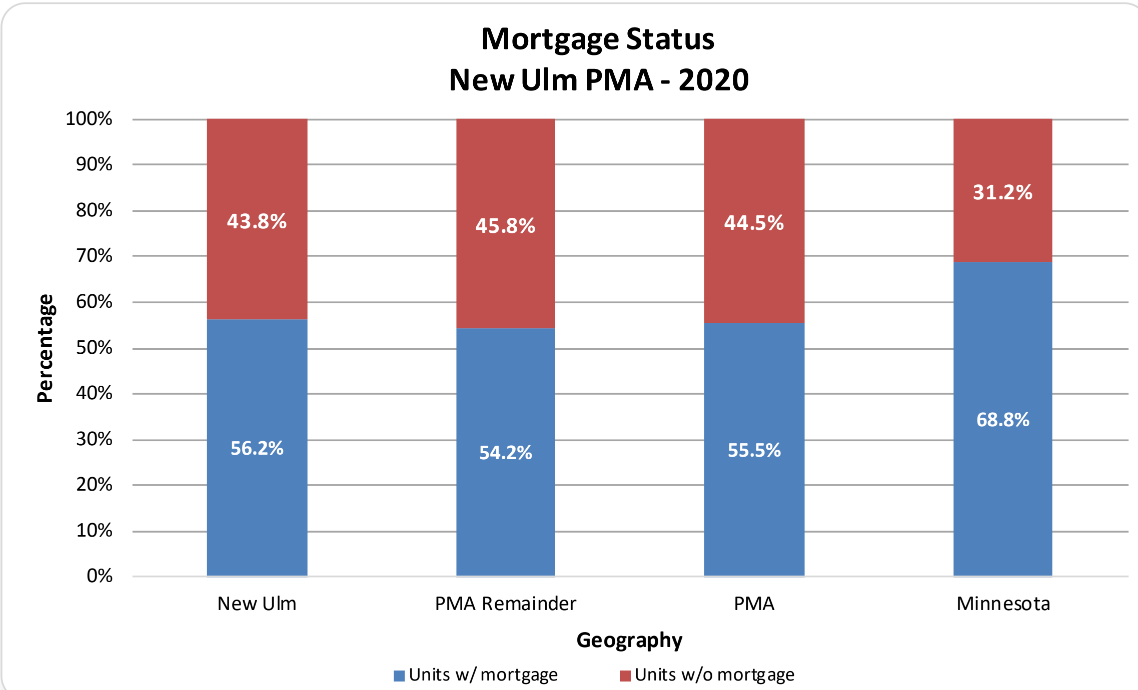


TABLE HC-5
OWNER-OCCUPIED HOUSING UNITS BY MORTGAGE STATUS
NEW ULM MARKET AREA
2020

	New Ulm		PMA Remainder		PMA		State of MN
Mortgage Status	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**Pct.**
Housing units without a mortgage	1,769	43.8%	1,109	45.8%	2,878	44.5%	31.2%
Housing units with a mortgage/debt	2,274	56.2%	1,313	54.2%	3,587	55.5%	68.8%
Second mortgage only	*81*	*2.0%*	64	*2.6%*	145	*2.2%*	*4.3%*
Home equity loan only	*219*	*5.4%*	83	*3.4%*	302	*4.7%*	*11.4%*
Both second mortgage and equity loan	*0*	*0.0%*	6	*0.2%*	6	*0.1%*	*0.6%*
No second mortgage or equity loan	*1,974*	*48.8%*	1,613	*66.6%*	3,587	*55.5%*	52.5%
Total	**4,043**	**100.0%**	**2,422**	**100.0%**	**6,465**	**100.0%**	**100.0%**
Median Value by Mortgage Status							
Housing units with a mortgage	$144,400		$206,667		$167,555		$245,100
Housing units without a mortgage	$147,000		$201,870		$167,535		$215,300

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

Owner-Occupied Housing Units by Value

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

- The median owner-occupied home value in New Ulm ($145,600) was significantly lower (38%) than the median home value in the Remainder of the PMA ($201,843) in 2020. In comparison, median owner-occupied home value the State of Minnesota is estimated at $235,700 which is 62% higher than in New Ulm.

- In New Ulm, homes valued between $100,000 and $149,999 made up the largest proportion of homes, accounting for 32% of owner-occupied units. Another 26% of owner-occupied units were valued between $150,000 and $199,999.

- The largest proportion of owner-occupied homes in the Remainder of the PMA was also the those between $100,000 and $149,999 (25%) and between $150,000 and $199,999 (22%). However, a higher proportion of homes in the Remainder of the PMA (13%) are valued above $300,000 compared to the City of New Ulm (7.0%).

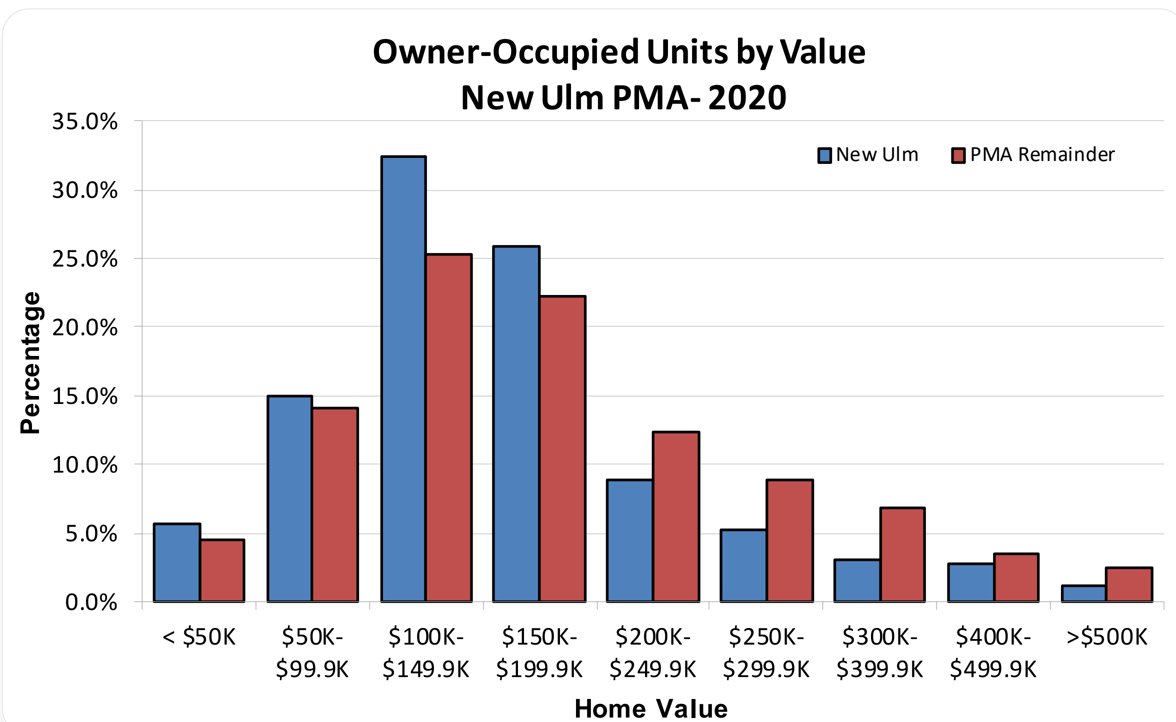


TABLE HC-6 OWNER-OCCUPIED UNITS BY VALUE NEW ULM MARKET AREA 2020							
	New Ulm		PMA Remainder		PMA		State of MN
Home Value	No.	Pct.	No.	Pct.	No.	Pct.	Pct.
Less than $50,000	230	5.7%	318	4.5%	318	4.6%	5.1%
$50,000-$99,999	603	14.9%	983	14.1%	983	14.1%	8.5%
$100,000-$149,999	1,310	32.4%	1,765	25.3%	1,765	25.3%	13.8%
$150,000-$199,999	1,048	25.9%	1,550	22.2%	1,550	22.2%	18.9%
$200,000-$249,999	360	8.9%	861	12.3%	861	12.3%	15.4%
$250,000-$299,999	210	5.2%	619	8.9%	619	8.9%	11.6%
$300,000-$399,999	123	3.0%	476	6.8%	476	6.8%	13.3%
$400,000-$499,999	113	2.8%	243	3.5%	243	3.5%	6.1%
Greater than $500,000	46	1.1%	175	2.5%	166	2.4%	7.2%
Total	**4,043**	**100.0%**	**6,990**	**100.0%**	**6,981**	**100.0%**	**100.0%**
Median Home Value	$145,600		$201,843		$200,435		$235,700
Sources: U.S. Census Bureau - American Community Survey & Maxfield Research and Consulting LLC.							

Renter-Occupied Units by Contract Rent

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

- New Ulm residents were most likely to pay between $750 and $999 in monthly rent, with an estimated 33% of renter occupied units reporting rents in this range. Nearly 90% of estimated renter-occupied households rents fall between $250 and $999 in the City.

- Minnesota renters as a comparison were most likely to pay between $1,000 and $2,499 in monthly rent with an estimated 39% of rental units reported rents within this range. New has only an estimated 5% of renter-occupied households with rents from $1,000 to $2,499.

- The median rent in New Ulm was estimated at $650 in 2020, about 7% higher than the Remainder of the PMA ($607) but much lower (41%) than the median rent in the State of Minnesota ($916).

- Housing units without payment of rent ("no cash rent") make up 3.2% of PMA renters. The proportion was higher in the Remainder of the PMA (4.6%) compared to the City of New Ulm (1.4%). Typically, units may be owned by a relative or friend who lives elsewhere whom allow occupancy without charge. Other sources may include caretakers or ministers who may occupy a residence without charge.

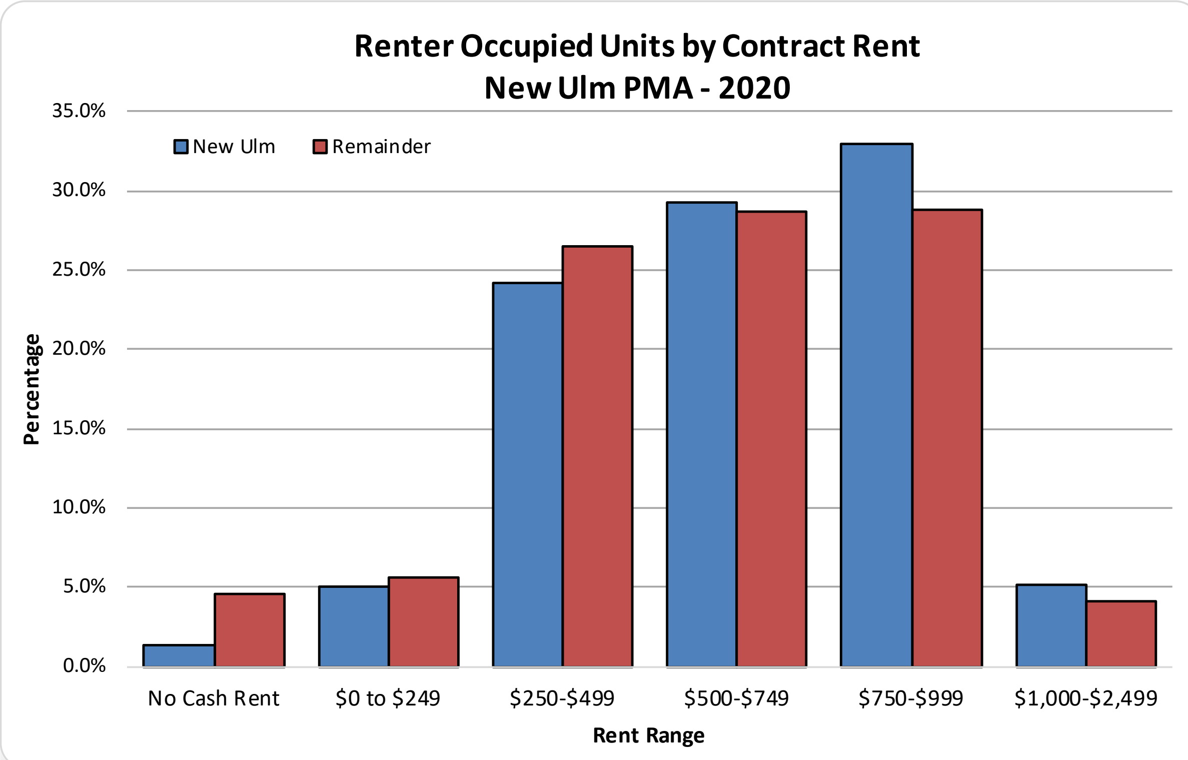


TABLE HC-7
RENTER-OCCUPIED UNITS BY CONTRACT RENT
NEW ULM MARKET AREA
2020

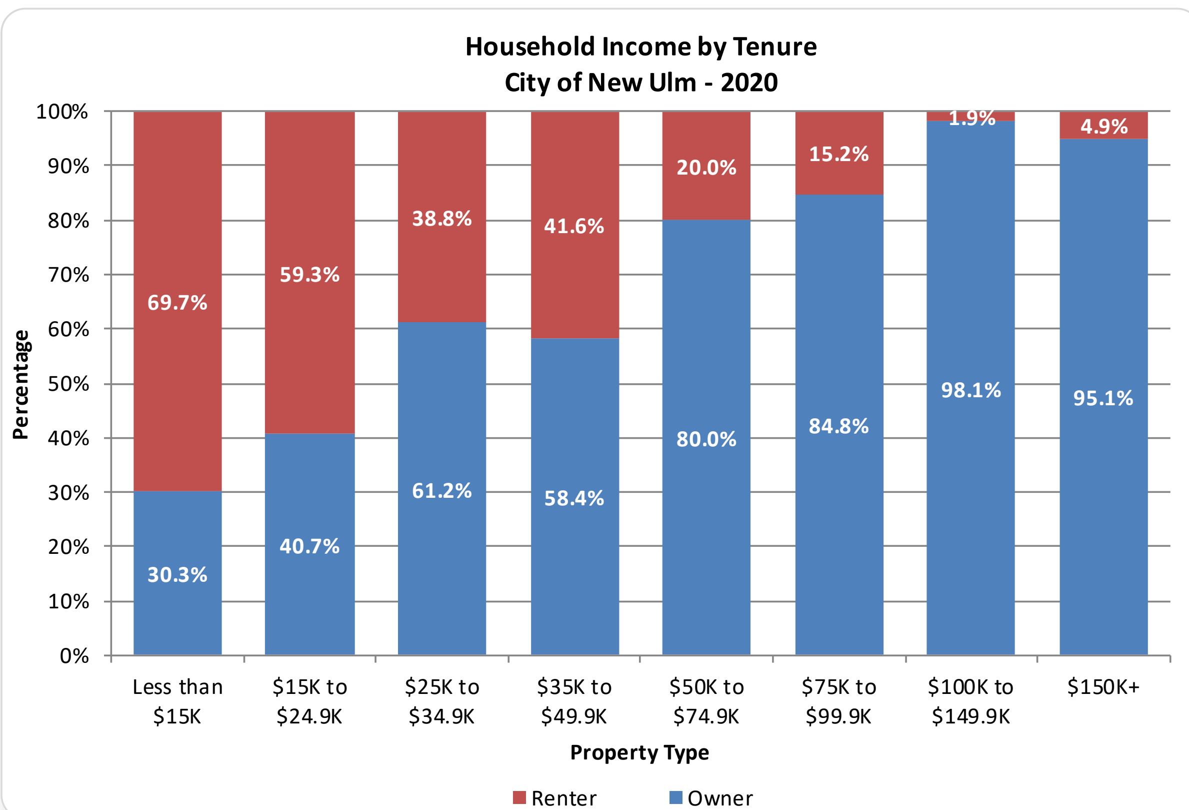
	New Ulm		PMA Remainder		PMA		State of MN
Contract Rent	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**Pct.**
No Cash Rent	22	1.4%	91	4.6%	113	3.2%	4.1%
Cash Rent	1,571	98.6%	1888	95.4%	3,459	96.8%	95.9%
$0 to $249	80	*5.0%*	111	*5.6%*	191	*5.3%*	5.1%
$250-$499	386	*24.2%*	525	*26.5%*	911	*25.5%*	10.4%
$500-$749	466	*29.3%*	567	*28.7%*	1,033	*28.9%*	16.8%
$750-$999	525	*33.0%*	571	*28.9%*	1,096	*30.7%*	23.4%
$1,000-$2,499	82	*5.1%*	82	*4.1%*	164	*4.6%*	38.5%
$2,500+	32	*2.0%*	32	*1.6%*	64	*1.8%*	1.7%
Total	**1,593**	**100.0%**	**1979**	**100.0%**	**3,572**	**100.0%**	**100.0%**
Median Contract Rent	$650		$607		$645		$916

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

Tenure by Household Income

Table HC-8 presents information on tenure by household incomes in the PMA. Data was obtained through the American Community Survey for years 2016-2020.

- New Ulm is largest community in the PMA. Larger communities attract development of rental properties due to the services offered and employment opportunities. New Ulm is estimated to have 28% renter-occupied households and 72% owner-occupied. In the PMA Remainder, only 15% of households are renter-occupied and 85% owner-occupied.
- Lower income householders are more likely to be renters. This is evident in New Ulm as an estimated 70% of households earning less than $15,000 and 59% households earning between $15,000 to $24,999 living in renter-occupied units in 2020.
- Due to the rural nature of the Remainder of the PMA, households at all income levels are more likely to be owner-occupied. 50% of households earning less than $15,000 and above were owner-occupied in the Remainder of the PMA.
- As incomes rise, the proportion of owner-occupied units increases. In New Ulm, when incomes reached between $25,000 to $34,999, more owner households were reported (61%) than renter households in 2020.



- A portion of renter households are referred to as lifestyle renters, those who are financially able to own a home but choose to rent. Lifestyle renters typically have household incomes above $50,000. An estimated 40% of renter-occupied household have incomes of $50,000 or greater in New Ulm.

- The median income of renter households was significantly lower than the median income owner households in New Ulm. In 2020, owner-occupied households in New Ulm reported a median income of $75,181 compared to $36,594 among renter-occupied households.

TABLE HC-8
TENURE BY HOUSEHOLD INCOME
NEW ULM MARKET AREA
2020

	City of New Ulm				PMA Remainder				PMA			
Income	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.
Less than $15,000	320	30.3%	737	69.7%	155	56.4%	120	43.6%	475	35.7%	857	64.3%
$15,000 to $24,999	370	40.7%	540	59.3%	214	68.4%	99	31.6%	584	47.8%	639	52.2%
$25,000 to $34,999	458	61.2%	290	38.8%	247	74.6%	84	25.4%	705	65.3%	374	34.7%
$35,000 to $49,999	953	58.4%	679	41.6%	450	81.5%	102	18.5%	1,403	64.2%	781	35.8%
$50,000 to $74,999	1,372	80.0%	343	20.0%	698	86.7%	107	13.3%	2,070	82.1%	450	17.9%
$75,000 to $99,999	1,618	84.8%	290	15.2%	614	94.8%	34	5.2%	2,232	87.3%	324	12.7%
$100,000 to $149,999	1,569	98.1%	31	1.9%	718	95.1%	37	4.9%	2,287	97.1%	68	2.9%
$150,000+	829	95.1%	43	4.9%	367	97.3%	10	2.7%	1,196	95.8%	53	4.2%
Total	**7,489**	**71.7%**	**2,953**	**28.3%**	**3,463**	**85.4%**	**593**	**14.6%**	**10,952**	**75.5%**	**3,546**	**24.5%**
Median Household Income	**$75,181**		**$36,594**		**$84,213**		**$38,940**		**$78,565**		**$37,052**	

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

Mobility in the Past Year

Table HC-9 shows the mobility patterns of PMA residents. The information reflects the proportion of residents that reported a move within the last year at the time the ACS survey was conducted. The table presents the estimates of mobility within the last year based on five years of data collection, 2016-2020.

- The majority of New Ulm residents (90%) did not move during the last year. Mobility was limited in the PMA Remainder where 95% of the population did not move the previous year compared to New Ulm.

- Among New Ulm residents that moved, they were most likely to move within their same county (5%) followed by a move from a different county within Minnesota (3%).

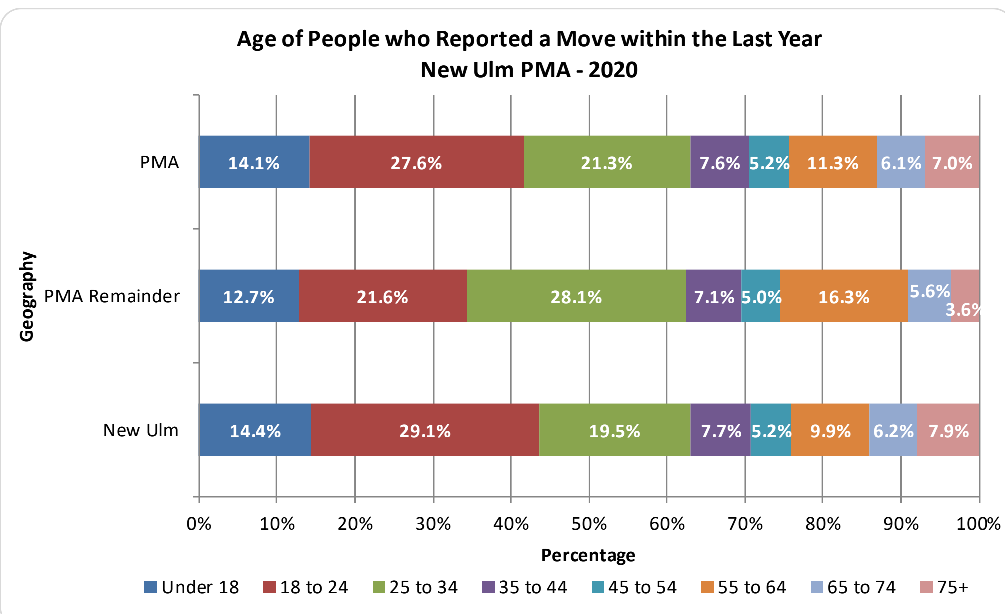
- The age group most likely to move were between the ages of 18 and 24 as an estimated 29% moved within the past year followed by those ages of 25 and 34 at 19.5%. The mobility of those ages 18 to 24 was highest out of state as this group heads off to college.

- Mobility experiences a slight uptick in each geography among those over age 75. This likely reflects a need, or desire to, downsize homes among retirees. This cohort may move to smaller homes, a senior living facility or to another area to be closer to family.

TABLE HC-9
MOBILITY IN THE PAST YEAR BY AGE FOR CURRENT RESIDENCE
NEW ULM MARKET AREA
2020

Age	Not Moved		Moved							
	Same House		Within Same County		Different County		Different State		Abroad	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
New Ulm										
Under 18	2,385	92.8%	82	3.2%	70	2.7%	34	1.3%	0	0.0%
18 to 24	1,225	76.6%	117	7.3%	77	4.8%	181	11.3%	0	0.0%
25 to 34	1,302	83.8%	161	10.4%	63	4.1%	27	1.7%	0	0.0%
35 to 44	1,492	93.8%	31	1.9%	34	2.1%	34	2.1%	0	0.0%
45 to 54	1,277	95.0%	50	3.7%	17	1.3%	0	0.0%	0	0.0%
55 to 64	1,661	92.8%	65	3.6%	60	3.4%	0	0.0%	3	0.2%
65 to 74	1,257	94.0%	29	2.2%	51	3.8%	0	0.0%	0	0.0%
75+	1,186	92.1%	80	6.2%	7	0.5%	15	1.2%	0	0.0%
Total	**11,785**	90.1%	**615**	4.7%	**379**	2.9%	**291**	2.2%	**3**	0.0%
PMA Remainder										
Under 18	1,505	97.2%	10	0.6%	22	1.4%	11	0.7%	0	0.0%
18 to 24	318	81.3%	22	5.6%	32	8.2%	19	4.9%	0	0.0%
25 to 34	720	88.3%	30	3.7%	56	6.9%	9	1.1%	0	0.0%
35 to 44	701	96.7%	1	0.1%	13	1.8%	10	1.4%	0	0.0%
45 to 54	842	98.0%	7	0.8%	6	0.7%	3	0.3%	1	0.1%
55 to 64	1,127	95.3%	53	4.5%	2	0.2%	0	0.0%	0	0.0%
65 to 74	966	98.1%	4	0.4%	8	0.8%	7	0.7%	0	0.0%
75+	442	97.4%	0	0.0%	8	1.8%	0	0.0%	4	0.9%
Total	**6,621**	95.1%	**127**	1.8%	**147**	2.1%	**59**	0.8%	**5**	0.1%
PMA										
Under 18	3,890	94.4%	92	2.2%	92	2.2%	45	1.1%	0	0.0%
18 to 24	1,543	77.5%	139	7.0%	109	5.5%	200	10.0%	0	0.0%
25 to 34	2,022	85.4%	191	8.1%	119	5.0%	36	1.5%	0	0.0%
35 to 44	2,193	94.7%	32	1.4%	47	2.0%	44	1.9%	0	0.0%
45 to 54	2,119	96.2%	57	2.6%	23	1.0%	3	0.1%	1	0.0%
55 to 64	2,788	93.8%	118	4.0%	62	2.1%	0	0.0%	3	0.1%
65 to 74	2,223	95.7%	33	1.4%	59	2.5%	7	0.3%	0	0.0%
75+	1,628	93.5%	80	4.6%	15	0.9%	15	0.9%	4	0.2%
Total	**18,406**	91.9%	**742**	3.7%	**526**	2.6%	**350**	1.7%	**8**	0.0%

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



Introduction

Employment characteristics are important components in assessing housing needs in any given Market Area. These trends are important to consider since employment growth often fuels household growth. Typically, households prefer to live near work for convenience, which is a primary factor in choosing a housing location. This preference is particularly true among renters. Young adults entering the workforce, a primary target market for rental housing, often place excellent value on living near employment, education, shopping, and entertainment. Many households commute greater distances to work provided their housing is affordable enough to offset the additional transportation costs.

Although employment growth often parallels population growth, it is tied more strongly to transportation access. Cities with interstate access and intra- and inter-metro transportation connections attract more businesses and post higher employment gains.

Employment Growth

Table E-1 on the following page shows employment growth trends and projections from 2000 to 2030 based on the latest information available from the Minnesota Department of Employment and Economic Development (MN DEED). Data for 2000, 2005, 2010, 2015, 2020 and 2021 represents the annual average employment for that year. Data for 2025 and 2030 was based off historic and projected population from MN DEED and adjusted by Maxfield Research.

- As a result of the economic recession, New Ulm, and Brown County saw employment declines of 8% and 7%, respectively between 2000 and 2010. By comparison, Nicollet County and the South Central Minnesota EDR declines in employment of 8% and 3%, respectively during the decade.

- New Ulm accounted for 67% of the jobs in Brown County in 2000 decreasing to 66% by 2010 during the recession. Last decade, the employment concentration in New Ulm increased significantly to 69% of Brown Counties total jobs by 2020 and again another 2% jump by 2021 to 71%. Through this decade, New Ulm is projected to remain at 71% of the total jobs in Brown County.

- Over the past decade, New Ulm gained 286 jobs (2%) while Brown County lost 365 jobs (-3%) between 2010 and 2020. During that time, the number of jobs increased in Nicollet County by 1,511 jobs (12%) while South Central Minnesota EDR decreased by 125 jobs (-0.1%).

- It is important to note that due to the COVID-19 pandemic, New Ulm experienced a significant decline between 2019 to 2020 losing 605 jobs (-7%) and Brown County declined by 943 jobs (-7%). Nicollet County and the South Central Minnesota EDR also experienced a decline of -8% and -3%, respectively.

TABLE E-1
EMPLOYMENT GROWTH TRENDS AND PROJECTIONS
NEW ULM PMA
2000 to 2030

Annual Employment	City of New Ulm	Brown County	Nicollet County	EDR: 09 South Central Region*
2000	9,706	14,390	14,140	103,248
2005	9,204	14,101	14,304	103,789
2010	8,886	13,447	12,993	99,744
2015	9,450	13,828	14,398	103,924
2019	9,683	13,998	15,417	106,122
2020	9,078	13,082	14,504	99,619
2021	9,172	12,985	14,712	100,353
2025 Forecast	**9,355**	**13,105**	**15,400**	**103,200**
2030 Forecast	**9,570**	**13,450**	**16,280**	**106,440**

Change	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
2000 - 2010	-820	-8.4%	-943	-6.6%	-1,147	-8.1%	-3,504	-3.4%
2010 - 2020	192	2.2%	-365	-2.7%	1,511	11.6%	-125	-0.1%
2020 - 2030	**492**	**5.4%**	**368**	**2.8%**	**1,776**	**12.1%**	**6,821**	**6.8%**

*Includes the following counties: Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Sibley, Waseca, & Watonwan.

Sources: MN DEED; & Maxfield Research and Consulting, LLC.

- Albeit slow, recovery of jobs from the pandemic shut down occurred from 2020 to 2021 as New Ulm employment grew by 94 jobs (1%). Brown County however, continued the decline over the year losing another 97 jobs (-1%) while Nicollet County grew by 208 jobs (1%) and the South Central Minnesota EDR by 734 jobs (1%).

- As the pandemic has subsided into an endemic, job growth is projected for New Ulm between 2020 and 2030. This includes a gain of 492 jobs in New Ulm (5% increase) and 368 jobs in Brown County (3% increase). Nicollet County and the South Central Minnesota EDR are also projected to grow this decade by 1,776 jobs (12%) and 6,821 (7%), respectively. Please note that this growth does not account for the potential recession that is currently threatening the country at the time of this survey.

Resident Labor Force

Table E-2 presents resident employment data for the City of New Ulm from 2010 through 2021. Resident employment data is calculated as an annual average *and reveals the work force and number of employed persons living in the County*. It is important to note that not all of these individuals necessarily work in New Ulm. The data is obtained from the Minnesota Department of Economic Development (MN DEED). Data is also provided for 2010, 2015, 2020, and 2021 for Brown County, Nicollet County, Minnesota, and the US.

- In 2021, New Ulm had a labor force of 7,225 with 7,019 employed residents, which equates to a 2.9% unemployment rate. By comparison, unemployment rates were at 2.8% in the South Central Minnesota EDR, 3.4% in the State of Minnesota, and 5.3% in Nationally.

- New Ulm's unemployment rate has been marginally lower than the State of Minnesota's unemployment rate between 2008 and 2021. Average unemployment rate in New Ulm over the last decade is 4.4%, which is just below the average of Minnesota (4.5%) but significantly lower than the U.S unemployment rate (6.1%).

- The chart below illustrates how unemployment in New Ulm has mirrored national trends but has remained well below the national rate throughout much of the past decade. New Ulm's unemployment rate has consistently tracked with unemployment trends in the State.

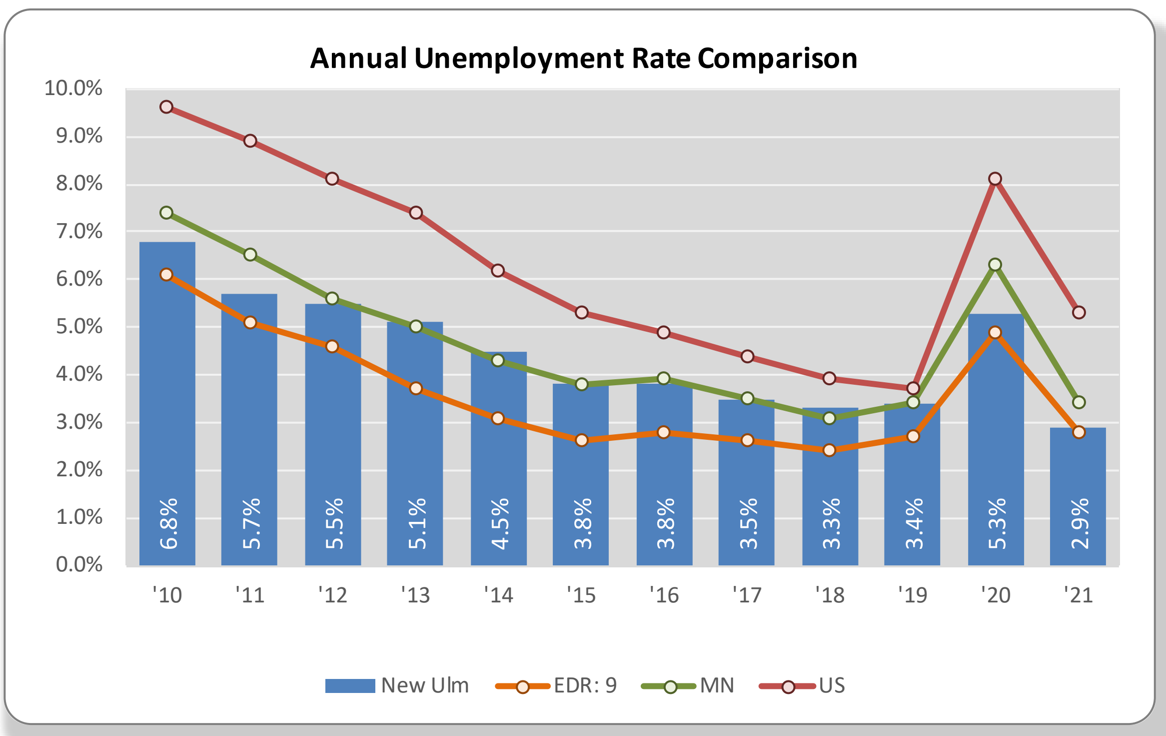


TABLE E-2 RESIDENT EMPLOYMENT (ANNUAL AVERAGE) CITY OF NEW ULM 2008 through 2021									
	Total								
	Labor	Total	Total	Unemployment Rate					
Year	Force	Employed	Unemployed	New Ulm	Brown Co.	Nicollet Co.	EDR: 09	MN	U.S.
2008	7,767	7,352	415	5.6%	6.0%	5.3%	4.3%	5.4%	5.8%
2009	7,882	7,324	558	7.6%	7.3%	7.5%	6.3%	7.8%	9.3%
2010	8,002	7,490	512	6.8%	6.9%	7.1%	6.1%	7.4%	9.6%
2011	7,967	7,535	432	5.7%	5.9%	6.1%	5.1%	6.5%	8.9%
2012	7,846	7,438	408	5.5%	5.6%	5.4%	4.6%	5.6%	8.1%
2013	7,694	7,323	371	5.1%	5.2%	4.8%	3.7%	5.0%	7.4%
2014	7,567	7,240	327	4.5%	4.6%	4.2%	3.1%	4.3%	6.2%
2015	7,812	7,528	284	3.8%	4.1%	3.6%	2.6%	3.8%	5.3%
2016	7,782	7,494	288	3.8%	4.2%	3.8%	2.8%	3.9%	4.9%
2017	7,709	7,451	258	3.5%	3.7%	3.5%	2.6%	3.5%	4.4%
2018	7,787	7,538	249	3.3%	3.6%	3.3%	2.4%	3.1%	3.9%
2019	7,784	7,530	254	3.4%	3.8%	3.6%	2.7%	3.4%	3.7%
2020	7,689	7,305	384	5.3%	5.3%	5.7%	4.9%	6.3%	8.1%
2021	7,225	7,019	206	2.9%	3.1%	3.3%	2.8%	3.4%	5.3%
Change 2010-15	**-190**	**38**	**-228**	**-3.1%**	**-2.8%**	**-3.5%**	**-3.5%**	**-3.6%**	**-4.3%**
Change 2015-20	**-123**	**-223**	**100**	**-0.8%**	**-1.0%**	**-0.3%**	**0.2%**	**-0.4%**	**0.0%**
Change 2019-20	**-95**	**-225**	**130**	**-2.3%**	**-2.2%**	**-2.4%**	**-2.1%**	**-2.9%**	**-2.8%**
Change 2020-21	**-464**	**-286**	**-178**	**-2.3%**	**-2.2%**	**-2.4%**	**-2.1%**	**-2.9%**	**-2.8%**
Sources: MN DEED; Maxfield Research & Consulting, LLC									

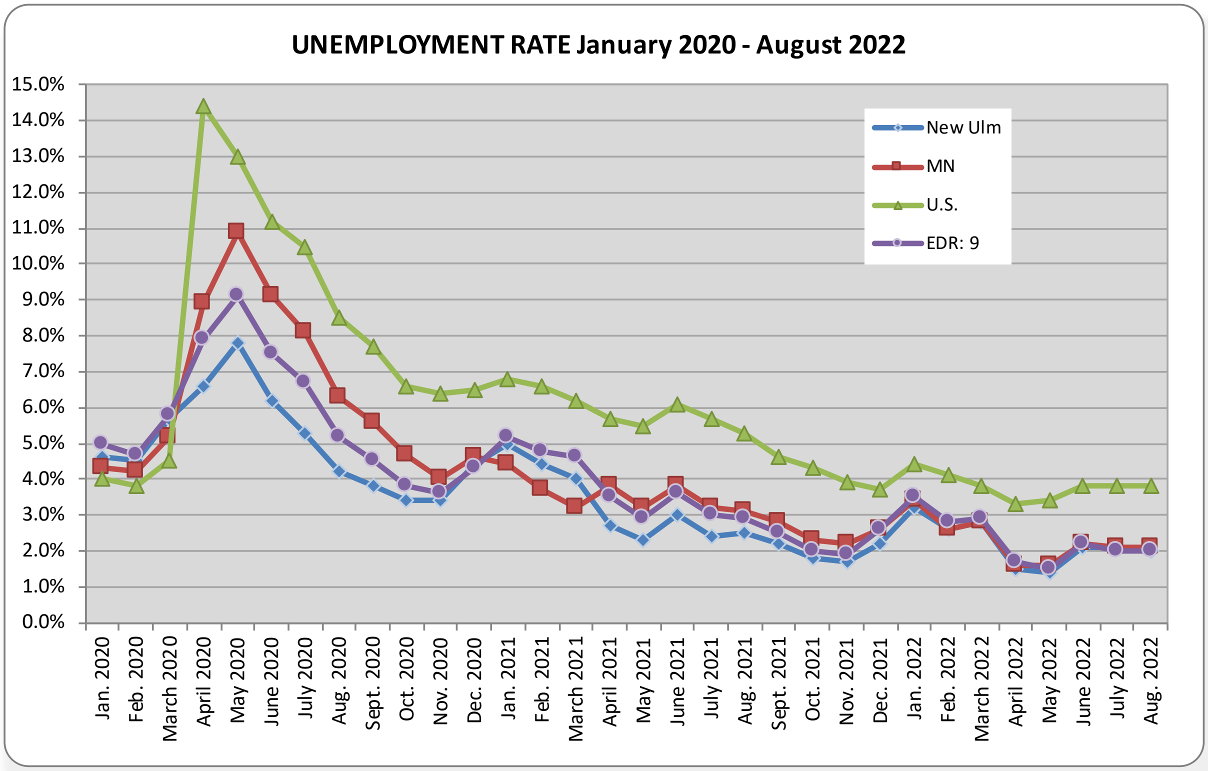
- The unemployment rate in New Ulm peaked in 2009 during the Great Recession at 7.6% and fell steadily to 3.3% in 2018 before climbing again to 5.3% in 2020. It is important to note that the steep rise in unemployment was directly impacted by the COVID-19 pandemic. The unemployment rate fell back down to 2.9% in 2021 and has fallen further to the average of 2.2% through August of 2022.

- Upticks in unemployment occurred in the winters of 20/21 and 21/22 when the unemployment in New Ulm jumped from 3.4% in November 2020 to 5.0% in January 2021 and from 1.7% in November 2021 to 3.2% in January 2022. Since January of 2022, the unemployment rate has remained around the 2.0% mark through August.

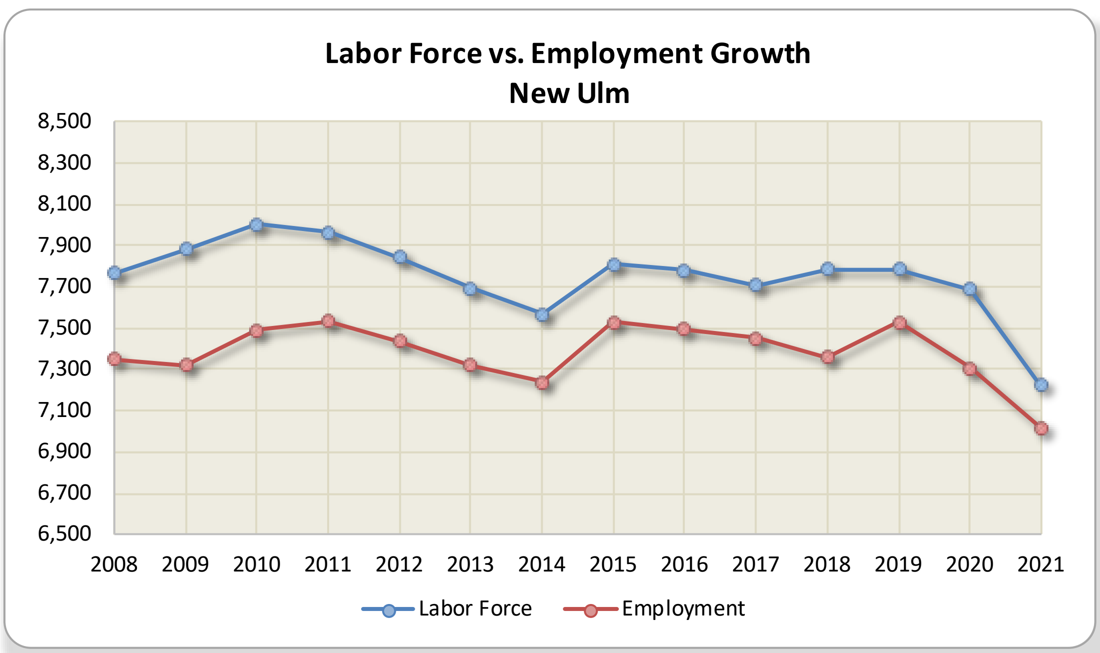
- The chart below provides a month over month comparison in the unemployment rate for New Ulm, the State of Minnesota, and the Nation from January 2020 before the pandemic through August 2022.

- The chart on the following page shows that after the initial shut down due to the emerging pandemic, the resulting high unemployment rates throughout the country declined rapidly.

- As such, it appears as though the declining unemployment rate in Brown County is in due in part by the declining labor force outpacing the decline in the employed persons. The following bullet points discuss the declining labor force and employment in Brown County.



- New Ulm's labor force has been declining relatively steadily since 2010 with the exception of a few upticks in 2015 (3%) and in 2018 (1%). Overall, the labor force in New Ulm declined by 4% over the last decade and 10% through 2021.



- Resident employment in New Ulm has also declined since 2011 experiencing a loss of 230 employed persons (-3%) over the decade and 516 employed persons (7%) through 2021. On average, resident employment declined at a slightly lesser rate (-0.9%, -52 jobs) since 2011 compared to the average decline of the labor force of 0.7% (-74 people).

- The ongoing COVID-19 pandemic has had an effect on employment in New Ulm as the total employed persons fell by 225 people (-3%) from 2019 to 2020 while the labor force dropped by 95 individuals (-1%).

- When other communities saw recovery of labor force and employment from 2020 to 2021 as the pandemic shifted, New Ulm continued with a more significant decline as employed persons dropped another 286 people (-4%)and the labor force lost 464 people (-6%).

- The decline in employment in 2020 and 2021 accounted for about all of the overall employment and labor force loss since 2015. New Ulm lost over 511 jobs (-7%) and nearly 560 people (-8%) in the labor force from 2015 to 2021.

Covered Employment by Industry

Table E-3 presents covered employment workforce numbers for New Ulm and the PMA from 2000 through 2020 (5-year increments) along with 2021. Covered employment data is calculated as an annual average and *reveals the number of jobs in the designated area,* which are covered by unemployment insurance. Many temporary workforce positions, agricultural, self-employed persons, and some other types of jobs are not covered by unemployment insurance and are not included in the table. The data is sourced from the Minnesota Department of Employment and Economic Development (DEED). The following are key trends derived from the employment data:

- New Ulm is the employment center for the PMA and accounts over 90% of the covered employment. In 2000, New Ulm contained 94% of the jobs in the PMA and has declined to 91% as of 2021.

- The Manufacturing industry currently accounts for the largest share of employment in New Ulm, accounting for 23% of employment (2,124 employees) in 2021. The Education & Health Services sector closely follows Manufacturing consisting of 22% of the total employment (2,054 employees) while the Trade, Transportation, and Utilities sector consists of 21% (2,054 employees).

- Covered employment grew by 286 employees (3%) from 2010 to 2021 with half of the industry sectors experiencing growth. The growth over the decade was severely hampered by the onset of the COVID-19 pandemic in early 2020. Employment has stabilized and witnessed slight growth from 2020 to 2021.

TABLE E-3
COVERED EMPLOYMENT TRENDS
CITY OF NEW ULM AND PMA
2000, 2005, 2010, 2015, 2020, 2021

City of New Ulm							Change 2010 - 2021		Percentage Of Total Employment					
Industry	2000	2005	2010	2015	2020	2021	No.	Pct.	2000	2005	2010	2015	2020	2021
Natural Resources & Mining	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Construction	--	314	--	--	--	--	--	--	--	3.4%	--	--	--	--
Manufacturing	2,900	2,381	2,006	2,156	2,113	2,124	118	5.9%	29.9%	25.9%	22.6%	22.8%	23.3%	23.2%
Trade, Transportation, and Utilities	2,077	1,942	1,788	1,878	2,019	1,942	154	8.6%	21.4%	21.1%	20.1%	19.9%	22.2%	21.2%
Information	151	--	158	215	249	253	95	60.1%	1.6%	N/A	1.8%	2.3%	2.7%	2.8%
Financial Activities	265	--	280	292	287	287	7	2.5%	2.7%	--	3.2%	3.1%	3.2%	3.1%
Professional and Business Services	841	588	633	771	657	660	27	4.3%	8.7%	6.4%	7.1%	8.2%	7.2%	7.2%
Education and Health Services	1,554	1,922	2,065	2,172	2,056	2,054	-11	-0.5%	16.0%	20.9%	23.2%	23.0%	22.6%	22.4%
Leisure and Hospitality	865	941	981	917	714	846	-135	-13.8%	8.9%	10.2%	11.0%	9.7%	7.9%	9.2%
Other Services	242	--	188	181	156	164	-24	-12.8%	2.5%	--	2.1%	1.9%	1.7%	1.8%
Public Administration	476	423	506	496	494	485	-21	-4.2%	4.9%	4.6%	5.7%	5.2%	5.4%	5.3%
Totals	**9,706**	**9,204**	**8,886**	**9,450**	**9,078**	**9,172**	**286**	**3.2%**						
PMA *							Change 2010 - 2021		Percentage Of Total Employment					
Industry	2000	2005	2010	2015	2020	2021	No.	Pct.	2000	2005	2010	2015	2020	2021
Natural Resources & Mining	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Construction	--	314	11	--	--	--	--	--	--	3.2%	0.1%	--	--	--
Manufacturing	2,900	2,425	2,031	2,156	2,169	2,173	142	7.0%	28.1%	24.7%	21.0%	20.9%	21.7%	21.6%
Trade, Transportation, and Utilities	2,182	1,985	1,827	2,111	2,225	2,133	306	16.7%	21.1%	20.2%	18.9%	20.4%	22.2%	21.2%
Information	151	--	158	215	249	253	95	60.1%	1.5%	N/A	1.6%	2.1%	2.5%	2.5%
Financial Services	265	--	280	307	287	287	7	2.5%	2.6%	--	2.9%	3.0%	2.9%	2.9%
Professional and Business Services	841	588	633	771	657	660	27	4.3%	8.1%	6.0%	6.5%	7.5%	6.6%	6.6%
Education and Health Services	1,554	1,922	2,065	2,172	2,056	2,054	-11	-0.5%	15.0%	19.6%	21.3%	21.0%	20.5%	20.4%
Leisure and Hospitality	865	941	981	917	714	846	-135	-13.8%	8.4%	9.6%	10.1%	8.9%	7.1%	8.4%
Other Services	262	15	205	185	156	164	-41	-20.0%	2.5%	0.2%	2.1%	1.8%	1.6%	1.6%
Public Administration	509	448	596	596	548	536	-60	-10.1%	4.9%	4.6%	6.2%	5.8%	5.5%	5.3%
Totals	**10,334**	**9,811**	**9,680**	**10,333**	**10,017**	**10,070**	**390**	**4.0%**						

Sources: MN DEED & Maxfield Research and Consulting LLC.

Industry Employment and Wages

Tables E-4 and E-5 displays information on employment and wages in the City of New Ulm and PMA. Quarterly Census of Employment and Wages (QCEW) data is sourced from Minnesota DEED for the annual average of 2015 and 2019 (Table E-5) and the first quarters of 2019 and 2022 (Table E-4), the most recent annual data available.

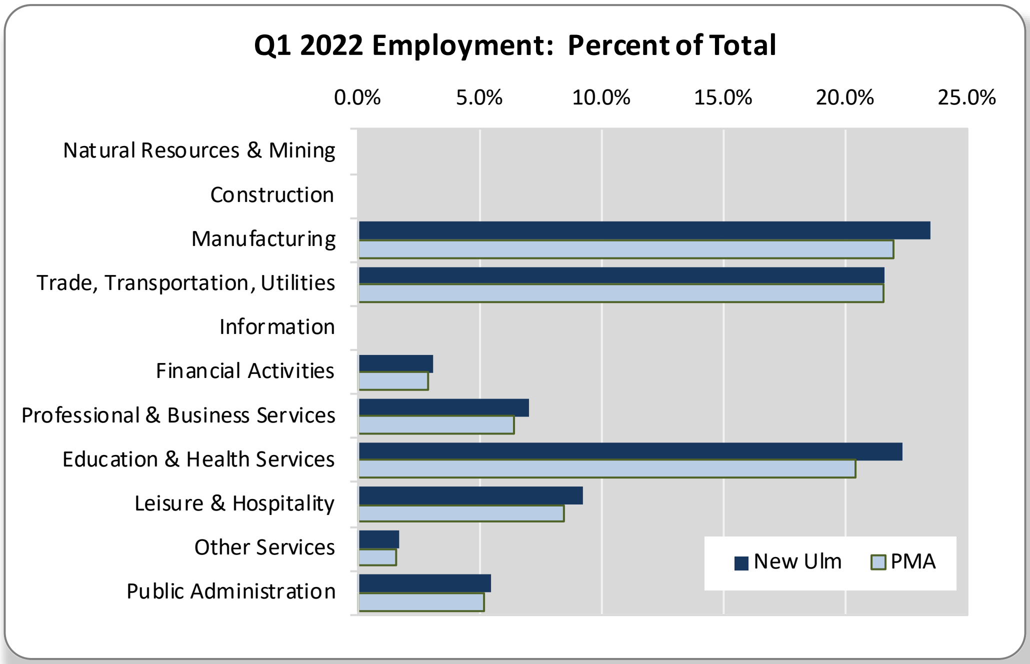
All establishments covered under the Unemployment Insurance (UI) Program are required to report wage and employment statistics to DEED quarterly. Certain industries in the table may not display any information which means that there is either no reported economic activity for that industry or the data has been suppressed to protect the confidentiality of cooperating employers. This generally occurs when there are too few employers, or one employer comprises too much of the employment in that geography.

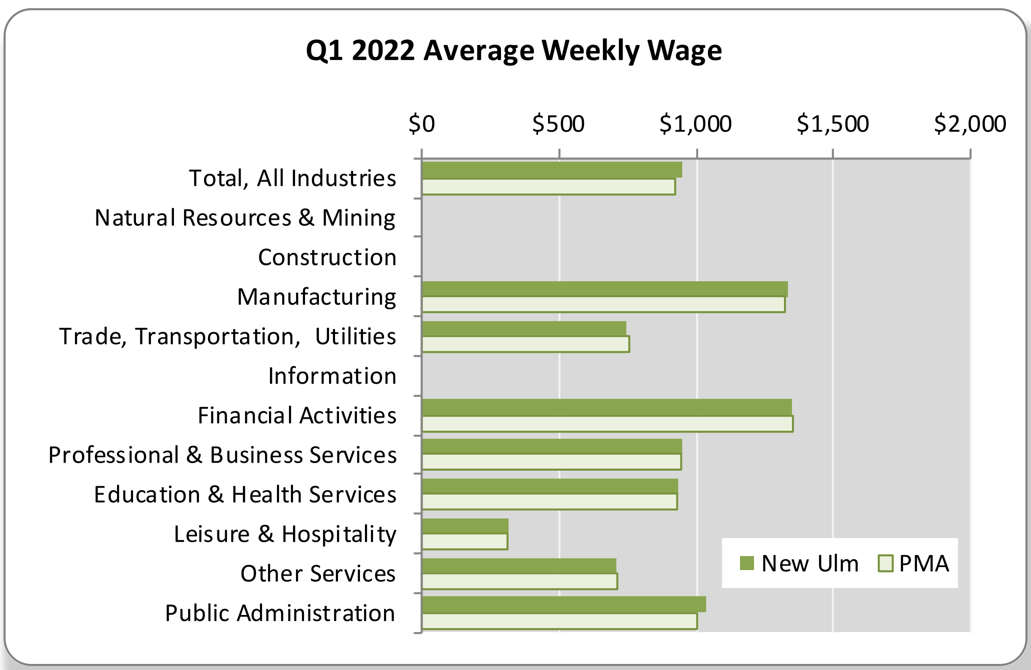
Technically some farming/agricultural employment is covered in QCEW, however, because that data omits big sections of the industry namely the self-employed and family farms, it isn't deemed a reliable source of data for overall industry analysis.

- The largest concentration of jobs in New Ulm are with three sectors. Manufacturing has the highest percentage of total employment in the city at 23.5% followed by the Education &

Health Services sector and the Trade, Transportation, and Utilities sector each at 22%. Combined these sectors account for 67.5 of the employment in the city.

- New Ulm experienced job losses between Q1 2019 and Q1 2022 of 5% (-452 jobs). All industry sectors experienced job losses over the period in New Ulm.





- The largest contraction of jobs occurred within the Education & Health Services sector which declined 201 jobs (-9%) followed by the Trade, Transportation, and Utilities sector with 92 jobs (-4.5%). The Leisure & Hospitality sector lost 82 jobs (-9%) over the period.

- In comparison, the State of Minnesota experienced job growth over the period in most sectors with an overall 3% increase in jobs (83,845 jobs). The most notable gains occurred within the and Leisure & Hospitality sector (21%, or 40,703 jobs) and the Manufacturing sector (4%, or 13,695 jobs).

TABLE E-4
QUARTERLY CENSUS OF EMPLOYMENT AND WAGES
NEW ULM PMA
Q1 2019 - Q1 2021

Industry	Q1 2019 Establish-ments	Q1 2019 Employ-ment	Q1 2019 Weekly Wage	Q1 2022 Establish-ments	Q1 2022 Employ-ment	Q1 2022 Weekly Wage	Change 2019 - Q2 2021 Employment #	Employment %	Wage #	Wage %
CITY OF NEW ULM										
Total, All Industries	425	9,539	$801	471	9,087	$949	-452	-4.7%	$148	18.5%
Natural Resources & Mining	--	--	--	--	--	--	--	--	--	--
Construction	--	--	--	--	--	--	--	--	--	--
Manufacturing	23	2,156	$1,107	26	2,137	$1,337	-19	-0.9%	$230	20.8%
Trade, Transportation, Utilities	92	2,059	$607	97	1,967	$743	-92	-4.5%	$136	22.4%
Information	6	256	$995	--	--	--	--	--	--	--
Financial Activities	43	299	$1,104	47	284	$1,350	-15	-5.0%	$246	22.3%
Professional & Business Services	50	678	$917	57	636	$947	-42	-6.2%	$30	3.3%
Education & Health Services	61	2,228	$771	78	2,027	$931	-201	-9.0%	$160	20.8%
Leisure & Hospitality	58	923	$253	60	841	$314	-82	-8.9%	$61	24.1%
Other Services	36	159	$726	42	155	$711	-4	-2.5%	($15)	-2.1%
Public Administration	12	505	$989	14	495	$1,038	n.a.	n.a.	n.a.	n.a.
PRIMARY MARKET AREA										
Total, All Industries	567	10,478	$781	627	9,931	$926	-547	-5.2%	$146	18.7%
Natural Resources & Mining	--	--	--	--	--	--	--	--	--	--
Construction	--	--	--	--	--	--	--	--	--	--
Manufacturing	26	2,198	$1,102	29	2,185	$1,325	-13	-0.6%	$223	20.3%
Trade, Transportation, Utilities	117	2,299	$624	121	2,145	$755	-154	-6.7%	$131	21.1%
Information	6	256	$995	--	--	--	--	--	--	--
Financial Activities	43	299	$1,104	47	284	$1,350	-15	-5.0%	$246	22.3%
Professional & Business Services	53	683	$914	57	636	$947	-47	-6.9%	$33	3.6%
Education & Health Services	61	2,228	$771	78	2,027	$931	-201	-9.0%	$160	20.8%
Leisure & Hospitality	58	923	$253	60	841	$314	-82	-8.9%	$61	24.1%
Other Services	36	159	$726	42	155	$711	-4	-2.5%	($15)	-2.1%
Public Administration	17	521	$971	19	517	$1,007	-4	-0.8%	$36	3.7%

Sources: Minnesota Department of Employment and Economic Development (DEED); Maxfield Research & Consulting, LLC

- Average weekly wages in New Ulm ($949) are slightly lower than the State of Minnesota ($1,002). Overall, wages in New Ulm are 6% lower than the state average.

- Highest average weekly wages in New Ulm are found in the Financial Activities ($1,350) and Manufacturing ($1,337) sectors. The lowest wages in New Ulm are in the Leisure & Hospitality and Other Services sectors at $314 and $711 per week, respectively. It is important to note that many of the Leisure & Hospitality jobs are part-time.

- A household earning the average weekly wage in the PMA ($949) would be able to afford a monthly mortgage or apartment rent for an estimated $1,234 per month to not exceed 30% of its monthly income on housing costs. This is significantly higher than the average rent for the surveyed existing market rate rental properties in New Ulm ($778). The average weekly wage however could afford the newest rentals at Lakeside Village (one-bedroom units - $963) and Skyline Terrace (one-bedroom units - $820).

- The data indicates the existing housing stock in New Ulm is relatively affordable proportionate to average wages in the city.

TABLE E-5
QUARTERLY CENSUS OF EMPLOYMENT AND WAGES
NEW ULM PMA
2015 - 2019

Industry	2015 Establish-ments	2015 Employ-ment	2015 Weekly Wage	2019 Establish-ments	2019 Employ-ment	2019 Weekly Wage	Change 2015 - 2019 Employment #	Employment %	Wage #	Wage %
CITY OF NEW ULM										
Total, All Industries	426	9,450	$732	432	9,683	$826	233	2.5%	$94	12.8%
Natural Resources & Mining	--	--	--	--	--	--	--	--	--	--
Construction	--	--	--	--	--	--	--	--	--	--
Manufacturing	23	2,156	$1,004	23	2,173	$1,088	17	0.8%	$84	8.4%
Trade, Transportation, Utilities	100	1,878	$541	94	2,076	$626	198	10.5%	$85	15.7%
Information	5	215	$920	6	259	$1,109	44	20.5%	$189	20.5%
Financial Activities	47	292	$902	44	294	$1,099	2	0.7%	$197	21.8%
Professional & Business Services	49	771	$825	50	695	$973	-76	-9.9%	$148	17.9%
Education & Health Services	54	2,172	$706	65	2,210	$832	38	1.7%	$126	17.8%
Leisure & Hospitality	52	917	$246	57	945	$279	28	3.1%	$33	13.4%
Other Services	38	181	$606	37	172	$652	-9	-5.0%	$46	7.6%
Public Administration	15	496	$908	13	510	$975	14	2.8%	$67	7.4%
PRIMARY MARKET AREA										
Total, All Industries	572	10,406	$720	577	10,662	$808	256	2.5%	$88	12.2%
Natural Resources & Mining	--	--	--	--	--	--	--	--	--	--
Construction	--	--	--	--	--	--	--	--	--	--
Manufacturing	23	2,156	$1,004	26	2,229	$1,083	73	3.4%	$79	7.9%
Trade, Transportation, Utilities	120	2,005	$557	120	2,309	$648	304	15.2%	$90	16.2%
Information	5	215	$920	6	259	$1,109	44	20.5%	$189	20.5%
Financial Activities	50	307	$903	44	294	$1,099	-13	-4.2%	$196	21.7%
Professional & Business Services	49	771	$825	53	701	$969	-70	-9.1%	$144	17.5%
Education & Health Services	54	2,172	$706	65	2,210	$832	38	1.7%	$126	17.8%
Leisure & Hospitality	52	917	$246	57	945	$279	28	3.1%	$33	13.4%
Other Services	41	185	$602	37	172	$652	-13	-7.0%	$50	8.3%
Public Administration	20	523	$875	18	530	$952	7	1.3%	$77	8.8%

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

Commuting Patterns

Proximity to employment is often a primary consideration when choosing where to live, particularly for younger and lower income households since transportation costs often account for a greater proportion of their budgets. For this analysis, we reviewed commuting patterns in the City of New Ulm and the PMA. Table E-6 provides a summary of the inflow and outflow characteristics of the workers in the City based on data from the U.S. Census Bureau Local Employment Dynamics data for 2019, the most recent data available.

Outflow reflects the number of workers living in the area but employed outside the City, while inflow measures the number of workers that are employed in the City but live outside the area. Interior flow reflects the number of workers that live and work in New Ulm.

TABLE E-6
COMMUTING INFLOW/OUTFLOW CHARACTERISTICS
NEW ULM PMA
2019

City of New Ulm	Outflow		Inflow		Interior Flow	
All Jobs	**2,486**	**100.0%**	**5,933**	**100.0%**	**3,804**	**100.0%**
By Age						
Workers Aged 29 or younger	684	27.5%	1,318	22.2%	795	20.9%
Workers Aged 30 to 54	1,171	47.1%	2,888	48.7%	1,833	48.2%
Workers Aged 55 or older	631	25.4%	1,727	29.1%	1,176	30.9%
By Monthly Wage						
Workers Earning $1,250 per month or less	678	27.3%	1,496	25.2%	1,156	30.4%
Workers Earning $1,251 to $3,333 per month	677	27.2%	1,410	23.8%	1,000	26.3%
Workers Earning More than $3,333 per month	1,131	45.5%	3,027	51.0%	1,648	43.3%
By Industry						
"Goods Producing"	655	26.3%	1,604	27.0%	916	24.1%
"Trade, Transportation, and Utilities"	534	21.5%	1,457	24.6%	770	20.2%
"All Other Services"*	1,297	52.2%	2,872	48.4%	2,118	55.7%

Primary Market Area	Outflow		Inflow		Interior Flow	
All Jobs	**4,003**	**100.0%**	**5,191**	**100.0%**	**5,611**	**100.0%**
By Age						
Workers Aged 29 or younger	1,072	26.8%	1,187	22.9%	1,219	21.7%
Workers Aged 30 to 54	1,893	47.3%	2,529	48.7%	2,678	47.7%
Workers Aged 55 or older	1,038	25.9%	1,475	28.4%	1,714	30.5%
By Monthly Wage						
Workers Earning $1,250 per month or less	1,046	26.1%	1,332	25.7%	1,666	29.7%
Workers Earning $1,251 to $3,333 per month	1,084	27.1%	1,275	24.6%	1,440	25.7%
Workers Earning More than $3,333 per month	1,046	26.1%	2,584	49.8%	2,505	44.6%
By Industry						
"Goods Producing"	1,051	26.3%	1,488	28.7%	1,410	25.1%
"Trade, Transportation, and Utilities"	813	20.3%	1,346	25.9%	1,182	21.1%
"All Other Services"*	2,139	53.4%	2,357	45.4%	3,019	53.8%

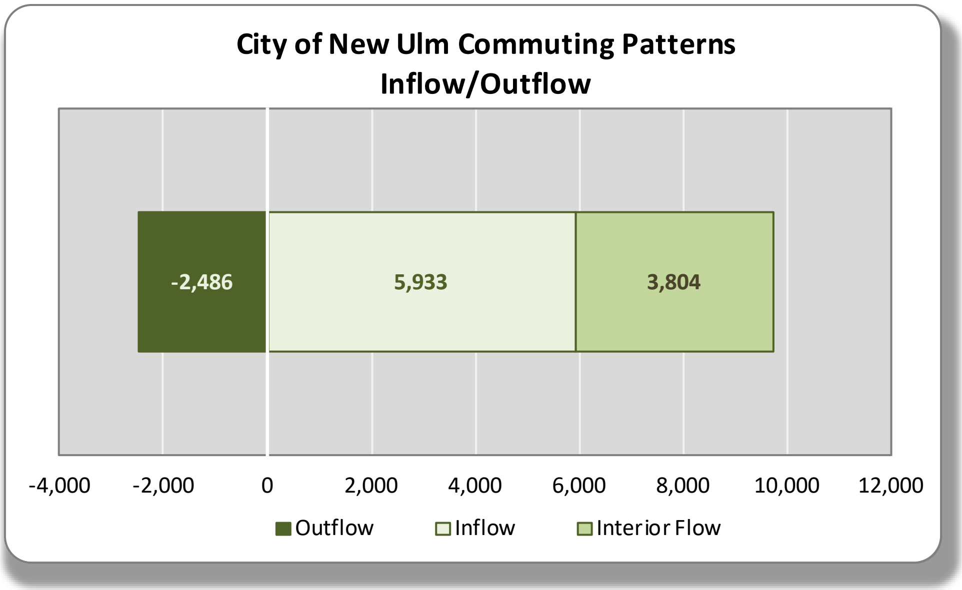
*includes the following sectors: Information, Financial Activities, Professional & Business Services, Education & Health Services, Leisure & Hospitality, Other Services, and Public Administration

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

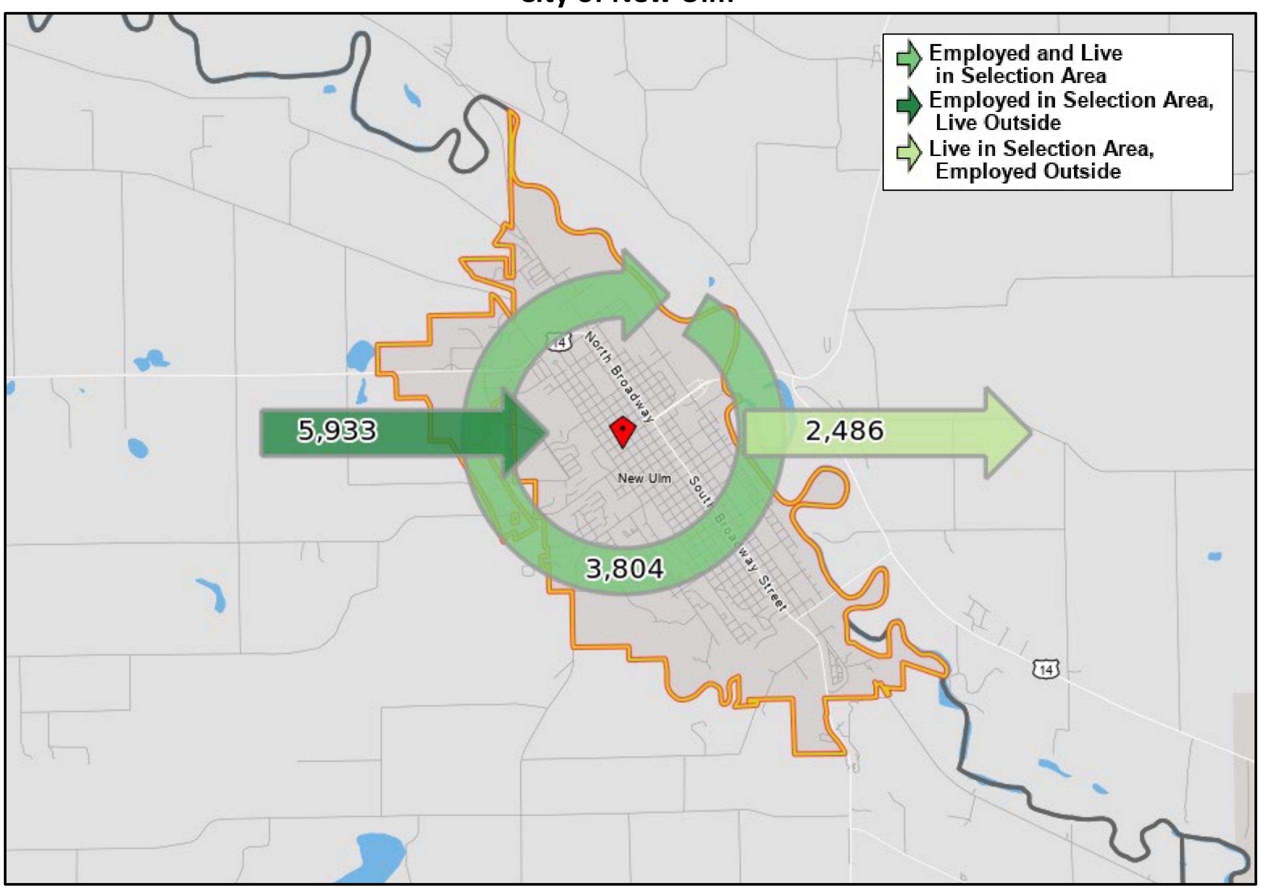
- Overall, New Ulm and the PMA are an importer of workers as a higher number of non-residents commute into the City and the PMA for work than residents leave for work. However, the study area has a net gain of 1,188 workers compared to New Ulm that has a net gain of 3,447 workers.

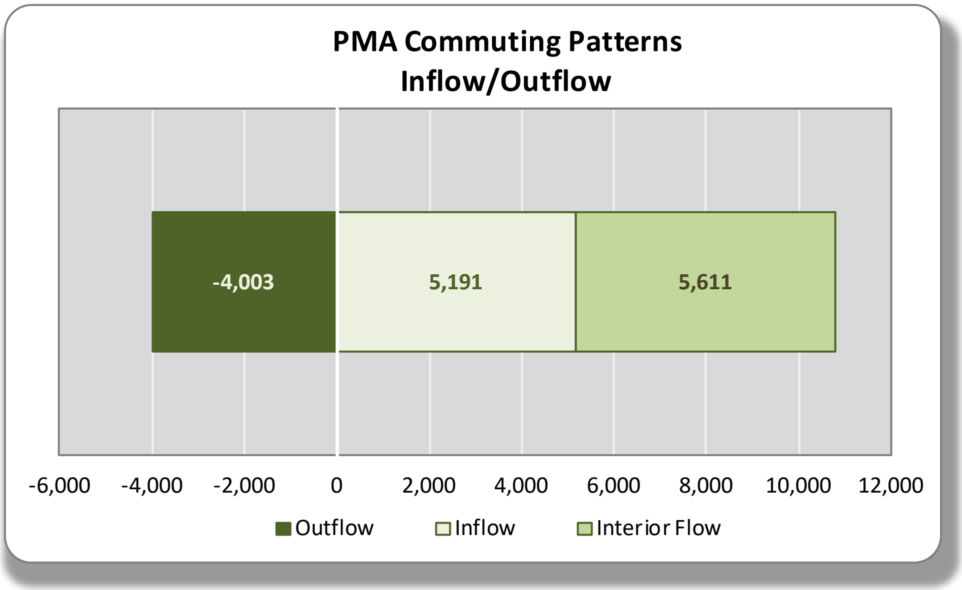
- An estimated 5,933 workers come into New Ulm for employment (inflow) daily, while 2,486 resident workers commute out of the City (outflow). An estimated 3,804 people both live and work in the City (interior flow).

- Roughly 61% of the jobs in New Ulm are filled by workers commuting into the City. The highest proportion of workers coming into the City are aged 30 to 54 (49%) and earn more than $3,333 per month ($40,000 per year). The “All Other Services” sector brings in most of the employees (48%).



2019 Inflow/Outflow
City of New Ulm





2019 Inflow/Outflow
New Ulm PMA

Table E-7 and E-8 highlights the commuting patterns, including distance and destination, of workers in New Ulm and the PM7 based on data from the U.S. Census Bureau Local Employment Dynamics data. Home Destination summarizes where workers live who are employed in the City, while Work Destination represents where workers are employed who live in the City.

- As the table illustrates, about 61% of the workers employed in New Ulm reside outside the City, while 39% (3,804) reside in the City. The largest proportions of workers commuting into New Ulm come from Sleepy Eye (4%), Mankato (2%), and Courtland (1.5%).

- An estimated 49% of the workers in New Ulm reside within ten miles of their place of employment while 22% travel from 10 to 24 miles. Roughly 11% of the workers commute from 25 to 50 miles and another 28% come from more than 50 miles away.

- An estimated 60.5% of the workers living in New Ulm also have jobs in the City. The remaining 39.5% commute to other communities, most notably to Sleepy Eye (4%), Hutchinson (2%)and Mankato (1%).

TABLE E-7
COMMUTING PATTERNS
CITY OF NEW ULM
2019

Home Destination			Work Destination		
Place of Residence	**Count**	**Share**	**Place of Employment**	**Count**	**Share**
New Ulm city, MN	3,804	39.1%	New Ulm city, MN	3,804	60.5%
Sleepy Eye city, MN	381	3.9%	Sleepy Eye city, MN	180	2.9%
Mankato city, MN	221	2.3%	Hutchinson city, MN	115	1.8%
Courtland city, MN	143	1.5%	Mankato city, MN	90	1.4%
Springfield city, MN	119	1.2%	Courtland city, MN	75	1.2%
Lafayette city, MN	108	1.1%	Madelia city, MN	60	1.0%
Madelia city, MN	85	0.9%	Minneapolis city, MN	54	0.9%
Winthrop city, MN	78	0.8%	Red Wing city, MN	48	0.8%
St James city, MN	75	0.8%	Maplewood city, MN	46	0.7%
Hutchinson city, MN	74	0.8%	Willmar city, MN	46	0.7%
All Other Locations	4,649	47.7%	All Other Locations	1,772	28.2%
Distance Traveled			**Distance Traveled**		
Total All Jobs	9,737	100.0%	Total All Jobs	6,290	100.0%
Less than 10 miles	4,799	49.3%	Less than 10 miles	3,995	63.5%
10 to 24 miles	2,116	21.7%	10 to 24 miles	733	11.7%
25 to 50 miles	1,091	11.2%	25 to 50 miles	427	6.8%
Greater than 50 miles	1,731	17.8%	Greater than 50 miles	1,135	18.0%

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

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

- About 63.5% of the resident workers in New Ulm travel less than ten miles for their jobs, while 12% have a commute distance from 10 to 24 miles. Roughly 7% commute between 25 and 50 miles and 18% commute more than 50 miles for employment.

- With 5,933 workers commuting into New Ulm for employment daily and 29% coming from over 25 miles, there appears to be an opportunity to provide housing options for a portion of these workers.

TABLE E-8
COMMUTING PATTERNS
NEW ULM PMA
2019

Home Destination			Work Destination		
Place of Residence	**Count**	**Share**	**Place of Employment**	**Count**	**Share**
New Ulm city, MN	4,021	37.2%	New Ulm city, MN	5,094	53.0%
Sleepy Eye city, MN	414	3.8%	Mankato city, MN	324	3.4%
Mankato city, MN	269	2.5%	Sleepy Eye city, MN	271	2.8%
Courtland city, MN	174	1.6%	Courtland city, MN	168	1.7%
Lafayette city, MN	139	1.3%	Hutchinson city, MN	136	1.4%
Springfield city, MN	126	1.2%	North Mankato city, MN	135	1.4%
Madelia city, MN	95	0.9%	Madelia city, MN	113	1.2%
Winthrop city, MN	92	0.9%	St Peter city, MN	93	1.0%
St James city, MN	85	0.8%	Minneapolis city, MN	80	0.8%
Hanska city, MN	77	0.7%	St Paul city, MN	80	0.8%
All Other Locations	5,310	49.2%	All Other Locations	3,120	32.5%
Distance Traveled			**Distance Traveled**		
Total All Jobs	10,802	100.0%	Total All Jobs	9,614	100.0%
Less than 10 miles	5,222	48.3%	Less than 10 miles	5,231	54.4%
10 to 24 miles	2,514	23.3%	10 to 24 miles	1,891	19.7%
25 to 50 miles	1,192	11.0%	25 to 50 miles	756	7.9%
Greater than 50 miles	1,874	17.3%	Greater than 50 miles	1,736	18.1%

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

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

Resident Profile

Table E-9 compares characteristics of employed residents living in New Ulm, the PMA, and State of Minnesota in 2019. Information on monthly earnings, age, race and ethnicity, educational attainment and job classification is provided. Both primary and private jobs are included.

- Residents earning more than $3,333 per month account for 44% of workers in New Ulm and 45.5% in the PMA. These are both lower than the proportion of residents in Minnesota at 51.5%.

- The majority of workers in New Ulm are age 30 to 54 accounting for 48% of workers, nearly identical to the proportion in the PMA (47.5%) but less than the State of Minnesota (52%).
- The majority of resident workers in New Ulm and the PMA are White Alone (97%) followed by Black or African American Alone and Asian Alone (1%).
- The proportion of workers who live in New Ulm with a high school diploma was 24% in New Ulm and the PMA. Higher than the state of Minnesota (19.5%).
- The proportion of those with a bachelor's degree or higher in New Ulm and the PMA was 18% but much lower than in Minnesota (24%).

TABLE E-9
RESIDENT PROFILE
NEW ULM PMA
2019

	City of New Ulm		PMA		MN
	No.	Pct.	No.	Pct.	Pct.
Total Jobs					
Total All Jobs	6,290	100.0%	9,614	100.0%	100.0%
Monthly Earnings					
$1,250 per month or less	1,834	29.2%	2,712	28.2%	22.5%
$1,251 to $3,333 per month	1,677	26.7%	2,524	26.3%	26.0%
More than $3,333 per month	2,779	44.2%	4,378	45.5%	51.5%
Worker Ages					
Age 29 or younger	1,479	23.5%	2,291	23.8%	24.0%
Age 30 to 54	3,004	47.8%	4,571	47.5%	52.3%
Age 55 or older	1,807	28.7%	2,752	28.6%	23.6%
Worker Race and Ethnicity					
White Alone	6,098	96.9%	9,363	97.4%	85.5%
Black or African American Alone	73	1.2%	90	0.9%	6.5%
American Indian or Alaska Native Alone	17	0.3%	22	0.2%	0.9%
Asian Alone	54	0.9%	80	0.8%	5.3%
Native Hawaiian or Other Pacific Islander Alone	5	0.1%	5	0.1%	0.1%
Two or More Race Groups	43	0.7%	54	0.6%	1.7%
Ethnicity					
Not Hispanic or Latino	6,116	97.2%	9,382	97.6%	95.4%
Hispanic or Latino	174	2.8%	232	2.4%	4.6%
Worker Educational Attainment					
Less than high school	379	6.0%	547	5.7%	6.5%
High school or equivalent, no college	1,520	24.2%	2,327	24.2%	19.5%
Some college or Associate degree	1,781	28.3%	2,731	28.4%	26.3%
Bachelor's degree or advanced degree	1,131	18.0%	1,718	17.9%	23.8%
Educational attainment not available (workers aged 29 or younger)	1,479	23.5%	2,291	23.8%	24.0%

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

Major Employers

A portion of the employment growth in New Ulm will be generated by the largest employers in the City. Table E-10 lists the top employers in the PMA along with a description of their primary industry and number of employees based on data from the New Ulm Chamber of Commerce.

- 3M, in the electrical equipment and component manufacturing industry, is the largest employer in New Ulm with 700 employees. The city's next two largest employers are New Ulm Medical Center, with 600 employees and Kraft Foods, with 495 employees.

- Among the fifteen largest employers in New Ulm, the manufacturing, education, and government sectors had the most employers in the city.

TABLE E-10
MAJOR EMPLOYERS
CITY OF NEW ULM

Employer	Industry/Product/Service	Employee Size
3M Corporation	Electrical Equipment & Component Manufacturing	700
New Ulm Medical Center	General Medical & Surgical Hospital	600
Kraft Foods	Dairy Product Manufacturing	495
New Ulm Public Schools - ISD 88	Elementary & Secondary Schools	306
Brown County	County Offices	275
American Milk Producers (AMPI)	Dairy Product Manufacturing	252
J & R Schugel Trucking	General Freight Trucking	220
Hy-Vee Foods	Full-Service Grocery	216
MRCI	Work Opportunities for the Disabled	200
Cash Wise Foods	Full-Service Grocery	200
City of New Ulm	Local Government	181
Wal-Mart	General Retail & Grocery Store	180
Minnesota Valley Testing Labs	Analytical Testing Laboratory	170
Oak Hills Living Center	Assisted Living and Nursing Care Facility	168
Martin Luther College	Accredited Private College	158
	Total Employees	4,321

Source: New Ulm Area Chamber of Commerce.

Introduction

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

For purposes of our analysis, we have classified rental projects into three groups, market rate (those without income restrictions), affordable (those receiving tax credits in order to keep rents affordable), and subsidized (those with income restrictions based on 30% allocation of income to housing).

Overview of Rental Market Conditions

Maxfield Research utilized data from the American Community Survey (ACS) to summarize rental market conditions in New Ulm. The ACS is an ongoing survey conducted by the United States Census Bureau that provides data every year rather than every ten years as presented by the decennial census. This data is used due to figures not being available from the decennial census.

Table R-1 on the following page presents a breakdown of median gross rent and monthly gross rent ranges by number of bedrooms in renter-occupied housing units for 2020 from the ACS Census Data (2016-2020 five-year estimates). Gross rent is defined as the amount of the contract rent plus the estimated average monthly cost of utilities (electricity, gas, and water and sewer) and fuels (oil, coal, wood, etc.) if these are paid by the renter.

- An estimated median gross rent of $774 was reported in New Ulm in 2020. This is 6.3% higher than the median gross rent reported in the PMA Remainder ($728).

- In comparison, estimated rents in Brown County were reported to be 15% lower ($662) than New Ulm and Nicollet County rents were estimated to 12 higher ($866) in New Ulm. Estimated rents in the State of Minnesota were $1,010 in 2020, 30.5% higher than in New Ulm.

- Two-bedroom units are the most common unit type estimated in New Ulm (43%), followed by one-bedroom units (29.5%) and then three- or more-bedroom units (23.5%). Studio units (No Bedroom) only account for an estimated 4% of units in New Ulm.

- The PMA Remainder is heavily weighted towards three- or more-bedrooms units (68%) due rural nature of the surrounding communities which typically has a large amount of single-family rental housing. Two-bedroom units in the PMA Remainder account for 20% and one-bedroom units 11%. There are few studio units (No Bedroom) estimated at 1%.

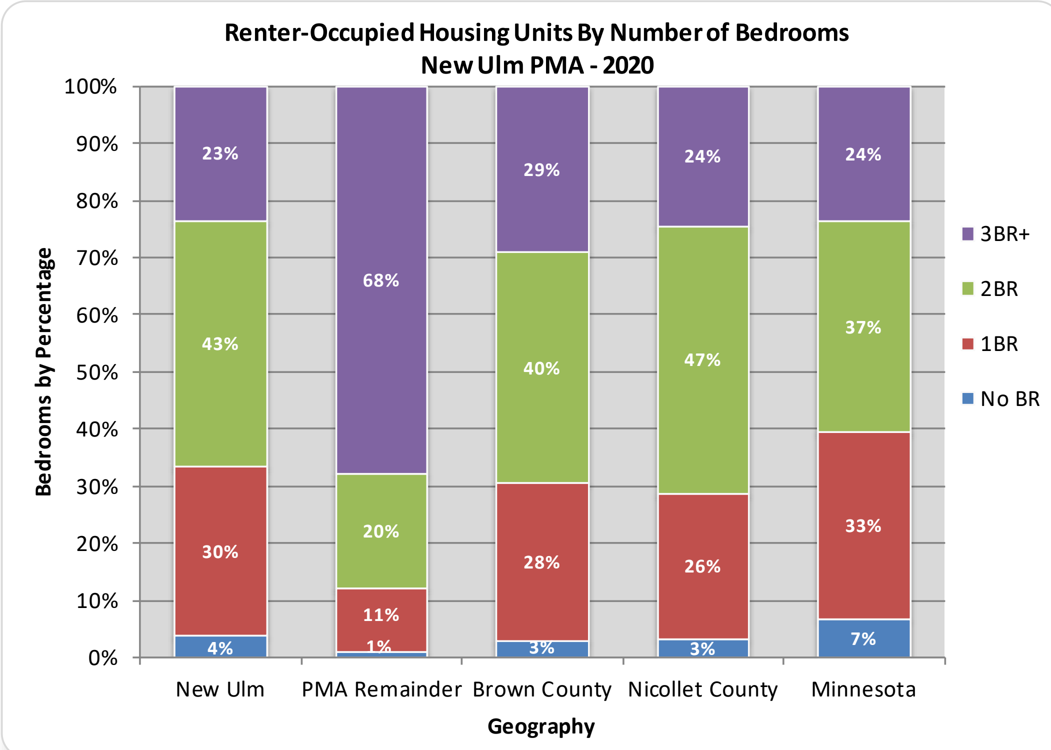
- Minnesota's two-bedroom units in comparison make up 37% of the total estimated renter-occupied units, one-bedroom units 33%, three- or more-bedroom units 24%, and units with no bedrooms made up 7% of total units.

TABLE R-1
BEDROOMS BY GROSS RENT, RENTER-OCCUPIED HOUSING UNITS
NEW ULM PMA
2020

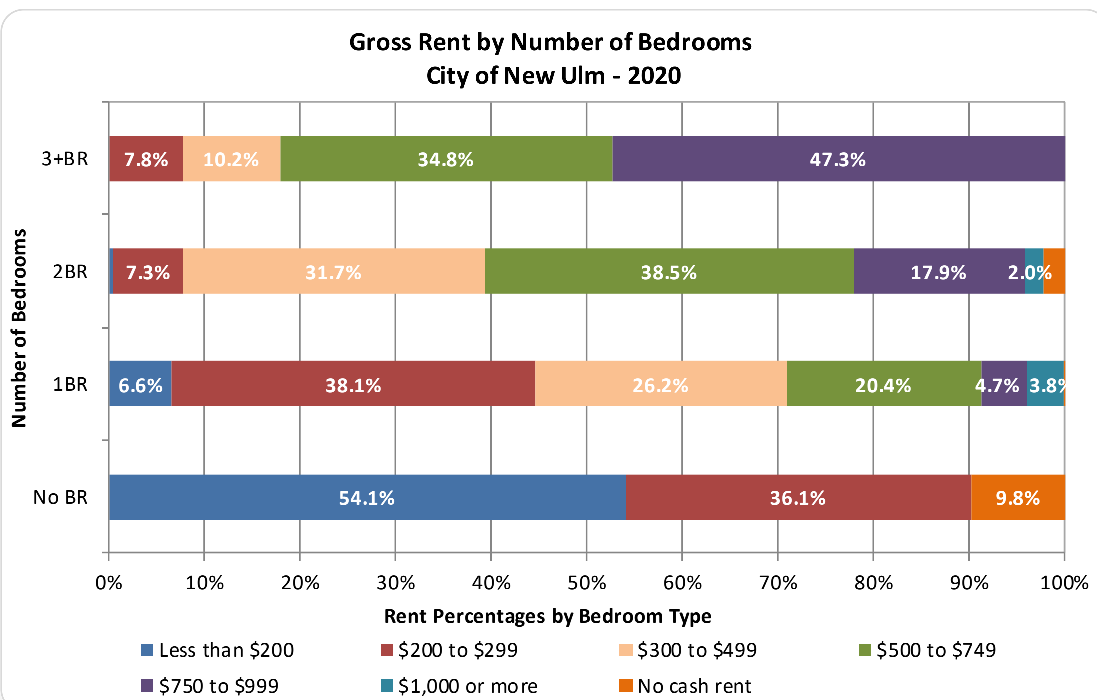
	New Ulm		PMA Remainder		Brown County		Nicollet County		Minnesota	
	#	% of Total	#	% of Total	#	% of Total	#	% of Total	#	% of Total
Total:	**1,593**	**100.0%**	**355**	**100.0%**	**2,494**	**100.0%**	**3,401**	**100.0%**	**619,377**	**100.0%**
Median Gross Rent	**$774**		**$728**		**$662**		**$866**		**$1,010**	
No Bedroom	**61**	**3.8%**	**4**	**1.1%**	**72**	**2.9%**	**110**	**3.2%**	**41,528**	**6.7%**
Less than $200	33	2.1%	**0**	0.0%	34	1.4%	15	0.4%	3,676	0.6%
$200 to $299	22	1.4%	**4**	1.1%	22	0.9%	14	0.4%	4,497	0.7%
$300 to $499	0	0.0%	**0**	0.0%	9	0.4%	36	1.1%	9,191	1.5%
$500 to $749	0	0.0%	**0**	0.0%	0	0.0%	45	1.3%	11,650	1.9%
$750 to $999	0	0.0%	**0**	0.0%	0	0.0%	0	0.0%	7,866	1.3%
$1,000 or more	0	0.0%	**0**	0.0%	0	0.0%	0	0.0%	3,905	0.6%
No cash rent	6	0.4%	**0**	0.0%	7	0.3%	0	0.0%	743	0.1%
1 Bedroom	**470**	**29.5%**	**39**	**11.0%**	**688**	**27.6%**	**870**	**25.6%**	**202,819**	**32.7%**
Less than $200	31	1.9%	18	5.1%	57	2.3%	64	1.9%	19,729	3.2%
$200 to $299	179	11.2%	2	0.6%	268	10.7%	124	3.6%	21,213	3.4%
$300 to $499	123	7.7%	14	3.9%	217	8.7%	321	9.4%	30,845	5.0%
$500 to $749	96	6.0%	1	0.3%	96	3.8%	188	5.5%	55,677	9.0%
$750 to $999	22	1.4%	0	0.0%	26	1.0%	58	1.7%	50,723	8.2%
$1,000 or more	18	1.1%	0	0.0%	18	0.7%	98	2.9%	22,246	3.6%
No cash rent	1	0.1%	4	1.1%	6	0.2%	17	0.5%	2,386	0.4%
2 Bedrooms	**688**	**43.2%**	**71**	**20.0%**	**1,007**	**40.4%**	**1,590**	**46.8%**	**228,135**	**36.8%**
Less than $200	3	0.2%	4	1.1%	7	0.3%	16	0.5%	5,717	0.9%
$200 to $299	50	3.1%	21	5.9%	103	4.1%	86	2.5%	9,217	1.5%
$300 to $499	218	13.7%	4	1.1%	361	14.5%	263	7.7%	29,467	4.8%
$500 to $749	265	16.6%	17	4.8%	344	13.8%	845	24.8%	50,870	8.2%
$750 to $999	123	7.7%	11	3.1%	130	5.2%	351	10.3%	85,835	13.9%
$1,000 or more	14	0.9%	0	0.0%	20	0.8%	16	0.5%	39,499	6.4%
No cash rent	15	0.9%	14	3.9%	42	1.7%	13	0.4%	7,530	1.2%
3 or More Bedrooms	**374**	**23.5%**	**241**	**67.9%**	**727**	**29.1%**	**831**	**24.4%**	**146,895**	**23.7%**
Less than $200	0	0.0%	2	0.6%	9	0.4%	0	0.0%	2,465	0.4%
$200 to $299	29	1.8%	55	15.5%	89	3.6%	64	1.9%	6,300	1.0%
$300 to $499	38	2.4%	48	13.5%	158	6.3%	44	1.3%	12,614	2.0%
$500 to $749	130	8.2%	44	12.4%	173	6.9%	207	6.1%	19,728	3.2%
$750 to $999	177	11.1%	42	11.8%	204	8.2%	299	8.8%	41,151	6.6%
$1,000 or more	0	0.0%	0	0.0%	21	0.8%	170	5.0%	50,018	8.1%
No cash rent	0	0.0%	50	14.1%	73	2.9%	47	1.4%	14,619	2.4%

Note: Median Remainder for Median Gross Rent only includes the following county subdivisions: Cambria Township, Cottonwood Township, Hanska, Milford Township, Sigel Township, Courtland, Courtland Township, Lafayette, and West Newton Township. Data is missing for the other county subdivisions.

Sources: American Community Survey & Maxfield Research and Consulting, LLC.



- The majority of estimated rents in New Ulm were reported from $500 to $749 at 31%. Just over half (53%) of renter-occupied rental units in New Ulm have rents estimated over $500. As shown in the graph below, estimated rents rise with larger bedrooms sizes.



General Occupancy Rental Housing Properties

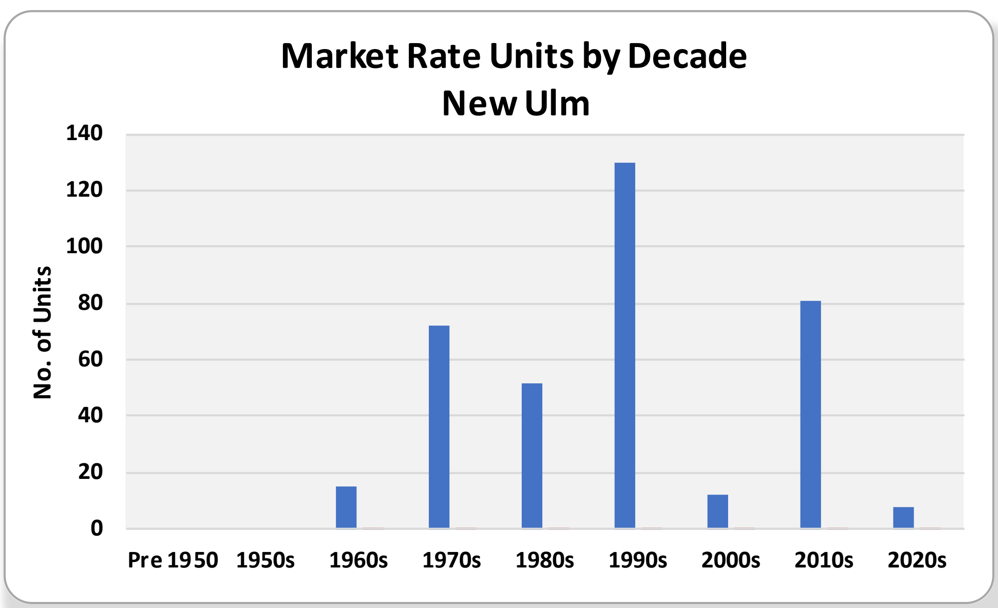
Maxfield Research compiled detailed information for select rental housing properties in New Ulm and the surrounding area, including two shallow-subsidy (affordable) properties, four deep-subsidy (subsidized) properties and 14 general occupancy market rate properties. Data for these rental housing properties was collected by contacting managers and owners for each of the properties in August and September 2022. Rental Market Analysis Tables RM-2 through RM-5 on the following pages summarize information on these properties.

Market Rate Summary

Table RM-2 provides a summary of the unit mix, vacancies, average sizes, and average rental rates among the market rate rental properties. Rental rates presented in the table are a weighted average based on the number of units at each property. Therefore, buildings with a larger number of units of any one type contribute more toward the average than those with only a few units of a specific type.

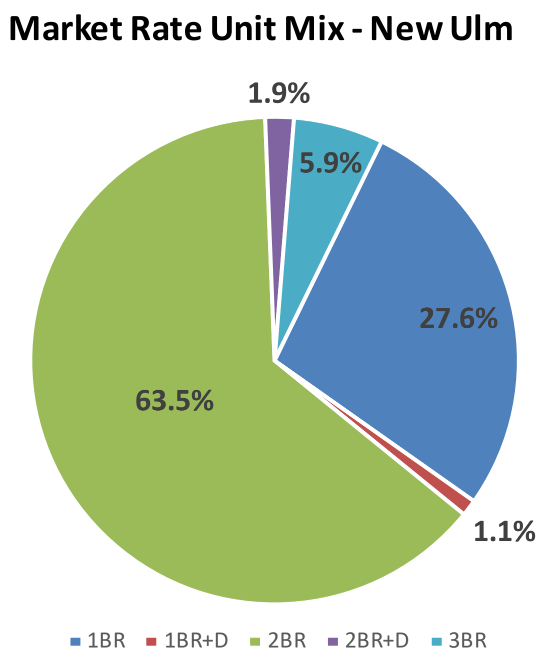
- We inventoried 14 general occupancy market rate apartment properties with a total of 655 units all of which are located in the City of New Ulm.

- Three of the 14 surveyed developments were built since 2010, all other properties in New Ulm are older built prior to 2000. The newest market rate development is Lakeside Village which are four-plex buildings built over a period from 2017 to 2021 totaling 24 units. The graph below shows the market rate units built by decade.



*Renovated units are listed in the decade of their most recent renovation.

- Two-bedroom units accounted for the majority of market rate units in New Ulm. The unit breakout by unit type is show in the following pie chart.



- At the time of the survey, there was only one vacant unit, for a market rate vacancy of 0.3% in New Ulm. The equilibrium vacancy rate for rental housing is 5.0% which allows for normal turnover and an adequate supply of alternatives for prospective renters. In effect, the supply of market rate rental housing in the PMA is well below the level to adequately meet demand for market rate housing indicating pent-up demand for additional rental housing.

TABLE R-2
UNIT TYPE SUMMARY
MARKET RATE RENTAL DEVELOPMENTS
NEW ULM PMA
AUGUST/SEPTEMBER 2022

					Monthly Rents		
Unit Type	**Total Units**	**% of Total**	**Total Vacant**	**Avg. Size**	**Range Low - High**	**Avg. Rent**	**Avg. Rent/ Sq. Ft.**
1BR	102	27.6%	0	732	$575 - $975	$739	$1.01
1BR+D	4	1.1%	0	910	$895 - $895	$895	$0.98
2BR	235	63.5%	1	967	$675 - $1,150	$773	$0.80
2BR+D	7	1.9%	0	1,315	$1,105 - $1,140	$1,123	$0.85
3BR	22	5.9%	0	1,161	$759 - $1,160	$889	$0.77
Total	***370***	**100.0%**	***1***	***929***	***$575 - $1,160***	***$778***	**$0.84**

* Vacancy rates based participating properties where unit mix and vacancies were provided

Source: Maxfield Research and Consulting, LLC.

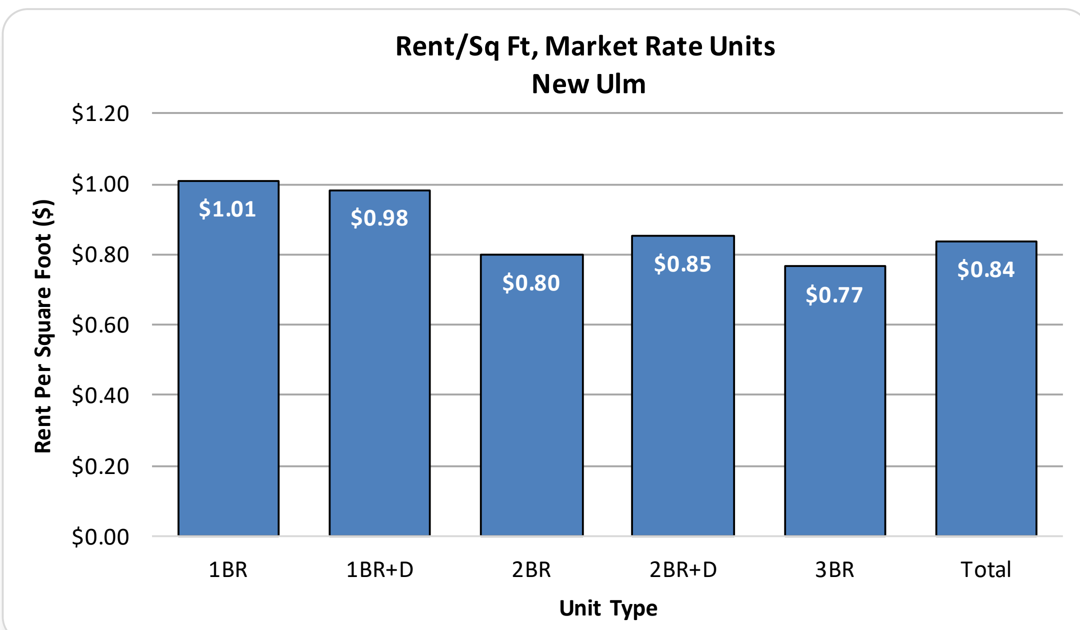
- The following is the average unit size for each market rate unit type:

  - **One-bedroom units:** 732 S.F.
  - **One-bedroom + den units:** 910 S.F.
  - **Two-bedroom units:** 967 S.F.
  - **Two-bedroom + den units:** 1,315 S.F
  - **Three-bedroom units:** 1,161 S.F.

- The following is the monthly rent ranges and average rent for each market rate unit type:

  - **One-bedroom units:** $575 to $975 | Avg. $719
  - **One-bedroom + den units:** $895 to $895 | Avg. $895
  - **Two-bedroom units:** $675 to $1,150 | Avg. $858
  - **Two-bedroom + den units:** $1,105 to $1,140 | Avg. $1,123
  - **Three-bedroom units:** $759 to $1,160 | Avg. $885

- The average rent per square foot for market rate rental units in New Ulm at the time of the survey was $0.84. The average rent per square foot is higher based on the size of the unit and decreases as unit sizes increase. The average rent per square foot by unit type is shown in the following chart.



- While each property manages utilities differently, heat, trash removal, water, and sewer are typically included in the rent at most properties. Off-street surface parking is available at the majority of buildings and those few with garage parking charge an extra fee.

Table R-3, on the following page, summarizes information on New Ulm's rental projects by type (market rate, affordable, and subsidized).

TABLE R-3
RENTAL PROJECTS (12 UNITS AND LARGER)
NEW ULM
AUGUST/SEPTEMBER 2022

Project Name/Location	Year Built	Units/ Vacancy	Unit Mix	Vacant	Unit Size	Monthly Rent	Avg Rent	Rent Per Sq Ft.
Market Rate Projects								
Lakeside Village	2017-21	24	12 - 1BR	0	1,312	$950 - $975	$963	$0.72 - $0.74
1003 Mack Lane		0	12 - 2BR	0	1,640	$1,150 - $1,200	$1,175	$0.70 - $0.73
New Ulm		0.0%						
Comments/Amenities:	Six fourplex developments. Optional garage parking for extra fee (8 stall garage).							
Skyline Terrace	2015	43	8 - 1BR	0	663 - 862	$800 - $840	$820	$0.97 - $1.21
2107 N Highland Ave		1	31 - 2BR	1	835 - 1,000	$975 - $1,050	$1,013	$1.17 - $1.26
New Ulm		2.3%	4 - 3BR	0	1,122	$1,160 - $1,200	$1,180	$1.03 - $1.07
Comments/Amenities:	Amenities include the following: a community room, fitness center craft room, in uit washer/dryer, stainless steel appliances, and underground parking (one stall included). All utilties except electric are included.							
Park Place Apartments	2013	22	2 - 1BR	0	650	n.a. - n.a.	--	--
2014 S Broadway		0	20 - 2BR	0	940 - 1,000	n.a. - n.a.	--	--
New Ulm		0.0%						
Comments/Amenities:	Park place Apartments includes the following: stainless steel appliances, community garden, shuffleboard court, in unit washer/dryer, and garages available. Heat, water, and trash/sewer are included in rent.							
Garden Terrace Apartments I & II	1997	88	25 - 1BR	0	738	$795	$795	$1.08 - $1.08
1001 N Garden St		0	4 - 1BR+D	0	910	$895	$895	$0.98 - $0.98
New Ulm		0.0%	52 - 2BR	0	987 - 1,008	$965 - $995	$980	$0.98 - $0.99
			7 - 2BR+D	0	1,225 - 1,404	$1,105 - $1,140	$1,123	$0.81 - $0.90
Comments/Amenities:	Phase one opened in 1993 with a second phase that opened in 1997. Garden Terrace features balconies/patios, fitness center, in unit washer/dryer, and underground garage. Landlord covers heat, water, and trash/sewer while tenants pay for electricity.							
Riverview Townhomes	1996	5	3 - 2BR	0	850	$760	$760	$0.89
2412-2418 N Broadway		0	2 - 3BR	0	1,100	$820	$820	$0.75
New Ulm		0.0%						
Comments/Amenities:	Has a total of 24 total units, 5 of which are market rate and the remaining 19 are affordable. Amenities include a playground, private entrance, and detached garages.							
German Heights Townhomes	1994	37	27 - 2BR	0	898	$775	$775	$0.86
421 15th S St		0	10 - 3BR	0	1,132 - 1,200	$855 - $875	$865	$0.76
New Ulm		0.0%						
Comments/Amenities:	German Heights Townhomes features the following amenities: hardwood floors, private entry, wall a/c units in upstairs level, laundry facilities, off street parking, and detached garages ($40 per month). Rent includes water and trash/sewer while tenants are responsible for electric, gas, and cable/internet. There is a $35 application fee.							
New Ulm Apartments II	1985	12	10 - 1BR	0	630	$1,000	$1,000	$1.59
1922 N German		0	2 - 2BR	0	690	$1,000 - $1,100	$1,050	$1.45 - $1.59
New Ulm		0.0%						
Comments/Amenities:	Off street parking, coin op laundry. Heat is included.							
New Ulm Apartments I	1984	16	10 - 1BR	0	630	$1,000	$1,000	$1.59 - $1.59
320 19th St N		0	6 - 2BR	0	690	$1,000 - $1,100	$1,050	$1.45 - $1.59
New Ulm		0.0%						
Comments/Amenities:	Off street parking, coin op laundry. Heat is included.							
River Bluff Apartments	1980	12	5 - 1BR	0	n.a.	$685	$685	--
1416 South German Street		0	7 - 2BR	0	n.a.	$750	$750	--
New Ulm		0.0%						
Comments/Amenities:	Landlord covers heat, water, and trash/sewer while tenant pays for electric and cable/internet. There is a $35 application fee.							
Carrie Lawn	1980	12	5 - 1BR	0	n.a.	$685	$685	--
1404 South German Street		0	7 - 2BR	0	n.a.	$750	$750	--
New Ulm		0.0%						
Comments/Amenities:	Property is a former Rural Development project that was converted to market rate in 2000. Landlord pays for heat, water, and trash/sewer while tenant covers electricity. Site offers off street parking. There is a $35 application fee.							
Valley View Apartments	1972	12	2 - 1BR	0	500	$650	$650	$1.30 - $1.30
1910 N Jefferson		0	10 - 2BR	0	650	$800	$800	$1.23 - $1.23
New Ulm		0.0%						
Comments/Amenities:	Recently updated, all utilities included, community room. Unattached garage heat,water, trash/sewer, coin operated laundry, extra storage, security.							
Hillside Manor	1972	60	8 - 1BR	0	750	$577	$577	$0.77 - $0.77
1513 N Payne St		0	46 - 2BR	0	1,100	$704	$704	$0.64 - $0.64
New Ulm		0.0%	6 - 3BR	0	1,200	$759	$759	$0.63 - $0.63
Comments/Amenities:	Hillside Manor offers off street parking and has laundry facilities. Landlord pays gas, water, heat, electricity, and trash/sewer.							
Kohlhoff Apartments	1969	15	7 - 1BR	0	n.a.	n.a.	--	--
1505 N German		n.a.	8 - 2BR	0	n.a.	n.a.	--	--
New Ulm		n.a.						
Comments/Amenities:	Features off street parking.							
Brand Apartments	1960s	12	8 - 1BR	0	n.a.	$575	$575	--
209 S Minnesota	Renovated	0	4 - 2BR	0	n.a.	$675	$675	--
New Ulm	2000s	0.0%						
Comments/Amenities:	Landlord covers heat and water. Off street parking and coin op laundry.							
Market Rate Subtotal	**Total Units:**	**370**	**Vacancies:**	**1**	**Vacancy Rate:**	**0.3%**		

CONTINUED

TABLE R-3 (Continued)
RENTAL PROJECTS (12 UNITS AND LARGER)
NEW ULM
AUGUST/SEPTEMBER 2022

Project Name/Location	Year Built	Units/ Vacancy	Unit Mix	Vacant	Unit Size	Monthly Rent	Avg Rent	Rent Per Sq Ft.
			Affordable (Shallow-Subsidy) Projects					
Emerson Union Apartments	1915	49	10 - 1BR	0	682	$610	$610	$0.89
15 N St	Redeveloped	0	31 - 2BR	0	1,042 - 1,052	$750	$750	$0.71 - $0.72
New Ulm	2020	0.0%	8 - 3BR	0	1,083 - 1,193	$835	$835	$0.70 - $0.77
Comments/Amenities:	LIHTC @ 60% AMI. Former New Ulm High School building renovated into apartments. The property features a community room, laundry facilities, fitness center, playground and off street parking. Landlord covers heat, water, and trash/sewer while residents cover electricity.							
Riverview Townhomes	1996	19	13 - 2BR	0	850	$665	$665	$0.78
2412-2418 N Broadway		0	6 - 3BR	0	1,100	$775	$775	$0.70
New Ulm		0.0%						
Comments/Amenities:	Has a total of 24 total units, 19 of which are affordable and the remaining 5 are market rate. Amenities include a playground, private entrance, laundry facilities, and detached garages.							
Market Rate Subtotal	**Total Units:**	**68**	**Vacancies:**	**0**	**Vacancy Rate:**	**0.0%**		
			Subsidized (Deep-Subsidy) Properties					
Halter Commons	1985	24	8 - EFF	0	600	$460 / $665	$665	$1.11
1915 N Spring		1	12 - 1BR	1	768	$510 / $695	$695	$0.90
New Ulm		4.2%	4 - 2BR	0	900	$530 / $715	$715	$0.79
						Base / Market		
						30% of AGI		
Comments/Amenities:	Rural Development subsidized. A portion of tenants on rental assistance. Remaining tenants pay 30% of AGI ranging from base rent to market. Waiting list. **Amenities:** Common laundry facility and off-street parking. Resident pays electric.							
Broadway Haus	1983	40	38 - 1BR	0	600	$585	$585	$0.98
300 N Broadway St		0	2 - 2BR	0	750	$690	$690	$0.92
New Ulm		0.0%				30% of AGI		
Comments/Amenities:	HUD Public Housing. Originally restricted to 62+ seniors and disabled tenants. Changed to general occpancy, however management gives preference to senior 62+ and disabled residents. Other priorities given are to New Ulm residents and households with extremely low incomes. Lengthy waiting list. **Amenities:** Community room and common laundry facility. Resident pays electric.							
Linderhof Park	1977	56	24 - 1BR	0	680	$642	$642	$0.94
1100 16th St N		3	24 - 2BR	3	860	$781	$781	$0.91
New Ulm		0.0%	8 - 3BR	0	1,080	$861	$861	$0.80
						30% of AGI		
Comments/Amenities:	HUD Section 8 subsidized. Waiting list. **Amenities:** Common laundry facilties and off-street parking. Resident pays electric (heat is electric). Working through applications for vacancies. Property has a waiting list which is closed.							
Sunset Apartments	1971	97	38 - EFF	0	525	$290	$290	$0.55
1610 Sunset Ave	Renovated	0	58 - 1BR	0	800	$385	$385	$0.48
New Ulm	2011	0.0%	1 - 2BR	0	950	$487	$487	$0.51
						30% of AGI		
Comments/Amenities:	Originally HUD Section 221(d)(3) however, HUD mortgage paid in 2011. General occupancy with preference to senior and disabled tenants. 21 tenants on contratc w/Section 8, all other units are market rate. Waiting list. **Amenities:** Community room, off-street parking w/plug-ins, garden plots, and common laundry facilitiy. All utilities included.							
Subsidized Subtotal	**Total Units:**	**217**	**Vacancies:**	**4**	**Vacancy Rate:**	**1.8%**		
General Occupancy Total	**Total Units:**	**655**	**Vacancies:**	**5**	**Vacancy Rate:**	**0.8%**		

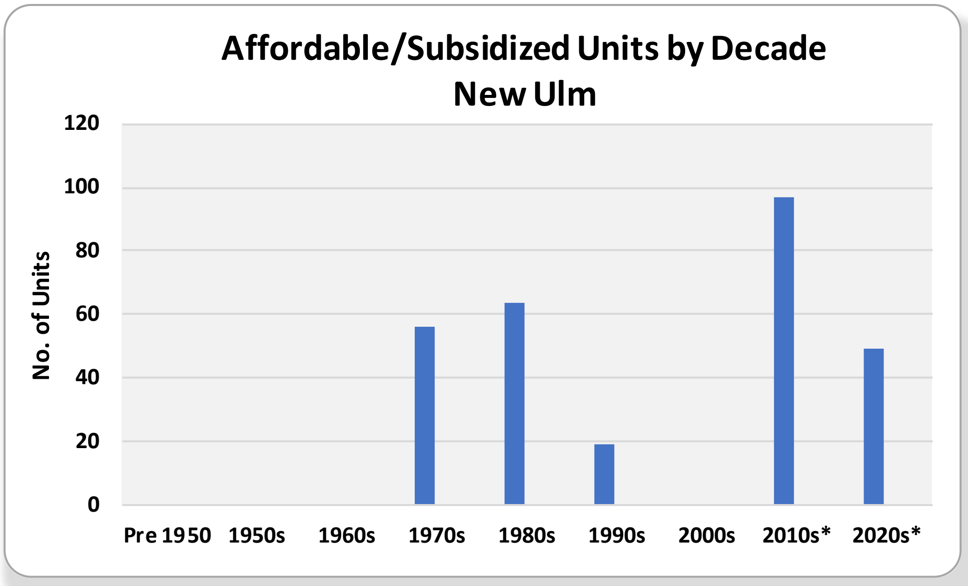
n.a.: Not Available

Sources: New Ulm EDA, Property Managers, Property Management Web Sites, & Maxfield Research and Consulting LLC.

Shallow-subsidy/Deep-Subsidy Rental Property Summary

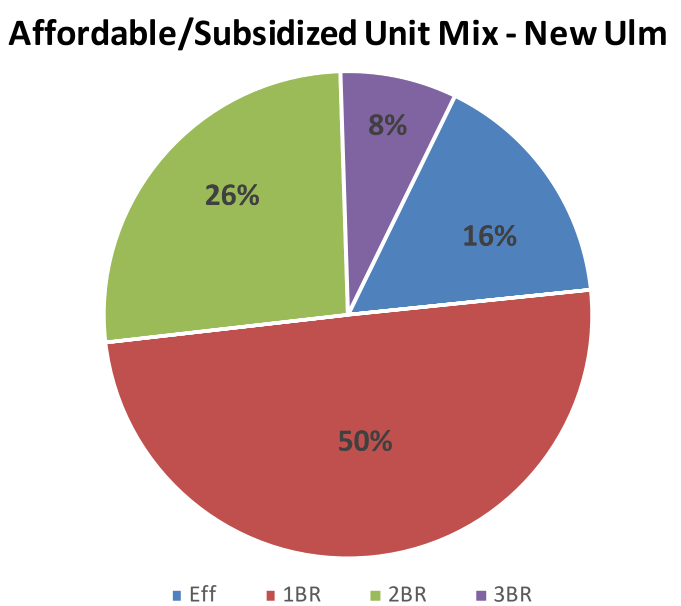
- We inventoried two shallow-subsidy (affordable) apartment properties with a total of 68 units and four deep-subsidy (Subsidized) apartment properties with a total of 217 units, all of which are located in the City of New Ulm.

- The newest development is Emerson Union Apartments (49 units), which is a redevelopment of the old New Ulm High School in 2000. Prior to Emerson Union, the newest built project was Riverview Townhomes (1996). Sunset Apartments was also renovated in 2011 but originally built in 1971. All other properties in New Ulm are older built prior to 1990. The graph on the following page shows the affordable and subsidized units built by decade.



*Renovated units are listed in the decade of their most recent renovation.

- One-bedroom units accounted for the majority of affordable and subsidized units in New Ulm. The unit breakout by unit type is show in the following pie chart.



- At the time of the survey there was four vacant units, all of which were deep-subsidy units resulting in a vacancy rate of 1.8% in New Ulm. The equilibrium vacancy rate for affordable and subsidized rental housing is typically considered 3.0% which allows for normal turnover and an adequate supply of alternatives for prospective renters. In effect, the supply of deep- and shallow-subsidy rental housing in the PMA is well below the level to adequately meet demand for market rate housing indicating pent-up demand for additional rental housing.

Table RM-4 summarizes key observations for shallow-subsidy (affordable) and deep-subsidy (subsidized) rental units in New Ulm.

TABLE R-4
UNIT TYPE SUMMARY
AFFORDABLE/SUBSIDIZED RENTAL DEVELOPMENTS
NEW ULM PMA
AUGUST/SEPTEMBER 2022

					Monthly Rent		
SHALLOW-SUBSIDY (AFFORDABLE)*							
Unit Type	Total Units	% of Total	Total Vacant	Avg. Size	Range Low - High	Avg. Rent	Avg. Rent/ Sq. Ft.
1BR	10	14.7%	0	682	$610 - $610	$610	$0.89
2BR	44	64.7%	0	985	$665 - $750	$725	$0.74
3BR	14	20.6%	0	1,090	$775 - $835	$809	$0.74
Total	***68***	**100.0%**	***0***	***962***	***$610 - $835***	$725	**$0.75**

					Monthly Rents		
DEEP-SUBSIDY (SUBSIDIZED)**							
Unit Type	Total Units	% of Total	Total Vacant	Avg. Size	Range Low - High	Avg. Rent	Avg. Rent/ Sq. Ft.
Rents are based on income. 30% of AGI. Rents listed below are market rate rents.							
Eff	46	21.2%	0	538	$290 - $665	$355	$0.66
1BR	132	60.8%	1	718	$385 - $642	$517	$0.72
2BR	31	14.3%	3	861	$487 - $781	$757	$0.88
3BR	8	3.7%	0	1,080	$861 - $861	$861	$0.80
Total	***217***	**100.0%**	***4***	***713***	***$290 - $861***	$530	**$0.74**

* Shallow-subsidy rents are set by the developmentand involve state income guidelines.

** Rents listed for deep-subsidy are base or market rents. USDA development funded developmentsrequire tenants to pay base rent or 30% of their AGI or whichever is higher. Rent for project based Section 8 buidlings is based on 30% of AGI.

Source: Maxfield Research and Consulting, LLC.

- The following is the average unit size for each affordable and subsidized unit type:

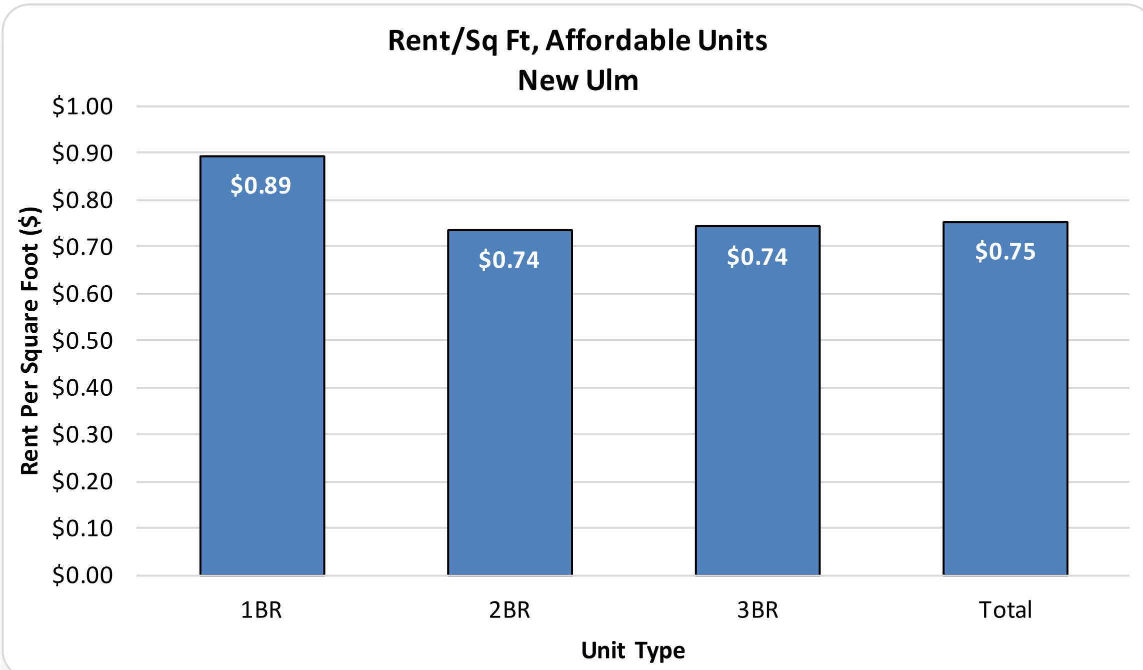
	Affordable	Subsidized
o **Efficiency units:**	--	538 S.F.
o **One-bedroom units:**	682 S.F.	718 S.F.
o **Two-bedroom units:**	985 S.F.	861 S.F.
o **Three-bedroom units:**	1,090 S.F.	1,080 S.F

- The following is the monthly rent ranges and average rent for each affordable unit type:

  - **One-bedroom units:** $610 | Avg. $610
  - **Two-bedroom units:** $665 to $750 | Avg. $858

- **Three-bedroom units:** $775 to $835 | Avg. $885

- The average rent per square foot for affordable rental units in New Ulm at the time of the survey was $0.75. The average rent per square foot by unit type is shown in the following chart.



- The following is the monthly rent ranges and average rent for each subsidized unit type:
  - **Efficiency units:** $290 to $665 | Avg. $355
  - **One-bedroom units:** $385 to $642 | Avg. $517
  - **Two-bedroom units:** $487 to $781 | Avg. $757
  - **Three-bedroom units:** $861 | Avg. $861

- Deep-subsidy properties financed with Section 515 loans made by the United States Department of Agriculture's (USDA) Rural Development Housing and Community Facilities Program target very low-, low-, and moderate-income family households. Tenants pay basic rent or 30% of their adjusted income, whichever is greater. In the project-based Section 8 properties and public housing properties, rent is based on 30% of income and households qualify with an income at or less than 50% AMI (Section 8) and at or less than 80% AMI (public housing).

Rental Housing Location Map by Property Type: New Ulm

Natural Occurring Affordable Housing (i.e. Unsubsidized Affordable)

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

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

Because many of these properties have rents that are affordable, project-based and private housing markets cannot be easily separated. Some households may income-qualify for both market rate and project-based affordable housing, although the gap is widening between market rate and affordable properties as rents in the private market continue to rise. Therefore, it is important to recognize the naturally occurring affordable housing stock to quantify the proportion of units with rents that may be affordable to low and/or moderate-income renters. The analysis does not identify the number of units that are rented to households with incomes at those affordability levels as any tenant that financially qualifies may be able to rent at the property.

Table R-5 illustrates monthly rents by unit type and household size as they relate to affordability. Table R-6 presents a breakdown of all market rate general-occupancy rental properties by household size and area median income (AMI). Table R-7 summarizes property data from Table R-6 based on unit type and affordability. Note that not all properties are included due to rents not being available for all properties.

- All of the market rate rental units surveyed in New Ulm can be considered naturally occurring affordable housing as the rents being charged fall at or below 60% of the county's AMI for each bedroom type.

- Among the market rate units inventoried by unit mix and monthly rents, nearly two thirds (66%) of the units are affordable to householders with incomes at 50% of AMI and 23% of units are affordable to households with incomes at 60% AMI. Another 11% are affordable to households with incomes at 30% AMI.

TABLE R-5
MAXIMUM RENT BASED ON HOUSEHOLD SIZE AND AREA MEDIAN INCOME
BROWN COUNTY - 2022 (Effective 04/18/22)

	HHD Size		Maximum Rent Based on Household Size (@30% of Income)											
			30%		50%		60%		80%		100%		120%	
Unit Type[1]	Min	Max	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
Studio	1	1	$459	- $459	$765	- $765	$918	- $918	$1,224	- $1,224	$1,530	- $1,530	$1,836	- $1,836
1BR	1	2	$459	- $524	$765	- $874	$918	- $1,049	$1,224	- $1,398	$1,530	- $1,748	$1,836	- $2,097
2BR	2	4	$524	- $655	$874	- $1,091	$1,049	- $1,310	$1,398	- $1,746	$1,748	- $2,183	$2,097	- $2,619
3BR	3	6	$590	- $760	$983	- $1,266	$1,179	- $1,520	$1,572	- $2,026	$1,965	- $2,533	$2,358	- $3,039
4BR	4	8	$655	- $865	$1,091	- $1,441	$1,310	- $1,730	$1,746	- $3,039	$2,183	- $2,883	$2,619	- $3,459

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

Note: Brown County 4-person AMI = $87,300 (2022)

Sources: HUD; Maxfield Research and Consulting, LLC.

TABLE R-6
MULTIFAMILY MARKET RATE RENTAL DEVELOPMENTS
ASSESSMENT OF MARKET RATE RENTAL HOUSING BY AFFORDABILITY CALCULATION
NEW ULM PMA
AUGUST/SEPTEMBER 2022

Unit Type/Project Name	Total Units	Rent Range Min	Rent Range Max	Min. Income Needed to Afford[1]	Units that are affordable based on AMI[2] 30%	50%	60%	80%	100%	120%
One-Bedroom										
Lakeside Village	12	$950	- $975	$38,000 - $39,000	--	--	12	--	--	--
Skyline Terrace	8	$800	- $840	$32,000 - $33,600	--	8	--	--	--	--
Garden Terrace Apartments I & II	25	$795	- $795	$31,800 - $31,800	--	25	--	--	--	--
New Ulm Apartments II	10	$1,000	- $1,000	$40,000 - $40,000	--	--	10	--	--	--
New Ulm Apartments I	10	$1,000	- $1,000	$40,000 - $40,000	--	--	10	--	--	--
River Bluff Apartments	5	$685	- $685	$27,400 - $27,400	--	5	--	--	--	--
Carrie Lawn	5	$685	- $685	$27,400 - $27,400	--	5	--	--	--	--
Valley View Apartments	2	$650	- $650	$26,000 - $26,000	--	2	--	--	--	--
Hillside Manor	8	$577	- $577	$23,080 - $23,080	--	8	--	--	--	--
Brand Apartments	8	$575	- $575	$23,000 - $23,000	--	8	--	--	--	--
Total/ Average	**93**				**0**	**61**	**32**	**0**	**0**	**0**
One-Bedroom+Den*					**30%**	**50%**	**60%**	**80%**	**100%**	**120%**
Garden Terrace Apartments I & II	4	$895	- $895	$35,800 - $35,800	--	--	4	--	--	--
Total/Average	**4**				**0**	**0**	**4**	**0**	**0**	**0**
Two Bedroom					**30%**	**50%**	**60%**	**80%**	**100%**	**120%**
Lakeside Village	12	$1,025	- $1,115	$41,000 - $44,600	--	6	6	--	--	--
Skyline Terrace	31	$1,166	- $1,216	$46,640 - $48,640	--	--	31	--	--	--
Garden Terrace Apartments I & II	52	$876	- $997	$35,040 - $39,880	--	52	--	--	--	--
Riverview Townhomes	3	$785	- $785	$31,400 - $31,400	--	3	--	--	--	--
German Heights Townhomes	27	$615	- $615	$24,600 - $24,600	27	--	--	--	--	--
New Ulm Apartments II	2	$650	$675	$26,000 - $27,000	1	1	--	--	--	--
New Ulm Apartments I	6	$800	- $800	$32,000 - $32,000	--	6	--	--	--	--
River Bluff Apartments	7	$650	- $775	$26,000 - $31,000	1	6	--	--	--	--
Carrie Lawn	7	$875	- $875	$35,000 - $35,000	--	7	--	--	--	--
Valley View Apartments	10	$760	- $760	$30,400 - $30,400	--	10	--	--	--	--
Hillside Manor	46	$700	- $700	$28,000 - $28,000	--	46	--	--	--	--
Brand Apartments	4	$690	- $690	$27,600 - $27,600	--	4	--	--	--	--
Total/ Average	**207**				**29**	**141**	**37**	**0**	**0**	**0**
Two-Bedroom+Den**					**30%**	**50%**	**60%**	**80%**	**100%**	**120%**
Garden Terrace Apartments I & II	3	$1,105	- $1,140	$44,200 - $45,600	--	--	3	--	--	--
Total/Average	**3**				**0**	**0**	**3**	**0**	**0**	**0**
Three Bedroom					**30%**	**50%**	**60%**	**80%**	**100%**	**120%**
Skyline Terrace	4	$1,160	- $1,200	$46,400 - $48,000	--	3	1	--	--	--
Riverview Townhomes	2	$820	- $820	$32,800 - $32,800	--	2	--	--	--	--
German Heights Townhomes	10	$775	- $855	$31,000 - $34,200	--	10	--	--	--	--
Hillside Manor	6	$759	- $759	$30,360 - $30,360	6	--	--	--	--	--
Total/Average	**22**				**6**	**15**	**1**	**0**	**0**	**0**

[1] Based on a 30% allocation of income to housing for general-occupancy.

[2] Market rate housing that has rents that could be classified as "unsubsidized affordable" units based on the monthly rents and adjusted for household size.

* One-bedroom plus den units are calculated using income limits for one-bedroom units.

** Two-bedroom plus den units are calculated using income limits for two bedroom units.

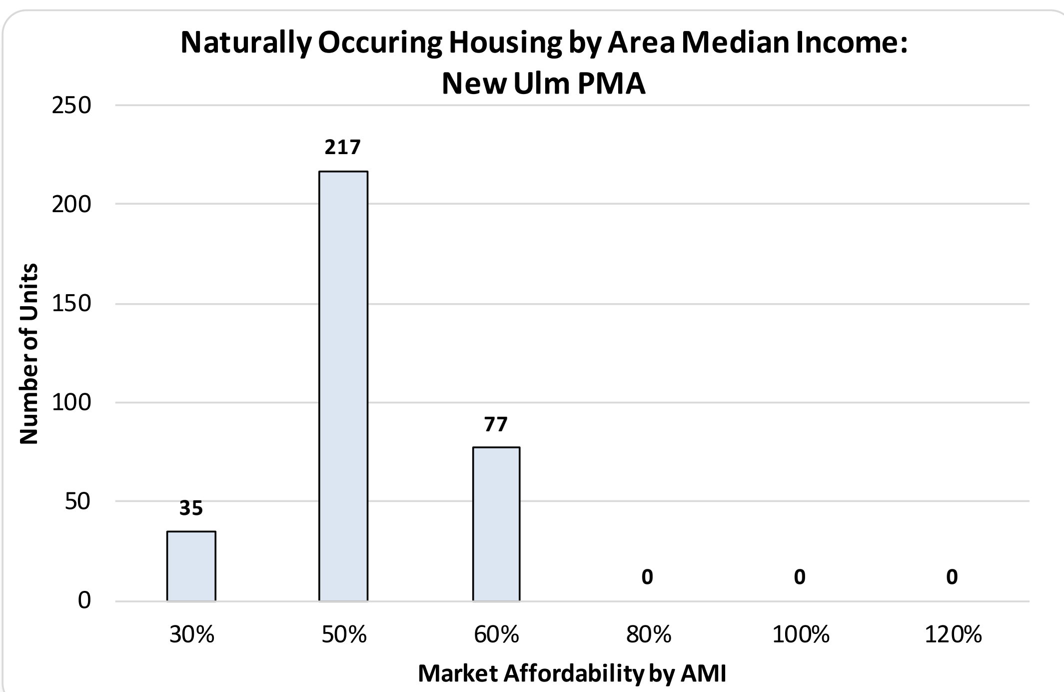
Note: Only includes market rate properties with available data on rents.

Source: Maxfield Research and Consulting, LLC.

TABLE R-7
MULTIFAMILY MARKET RATE RENTAL DEVELOPMENTS
NATURAL OCCURRING SUMMARY
NEW ULM PMA
AUGUST/SEPTEMBER 2022

	Market Rate Affordability by AMI					
Unit Type	**30%**	**50%**	**60%**	**80%**	**100%**	**120%**
1 BR	0	61	32	0	0	0
1 BR+D	0	0	4	0	0	0
2 BR	29	141	37	0	0	0
2 BR+D	0	0	3	0	0	0
3 BR	6	15	1	0	0	0
Subtotal	**35**	**217**	**77**	**0**	**0**	**0**
Pct. Of Total	**10.6%**	**66.0%**	**23.4%**	**0.0%**	**0.0%**	**0.0%**
Pct. Of Affordability Category						
1 BR	**0.0%**	**28.1%**	**41.6%**	**0.0%**	**0.0%**	**0.0%**
1 BR+D	**0.0%**	**0.0%**	**5.2%**	**0.0%**	**0.0%**	**0.0%**
2 BR	**82.9%**	**65.0%**	**48.1%**	**0.0%**	**0.0%**	**0.0%**
2 BR+D	**0.0%**	**0.0%**	**3.9%**	**0.0%**	**0.0%**	**0.0%**
3 BR	**17.1%**	**6.9%**	**1.3%**	**0.0%**	**0.0%**	**0.0%**

Source: Maxfield Research & Consulting, LLC.



Rental Licensing Program

New Ulm has a rental licensing program for rental units in the City specified in the City Code. In order to obtain a license, properties must undergo an inspection every two years. If the property meets Code, the property is licensed. However, if there are issues /violations, said rental property may be subject to penalties.[1] Table R-8 below displays information on registered rental properties and their total number of units as of 2022. There are currently 480 registered rental properties in New Ulm containing a total of 1,664 units.

TABLE R-8
REGISTERED RENTAL PROPERTIES
CITY OF NEW ULM
2022

Rental Dwelling Units	Number of Registered Properties in Category	Total Number of Units in Category
1 Unit	318	318
2-4 Units	118	275
5-9 Units	16	94
10-14 Units	5	60
15-19 Units	3	47
20-24 Units	4	90
25-49 Units	8	305
50-74 Units	7	383
75-100 Units	1	92
Totals	**480**	**1,664**

Source: City of New Ulm & Maxfield Research & Consulting, LLC.

[1] "Chapter 11: Building Codes and Permits - section 11.30. Registration and Inspection of residential rental property." *New Ulm City Code*, 1 Sept. 2015, Accessed September 14, pp 193-198. https://www.newulmmn.gov/DocumentCenter/View/311/2022-City-Code-of-the-City-of-New-Ulm-PDF?bidId=. Accessed 14 Sept 2022.

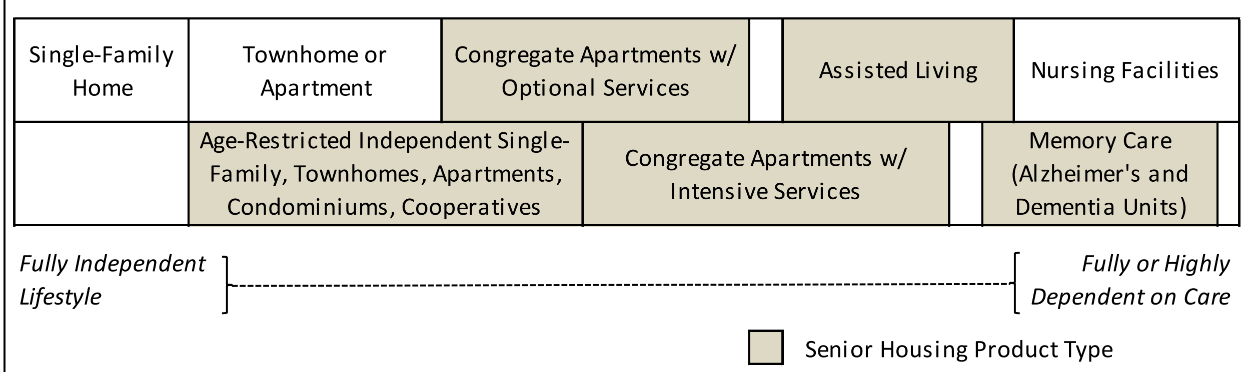
Introduction

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

Senior Housing Defined

Senior housing is a concept that generally refers to the integrated delivery of housing and services to seniors. However, as Figure 1 illustrates, senior housing embodies a wide variety of product types across the service-delivery spectrum.

FIGURE 1
CONTINUUM OF HOUSING AND SERVICES FOR SENIORS



Source: Maxfield Research & Consulting, LLC

Products range from independent apartments and/or townhomes with virtually no services on one end, to highly specialized, service-intensive assisted living units or housing geared for people with dementia-related illnesses (termed "memory care") on the other end of the spectrum.

In general, independent senior housing attracts people age 65 and over while assisted living typically attracts people age 80 and older who need assistance with activities of daily living (ADLs). For analytical purposes, Maxfield Research and Consulting, LLC classifies senior housing into five primary categories based on the level and type of services offered as described in the following figure.

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

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

- ***Assisted Living*** properties come in a variety of forms, but the target market for most is generally the same: very frail seniors, typically age 80 or older (but can be much younger, depending on their particular health situation), who are in need of extensive support services and personal care assistance. Absent an assisted living option, these seniors would otherwise need to move to a nursing facility. At a minimum, assisted living properties include two meals per day and weekly housekeeping in the monthly fee, with the availability of a third meal and personal care (either included in the monthly fee or for an additional cost). Assisted living properties also have either staff on duty 24 hours per day or at least 24-hour emergency response.

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

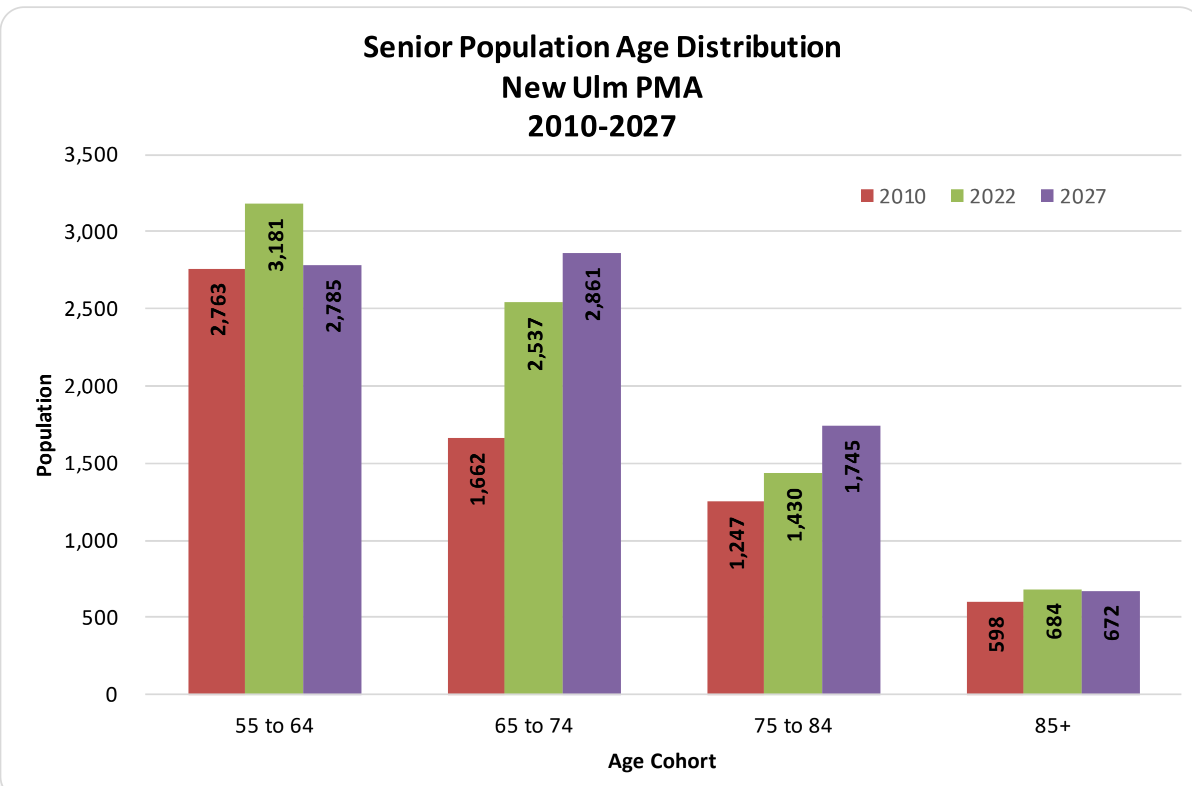
- Skilled Nursing Care, or long-term care facilities, provides a living arrangement that integrates shelter and food with medical, nursing, psychosocial and rehabilitation services for persons who require 24-hour nursing supervision. Residents in skilled nursing homes can be funded under Medicare, Medicaid, Veterans, HMOs and private insurance as well as use of private funds.

Older Adult (Age 55+) Population and Household Trends

The *Demographic Analysis* section of this study presented general demographic characteristics of New Ulm's population in comparison to the Remainder of the PMA. The following points summarize key findings from that section as they pertain to the older adult population in New Ulm and the PMA Remainder.

- The strongest growth is expected to occur among older adults in New Ulm. Aging of baby boomers led to an increase of 537 people (50%) in the 65 to 74 population in the City between 2010 and 2022. As this group ages, the 65 and older age cohorts are expected to experience continue growth in the next several years.

  - The 75 and older age group is projected to grow 11%, adding 168 people by 2027.
  - The 65 to 74 age group is projected to expand 13% (213 people).
  - The 55 to 64 age group is expected to contract 11.5%, decreasing by 232 people.



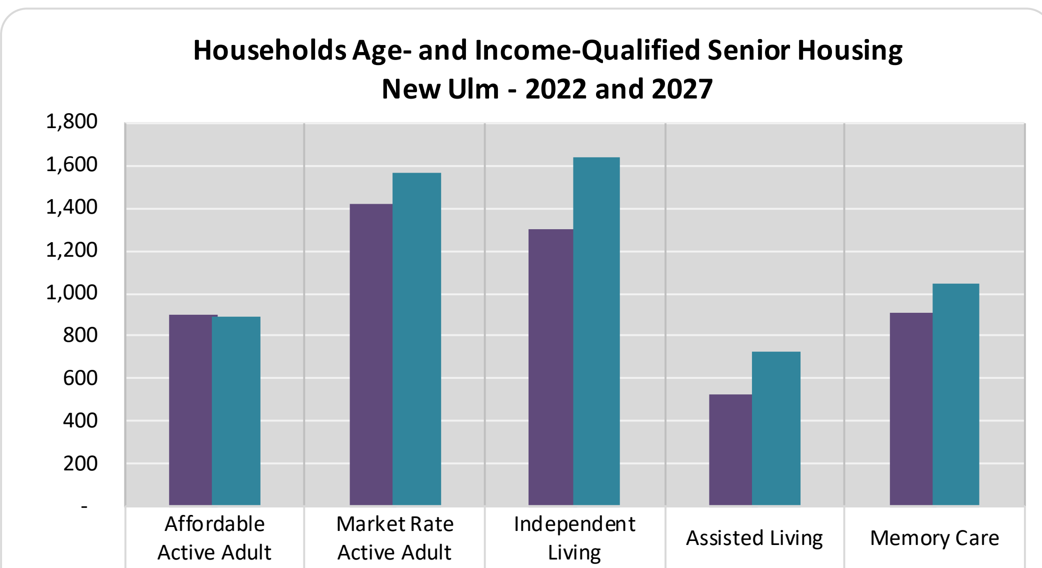
- The key market for active adult housing is generally comprised of senior households age 65 and older, although many active adult developments are restricted to residents age 55 and older.

- The primary market for service-enhanced housing is senior households age 75 and older. While individuals in their 50s and 60s typically do not comprise the market base for service-enhanced senior housing, they often have elderly parents to whom they provide support when they decide to relocate to senior housing. Elderly parents often prefer to be near their adult caregivers, so the older adult age cohort (age 55 to 64) also generates some additional demand for service-enhanced senior housing products.

- The frailer the senior, the greater the proportion of their income they will typically spend on housing and services. Studies have shown that seniors are willing to pay increasing proportions of their incomes on housing with services, with income allocations described below:

  - 40% to 50% for market rate active adult senior housing with little or no services;
  - 65% for independent living housing with services available; and,
  - 80% to 90% or more for assisted living housing.

- The proceeds from the sales of their homes, as well as financial assistance from their adult children, are often used as supplemental income to afford senior housing alternatives.



	Affordable Active Adult	Market Rate Active Adult	Independent Living	Assisted Living	Memory Care
2022	897	1,415	1,301	526	906
2027	888	1,563	1,637	726	1,048

- The target market for affordable active adult senior housing is households age 65 and older with incomes at or below 60% Area Median Income (AMI). At 60% AMI, household income limits are $36,720 for a one-person household and $41,940 for a two-person household.

- As of 2022, there are an estimated 897 households age 65 and older in New Ulm with incomes at or below $41,940 (42% of all age 65 and older households in the City).
- The number of 65 and older households projected to income-qualify for affordable active adult housing at 60% AMI in the City is projected to decrease slightly by nine households in 2027 (-1% growth).

- The key market for market rate active adult housing is comprised of senior households (age 65 and older) with incomes of $35,000 or more. The age threshold increases to 70 and older if in an apartment-style building.

  - In 2022, we estimate there are 1,415 age- and income-qualified 65 and older households in New Ulm that comprise the key market for active adult housing.
  - Including all households with incomes of $40,000 and over (adjusted for inflation), the number of age 65 and older households projected to income-qualify for market rate active adult housing is expected to increase by 148 households in 2027 (9.5%).

- Independent living with services available (congregate) housing demand is driven by senior households (age 75 and older) with incomes of $40,000 or more. We estimate the number of age- and income-qualified households in New Ulm to be 1,301 householders in 2022, increasing by 336 householders (20.5%) in 2027.

- The target market for assisted living housing is senior households age 75 and older with incomes of at least $40,000 (plus senior homeowners with lower incomes).

  - As of 2022, there are an estimated 526 older senior households (age 75 and older) in New Ulm with incomes of at least $40,000, accounting for 47.5% of all older senior households.
  - Including all households with incomes of $45,000 and over (adjusted for inflation), the number of older senior households projected to income-qualify for senior housing with services is expected to grow by 38% to 726 households in 2027.

- Memory care housing has a target market of senior households age 65 and older with a memory impairment and incomes of at least $60,000. We estimate that roughly 15% of the senior population has a memory impairment.

  - In 2022, we estimate that there are 906 age 65 and older households in New Ulm with incomes of at least $60,000, accounting for 42% of all senior households. Based on the estimated 15% incidence rate of Alzheimer's/dementia, approximately 135 households in the City are candidates for memory care housing in 2022.
  - The number of income-qualified ($65,000 adjusted for inflation) households is projected to increase 13.5% to 1,048 by 2027 (157 households eligible for memory care housing based on the 15% incidence rate).

Homeownership information lends insight into the number of households that may still have homes to sell and could potentially supplement their incomes from the sales of their homes to support monthly fees for alternative housing.

- New Ulm maintains homeownership rates in the older adult age cohorts that are lower than in the Remainder of the Study Area due to the availability of senior housing options in the community.

- Seniors typically begin to consider moving into senior housing alternatives in their early to mid-70s. This movement pattern is demonstrated by the decline in homeownership between the 65 to 74 age cohort (90%) and the 75 and older age cohort (57%) in New Ulm.

- With a homeownership rate of 77% for all households age 65 and older, the majority residents would be able to use proceeds from the sales of their homes toward senior housing alternatives. The resale of single-family homes would allow additional senior households to qualify for market rate housing products, since equity from the home sale could be used as supplemental income for alternative housing.

- Home sale data is useful in that it represents the amount of equity seniors may be able to derive from the sales of their homes that could be used to cover the cost of senior housing alternatives.

- Based on the 2021 median sale price for homes in Brown County ($151,000) , a senior household could generate approximately $2,840 of additional income annually (about $237 per month), if they invested in an income-producing account (2.0% interest rate) after accounting for marketing costs and/or real estate commissions (6.0% of home sale price).

- Should a senior utilize the home proceeds dollar for dollar to support living in service-enhanced senior housing, the proceeds of the home sale would last several years, as outlined below:

  - Nearly six years in independent living housing (monthly rent approximated at $2,000);
  - About 3.5 years in assisted living (monthly rent approximated at $3,500); or,
  - Nearly 2.5 years in memory care housing (monthly rent approximated at $5,000).

- Seniors in service-intensive housing typically have lengths of stays between two and three years indicating that a large portion of New Ulm seniors will be financially prepared to privately pay for their housing and services.

Supply of Senior Housing

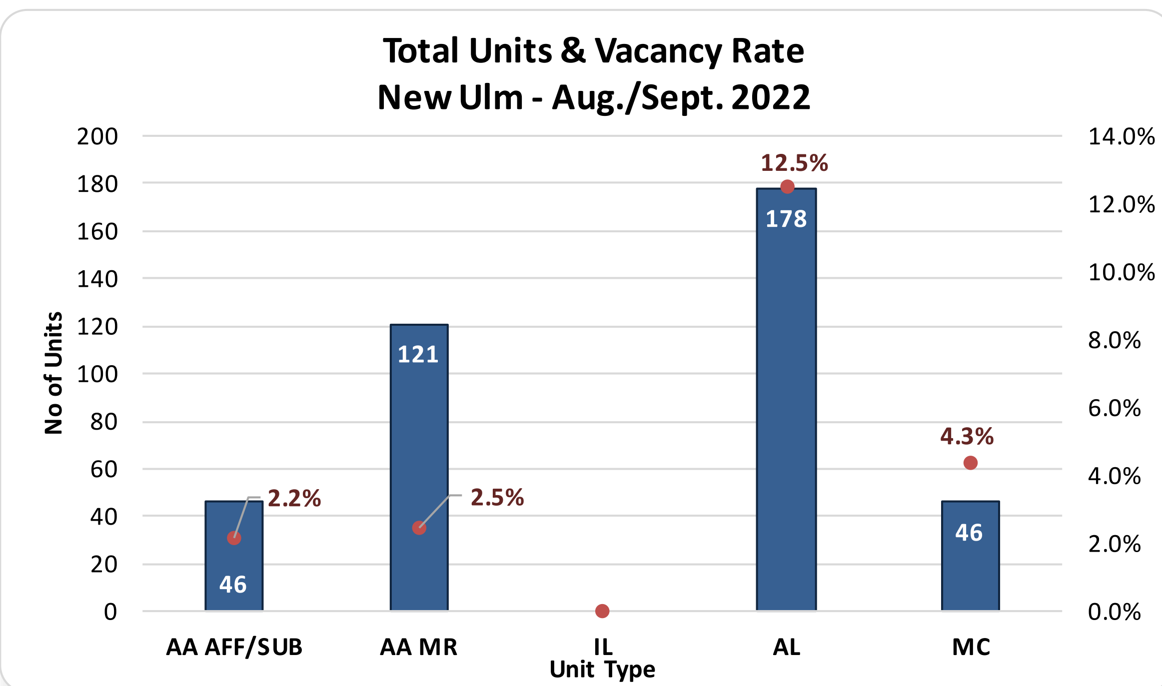
Table SN-1 provides information on the various senior housing products in New Ulm and the Remainder of the PMA by facility type and service-level. Information in the table includes year built, total units, unit sizes, vacancies, rents, and general comments about each project. The following section summarizes key points from our survey of senior housing facilities in the County.

- Maxfield Research identified 11 senior housing properties in the PMA. Combined, these projects contain a total of 391 senior housing units. Nine of the senior housing facilities are market rate, totaling 345 units (88% of the supply), and there are two subsidized senior housing projects, totaling 46 units (12%).

- Based on our survey, 57% of the units provide service-enhanced housing, for a total of 224 units. These include 178 assisted living units and 46 memory care units. The remaining 43% (167 units) are active adult, including 46 subsidy (deep-subsidy) and 121 market rate units.

- Of the 391 senior housing units (excluding Orchard Hills), 22 are currently vacant, representing an 6.5% vacancy rate. At the time of the survey, there were 18 vacant service-enhanced units (10.3% vacancy rate), including two memory care vacancies (4.3% vacancy) and 16 assisted living vacancies (12.5%).

- The market rate active adult units were 2.5% vacant (three vacancies), while the subsidized senior properties were 2.2% vacant (one vacancy).



- A 93% occupancy rate is generally considered equilibrium in assisted living and memory care housing, while 95% occupancy considered equilibrium in independent living and active adult. As such, the current supply of service-enhanced units appear to be oversupplied (potentially high from the pandemic), while the active adult units appear to be undersupplied.

- There are two active adult properties financed with HUD Section 202 loans (Supportive Housing for the Elderly), totaling 46 units, one of which is vacant (2.2% vacancy rate). These target very low-, low-, and moderate-income households age 62 or older or persons with a disability. Tenants pay basic rent or 30% of their adjusted income, whichever is greater.

- We also identified three market rate active adult projects, totaling 121 units, three of which are available (2.5% vacancy rate). Two of the market rate active adult projects is a rental properties (89 total units), while units at Realife Cooperative (32 units) are owner-occupied.

- There are five developments that provide 178 assisted living units in New Ulm, 16 of which are vacant for a 12.5% vacancy rate. Vacancy rates for assisted living have been elevated across Minnesota and the U.S. from the pandemic as assisted living occupancies trended to their lowest on record. However, the assisted living market has slowly improved, and we anticipate occupancy improvements in the short-term.

- The following is the monthly base rent ranges for each assisted living unit type:

    - **Studio units:** $2,900
    - **One-bedroom units:** $2,940 to $3,650
    - **One-bedroom den units:** Not Available
    - **Two-bedroom units:** $4,025 to $4,105
    - **Care Suites:** $6,332 to $8,635

- Base assisted living unit fees in New Ulm include housekeeping, linen and laundry service, and emergency call systems. Fees for personal care and meals are in addition to the base monthly fee.

- There are four facilities providing 46 memory care units in New Ulm. These memory care facilities are currently 4.3% vacant (two vacant units), below equilibrium.

- The following is the monthly base rent for each memory care unit type:

    - **Single units:** $5,760
    - **Companion units:** $5,220
    - **Studio units:** $6,490
    - **Suite units:** $6,332 to $8,635

- Memory care fees generally all-inclusive (utilities, meals, housekeeping, laundry, linens). Fees for service care level packages are in addition to the base monthly fee.

TABLE SN-1
SENIOR HOUSING PROJECTS
PRIMARY MARKET AREA
August/September 2022

Project Name/Location	Year Open	No. of Units	Total Vacant	Unit Description Type	No.	Size	Monthly Rent Min	Max	Rent/sq. ft. Min	Max
ACTIVE ADULT - Affordable/Subsidized Rental										
Saint Michaels	1970s	30	0	1BR	29	540	n.a.		n.a.	
500 N. State Street		vacancy rate:	0.0%	2BR	1	682	n.a.		n.a.	
New Ulm							30% of AGI			
Notes:	*HUD Section 202 subsidized restricted to residents age 62+ or disabled.* **Community amenities:** *community room, multiple lounge areas, laundry facility, and dining. Waiting List is closed.*									
Oak View Apartments	2003	16	1	1BR	16	n.a.	$400		n.a.	n.a.
1316 8th Street N		vacancy rate:	6.3%				30% of AGI			
New Ulm										
Notes	*HUD Section 202 subsidized restricted to to residents age 62+ or disabled.* **Community amenities:**									
ACTIVE ADULT - Market Rate										
Rental										
City Center Apartments	2018	39	0	Eff.	1	n.a.	$1,000		n.a.	
115 S. Minnesota Street	Sept	vacancy rate:	0.0%	1BR	9	884 - 1,028	$1,000	$1,175	$1.13	$1.14
New Ulm				2BR	29	1,013 - 1,558	$1,175	$2,000	$1.16	$1.28
Notes:	*Active Adult 55+.* **Community amenities:** *community room with free Wi-Fi, courtyard w/fire pit, private meeting & party room, trash chutes, pickle ball courts, shuffleboard, garden beds, and underground parking garage (included).* **In-unit amenities:** *washer/dryer, full kitche w/SS appliances, wood cabinets, premium countertops, walk in closets, There are 37 units in main complex and two units nearby. Note that two-bedroom units include two-bedroom plus den units. Very long waiting list and always fully occupied.*									
Highland Regency House	2014	50	0	1BR	16	765	$963		$1.26	
1520 Sunset Avenue		vacancy rate:	0.0%	1BR+D	14	924	$1,120		$1.21	
New Ulm				2BR	20	1,009 - 1,190	$1,253	$1,396	$1.24	$1.17
Notes:	*Amenties include in unit washer/dryer, community room, community patio, balconies, and heated underground parking.*									
Ownership										
Realife Cooperative	1986	32	3	1BR	16	614 - 659	$625	$680	$1.02	$1.03
1224 5th Street N.		vacancy rate:	9.4%				$22,500	$24,700		
New Ulm				2BR	16	817 - 914	$820	$975	$1.00	$1.07
							$32,500	$34,400		
Notes:	*Amenities include detached garages ($35/mo.). Storage room, craft room, wood shop, dining room, whirlpool, sauna, excersize room, guest suite, walk-in closets, dish washers, wall unit A/C, and emergency call system. Tenants pay all utilities.*									
ASSISTED LIVING										
Oak Hills Living Center	1995	16	3	Studio	16	425	$2,900		$6.82	
1314 8th Street N		vacancy rate:	18.8%							
New Ulm										
Notes:	*All utilities included along with Wifi and basic cable. Basic fees include the following services: weekly housekeeping, on-site staff, designated parking stall, activites, wellness & educational programs, and daily trash pick up. Amenities include gardens and walking paths, beauty salon, living room with piano, events, Wi-Fi access in common areas. Personal care is optional and a-la-carte based on need. Currently all residents are private pay.*									
Orchard Hills	2007	50	n.a.	1BR	n.a.	510 - 646	n.a.		n.a.	
1223 Karl Drive		vacancy rate:	n.a.	1BR+D	n.a.	980	n.a.		n.a.	
New Ulm				2BR	n.a.	780 - 880	n.a.		n.a.	
Notes:	*After multiple attempts. We were unable to contact Orchard Hills to gather information from this property.*									
Ridgeway on German	1998	44	5	1BR	46	509 - 795	$2,940	$3,650	$5.78	$4.59
715 South German		vacancy rate:	11.4%	2BR	6	964	$4,025		$4.18	
New Ulm										
Notes:	*Monthly fee includes all utilities, pendant call system, 24-hour staffing, weekly housekeeping and laundry, activities, and daily snack & coffee. Personal care and meals are extra fees. Amenities include walk-in closets, outdoor patio, extra storage, mini mart, and detached garages ($55/mo.). Elderly Waiver residents (9).*									
Ridgeway on 23rd	2004	48	8	1BR	55	576 - 668	$3,185	$3,515	$5.53	$5.26
720 23rd Street N		vacancy rate:	16.7%	2BR	3	759	$4,105		$5.41	
New Ulm										
Notes:	*Monthly fee includes all utilities, pendant call system, 24-hour staffing, weekly housekeeping and laundry, activities, and daily snack & coffee. Personal care and meals are extra fees. Amenities include walk-in closets, outdoor patio, extra storage, mini mart, and detached garages ($55/mo.). Elderly Waiver residents (11).*									

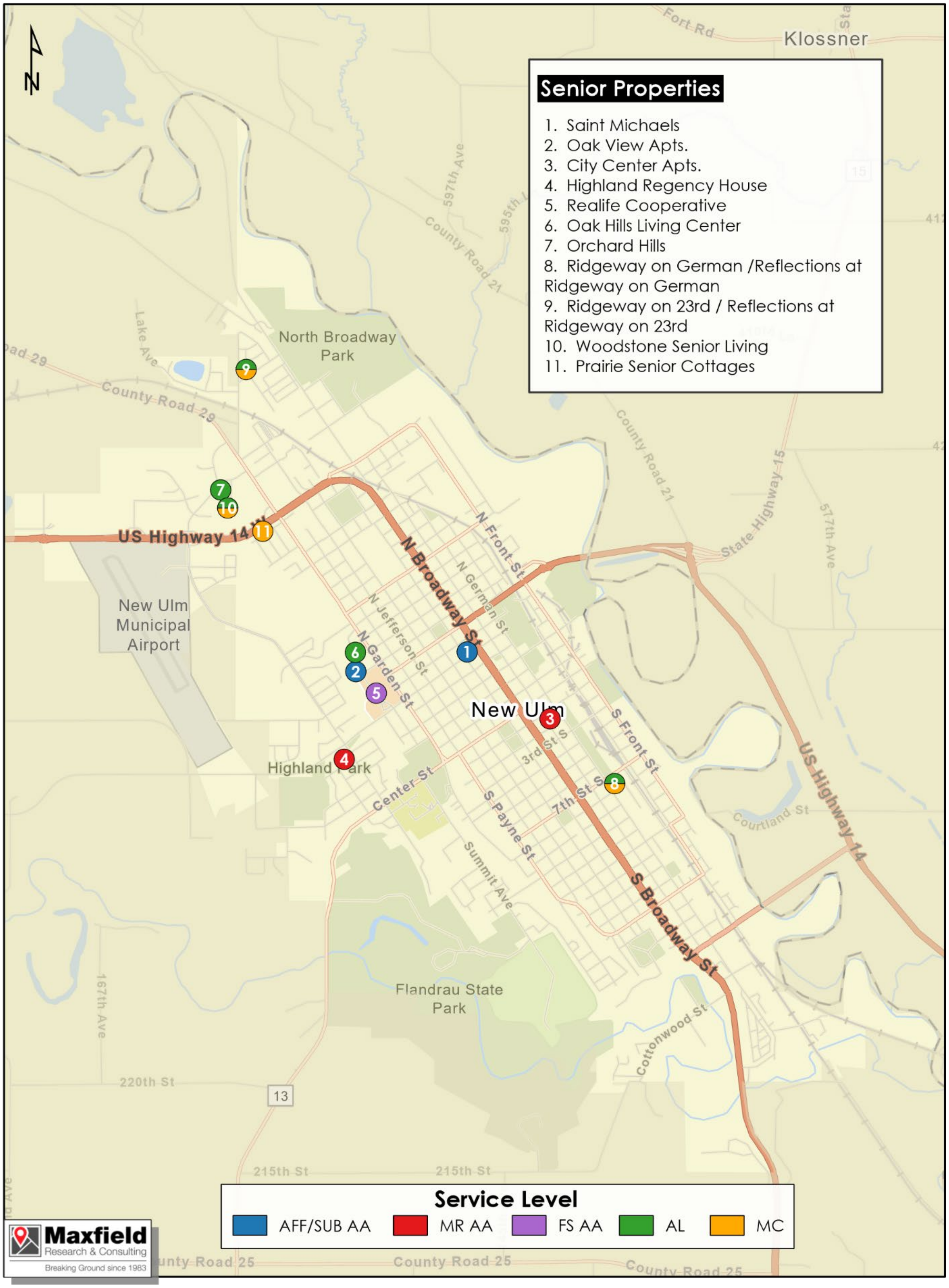
Continued

TABLE SN-1 (Cont.)
SENIOR HOUSING PROJECTS
PRIMARY MARKET AREA
August/September 2022

Project Name/Location	Year Open	No. of Units	Total Vacant	Unit Description Type	No.	Size	Monthly Rent Min	Max	Rent/sq. ft. Min	Max
ASSISTED LIVING (Continued)										
Woodstone Senior Living	2014	20	0	Care Suites	20	805 - 1,035	$6,332	$8,635	$7.87	$8.34
2020 Meyer Drive		vacancy rate:	0.0%							
New Ulm										
Notes:	*Services are based off needs of individual residents. However, 24 hour service is available if needed. Transportation to medical appointments can be arranged.*									
MEMORY CARE										
Prairie Senior Cottages	2002	12	2	Single	8	n.a.	$5,760		n.a.	
1304/1308 Birchwood Drive		vacancy rate:	16.7%	Companion	4	n.a.	$5,220		n.a.	
New Ulm										
Notes:	*Communal cottage living with shared spaces. Capacity for 18 residents. Currently at 16 residents as of survey. Services inlcude three meals per day, housekeeping/laundry as needed. Personal care is inlcuded. Amenities inlcude activity room, dining room, beauty shop, wandering area, and library.*									
Reflections at Ridgeway on German	2008	11	0	Studio	11	305	$6,490		$21.28	
715 South German		vacancy rate:	0.0%							
New Ulm										
Notes:	*Monthly fee shown includes required basic service package which covers all utilities, 3 meals per day plus snacks, medication management, personal care assistance, emergency response system, weekly housekeeping and linen services, and scheduled transportation. Amenities include dining room, private room, library, computer center, mini mart, extrar storage, outdoor patio, walking paths, beauty salon, and guest suite. Eldery Waiver residents (5).*									
Reflections at Ridgeway on 23rd	2010	13	0	Studio	13	305	$6,490		$21.28	
720 23rd Street N		vacancy rate:	0.0%							
New Ulm										
Notes:	*Monthly fee shown includes required basic service package which covers all utilities, 3 meals per day plus snacks, medication management, personal care assistance, emergency response system, weekly housekeeping and linen services, and scheduled transportation. Amenities include dining room, private room, library, computer center, mini mart, extrar storage, outdoor patio, walking paths, beauty salon, and guest suite. Eldery Waiver residents (7).*									
Woodstone Senior Living	2014	10	0	Suite	10	156 - 176	$6,332	$8,635	$40.59	$49.06
2020 Meyer Drive		vacancy rate:	0.0%							
New Ulm										
Notes:	*Three meals a day along with additional snacks. In room amenities include lever door handle, single-handle faucet, higher placed electrical outlets, bathroom grab bars, and activities. In addition, a number of activites are planned by staff and service is 24 hours.*									

Source: Senior Living Sites and Property Management Companies/Sites & Maxfield Research and Consulting, LLC.

Senior Housing Location Map: New Ulm



Introduction

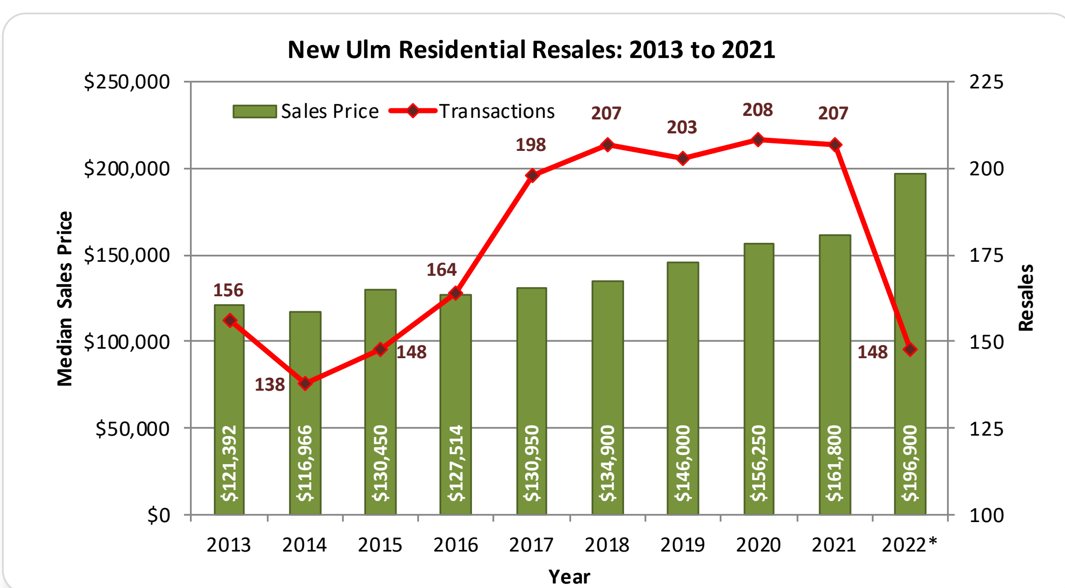
Maxfield Research and Consulting analyzed the for-sale housing market in New Ulm and Brown County by collecting data on single-family and multifamily home sales and active listings, identifying active subdivisions, and pending for-sale developments; and conducting interviews with local real estate professionals, lenders, and planning officials. Also, used as comparison are Nicollet County, which includes a portion of the PMA as well as Minnesota's South Central Economic Development Region 09 (EDR 09).

Home sales in New Ulm

Table FS-1 presents summary data for residential sale activity in New Ulm between 2013 and 2021. The data was obtained from the Brown County Assessor via the Beacon GIS website and includes all qualified residential transactions. The table displays information on the number of resales, average sales price, and median sales price by county submarket. The following are key points from Table FS-1.

- Over the past nine years New Ulm has averaged about 181 resales annually. Transaction activity averaged around 152 home resales from 2013 to 2016 before jumping 35% to an average of 205 resales from 2017 through 2021.

- New Ulm has also experienced the rapid home appreciation like many submarkets across the country; in part from the pandemic impacts. The City's median sales price has been steadily rising since 2016, increasing from $127,514 in 2016 to $161,800 in 2021 (22% growth). Over the entire period from 2013 to September 2022, median home sale prices have risen 65% ($75,508).



*Data in 2020 is through September

TABLE FS-1
HOME SALES BY PRICE POINT
CITY OF NEW ULM
2013 to 2022*

Price Range	2013 No.	2014 No.	2015 No.	2016 No.	2017 No.	2018 No.	2019 No.	2020 No.	2021 No.	2022* No.
Under $50,000	4	0	2	4	5	3	1	3	3	1
$50,000 to $99,999	37	36	29	36	37	36	37	9	22	9
$100,000 to $149,999	65	67	62	67	85	86	71	84	57	23
$150,000 to $199,999	29	22	33	37	31	45	49	52	65	44
$200,000 to $249,999	12	9	15	12	18	19	20	27	22	31
$250,000 to $299,999	5	3	7	5	16	12	19	18	13	12
$300,000 to $399,999	3	0	0	2	4	5	3	9	18	19
$400,000+	1	1	0	1	2	1	3	6	7	9
Total	**156**	**138**	**148**	**164**	**198**	**207**	**203**	**208**	**207**	**148**
Average Sales Price	$139,925	$129,187	$141,763	$137,841	$148,398	$148,875	$162,653	$177,727	$183,203	$218,995
Median Sales Price	$121,392	$116,966	$130,450	$127,514	$130,950	$134,900	$146,000	$156,250	$161,800	$196,900

Price Range	2013 Pct.	2014 Pct.	2015 Pct.	2016 Pct.	2017 Pct.	2018 Pct.	2019 Pct.	2020 Pct.	2021 Pct.	2022* Pct.
Under $50,000	2.6%	0.0%	1.4%	2.4%	2.5%	1.4%	0.5%	1.4%	1.4%	0.7%
$50,000 to $99,999	23.7%	26.1%	19.6%	22.0%	18.7%	17.4%	18.2%	4.3%	10.6%	6.1%
$100,000 to $149,999	41.7%	48.6%	41.9%	40.9%	42.9%	41.5%	35.0%	40.4%	27.5%	15.5%
$150,000 to $199,999	18.6%	15.9%	22.3%	22.6%	15.7%	21.7%	24.1%	25.0%	31.4%	29.7%
$200,000 to $249,999	7.7%	6.5%	10.1%	7.3%	9.1%	9.2%	9.9%	13.0%	10.6%	20.9%
$250,000 to $299,999	3.2%	2.2%	4.7%	3.0%	8.1%	5.8%	9.4%	8.7%	6.3%	8.1%
$300,000 to $399,999	1.9%	0.0%	0.0%	1.2%	2.0%	2.4%	1.5%	4.3%	8.7%	12.8%
$400,000+	0.6%	0.7%	0.0%	0.6%	1.0%	0.5%	1.5%	2.9%	3.4%	6.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

* 2022 Sales data is through September

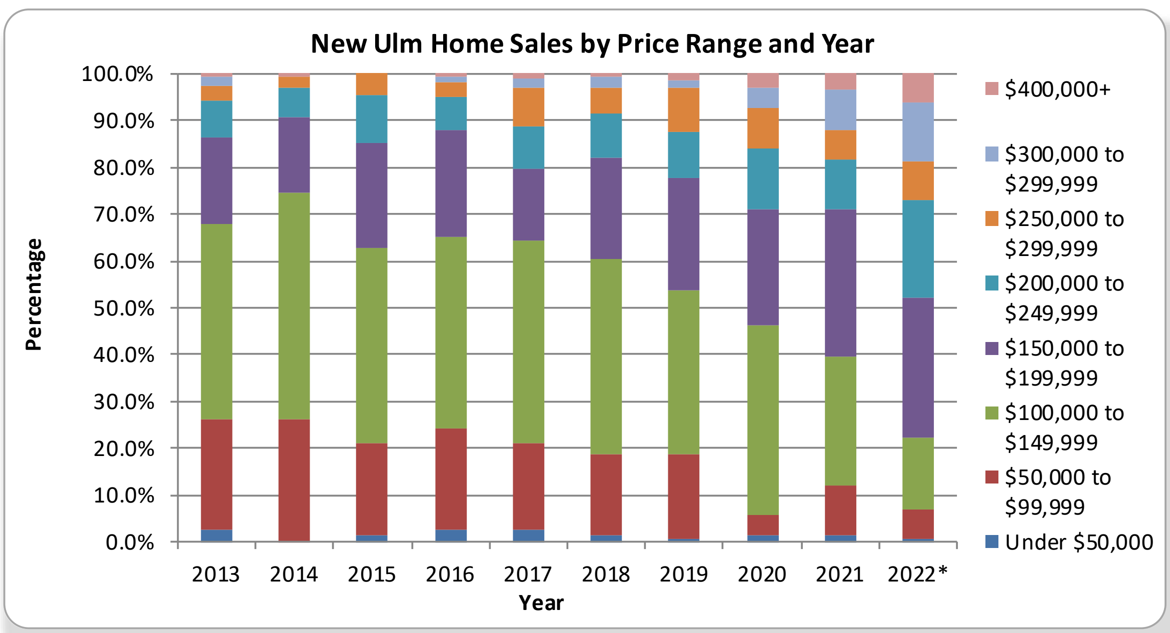
Sources: Brown County Assesor Parcel Database, Maxfield Research & Consulting, LLC

- Through September 2022, homes sales have jumped significantly growing 17% ($35,100 increase) from 2021 to a median sale price of $196,900 in New Ulm. The $35,100 increase in median home sale price over the past year is higher than the growth ($34,286 increase) over the period from 2016 to 2021. This strong increase was driven by low interest rates and the COVID-19 pandemic impacts on the for-sale market.

- With an average of 181 homes were sold annually in New Ulm since 2013, considering that New Ulm has an estimated supply of 4,325 owned homes in 2022, this represents turnover of about 4% of the owned homes annually. A turnover of 4% is considered low compared to a nationwide average of 6% to 8%.

- Between 2013 and September 2022, about 37.5% of all resales have been priced between $100,000 and $149,999 in New Ulm followed by homes priced from $150,000 to $199,999 consisting of 23% of the sales. Overall, nearly 77% of the transactions were priced between $50,000 to $199,999.

- Over the period, resales have shifted to higher price points. The ratio of homes sold from $50,000 to $99,999 has declined 18% and homes sold from $100,000 to $149,999 have decreased 26%. Categories over $150,000 have increased over the same period. The largest growth in sales volume occurred in the $200,000 to $249,999 category (+13%) and $300,000 to $399,999 (+11%) during the time period.



*Data in 2020 is through September

- In 2013, only 9% of resales had sales prices of more than $200,000. Sales of homes over $200,000 has growth substantially and as September 2022, 48% of homes sold were over $200,000. Homes priced over $300,000 accounted for only 3% in 2013, but jumped to 19% through September 2022.

Home Resales in New Ulm PMA

Table FS-1 presents closed resale data for Brown County, Nicollet County, and the South Central Minnesota EDR from 2013 through the end of August 2022. Table FS-2 presents median resale prices during that same time frame for New Ulm, the PMA, and the South Central Minnesota Planning Area. The data was obtained from the Minnesota Association of Realtors. The following are key points observed from our analysis of this data.

Closed Sales

- Between 2013 and 2021, there has been an average of 313 residential sales per year in Brown County.
- In contrast, in Nicollet County, which includes a portion of the PMA, there were an average of 420 closed sales per year between 2013 and 2021.
- In EDR: 09, there was an average of 2,951 residential sales per year between 2012 and 2021.
- The number of closed sales between 2013 and 2021 in Brown County represented 11% of closed sales in EDR: 09 while the number of closed sales in Nicollet County represented 14% of closed sales in the region.

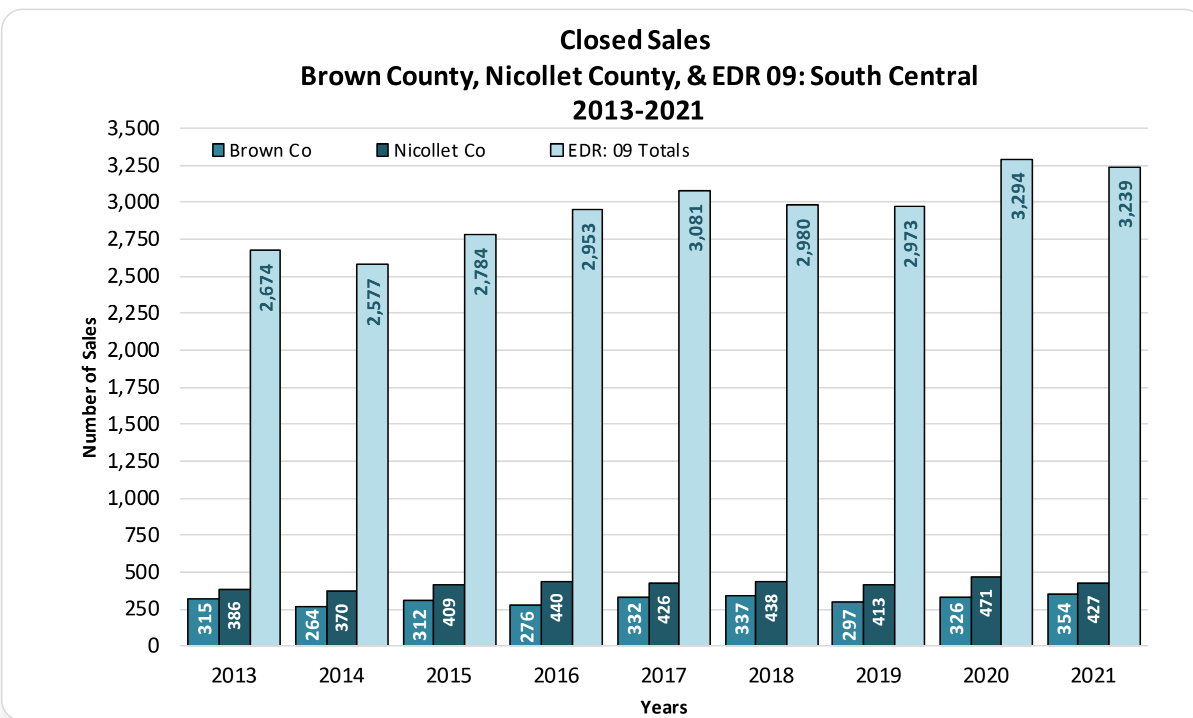


TABLE FS-2
CLOSED RESALES
BROWN COUNTY, NICOLLET COUNTY, & EDR 09: SOUTH CENTRAL
2012 to 2022*

Year	Brown County	Nicollet County	EDR 09: South Central
2013	315	386	2,674
2014	264	370	2,577
2015	312	409	2,784
2016	276	440	2,953
2017	332	426	3,081
2018	337	438	2,980
2019	297	413	2,973
2020	326	471	3,294
2021	354	427	3,239
2022*	NA	NA	1,957

* Through August 2022.
NA: Not Assessed.
Note: EDR 09: South Central includes the following counties: Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Sibley, Waseca, & Watonwan.
Source: MN Association of Realtors & Maxfield Research and Consulting.

Median Resale Prices

- The median resale price in Brown County between 2013 and 2021 peaked in 2020 at $153,200 while the median resale price in Nicollet County and EDR:09 peaked in 2021 at $255,000 and $215,000, respectively.

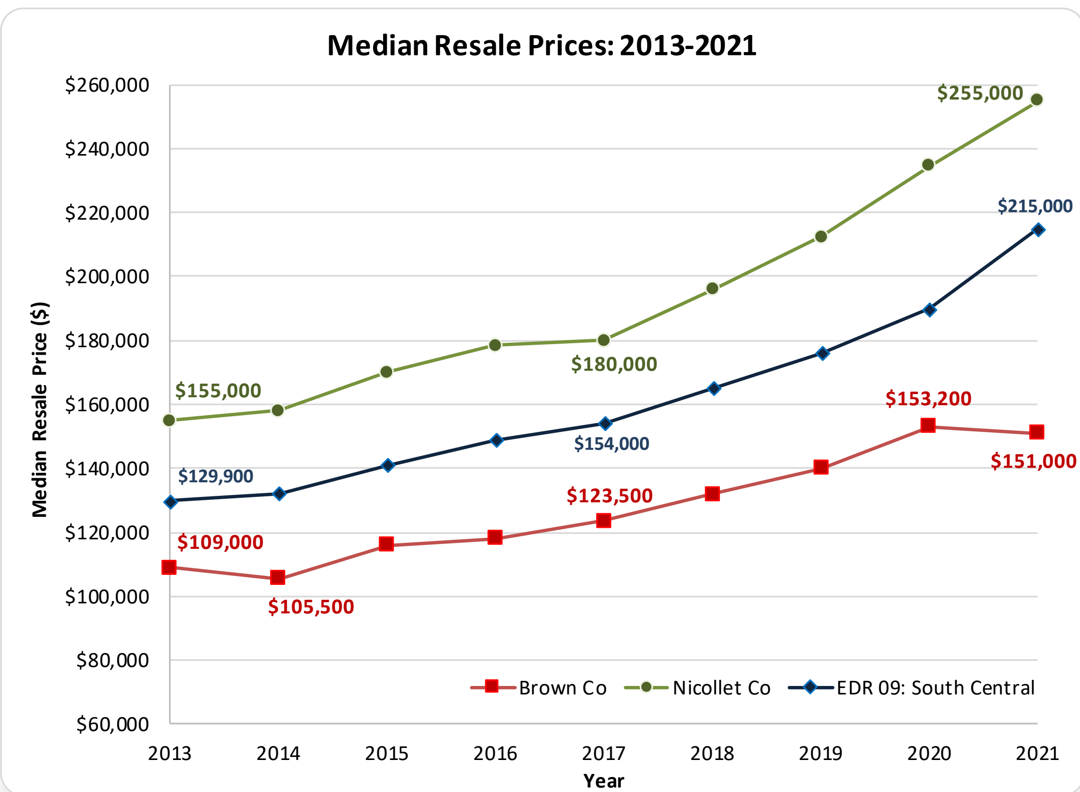
- Between 2013 and 2021, median resales prices increased 38.5% in Brown County, 64.5% in Nicollet County, and 65.5% in the South Central Minnesota EDR.

- Median homes sales in Brown County are on average 51% lower than sales in Nicollet County and 26% lower compared to the South Central Minnesota EDR. The highest ratio occurred in 2021 as Nicollet County homes sales had a median sales price 69% higher while the South Central Minnesota EDR was 42% higher. Thus, compared to the surrounding area, Brown County homes are significantly more affordable.

- Data for 2022 is through August 2022. Between 2021 and through August 2022 the EDR 09: South Central Region increased 8% while no data was available for individual counties (Brown and Nicollet County) at the time of this report.

TABLE FS-3 MEDIAN RESALE PRICES BROWN COUNTY, NICOLLET COUNTY, & EDR 09: SOUTH CENTRAL 2012 to 2022*			
Year	Brown County	Nicollet County	EDR 09: South Central
2013	$109,000	$155,000	$129,900
2014	$105,500	$157,950	$132,250
2015	$116,000	$170,000	$141,000
2016	$118,000	$178,500	$148,900
2017	$123,500	$180,000	$154,000
2018	$132,000	$196,000	$165,000
2019	$140,000	$212,500	$176,000
2020	$153,200	$234,500	$190,000
2021	$151,000	$255,000	$215,000
2022*	NA	NA	$232,500

*Through August 2022.
NA: Not Assessed.
Note: EDR 09: South Central includes the following counties: Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Sibley, Waseca, & Watonwan.
Source: MN Association of Realtors & Maxfield Research and Consulting.

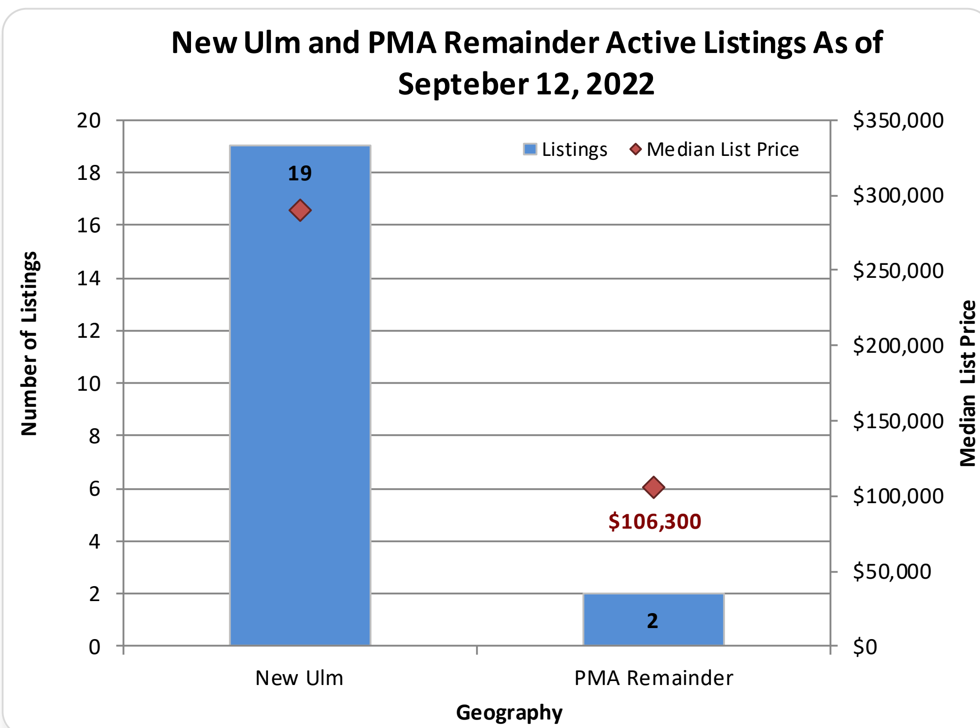


Current Supply of Homes on the Market

To more closely examine the current market for available owner-occupied housing in New Ulm PMA, we reviewed the current supply of homes on the market (listed for sale) in September 2022 in New Ulm and the PMA Remainder. Table FS-4 shows homes currently listed for sale in the New Ulm distributed into seven price ranges. The data was provided by the Realtor.com (Listing data is sourced from Realtor Association of Southern Minnesota/RASM and Northstar MLS). Table FS-5 shows listings by number of bedrooms.

- As of September 2022, there were only 19 homes listed for sale in New Ulm and two homes listed for sale in the Remainder of the PMA.

- The median list prices in New Ulm for single-family and multifamily homes was $259,900. The median sale price is generally a more accurate indicator of housing values in a community than the average sale price. Average sale prices can be easily skewed by a few very high-priced or low-priced home sales in any given year, whereas the median sale price better represents the pricing of a majority of homes in a given market.



900

- Based on a median list price of $289,900 in New Ulm, the income required to afford a home at this price would be between $82,300 and $96,630, based on the standard of 3.0 to 3.5 times the median income (and assuming these households do not have a high level of debt). A household with significantly more equity (in an existing home and/or savings) could afford a higher priced home. About 48% of New Ulm households have annual incomes at or above $75,000.

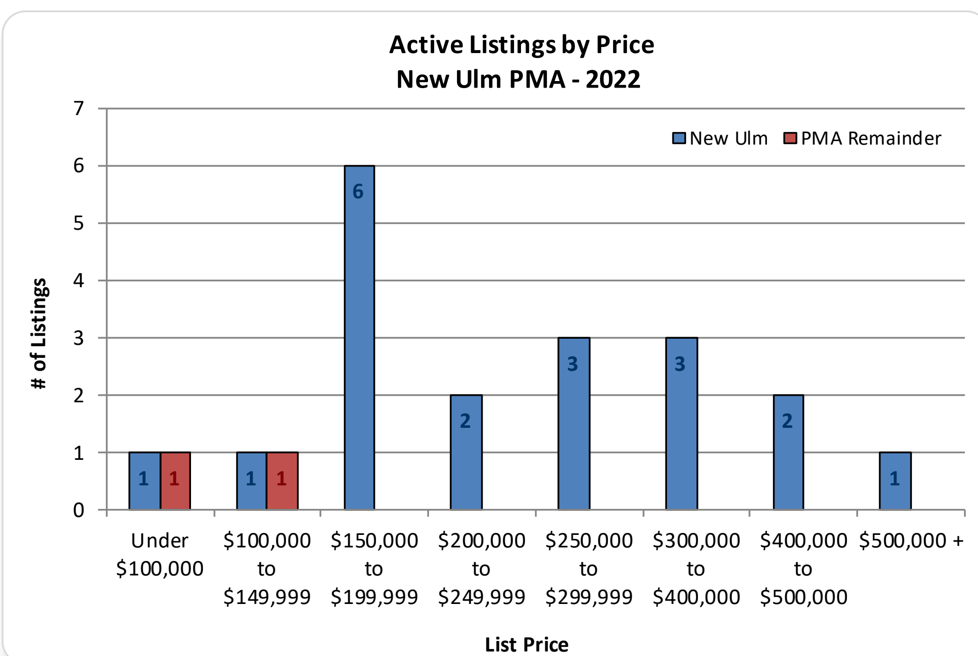
TABLE FS-4
HOMES CURRENTLY LISTED FOR-SALE
NEW ULM & PMA REMAINDER
AS OF SEPTEMBER 12, 2022

	New Ulm		PMA REMAINDER*	
Price Range	**No.**	**Pct.**	**No.**	**Pct.**
Under $100,000	1	5.3%	1	50.0%
$100,000 to $149,999	1	5.3%	1	50.0%
$150,000 to $199,999	6	31.6%	0	0.0%
$200,000 to $249,999	2	10.5%	0	0.0%
$250,000 to $299,999	3	15.8%	0	0.0%
$300,000 to $400,000	3	15.8%	0	0.0%
$400,000 to $500,000	2	10.5%	0	0.0%
$500,000 +	1	5.3%	0	0.0%
	19	**100%**	**2**	**100%**
Minimum	$97,100		$97,100	
Maximum	$564,999		$115,500	
Median	$289,900		$155,371	
Average	$293,874		$106,300	

Note: Includes single family, townhomes, twin homes, and condos (Previously owned and completed new construction).

Sources: RMLS, Maxfield Research and Consulting, LLC.

- The majority of homes listed for sale in New Ulm are priced between $150,000 and $199,999 (32%). The remainder of listings are split relatively across the categories.



- Together with listings priced from $150,000 to $199,999, only 37% of all listings fall between $100,000 and $200,000. Another 26% are listed from $200,000 to $299,999 and 32% are listed above $300,000.

- New Ulm had three active listings priced in the $400,000 or more. The highest listed home in New Ulm at the time was $564,999.

- There were only two multifamily (townhome) units actively marketing as of September 2022. These townhomes have a median listing price of $312,450.

Table FS-5 shows homes currently listed for sale in New Ulm PMA by bedroom type. The listings were obtained September 2022 from Realtor.com.

- Of the 22 listings the New Ulm PMA, 12 (54.5%) were for two-bedroom single family homes and seven listings (32%) were for three-bedroom single family homes. There are only two townhomes listings in the New Ulm PMA.

- Listings for three-bedroom homes reported the lowest average list price in the New Ulm PMA at $192,243. Homes with three-stories also reported the lowest average square feet of 2,015 square feet and were also the oldest homes with an average year built of 1962 in New Ulm.

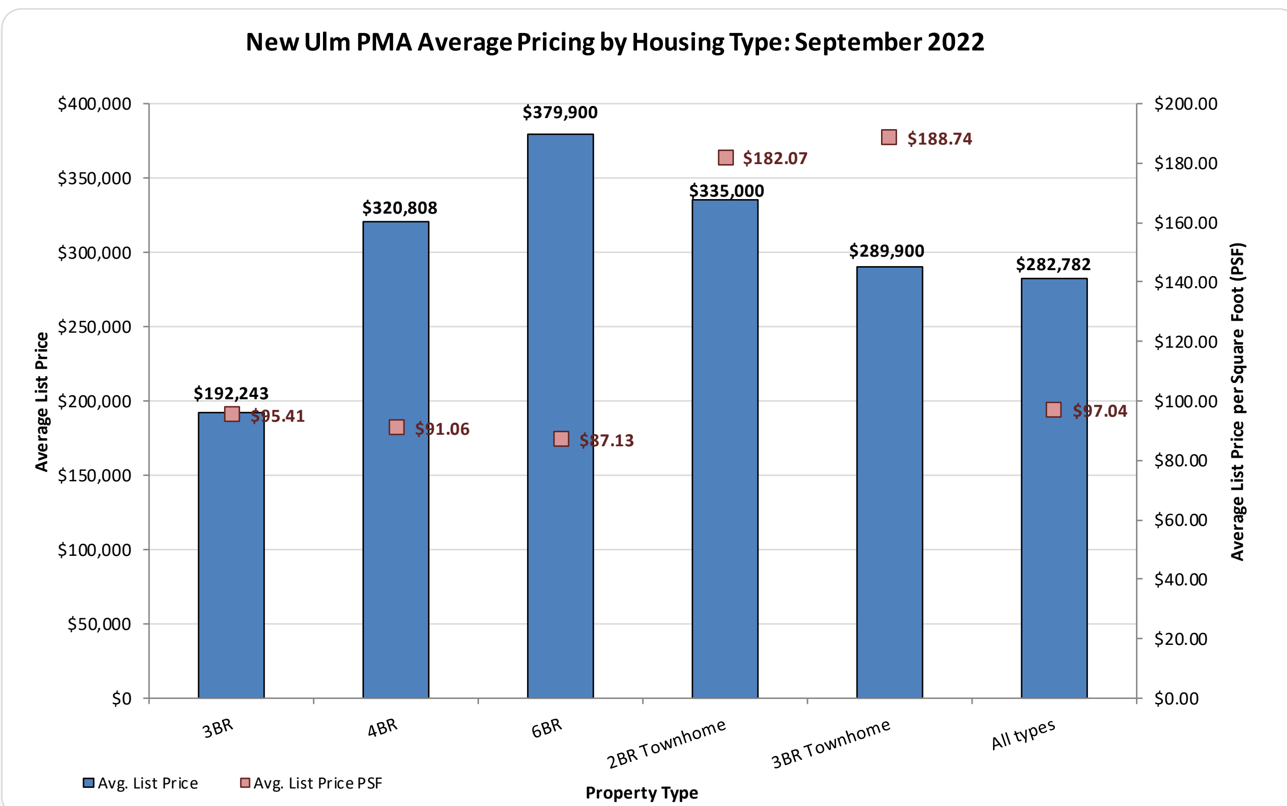
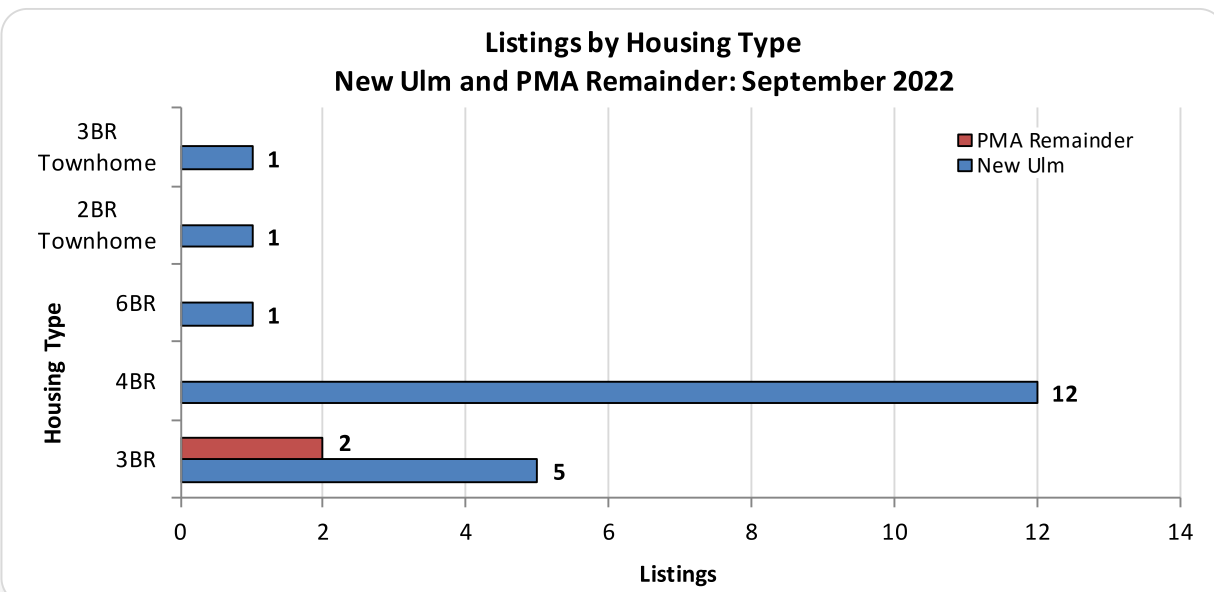


TABLE FS-5
ACTIVE LISTINGS BY HOUSING TYPE
NEW ULM AND PMA REMAINDER
AS OF SEPTEMBER 12th 2022

Property Type	Listings	Pct.	Avg. List Price	Avg. Home Size Sq. Ft.	Avg. Price Per Sq. Ft.	Avg. Age of Home
Single-Family						
3BR	7	33.3%	$195,243	2,015	$96.89	1962
4BR	11	52.4%	$311,336	3,607	$86.32	1968
6BR	1	4.8%	$379,900	4,360	$87.13	2004
Total	**19**	**90.5%**	**$279,815**	**3,037**	**$92.14**	**1966**
Multi-Family						
2BR	1	4.8%	$335,000	1,840	$182.07	2022
3BR	1	4.8%	$289,900	1,536	$188.74	2016
Total	**2**	**9.5%**	**$312,450**	**3,037**	**$102.88**	**2019**
PMA Totals	**21**	**100.0%**	**$282,782**	**2,914**	**$97.04**	**1971**

Sources: Realtor.com, Maxfield Research and Consulting, LLC.



Single-Family and Multifamily Subdivisions

Tables FS-6 and FS-7 provide data on the residential lot supply in subdivisions in New Ulm. Table FS-6 shows summarized data of the existing subdivisions currently in New Ulm provided by the City of New Ulm as of March 2022. Table FS-7 identifies the subdivision, number of lots, available lots, lot sizes, and assessed values for lots and homes. Please note; the tables do not include scattered, infill lots within existing, older subdivision in the community.

- According to City data, New Ulm has 92 subdivisions with a total of 939 lots. As of March 2022, there were 181 lots available for development in 34 subdivisions. There are 58 subdivisions in the city that are fully developed.

- Of the 181 available lots, 119 lots are guided for single family homes, 57 lots for twin homes/townhomes, and four lots for multifamily development (3+ units).

TABLE FS-6
RESIDENTIAL LOT SUPPLY
CITY OF NEW ULM
MARCH 2022

# of Subdivisons	# of Lots	# of Lots Available	# of lots by Use Type		
			SF	TH	MF
92	939	181	119	57	4

Source: City of New Ulm

- In Table FS-7 we include 10 subdivisions with 157 lots available for development. We excluded subdivisions with limited lot availability (one or two lots) as research indicated many of these lots are owned by adjacent parcel owners or may be undesirable lots that remain in an older subdivision. Thus, we excluded 29 lots in 23 subdivisions throughout the city.

- There are 105 available lots for single family development and 52 lots for twin home/townhome development.

- The majority of single family lots are located in three subdivisions. Fairhills Sixth Addition was platted in 2018 with 39 lots, 26 lots remain available for development. Lakeside Village which was platted in 2005 and has 39 single family lots remaining and Wech's Second Addition with 16 lots left and was platted in 2006. These three subdivisions contain 80 of the 105 single family lots available for development.

- Newer construction listings in the City of New Ulm has list prices at or over $300,000 for both single family and twin home/townhomes units.

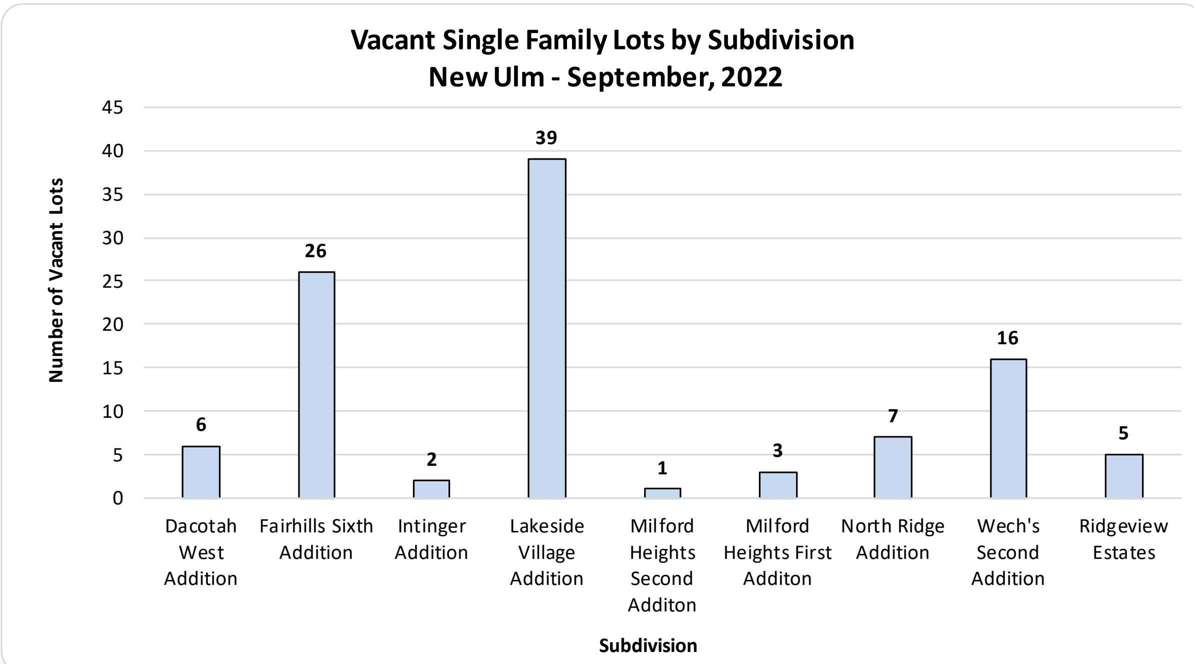
TABLE FS-7
SINGLE-FAMILY/MULTIFAMILY SUBDIVISIONS
NEW ULM
September 2022

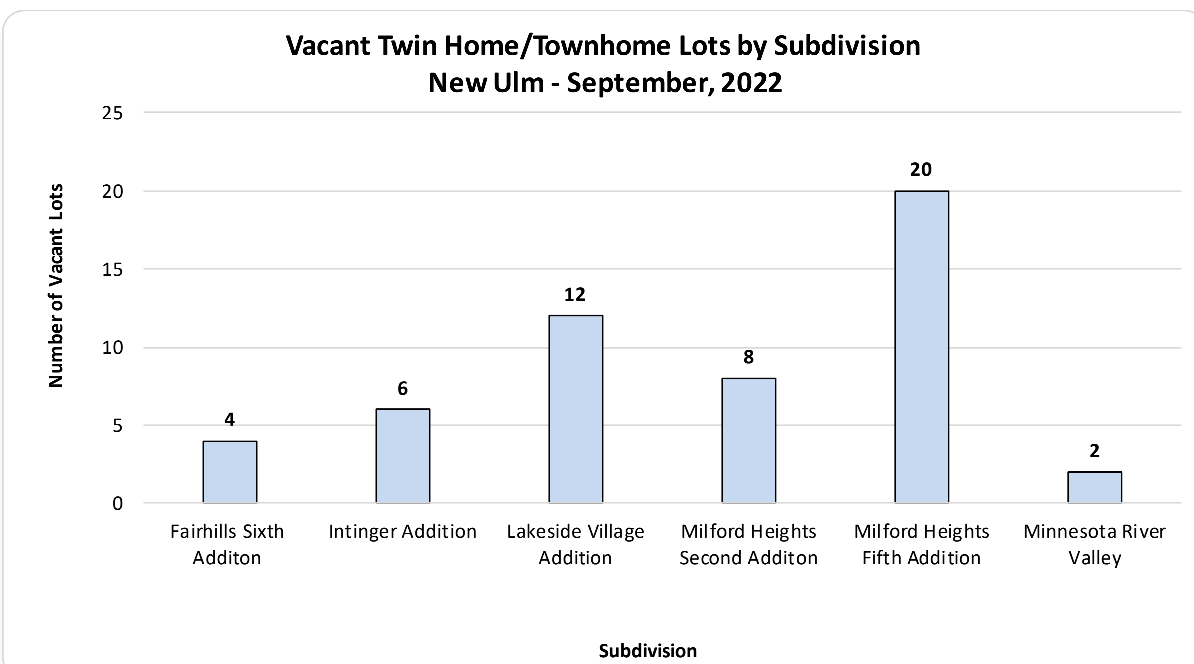
Subdivion	Year Platted	No. of Lots	Vacant/ Avail. Lots	Avg Size of Lots (Acres) Min - Max	Avg.	Avg AsssessedLot/Land Value Min - Max	Avg.	Avg Assessed Home Value Min - Max	Avg.	Comments
Single-Family										
Dacotah West Addition	2007	37	6	0.27 - 1.74	0.44	$39,600 - $86,300	$50,946	$227,600 - $511,300	$315,032	
Fairhills Sixth Addition	2018	29	26	0.27 - 0.66	0.39	$9,900 - $86,200	$61,283	$413,500 - $527,700	$470,600	
Intinger Addition	2018	2	2	n.a. - n.a.	n.a.	$15,900 - $15,900	$15,900	-- - --	--	
North Ridge Addition	2003	8	7	n.a. - n.a.	n.a.	$24,000 - $64,600	$38,388	-- - --	--	
Wech's Second Addition	2006	22	16	0.27 - 0.45	0.29	$18,200 - $50,700	$23,832	$223,400 - $340,300	$258,983	Marketing lots from $64,900 to $74,900
Ridgeview Estates	1980	13	5	n.a. - n.a.	n.a.	$36,600 - $79,800	$62,469	$204,800 - $369,000	$301,883	
Lakeside Village Addition	2005	71	39	0.17 - 3.56	0.34	$900 - $55,300	$28,135	$111,900 - $306,200	$249,648	
Milford Heights Second Additon	2017	8	1	0.25 - 0.31	0.26	$45,000 - $51,400	$46,100	$208,100 - $262,600	$242,340	Lot marketing for $59,900
Milford Heights First Additon	2007	29	3	0.18 - 0.34	0.23	$27,800 - $52,100	$35,869	$135,400 - $260,500	$171,939	Two new homes marketing for $364,900
Subtotal Single Family Homes		**219**	**105**	0.17 - 3.56	0.34	$900 - $86,300	$39,927	$111,900 - $527,700	$285,051	
Townhome/Twinhome/Rowhome										
Fairhills Sixth Additon	2018	4	4	0.15 - 0.15	0.15	$29,000 - $29,400	$29,200	-- - --	--	
Intinger Addition	2018	10	6	n.a. - n.a.	n.a.	$21,200 - $21,200	$21,200	$215,200 - $215,900	$215,550	
Lakeside Village Addition	2005	14	12	0.17 - 0.24	0.18	$25,100 - $37,700	$27,057	$176,700 - $176,700	$176,700	
Milford Heights Second Additon	2017	18	8	0.09 - 0.34	0.17	$18,300 - $57,000	$33,761	$210,800 - $257,800	$241,580	New townhome marketing for $335,000
Milford Heights Fifth Addition	2022	20	20	-- - --	--	-- - --	--	-- - --	--	
Minnesota River Valley	2005	14	2	0.17 - 0.28	0.21	$31,000 - $44,900	$35,950	$222,300 - $318,600	$242,383	
Subtotal Twin and Townhomes		**80**	**52**	0.09 - 0.34	0.18	$18,300 - $57,000	$30,310	$176,700 - $318,600	$220,913	

[1] Lot value and home value based on Brown County Assessor data.

Source: Brown County Assessor, Maxfield Research and Consulting, LLC

- The industry standard for a balanced lot supply for a community is a three- to five-years. This supply of lots is appropriate as it provides adequate consumer choice but minimize developers' carrying costs. Based on the annual absorption over the past decade of single-family lots (19 homes per year) in New Ulm, the lot supply is at the higher end at about 5.5 years to meet new home needs for buyers in the short-term.





Realtor Interviews

Maxfield Research and Consulting interviewed real estate agents and other professionals familiar with New Ulm's owner-occupied market to solicit their impressions of the for-sale housing market throughout the county. Key points are summarized by topic as follows.

- Real estate activity has been strong, but tight in the New Ulm area over the past year. Inventory (i.e. home supply) has generally been low regardless of price point and specifically since the pandemic. As such, home prices have significantly grown, and more affordable entry-level homes have become unaffordable.

- Every single price range was in demand until recently, when fast rising mortgage rates have slowed the market. At the time of this study, there are generally more homes than buyers and about half of active listings have enacted price reductions as buyer activity has fallen with mortgage interest rates approaching 7%.

- At the time of the study, the for-sale housing market is showing signs of weakening as inflation and mortgage rates reached nearly 7% and the Federal Reserve is indicating future rate hikes in 2022 and 2023. Realtors are witnessing homes sitting on the market longer and price reductions which were unheard of over the past year. According to Realtors, the real estate market began slowing when mortgage rates hit 5% and all buyers are being affected.

- There has been some overflow from the Mankato area market into the New Ulm market as the availability of homes are extremely limited.

- Existing home buyers that are locked into low mortgage rates are choosing to remain in their current homes.

- Twin homes and townhomes are popular among older adults and senior households but there is a limited amount of this type available in New Ulm. Townhomes at The Cottages at Orchard Hills have been in high demand and received multiple offers. Currently at Milford Heights Second Addition, a new townhome has an asking price of $335,000.

- New Ulm PMA housing costs are generally defined as follows:

    - Entry-level: less than $200,000
    - Move-up: $275,000 to $400,000
    - Executive: $400k+

- The market over the past few years has seen a wide range of buyers. More families have been looking for homes in New Ulm. Alumni to the college are drawn to the community and are moving back to the area. Former residents are choosing to retire in New Ulm. With working from home becoming more prevalent, Realtors are seeing this group attracted to New Ulm.

Land/Lots

- The current supply of single-family and townhome lots is sufficient enough to meet buyer demand today. Historically, lots sell slowly in New Ulm due to development costs and builder carrying costs.

- A number of subdivisions have been platted since 2018 adding new lots to the market. The majority of lots are quality lots for move-up and executive homes. Absorption rate has continually been "slow and steady" due to the lack of large-scale builders as local builders can only construct few homes per year.

- It is our understanding that most lots in active subdivisions are "open builder" and allow the lot buyer to select the builder of their choice to the subdivision. Builders often buy a few lots at a time to develop as most builders not wanting to develop their own subdivisions as they do not want to take the risk of prolonged absorption.

- City lots generally start around $20,000, but most marketable lots are in the $60,000 to $70,000 range.

New Construction

- All of the homes recently constructed target a move-up buyer as builders cannot economically bring an entry-level home to the market given today's construction and land costs.

- Developers/builders in the area are unwilling to invest money up front to potentially recoup their investment after the lots sell out and the development fills up. Thus, new single-family construction is mostly "build-to-suit," meaning the consumer chooses the floor plan, finishes, etc. Builders are less inclined to build spec construction due to the risk.

- With increasing development and construction cost, new homes are not affordable to the majority of the New Ulm area population.

- All of the builders constructing homes in the New Ulm are local builders/contractors from the area. There are no larger, production builders constructing homes in New Ulm. Hence, there are no economies of scale that can be passed on to home buyers.

Introduction

There are several pending developments currently in the planning process within the City of New Ulm. This section discusses the pending developments, some of which have received preliminary and/or final approvals. The following are brief discussions of pending projects.

Hope Housing Foundation

The Hope Housing Foundation is planning an affordable workforce rental project of up 118 units located at Maplewood Drive and North Highland Avenue. The plan includes eight twin homes (16 units), six row-home style townhomes, and a four-story 96-unit multifamily structure. The Hope Housing Foundation is currently in the process of securing funding for the project.

Marketplatz Mall

EBMD, LLC purchased the Marketplatz Mall with plans to develop market rate multifamily rental apartments. The proposed development will include a 30-unit apartment in phase I with 60 additional units in future phases. Current timing for development at this time would be a construction start of 2023.

Lakeside Village

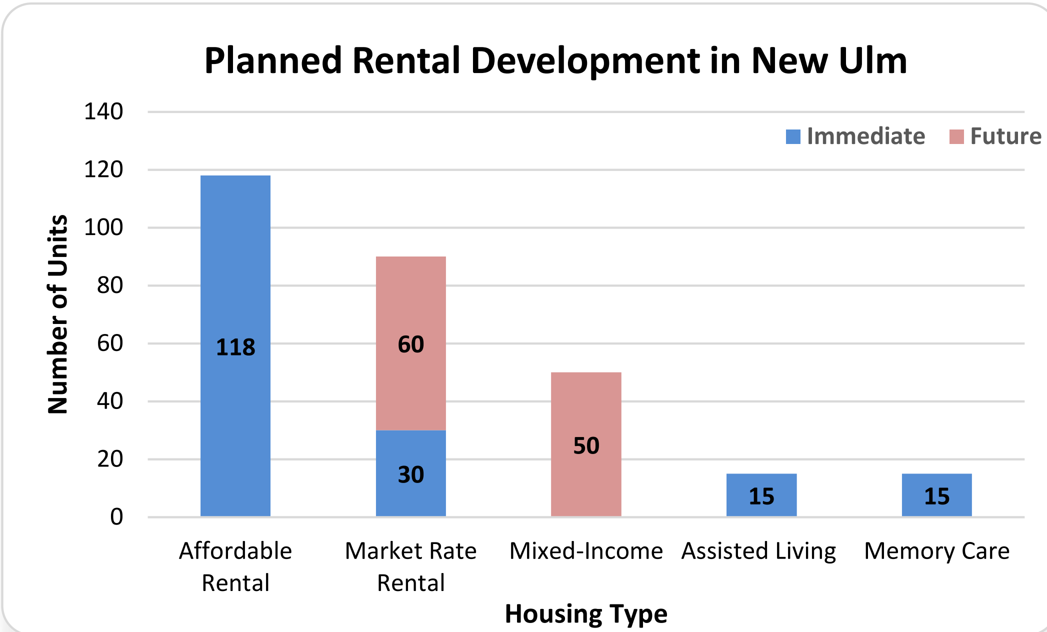
Market rate and affordable rental apartments have been proposed at Boundary Street and Lake Avenue. The development is planned to include a mix of market rate and affordable apartments between 30 to 50 units. Timing of this development is currently unknown as of this study.

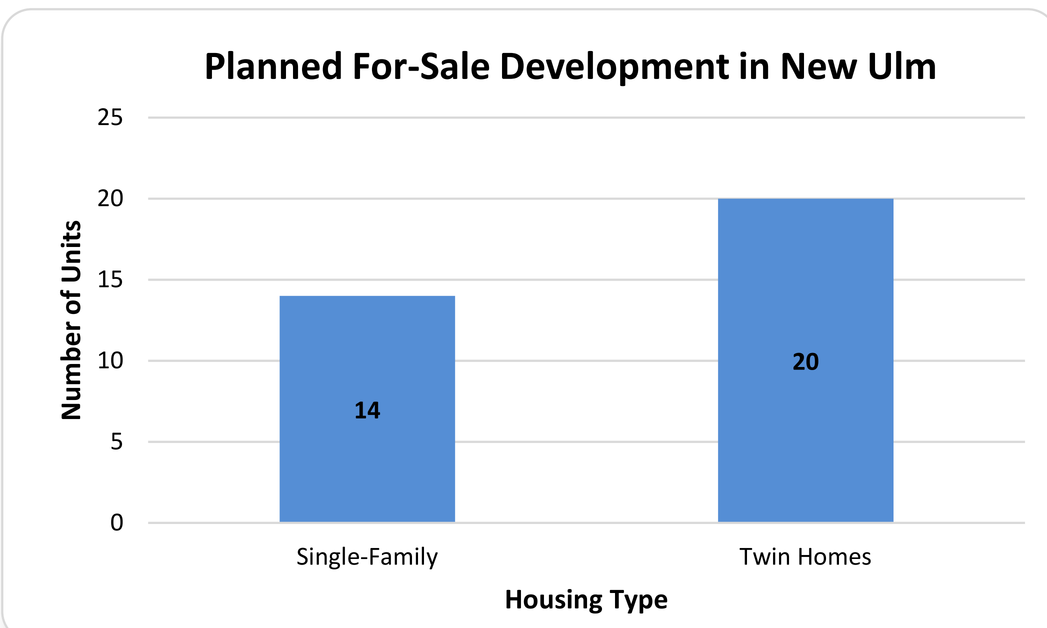
Oak Hills Living Center

The Oak Hills Living Center has proposed to add an additional 15 units of assisted living and 15 memory care units to its current campus. The plan also would include a reconfiguration of the existing 16 studio units into a mix of (4) studio and (12) one-bedroom units to better fill the needs of the current senior market. Due to current construction costs and supply chain issues, the project is currently on hold pending financing. Oak Hills plans to pursue the development but timing is uncertain.

Milford Heights Subdivision

S&P Development is developing additional plats to the Milford Heights subdivision at Pfaender Drive and County Road 27. The additions include the recently platted (March 2022) fifth addition that will consist of 10 twin homes (20 units) and a sixth addition that is yet to be platted with 14 single family homes. Construction of the twin homes and single-family is planned for 2023.


Planned Rental Development in New Ulm
Immediate
Future
Number of Units
140
120
100
80
60
40
20
0
118
60
30
50
15
15
Affordable Rental
Market Rate Rental
Mixed-Income
Assisted Living
Memory Care
Housing Type


Planned For-Sale Development in New Ulm
Number of Units
25
20
15
10
5
0
14
20
Single-Family
Twin Homes
Housing Type

Introduction

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

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

FIGURE 1
AREA MEDIAN INCOME (AMI) DEFINITIONS

Definition	AMI Range
Extremely Low Income	0% - 30%
Very Low Income	31% - 50%
Low Income	51% - 80%
Moderate Income | Workforce Housing	80% - 120%

Note: Brown County 4-person AMI = $87,300 (2022).

Naturally Occurring Affordable Housing (i.e. Unsubsidized Affordable)

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

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

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

Based on the review of New Ulm's housing stock and the inventory of rental properties; we find a substantial portion of the housing stock would be classified as naturally occurring affordable housing.

Rent and Income Limits

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

TABLE HA-1
MAXIMUM RENT BASED ON HOUSEHOLD SIZE AND AREA MEDIAN INCOME
BROWN COUNTY - 2022 (Effective 04/18/22)

			Maximum Rent Based on Household Size (@30% of Income)											
	HHD Size		30%		50%		60%		80%		100%		120%	
Unit Type[1]	Min	Max	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
Studio	1	1	$459	- $459	$765	- $765	$918	- $918	$1,224	- $1,224	$1,530	- $1,530	$1,836	- $1,836
1BR	1	2	$459	- $524	$765	- $874	$918	- $1,049	$1,224	- $1,398	$1,530	- $1,748	$1,836	- $2,097
2BR	2	4	$524	- $655	$874	- $1,091	$1,049	- $1,310	$1,398	- $1,746	$1,748	- $2,183	$2,097	- $2,619
3BR	3	6	$590	- $760	$983	- $1,266	$1,179	- $1,520	$1,572	- $2,026	$1,965	- $2,533	$2,358	- $3,039
4BR	4	8	$655	- $865	$1,091	- $1,441	$1,310	- $1,730	$1,746	- $3,039	$2,183	- $2,883	$2,619	- $3,459

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

Note: Brown County 4-person AMI = $87,300 (2022)

Sources: HUD; Maxfield Research and Consulting, LLC.

Table HA-2 shows the maximum allowable incomes by household size to qualify for affordable housing and maximum gross rents that can be charged by bedroom size in Brown County. These incomes are published and revised annually by the Department of Housing and Urban Development (HUD) and also published separately by the Minnesota Housing Finance Agency based on the date the project was placed into service. Fair market rent is the amount needed to pay gross monthly rent at modest rental housing in a given area. This table is used as a basis for determining the payment standard amount used to calculate the maximum monthly subsidy for families at financially assisted housing.

TABLE HA-2
MHFA/HUD INCOME AND RENT LIMITS
BROWN COUNTY- 2022 (Effective 04/18/22)

	Income Limits by Household Size							
	1 pph	2 phh	3 phh	4 phh	5 phh	6 phh	7 phh	8 phh
30% of median	$18,360	$20,970	$23,580	$26,190	$28,290	$30,390	$32,490	$34,590
50% of median	$30,600	$34,950	$39,300	$43,650	$47,150	$50,650	$54,150	$57,650
60% of median	$36,720	$41,940	$47,160	$52,380	$56,580	$60,780	$64,980	$69,180
80% of median	$48,960	$55,920	$62,880	$69,840	$75,440	$81,040	$86,640	$92,240
100% of median	$61,200	$69,900	$78,600	$87,300	$94,300	$101,300	$108,300	$115,300
120% of median	$73,440	$83,880	$94,320	$104,760	$113,160	$121,560	$129,960	$138,360

	Maximum Gross Rent				
	EFF	1BR	2BR	3BR	4BR
30% of median	$459	$524	$589	$654	$707
50% of median	$765	$873	$982	$1,091	$1,178
60% of median	$918	$1,048	$1,179	$1,309	$1,414
80% of median	$1,224	$1,398	$1,572	$1,746	$1,886
100% of median	$1,530	$1,747	$1,965	$2,182	$2,357
120% of median	$1,836	$2,097	$2,358	$2,619	$2,829

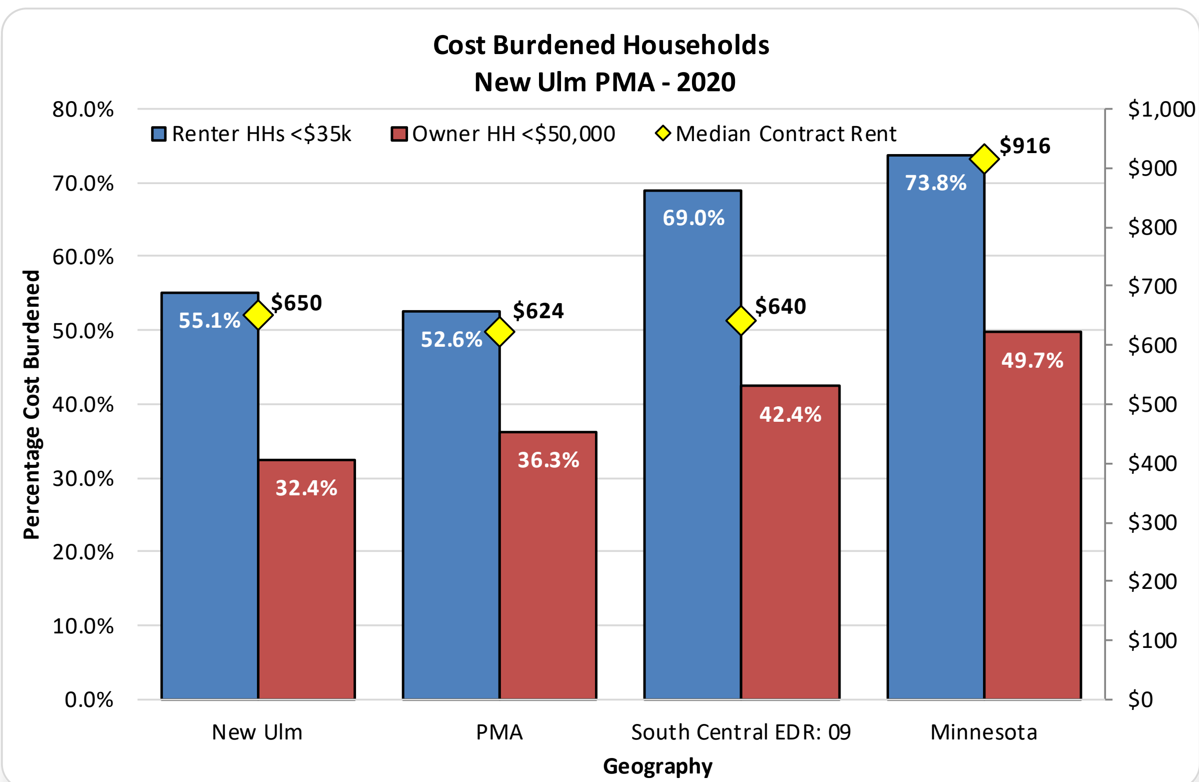
	Fair Market Rent				
	EFF	1BR	2BR	3BR	4BR
Fair Market Rent	$503	$589	$757	$975	$1,215

Sources: HUD; Novogradac; Maxfield Research and Consulting LLC.

Housing Cost Burden

Table HA-3 shows the number and percentage of owner and renter households in New Ulm, the PMA, South Central Minnesota EDR, and the State of Minnesota that pay 30% or more of their gross income for housing. This information was compiled from the American Community Survey 2020 estimates. This information is different than the 2000 Census which separated households that paid 35% or more in housing costs. As such, the information presented in the tables may be overstated in terms of households that may be "cost burdened." The Federal standard for affordability is 30% of income for housing costs. Without a separate break out for households that pay 35% or more, there are likely a number of households that elect to pay slightly more than 30% of their gross income to select the housing that they choose. Moderately cost-burdened is defined as households paying between 30% and 50% of their income to housing; while severely cost-burdened is defined as households paying more than 50% of their income for housing.

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



- Among all owner and renter households, the following percentage of households are estimated to be cost burdened spending 30% or greater of their household incomes:

	Owner	Renter
- **New Ulm**	12%	37%
- **PMA**	13%	33%
- **South Central MN EDR**	17%	42%
- **Minnesota**	18%	43%

- The estimated percentage of cost burdened owner households earning incomes less than \$50,000 and renter households earning less than \$35,000 are as follows:

	Owner <\$50,000	Renter <\$35,000
- **New Ulm**	32%	55%
- **PMA**	36%	53%
- **South Central MN EDR**	42%	69%
- **Minnesota**	50%	74%

- In comparison, all owner and renter households in the City of New Ulm are estimated to be less cost burdened than households in the South Central Minnesota EDR and the State of Minnesota by 5% and 6%, respectively.

- Owner households with incomes under \$50,000 are estimated to be 10% and 18% less cost burdened in New Ulm than the South Central Minnesota EDR and the State of Minnesota, respectively while renter households with incomes less than \$35,000 are estimated to be 14% and 19% less cost burdened.

TABLE HA-3
HOUSING COST BURDEN
NEW ULM PRIMARY MARKET AREA
2020

	New Ulm		PMA		South Central MN EDR*		Minnesota	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Owner Households								
All Owner Households	4,043		6,465		67,996		1,588,611	
Cost Burden 30% or greater	470	11.6%	852	13.2%	11,294	16.6%	284,842	17.9%
Owner Households w/ incomes <\$50,000	1,271		1,881		20,233		377,372	
Cost Burden 30% or greater	412	32.4%	682	36.3%	8,583	42.4%	187,517	49.7%
Renter Households								
All Renter Households	1,593		1,979		25,880		619,377	
Cost Burden 30% or greater	590	37.0%	653	33.0%	10,833	41.9%	265,967	42.9%
Renter Households w/ incomes <\$35,000	720		858		12,815		264,370	
Cost Burden 30% or greater	397	55.1%	451	52.6%	8,848	69.0%	195,122	73.8%
Median Contract Rent[1]	\$650		\$645		\$640		\$916	

[1] Median Contract Rent 2020 (US Census, American Community Survey 5-year estimate)
Note: Calculations exclude households not computed.
*Includes the following nine counties: Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Sibley, Waseca, & Watonwan.
Sources: American Community Survey 2020 estimates; Maxfield Research and Consulting LLC.

Housing Vouchers

In addition to subsidized apartments, "tenant-based" subsidies like *Housing Choice Vouchers,* can help lower income households afford market-rate rental housing. The tenant-based subsidy is funded by the Department of Housing and Urban Development (HUD), and is managed by the New Ulm Economic Development Authority for Brown County. Under the Housing Choice Voucher program (also referred to as Section 8) qualified households are issued a voucher that the household can take to an apartment that has rent levels with Payment Standards. The household then pays approximately 30% of their adjusted gross income for rent and utilities, and the Federal government pays the remainder of the rent to the landlord. The maximum income limit to be eligible for a Housing Choice Voucher is 50% AMI based on household size, as shown in Table HA-2. The following are key points about the Housing Choice Voucher Program in New Ulm.

- The New Ulm EDA administers 127 housing choice vouchers in Brown County at this time; however only 110 vouchers are administered due to lack of funding.

- The EDA has an eligibility preference to local residents for new applicants. Thus, the EDA requires new applicants must have a permanent legal residence in Brown County, employed in Brown County, have children attending school full-time or themselves be enrolled in school full-time in Brown County. This was implemented due to non-local applicants travelling to the area, acquiring a voucher and then porting the voucher back to other communities outside of Brown County.

- The majority of vouchers in Brown County are being used in the City of New Ulm (about 85%) while the remaining vouchers are used in other Brown County communities.

- In Brown County, 95% of all vouchers are being used for apartment style rental units with the other 5% used for single family or townhome style units.

- The EDA owns and manages 10 family rental units that are subsidized through the Public Housing Program. The units are designated for families and are in scattered sites in New Ulm.

- The payment standards for subsidized housing in Brown County is as follows:

Efficiency/Studio	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
$503	$697	$908	$1,155	$1,547

Housing Costs as Percentage of Household Income

Housing costs are generally considered affordable at 30% of a households' adjusted gross income. Table HA-4 on the following page illustrates key housing metrics based on housing costs and household incomes in New Ulm. The table estimates the percentage of New Ulm householders that can afford rental and for-sale housing based on a 30% allocation of income to housing. Housing costs are based on the New Ulm average. The housing affordability calculations assume the following:

For-Sale Housing

- 10% down payment with good credit score
- Closing costs rolled into mortgage
- 30-year mortgage at 6.75% interest rate (up from near 3% at beginning of 2022)
- Private mortgage insurance (equity of less than 20%)
- Homeowners insurance for single-family homes and association dues for townhomes
- Owner household income per 2020 ACS

Rental Housing

- Background check on tenant to ensure credit history
- 30% allocation of income
- Renter household income per 2020 ACS

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

- The median income of all New Ulm PMA households in 2022 was about $76,300. However, the median income varies by tenure. According to the 2020 American Community Survey, the median income of a homeowner is $78,565 compared to $37,052 for renters.

- Approximately 71% of all PMA households and owner households could afford to purchase an entry-level home in New Ulm ($150,000). When adjusting for move-up buyers ($250,000) 43.5% of all households and 45% of owner households would income qualify.

- About 54% of existing renter households can afford to rent a one-bedroom unit in New Ulm ($725/month). The percentage of renter income-qualified households decreases to 50% that can afford an existing three-bedroom unit ($800/month).

- After adjusting for new construction rental housing, the percentage of renters that are income-qualified decreases. About 43% of renters can afford a new market rate one-bedroom unit while 27% can afford a new three-bedroom unit.

TABLE HA-4
NEW ULM HOUSING AFFORDABILITY - BASED ON HOUSEHOLD INCOME

For-Sale (Assumes 10% down payment and good credit)	Single-Family			Townhome/Twinhome		
	Entry-Level	Move-Up	Executive	Entry-Level	Move-Up	Executive
Price of House	$150,000	$250,000	$350,000	$125,000	$200,000	$250,000
Pct. Down Payment	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Total Down Payment Amt.	$15,000	$25,000	$35,000	$12,500	$20,000	$25,000
Estimated Closing Costs (rolled into mortgage)	$4,500	$7,500	$10,500	$3,750	$6,000	$7,500
Cost of Loan	$139,500	$232,500	$325,500	$116,250	$186,000	$232,500
Interest Rate	6.750%	6.750%	6.750%	6.750%	6.750%	6.750%
Number of Pmts.	360	360	360	360	360	360
Monthly Payment (P & I)	-$905	-$1,508	-$2,111	-$754	-$1,206	-$1,508
(plus) Prop. Tax	-$218	-$363	-$508	-$181	-$290	-$363
(plus) HO Insurance/Assoc. Fee for TH	-$50	-$83	-$117	-$100	-$100	-$100
(plus) PMI/MIP (less than 20%)	-$60	-$101	-$141	-$50	-$81	-$101
Subtotal monthly costs	-$1,233	-$2,055	-$2,876	-$1,086	-$1,677	-$2,071
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	$49,310	$82,183	$115,056	$43,425	$67,080	$82,850
Pct. of ALL PMA HHDS who can afford[1]	**71.7%**	**44.9%**	**22.9%**	**76.1%**	**57.5%**	**44.3%**
No. of PMA HHDS who can afford[1]	**10,400**	**6,512**	**3,320**	**11,030**	**8,337**	**6,419**
Pct. of PMA owner HHDs who can afford[2]	**71.1%**	**46.3%**	**25.5%**	**76.7%**	**58.2%**	**45.8%**
No. of PMA owner HHDs who can afford[2]	**7,785**	**5,075**	**2,794**	**8,400**	**6,371**	**5,014**
No. of PMA owner HHDS who cannot afford[2]	**3,167**	**5,877**	**8,158**	**2,552**	**4,581**	**5,938**

Rental (Market Rate)	Existing Rental			New Construction Rental		
	1BR	2BR	3BR	1BR	2BR	3BR
Monthly Rent	$725	$800	$900	$950	$1,100	$1,200
Annual Rent	$8,700	$9,600	$10,800	$11,400	$13,200	$14,400
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	$29,000	$32,000	$36,000	$38,000	$44,000	$48,000
Pct. of ALL PMA HHDS who can afford[1]	**87.1%**	**84.7%**	**81.6%**	**80.1%**	**75.7%**	**72.1%**
No. of PMA HHDS who can afford[1]	**12,621**	**12,277**	**11,826**	**11,612**	**10,969**	**10,454**
Pct. of PMA renter HHDs who can afford[2]	**53.6%**	**50.4%**	**45.8%**	**42.9%**	**34.0%**	**27.0%**
No. of PMA renter HHDs who can afford[2]	**1,900**	**1,788**	**1,624**	**1,520**	**1,207**	**957**
No. of PMA renter HHDS who cannot afford[2]	**1,646**	**1,758**	**1,922**	**2,026**	**2,339**	**2,589**

[1] Based on 2022 household income for ALL households.
[2] Based on 2020 ACS household income by tenure.
Source: Maxfield Research & Consulting, LLC.

Introduction

Maxfield Research & Consulting, LLC was engaged to quantify the demand potential for housing development in the City of New Ulm from 2022 to 2030. Earlier sections of this report examined growth trends and demographic characteristics of the household base, employment trends, housing characteristics, along current and pending housing options in the New Ulm PMA.

This section of the report quantifies demand for general occupancy ownership housing and rental housing (market rate and affordable) from 2022 to 2030, as well as senior housing demand in 2022 and 2027.

Demographic Profile and Housing Demand

The demographic profile of a community affects housing demand and the types of housing that are needed. The various housing life-cycle stages can generally be described as follows.

1. **Entry-level householders**
   - Often prefer to rent basic, inexpensive apartments and will often “double-up” with roommates in apartment setting. Usually singles or couples without children in their early 20's.

2. **First-time homebuyers and move-up renters**
   - Usually married or cohabitating couples in their mid-20's or 30's, some with children, but most are without children that prefer to purchase modestly priced single-family homes or rent more upscale apartments.

3. **Move-up homebuyers**
   - Typically families with children where householders are in their late 30's to 40's and prefer to purchase newer, larger, and therefore more expensive single-family homes.

4. **Empty-nesters (persons whose children have grown and left home) and never-nesters (persons who never have children)**
   - Generally couples in their 50's or 60's that prefer owning but will consider renting their housing and some will move to alternative lower-maintenance housing products.

5. **Younger independent seniors**
   - Prefer owning but will consider renting their housing and will often move (at least part of the year) to retirement havens in the Sunbelt and desire to reduce

their responsibilities for housing upkeep and maintenance. Generally in their late 60's or 70's.

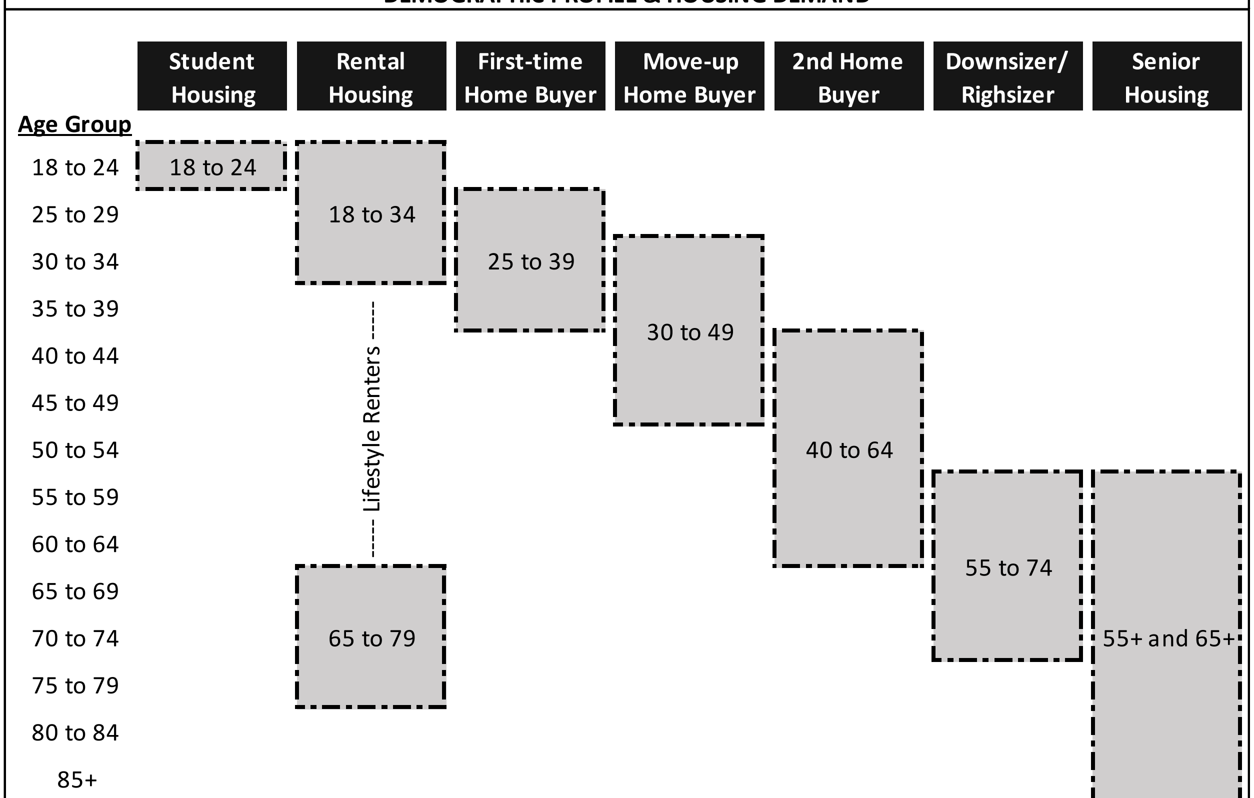
6. **Older seniors**
   - May need to move out of their single-family home due to physical and/or health constraints or a desire to reduce their responsibilities for upkeep and maintenance. Generally single females (widows) in their mid-70's or older.

Demand for housing can come from several sources including household growth, changes in housing preferences, and replacement need. Household growth necessitates building new housing unless there is enough vacant housing available to absorb the increase in households.

Demand is also affected by shifting demographics such as the aging population, which dictates the type of housing preferred. New housing to meet replacement need is required, even in the absence of household growth, when existing units no longer meet the needs of the population and when renovation is not feasible because the structure is physically or functionally obsolete.

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

DEMOGRAPHIC PROFILE & HOUSING DEMAND



Source: Maxfield Research & Consulting, LLC

Rural areas tend to have higher proportions of younger households that own their housing than in the larger growth centers or metropolitan areas. In addition, senior households tend to move to alternative housing at an older age. These conditions are a result of housing market dynamics, which typically provide more affordable single-family housing for young households and a scarcity of senior housing alternatives for older households.

The figure on the following page depicts a summary of life cycle housing product types. Information on typical homes sizes, lot sizes, number of bedrooms and bathrooms, and typical target market are provided. This figure is intended to reflect general characteristics of various housing product types and does not reflect recommendations for new housing development in New Ulm. Development recommendations are presented later in this section of the report.

TYPICAL HOUSING TYPE CHARACTERISTICS

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

Source: Maxfield Research & Consulting, LLC

Housing Demand Overview

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

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

Demographic Trends

Demographic shifts are a significant factor influencing housing demand. Household growth and formation are critical (natural growth, immigration, etc.), as well as household types, size, age of householders, incomes, etc.

Economy & Job Growth

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

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

Consumer Choice

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

Supply (Existing Housing Stock)

The existing housing stock plays a crucial component in the demand for new housing. There are a variety of unique household types and styles, not all of which are desirable to today's consumers. The age of the housing stock is an important component for housing demand, as communities with aging housing stocks have higher demand for remodeling services, replacement new construction, or new home construction as the current inventory does not provide the supply that consumers seek. Pent-up demand may also exist if supply is unavailable as householders postpone a move until new housing product becomes available.

Financing

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

The ability of buyers to obtain mortgage financing has recently been challenging as interest rate hikes in 2022 by the Federal Reserve has decreased affordability for buyers. Although still historically low, rising interest rates combined with rising housing costs has decreased affordability in the 2nd half of 2022.

Mobility

It is important to note that demand is somewhat fluid between New Ulm and the surrounding areas and will be impacted by development activity in nearby areas, including other communities outside of the PMA. Much of the housing demand in a community is generated by the turnover of existing households. Satisfying future demand will be highly dependent on the availability of suitable housing options in the community.

Estimated Demand for For-Sale Housing

Table HD-1 presents our demand calculations for general occupancy for-sale housing in New Ulm between 2022 to 2030.

The 65 and older cohort is typically not a target market for new single-family homes as many of these households will remain in their single-family homes or may relocate to owned multifamily or a senior housing option. For the purpose of this analysis, we include all households under age 65. Using household income by age of householder data, the New Ulm PMA is expected to have no household growth from 2022 to 2030. We estimate that 77% would choose to own their housing, but due to the projected negative growth in households among households under 65, there is not demand from new general occupancy for-sale housing units from 2022 to 2030 from the younger age cohorts.

TABLE HD-1
GENERAL OCCUPANCY FOR-SALE HOUSING DEMAND
NEW ULM PMA
2022 to 2030

DEMAND FROM PROJECTED HOUSEHOLD GROWTH			
Projected household growth in the PMA 2022 to 2030[1]		0	
(times) Propensity to Own[2]	x	77%	
(equals) Number of potential owner households from HH growth	=	**0**	
DEMAND FROM EXISTING OWNER HOUSEHOLDS			
Number of owner households (under age 65) in the PMA, 2022	=	4,528	
(times) Estimated % of owner turnover (age 64 and younger, 2022 to 2030)[3]	x	41%	
(equals) Total existing households projected to turnover between 2022 and 2030	=	1,874	
(times) Estimated % desiring new owner housing	x	10%	
(equals) Demand from existing households	=	187	
Total Demand From Household Growth and Existing Households, 2022 to 2030	**=**	**187**	
(times) Ownership demand generated from outside the PMA	+	20%	
(equals) Total demand potential for ownership housing in the PMA	**=**	**234**	
% of PMA Demand Capturable in the City of New Ulm	x	85%	
Demand from Household Growth and Existing Households in New Ulm	**=**	**199**	
		Single Family	**Multi-family***
(times) Percent desiring for-sale single family (SF) vs. multifamily (MF)[4]	x	75%	25%
(equals) Total demand potential for new for-sale housing in New Ulm	**=**	**149**	**50**

[1] Estimated household growth based per ESRI and Maxfield Research & Consulting, LLC
[2] Pct. Owner households under age 65 in 2022
[3] Based on household turnover and mobility data (2020 American Community Survey, Five Year Estimates).
[4] Based on new construction sales data, building permit data, and growtg projections by age group.
* Multifamily demand includes demand for townhomes, twinhomes, and condominium units.

Source: Maxfield Research & Consulting, LLC

Additional demand is also forecast from existing PMA households through turnover. There are an estimated 4,528 owner-occupied households under 65 in the New Ulm PMA in 2022. Based on mobility data from the Census Bureau, an estimated 41% of owner households will turn over in a nine-year period, resulting in 1,866 existing households projected to turn over. Finally, we estimate 10% of the existing owner households would seek new for-sale housing, resulting in demand for 187 for-sale units to 2030.

Next, we estimate that 20% of the total demand for new for-sale units in the Market Area will come from people currently living outside of the PMA. A portion of this market will be former residents of the area, such as “snow-birds” heading south for the winters and new employees at companies in or near the PMA. Adding demand from outside the PMA to the existing demand potential, results in a total estimated demand for 234 for-sale housing units to 2030. Because New Ulm is the economic driver in the PMA, we estimate 85% of for-sale demand will be captures in New Ulm resulting in demand for 199 for-sale housing units.

Based on land availability, building trends, and demographic shifts (increasing older adult population), we estimate that 75% of the for-sale owners will prefer traditional single-family product types while the remaining 25% will prefer a maintenance-free multi-family product (i.e. twin homes, townhomes, detached townhomes, or condominiums).

We anticipate there will be demand for 149 single-family lots/homes and 50 multifamily lots/units to 2030 in New Ulm.

Estimated Demand for General-Occupancy Rental Housing

Table HD-2 on the following page presents our calculation of general occupancy rental housing demand in the PMA between 2022 and 2030. Factors considered include competitiveness of area rental properties, pending developments, demographic trends and population shifts. Potential rental housing demand is calculated from two categories:

1. From new household growth based on the propensity of households to rent their housing in the PMA; and,

2. From existing households that will remain in the PMA because new product is available, and they value other area amenities including proximity to education, employment, entertainment and recreation.

First, we calculate potential demand from new household growth based on the propensity of households to rent their housing. For this analysis, we focus on households between the ages of 18 and 64 that will account for most general occupancy rental demand. We also include a portion (20%) of the demand potential generated by households age 65 and older, as a segment of this age group that can live independently could be drawn to a new general occupancy rental housing development in the PMA.

TABLE D-2
DEMAND FOR GENERAL OCCUPANCY RENTAL HOUSING
NEW ULM PMA
2022 to 2030

Demand From Household Growth				
Projected household growth in the PMA 2022 to 2030[1]		0		
(times) Proportion Estimated to Be Renting Their Housing[3]	x	27%		
(equals) Projected Demand for Rental Housing Units	=	**0**		
Demand From Existing Households				
Number of renter households in the PMA, 2022[4]	=	1,693		
(times) Estimated % of renter turnover between 2022 & 2030[5]	x	89%		
(equals) Existing Renter Households Projected to Turnover, 2022 to 2030	=	1,510		
(times) Estimated % Desiring New Rental Housing[6]	x	17.5%		
(equals) Demand From Existing Households	=	**264**		
Total Demand From Household Growth and Existing Households		**264**		
(plus) Rental demand from outside the PMA	+	25%		
(equals) Potential Demand for Rental Housing in the PMA (2022 to 2030)	=	**352**		
(times) Percent of PMA Demand Capturable in the City of New Ulm	-	85%		
(equals) Total Demand for Rental Housing in New Ulm	=	**299**		
		Deep Subsidy	**Shallow Subsidy**	**Market Rate**
(times) Percent of rental demand by product type[7]	x	10%	35%	55%
(equals) Total demand for new general occupancy rental housing units	=	**30**	**105**	**165**
(minus) Units under construction or approved*	-	0	112	30
(equals) Excess demand for new general occupancy rental housing	=	**30**	**0**	**135**

1 Projected household growth
3 Pct. Renter households in 2022.
4 Renter households age 64 and younger plus 20% of renter households age 65 and older.
5 Based on household turnover and mobility data (2016-2020 American Community Survey).
6 Source - The Upscale Apartment Market: Trends and Prospects. Prepared by Jack Goodman of Hartrey Advisors for the National Multi Housing Council.
7 Based on a combination of current rental product, income limits, and household incomes of area renters.
*Pending competitive units at 95% occupancy.

Source: Maxfield Research & Consuting, LLC

Next, we calculate the percentage of household growth that will likely rent their housing. The New Ulm PMA is projected to have no household growth over the decade as the population and households for those under the age of 65 are projected to decline. Thus, there is no demand for general occupancy rental housing units in the PMA from future household growth through 2030.

The second part of the analysis calculates demand from existing households, or turnover demand. Younger households tend to be highly mobile, relative to older households. Mobility rates were calculated for the renter population based on American Community Survey data and were applied to the existing renter household base.

As of 2022, there are an estimated 1,686 renter households (age 65 and under, including 20% over 65) in the PMA that comprise the primary market for general occupancy rental housing. Based on household turnover data from the 2020 American Community Survey, we estimate that 89% of these renter households will turn over between 2022 and 2030. This estimate results in anticipated turnover of 1,693 existing households in the PMA by 2030. We then estimate the percentage of the existing renter households that will seek new rental housing (17.5%) resulting in demand for 264 units from turnover by 2030.

Together with demand from projected household growth and turnover, the total demand for rental housing is summarized. Total demand for general occupancy rental housing between 2022 and 2030 is 264 units in the PMA.

Strong demand will also come from households that would move to a rental project in the PMA who currently reside outside the PMA, specifically those households seeking to relocate to the area for employment. We estimate that 25% of the demand potential for rental housing in the PMA would be derived from outside the PMA, increasing demand to 352 units between 2022 and 2030.

Due to factors such as the geographic distribution of the renter population in the PMA along with the location of services (entertainment, shopping, education, etc.), we anticipate that the City of New Ulm can capture 85% of the demand potential in the PMA. Based on this capture rate, we find demand for 299 new general occupancy rental units in New Ulm between 2022 and 2030.

Based on a review of renter household incomes and income limits set by HUD, we estimate that an estimated 10% of the total demand will be for deep-subsidy housing, 35% will be for shallow-subsidy housing and 55% will be for market rate housing. Next, we subtract pending rental projects in the market area. The Hope Foundation is planning 118 affordable housing units with a mix of apartment and townhomes. There is another potential project in Lakeside Village with mixed income units, but it is unclear at this time when and if these buildings will move forward. Thus, we have not included those in our demand.

In total, we estimate that there is demand for 135 market rate rental units, zero shallow-subsidy units due to the planned units that will absorb demand through the decade, and 30 deep-subsidy units in New Ulm between 2022 and 2030.

Short-Term Senior Housing Demand Analysis

Demand Analysis Tables HD-3 through HD-7 on the following pages present our demand calculations for short-term (2022 and 2027) senior housing demand in New Ulm, including market rate active adult demand, affordable and subsidized active adult senior demand, independent living with services available demand, assisted living demand, and memory care demand.

Demand methodology employed by Maxfield Research utilizes capture and penetration rates that blend national senior housing trends with local market characteristics, preferences and patterns. Our demand calculations consider the following target market segments for each product types:

Market Rate Active Adult Rental and Ownership Housing: Target market based includes age 55+ older adult and senior households with incomes of $40,000 or more and senior homeowners with incomes between $35,000 and $39,999.

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

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

Assisted Living Housing: Target market base includes older seniors (age 75+) who would be financially able to pay for private pay assisted living housing (incomes of $40,000 or more and some homeowners with incomes below $40,000). Additional demand for subsidized assisted living is not included in this demand but would result in greater demand for assisted living housing if considered.

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

The demand capturable from outside of the Study Area is lower for senior housing compared with general occupancy due to seniors typically have less mobility and prefer to remain within or near the community they current live in.

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

Market Rate Adult/Few Services Senior Housing Demand

Demand Analysis Table HD-3 presents our demand calculations for market rate active adult/few services housing in New Ulm in 2022 and 2027. The market for active adult/few services housing is comprised of older adult (age 55 to 64), younger senior (age 65 to 74) and older senior (age 75+) households, with market demand weighted most heavily toward older seniors.

In order to arrive at the potential age-, income- and asset-qualified base for active adult housing, we include all age-qualified households with incomes of $40,000 or more plus homeowner households with incomes between $35,000 and $39,999 who would qualify with the proceeds from a home sale. The number of qualifying homeowner households is estimated by applying the appropriate homeownership rate to each age cohort.

We estimate there are 3,643 age-, income- and asset-qualified PMA households that comprise the market for active adult housing in 2022, increasing to 4,020 qualified households in 2027.

- These income qualifications account for the pricing (rent and home values) of existing market rate active adult rental and owner product in the PMA.
- New construction active adult developments would likely be priced higher than much of the existing product, so higher household incomes would be needed to support new active adult housing in the PMA.

Adjusting to include appropriate capture rates for each age cohort (1.5% of households age 55 to 64, 6.5% of households age 65 to 74, and 15.0% of households age 75 and older) results in a demand potential for 222 active adult housing units in 2022 and 274 units in 2027. These capture rates reduce the total number of age/income/asset-qualified households to consider only the portion of older adult and senior households who would be willing, able, and inclined to move to senior housing alternatives, including both owner- and renter-occupied housing.

We estimate that seniors currently residing outside the PMA will generate 15% of the demand for active adult housing – increasing demand to 262 active adult units in 2022. Demand from outside PMA includes parents of adult children living in the area, individuals who live outside the City but have an orientation to the area (i.e. church, doctor), and former residents who desire to return upon retirement.

Demand for market rate active adult/few services housing in the PMA is apportioned between ownership and rental product types. Based on the age distribution of the population, homeownership rates, existing product, and trends for active adult housing products, we project that 50% of the demand will be for owner-occupied active adult housing (131 units), and the remaining 50% of demand will be for active adult rental housing units (131 units) in 2022.

TABLE HD-3
MARKET RATE ACTIVE ADULT/FEW SERVICES HOUSING DEMAND
NEW ULM PMA
2022 & 2027

	2022						2027					
	Age of Householder						Age of Householder					
		55-64		65-74		75+		55-64		65-74		75+
# of Households w/ Incomes of >45,000[1]		1,549		1,217		699		1,418		1,408		869
# of Households w/ Incomes of $35,000 to $39,999[1]	+	46		79		93	+	61		143		199
(times) Homeownership Rate	x	85%		92%		71%	x	85%		92%		71%
(equals) Total Potential Market Base	=	1,588		1,290		765	=	1,470		1,540		1,011
(times) Potential Capture Rate	x	1.5%		6.5%		15.0%	x	1.5%		6.5%		15.0%
(equals) Demand Potential	=	24		84		115	=	22		100		152
Potential Demand from PMA Residents			=	**222**					=	**274**		
(plus) Demand from Outside PMA (15%)[2]			+	39					+	48		
(equals) Total Demand Potential			=	**262**					=	**322**		
		Owner				Renter		Owner				Renter
(times) % by Product Type	x	50%			x	50%	x	50%			x	50%
(equals) Demand Potential by Product Type	=	131			=	131	=	161			=	161
(minus) Existing and Pending MR Active Adult Units[3]	-	30			-	85	-	30			-	85
(equals) Excess Demand for MR Active Adult Units	=	**101**			=	**46**	=	**131**			=	**76**
(times) Percent capturable in New Ulm	x			80%			x			80%		
(equals) # of units supportable in New Ulm	=	**81**				**37**	=	**105**				**61**

[1] 2027 calculations define income-qualified households as all households with incomes greater than $45,000 and homeowner households with incomes between $40,000 and $44,999.
[2] We estimate that roughly 15% of demand will come from outside of the Study Area.
[3] Existing and pending units are deducted at market equilibrium (95% occupancy).

Source: Maxfield Research & Consulting, LLC

From the demand potential, we subtract existing and pending active adult units in the Study Area at 95% occupancy. We identified one market rate active adult ownership projects and two market rate rental projects, totaling 121 units. Overall, we subtract 30 competitive ownership units and 85 competitive rental units from the 2022 demand potential after accounting for a 5% vacancy rate.

We would then incorporate pending active adult units in the PMA and subtract the total from the 2027 demand potential, however, we did not identify any market rate active adult projects planned or under construction in PMA.

In total, we find excess demand for 101 market rate active adult ownership units and 46 market rate active adult rental units in 2022. Adjusting for inflation, we estimate that households with incomes of $45,000 or more and homeowners with incomes of $40,000 to $44,999 would be candidates for active adult housing in 2027. Following the same methodology, we project that excess demand will increase to 131 market rate active adult ownership units and 76 market rate active adult rental units by 2027.

Due to factors such as the geographic distribution of the senior population in the PMA along with the location of services (medical, religious, retail, etc.) in the PMA, we anticipate that the City of New Ulm can capture 80% of the excess demand potential in the PMA. Based on this capture rate, we find demand for 81 market rate active adult owner-occupied units and 37 market rate rental units in New Ulm in 2022, increasing to 105 ownership units and 61 rental units in 2027.

Affordable/Subsidized Active Adult Senior Housing Demand

Table HD-4 on the following page presents our demand calculations for affordable (shallow-subsidy and deep-subsidy) active adult/few services senior housing in New Ulm in 2022 and in 2027. While the methodology used to calculate demand for affordable housing closely mirrors the methodology used to calculate demand for market rate housing, we make adjustments to more precisely quantify demand among this market segment.

- **Income-Qualifications**: In order to arrive at the potential age and income-qualified base for low-income and affordable housing, we include all senior households age 55 and older that qualify for the income guidelines for two-person households in 2022. Households earning between 30% and 60% of AMI are generally candidates for shallow-subsidy housing, while households earning less than 30% AMI are typically a market for deep-subsidy housing. The income-restriction in Brown County for a two-person household at 30% AMI is $20,970 and the income-restriction for a two-person household at 60% AMI is $34,950.

- **Capture Rates**: Households in a need-based situation (either requiring services or financial assistance) more readily move to housing alternatives than those not in need-based situations. Based on our experience in market feasibility for affordable and subsidized senior housing, along with our analysis of demographic and competitive market factors in the PMA, we apply a conservative 15% capture rate to the age/income-qualified market to arrive at a total potential demand in the PMA.

Using the methodology described above results in a demand potential for a total of 114 affordable (shallow-subsidy and deep-subsidy) active adult housing units in 2022. An additional proportion is added for senior households that would move into affordable active adult housing in the PMA who currently reside outside of the PMA. We estimate that seniors currently residing outside the PMA will generate 20% of the demand for shallow/deep-subsidy active adult senior housing, increasing demand to 142 units.

Based on the existing and projected distribution of households with incomes below $35,000, we estimate the proportion of demand for shallow-subsidy and deep-subsidy units. We estimate that 40% of the demand will be for deep-subsidy units and 60% will be for shallow-subsidy units. In total, we estimate that there is total demand for 57 deep-subsidy units and 85 shallow-subsidy units in 2022.

Next, we subtract existing competitive units. We identified two, deep-subsidy projects in the PMA with a total of 46 units. There are no shallow-subsidy rental developments in the PMA. Overall, we subtract 45 deep-subsidy units from the demand potential after accounting for a 3% vacancy rate, resulting in excess demand for 12 deep-subsidy units and 85 shallow-subsidy units in 2022.

TABLE HD-4
AFFORDABLE AND SUBSIDIZED ACTIVE ADULT/FEW SERVICES SENIOR HOUSING DEMAND
NEW ULM PMA
2022 & 2027

		2022				2027		
		Age of Householder				Age of Householder		
		55-64	65-74	75+		55-64	65-74	75+
# of Households w/ Incomes of <$35,000[1]		236	284	643		184	325	713
Less Households w/ Incomes of $25,000 to $35,000[1]	-	91	136	286	-	65	138	245
(times) Homeownership Rate	x	85%	92%	71%	x	85%	92%	71%
(equals) Total Potential Market Base by Age	=	159	159	439	=	129	198	539
(equals) Total Potential Market Base	=		757		=		865	
(times) % of Seniors Needing/Desiring Affordable/Sub. Hsg		x	15%			x	15%	
(equals) Potential Demand from PMA Residents		=	114				130	
(plus) Demand from Outside PMA (20%)		+	28			+	32	
(equals) Total Demand Potential		=	142			=	162	
Product (Subsidy) Type		Deep-Subsidy		Shallow-Subsidy		Deep-Subsidy		Shallow-Subsidy
(times) % by Product Type	x	40%	x	60%	x	40%	x	60%
(equals) Demand Potential by Product Type	=	57	=	85	=	65	=	97
(minus) Existing and Pending Affordable/Subsidized Units[2]	-	45	-	0	-	45	-	0
(equals) Excess Demand for Affordable Units	=	**12**	=	**85**	=	**20**	=	**97**
(times) Percent that could be captured in New Ulm	x		80%		x		80%	
(equals) Excess affordable/subsidized demand in New Ulm	=	**9**		**68**	=	**16**		**78**

[1] 2027 calculations adjusted for inflation (1.0% annually). Homeowner households with incomes between $30,000 and $40,000 are excluded from the market potential for financially-assisted housing.

[2] Existing units are deducted at market equilibrium, or 95% occupancy.

Source: Maxfield Research & Consulting, LLC

To calculate demand in 2027, we increase the income-qualifications to account for inflation and would incorporate pending affordable senior housing units. We did not identify any affordable senior housing developments under construction or approved in the PMA.

Following the same methodology as outlined above for 2022, excess demand is projected to climb to 20 deep-subsidy units and 97 shallow-subsidy units in the PMA in 2027.

Due to factors such as the geographic distribution of the senior population in the PMA along with the location of services (medical, religious, retail, etc.) in the PMA, we anticipate that the City of New Ulm can capture 75% of the excess demand potential in the PMA. Based on this capture rate, we find demand for 9 deep-subsidy units and 68 shallow-subsidy units in New Ulm in 2022, growing to 16 deep-subsidy units and 78 shallow-subsidy units in 2027.

Demand for Independent Living (Congregate) Senior Housing

Demand Analysis Table HD-5 on the following page presents our demand calculations for independent living senior housing with some services available (congregate) in New Ulm in 2022 and 2027. This analysis focuses on the potential private pay/market rate demand for independent living units in the City.

In order to arrive at the potential age-income qualified base for independent (congregate) senior housing, we include all senior households with incomes of $40,000 or more and homeowners with incomes between $35,000 and $40,000 who would qualify with the proceeds from a home sale (this proportion was estimated based on the homeownership rates for each age cohort).

Senior householders with incomes of $40,000 allocating 65% of their income toward base housing cost could afford beginning rents of approximately $2,170. Householders with incomes of $35,000 allocating 65% of their income toward rent and using the proceeds from an older home sold at the median sale price in the City ($196,900) could afford rents of about $2,205 per month.

- We estimate the number of age/income/asset-qualified households in the PMA to be 2,245 households in 2022, increasing to 2,550 households in 2027.

Demand for independent living senior housing is need-driven, which reduces the qualified market to only the portion of seniors who need some assistance. Thus, the age/income-qualified base is multiplied by the percentage of seniors who need some assistance with at least three Instrumental Activities of Daily Living (IADLs) , but not six or more Activities of Daily Living (ADLs) and IADLs, as these frailer seniors would need the level of care found in service-intensive assisted living.

According to the Summary Health Statistics of the U.S. Population: National Health Interview Survey, 2007 (conducted by the U.S. Department of Health and Human Services), the percentage of seniors having limitation in ADLs (bathing, dressing, toileting, transferring, eating) and IADLs (using the telephone, shopping, food preparation, housekeeping, laundry, transportation, taking medication, handling finances) are as follows:

Limitation in ADLs & IADLs

Age	ADLs	IADLs
65-74 years	3.3%	6.3%
75+ years	11.0%	20.0%

It is most likely that seniors who need assistance with ADLs also need assistance with multiple IADLs and are more likely to be candidates for service-intensive assisted living. The prime candidates for independent living are seniors needing assistance with IADLs, but not ADLs.

We derive the capture rate for independent living housing by subtracting the percentage of seniors needing assistance with ADLs from those needing assistance with IADLs, which equates to 3.0% of seniors age 65 to 74 and 9.0% of seniors age 75+.

TABLE HD-5
INDEPENDENT LIVING (CONGREGATE) DEMAND
NEW ULM PMA
2022 & 2027

	2022			2027		
		Age of Householder			Age of Householder	
		65-74	75+		65-74	75+
# of Householders w/ Incomes of $40,000+ in 2022 / $45K in 2027		1,217	699		1,408	869
(plus) HHs w/ Incomes of $30K-$40K in '22 & $35K-$45K in '27		136	286		143	199
(times) Homeownership Rate	x	92%	71%	x	92%	71%
(equals) Potential Market	=	125	204	=	132	142
(equals) Total Potential Market Base	=	1,342	903	=	1,540	1,011
(times) Potential Capture Rate of Independent Living Demand[1]	x	1.5%	13.5%	x	1.5%	13.5%
(equals) Potential Demand	=	20	+ 122	=	23	+ 136
Total Local Demand Potential	=	142		=	160	
(plus) Demand from Outside the Study Area (15%)	+	25		+	28	
(equals) Total Demand Potential	**=**	**167**		**=**	**188**	
(minus) Existing & Pending Competitive Units[2]	-	0		-	0	
(equals) Excess Independent Demand Potential	**=**	**167**		**=**	**188**	
(times) Percent capturable in New Ulm	x	80%		x	80%	
(equals) # of Units Supportable in New Ulm	**=**	**127**		**=**	**143**	

[1] The potential capture rate is derived from data from the Summary Health Statistics for the U.S. Population: National Health Interview Survey, 2007 by the U.S. Department of Health and Human Services. The capture rate used is the percentage of seniors needing assistance with IADLs, but not ADLs (seniors needing assistance with ADLs typcially need assistance with multiple IADLs and are primary candidates for service-intensive assisted living.).

[2] Competitive existing and pending units at 95% occupancy (market equilibrium).

Source: Maxfield Research & Consulting, LLC

For the purposes of this report and understanding that many seniors do not view senior housing as an alternative retirement destination but a supportive living option only when they can no longer live independently, we have reduced the potential capture rates for the 65 to 74 age group to 1.5% while increasing the capture rate of the 75 and older age group to 13.5%.

- Multiplying the senior household base by these capture rates results in demand potential for 142 independent living units in 2022 and 160 units in 2027.

We estimate that seniors currently residing outside the PMA will generate 15% of the demand for independent senior housing – increasing total demand by 25 units in 2022. This demand consists primarily of parents of adult children living in the New Ulm, individuals who live just outside the PMA and have an orientation to the area, retirees who wish to relocate, and former residents who want to return upon retirement.

Together, the demand from PMA seniors and demand from seniors who would relocate to the area totals 167 independent living units in 2022 remaining at 188 units in 2027.

Next, existing and pending independent living units are subtracted from overall demand. There are no designated independent living developments in the PMA. While New Ulm has four projects that offer units for independent residents, these properties market as assisted living facilities and target residents with higher need of help with ADL's. Thus we do not subtract any competitive units from the 2022 demand potential. We also did not identify any planned or pending developments in the PMA through 2027.

Without any independent living developments in the PMA, excess demand remains for 167 independent living units in the PMA in 2022 with demand increasing slightly by 2027 to 188 units.

Due to factors such as the geographic distribution of the senior population in the PMA along with the location of services (medical, religious, retail, etc.) in the PMA, we anticipate that the City of New Ulm can capture 80% of the excess demand potential in the PMA. Based on this capture rate, we find demand for 127 congregate units in New Ulm in 2022, increasing to 143 congregate units in 2027.

Demand for Assisted Living Senior Housing

Demand Analysis Table HD-6 presents our demand calculations for assisted living housing in New Ulm in 2022 and 2027. This analysis focuses on the potential *private pay/market rate* demand for assisted living units in the City.

The availability of more intensive support services such as meals, housekeeping and personal care at assisted living facilities usually attracts older, frailer seniors. According to the 2009 Overview of Assisted Living (which is a collaborative research project by the American Association of Homes and Services for the Aging, the American Seniors Housing Association, National Center for Assisted Living, and National Investment Center for the Seniors Housing and Care Industry), the average age of residents in freestanding assisted living facilities was 87 years in 2008.

Hence, the age-qualified market for assisted living is defined as seniors ages 75 and over, as we estimate that of the half of demand from seniors under age 87, almost all would be over age 75. In 2022, there are an estimated 2,114 seniors ages 75 and over in the PMA, and we project that this number will increase to 2,417 in 2027.

Demand for assisted living housing is need-driven, which reduces the qualified market to only the portion of seniors who need assistance. According to a study completed by the Centers for Disease Control and the National Center for Health Statistics (Health, United States, 1999 Health and Aging Chartbook), about 35% of seniors needed assistance with everyday activities (from 25.5% of 75-to-79-year-olds, to 33.6% of 80-to-84-year-olds and 51.6% of 85+ year-olds).

Applying these percentages to the senior population yields a potential assisted living market of an estimated 764 seniors in the PMA in 2022 and 850 seniors in 2027.

TABLE HD-6
MARKET RATE ASSISTED LIVING DEMAND
NEW ULM PMA
2022 & 2027

	2022				2027		
Age group	People	Percent Needing Assistance[1]		Number Needing Assistance[1]	People	Percent Needing Assistance[1]		Number Needing Assistance[1]
75 - 79	866	25.5%		**221**	1,040	25.5%		**266**
80 - 84	564	33.6%		**190**	705	33.6%		**237**
85+	684	51.6%		**353**	672	51.6%		**347**
Total	**2,114**			**764**	**2,417**			**850**
(times) Percent Income-Qualified[2]			x	58%			x	59%
Total potential market				447				506
(times) Percent living alone			x	53%			x	53%
(equals) Age/income-qualified singles needing assistance			=	236			=	267
(plus) Proportion of demand from couples (12%)[3]			+	31			+	35
(equals) Total age/income-qualified market needing assistance			=	267			=	302
(times) Potential penetration rate[4]			x	40%			x	40%
(equals) Potential demand from PMA residents			=	108			=	122
(plus) Proportion from outside the PMA (20%)			+	27			+	31
(equals) Total potential assisted living demand			**=**	**135**			**=**	**153**
(minus) Existing market rate assisted living units[5]			-	130			-	143
(equals) Total excess market rate assisted living demand			**=**	**5**			**=**	**10**
(times) Percent that could be captured in New Ulm			x	80%			x	80%
(equals) Excess market rate assisted living demand in New Ulm			**=**	**4**			**=**	**8**

[1] The percentage of seniors unable to perform or having difficulting with ADLs, based on the publication Health, United States, 1999 Health and Aging Chartbook, conducted by the Centers for Disease Control and Prevention and the National Center for Health Statistics.

[2] Includes households with incomes of $40,000 or more (who could afford monthly rents of $3,000+ per month) plus 40% of the estimated owner households with incomes below $40,000 (who will spend down assets, including home-equity, in order to live in assisted living housing).

[3] The 2009 Overview of Assisted Living (a collaborative project of AAHSA, ASHA, ALFA, NCAL & NIC) found that 12% of assisted living residents are couples.

[4] We estimate that 60% of the qualified market needing assistance with ADLs could either remain in their homes or reside at less advanced senior housing with the assistance of a family member or home health care, or would need greater care provided in a skilled care facility.

[5] Existing and pending units at 93% occupancy.

Source: Maxfield Research & Consulting, LLC

Due to the supportive nature of assisted living, most daily essentials are included in monthly fees which allow seniors to spend a higher proportion of their incomes on housing with basic services. Therefore, the second step in determining the potential demand for assisted living is to identify the income-qualified market based on a senior's ability to pay the monthly rent. We consider seniors in households with incomes of $40,000 or greater to be income-qualified for assisted living senior housing in the Study Area. Households with incomes of $40,000 could afford monthly assisted living fees of $3,000 by allocating 90% of their income toward the fees. According to the 2009 Overview of Assisted Living, the average arrival income of assisted living residents in 2008 was $27,260, while the average annual assisted living fee was $37,281 ($3,107/month). Beginning fee for studio and one-bedroom assisted living units typically costs about $3,500 per month. This data highlights that seniors are spending down assets to live in assisted living and avoid institutional care. Thus, in addition to households with incomes of $40,000 or greater, there is a substantial base of senior households with lower incomes who income-qualify based on assets – their homes, in particular.

An estimated 71% of age 75 and older households in the PMA are homeowners and the estimated median sale price for older homes in New Ulm was $196,900 through September 2022. Seniors selling their homes for the median price would generate roughly $185,100 in proceeds after selling costs.

- With a monthly fee of $3,500 for an assisted living unit and services, the proceeds of a home sale would last about 4.5 years (53 months) in assisted living housing, which is longer than the average length of stay in assisted living (20 months according to the 2009 Overview of Assisted Living).

For the age groups in the following table, we estimate the income-qualified percentage to be all seniors in households with incomes at or above $40,000 (who could afford monthly rents of $3,500+ per month) plus 40% of the estimated seniors in owner households with incomes below $40,000 (who will spend down assets, including home-equity, to live in assisted living housing). This results in a total potential market for 447 units from the PMA as of 2022.

Because the vast majority of assisted living residents are single (88% according to the 2009 Overview of Assisted Living), our demand methodology multiplies the total potential market by the percentage of seniors age 75 and older in the PMA living alone, or 53% based on Census data. This results in a total base of 236 age/income-qualified singles. The 2009 Overview of Assisted Living found that 12% of residents in assisted living were couples. Including couples results in a total of 267 age/income-qualified seniors needing assistance in the PMA in 2022.

We estimate that 60% of the qualified market needing significant assistance with ADLs could either remain in their homes or less service-intensive senior housing with the assistance of a family member or home health care or would need greater care provided in a skilled care facility. The remaining 40% could be served by assisted living housing. Applying this market penetration rate of 40% results in demand for 108 assisted living units in 2022.

A portion of demand for assisted living units in the PMA (20%) will come from outside the PMA. This secondary demand includes seniors currently living just outside the PMA, former residents, and parents of adult children who desire supportive housing near their adult children. Applying this figure results in total potential demand for 135 assisted living units in 2022.

Next, existing assisted living units are subtracted from overall demand. There are five existing facilities in the City with a total of 178 assisted living units. However, we adjust the number of by excluding estimated units occupied by low-income seniors utilizing Elderly Waivers (20%). After subtracting the existing units (minus 20% EW and a 7% vacancy factor) from the total demand equals excess demand potential for 5 assisted living units in the PMA in 2022.

We then incorporate pending assisted living units into our demand projections for 2027. There are 15 planned or pending assisted living units at Oak Hills Living Center identified in the PMA. Even with these additional units, demand increases to 10 assisted living units by 2026.

Due to factors such as the geographic distribution of the senior population in the PMA along with the location of services (medical, religious, retail, etc.) in the PMA, we anticipate that the City of New Ulm can capture 80% of the excess demand potential in the PMA. Based on this capture rate, we find demand for four assisted living units in New Ulm in 2022, remaining stable at eight assisted living units in 2027.

Demand for Memory Care Senior Housing

Demand Analysis Table HD-7 on the following page presents our demand calculations for memory care housing in the PMA in 2022 and 2027. Demand is calculated by starting with the estimated senior (ages 65+) population in 2022 and multiplying by the incidence rate of Alzheimer's/dementia among the age cohorts in this population. This yields a potential market of 568 seniors in the PMA. We anticipate that this number will climb to 625 in 2027.

According to data from the National Institute of Aging, about 25% of all individuals with memory care impairments are a market for memory care housing units. This figure considers that seniors in the early stages of dementia will be able to live independently with the care of a spouse or other family member, while those in the latter stages of dementia will require intensive medical care that would only be available in skilled care facilities. Applying this figure to the estimated population with memory impairments yields a potential market of 142 seniors in the New Ulm in 2022 and 625 seniors in 2027.

Because of the staff-intensive nature of dementia care, typical monthly fees for this type of housing start at about $4,500. Although some of the seniors will have high monthly incomes, most will be willing to spend down assets and/or receive financial assistance from family members to afford memory care housing.

Based on our review of senior household incomes in the PMA, homeownership rates, and home sale data, we estimate that 40% of all seniors in the PMA have incomes and/or assets to sufficiently cover the costs for memory care housing. This figure takes into account married couple households where one spouse may have memory care needs and allows for a sufficient income for the other spouse to live independently.

TABLE HD-7 MEMORY CARE DEMAND NEW ULM PMA 2022 & 2027				
		2022		2027
65 to 74 Population		2,537		2,861
(times) Dementia Incidence Rate[1]	x	5%	x	5%
(equals) Estimated Senior Pop. with Dementia	=	134	=	152
75 to 84 Population		1,430		1,745
(times) Dementia Incidence Rate[1]	x	14%	x	14%
(equals) Estimated Senior Pop. with Dementia	=	197	=	241
85+ Population		684		672
(times) Dementia Incidence Rate[1]	x	35%	x	35%
(equals) Estimated Senior Pop. with Dementia	=	237	=	233
(equals) Total Population with Dementia		**568**		**625**
(times) Percent Needing Specialized Memory Care Assistance	x	25%		25%
(equals) Total Need for Dementia Care	=	142	=	156
(times) Percent Income/Asset-Qualified[2]	x	40%	x	42%
(equals) Total Income-Qualified Market Base in the Study Area	=	56	=	65
(plus) Demand from Outside the Study Area (20%)	+	14	+	16
Total Demand for Memory Care Units		**70**		**82**
(minus) Existing and Pending Memory Care Units[3]	-	34	-	45
(equals) Excess Memory Care Demand Potential in New Ulm	**=**	**36**	**=**	**37**
(times) Percent capturable in New Ulm	x	80%	x	80%
(equals) Number of Units Supportable in Iowa Falls	**=**	**29**	**=**	**29**

¹ Alzheimer's Association: Alzheimer's Disease Facts & Figures (2021)
² Income greater than $60,000 in 2022 and greater than $65,000 in 2027, plus some lower-income homeowners.
³ Existing and pending units at 93% occupancy, minus units estimated to be occupied by Elderly Waiver residents.

Source: Maxfield Research & Consulting, LLC

Multiplying the potential market (142 seniors) by 40% results in a total of 56 income-qualified seniors in the PMA in 2022. We estimate that 20% of the overall demand for memory care housing would come from outside the PMA, for a total demand of 70 units in 2022.

Next, existing memory units are subtracted from overall demand. There is four existing facilities in the PMA with a total of 46 memory care units. However, we adjust the number of by excluding estimated units occupied by low-income seniors utilizing Elderly Waivers. After subtracting the existing units (minus EW and a 7% vacancy factor) from the total demand equals excess demand potential for 36 memory care units in New Ulm in 2022.

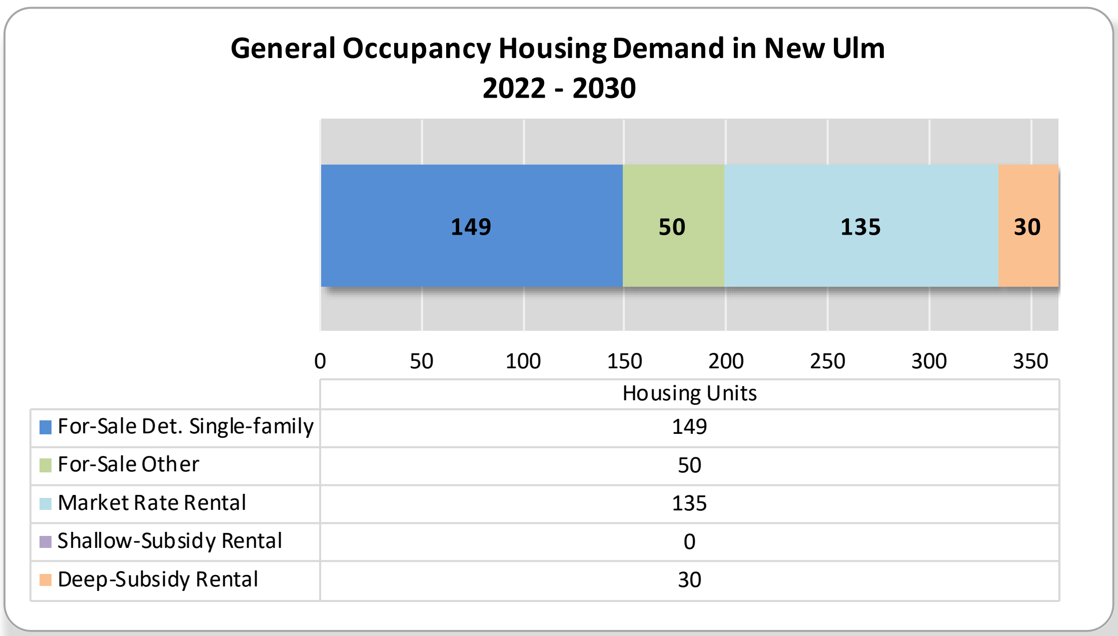
We then incorporate pending memory care units into our demand projections for 2027. We did identify 15 units planned by Oak Hills Living Center in the PMA. Although there are additional units planned, demand remains relatively stable increasing slightly to 37 memory care units by 2027.

Due to factors such as the geographic distribution of the senior population in the PMA along with the location of services (medical, religious, retail, etc.) in the PMA, we anticipate that the City of New Ulm can capture 80% of the excess demand potential in the PMA. Based on this capture rate, we find demand for 29 memory care units in New Ulm in 2022, remaining at 29 units in 2027.

New Ulm Demand Summary

Table HD-8 on the following page along with the following charts illustrate calculated demand by product type. Housing demand is comprised of several components, including projected household growth, turnover, pent-up demand (i.e. below equilibrium rental housing vacancy rates), and replacement needs (housing functionality or physically obsolete units).

In total, we find demand to support 364 general occupancy housing units between 2022 and 2030, including, 199 for-sale units, including 149 detached single-family units and 50 other for-sale units which includes products such as attached single-family (townhomes, twin homes) and condominiums. We also find demand for 243 rental units (135 market rate units and 30 deep-subsidy units). All shallow-subsidy demand will be absorbed by the Hope Foundation proposed development.



We also found excess demand for a total of 440 senior housing units in 2027, including 166 market rate active adult units, 94 affordable active adult units (shallow-subsidy and deep-subsidy), and 180 service-enhanced units. The growing older adult and senior population should sustain long-term demand for active adult and service-enhanced senior housing alternatives in New Ulm through 2027.

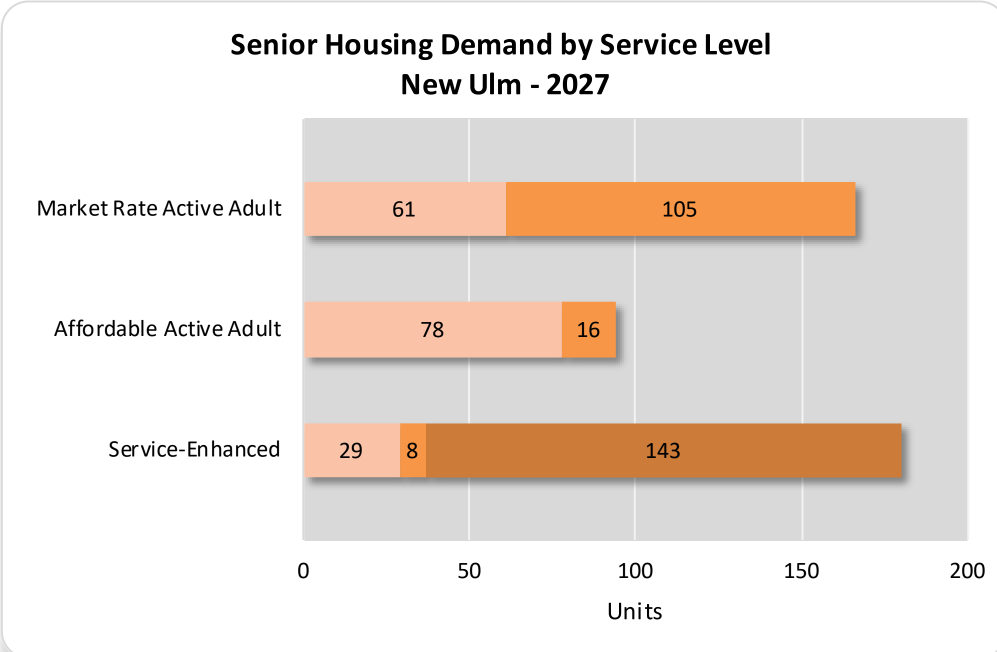


TABLE HD-8
HOUSING DEMAND SUMMARY
CITY OF NEW ULM
October 2022

General Occupancy Housing Demand 2022 to 2030	
For-Sale Units	**199**
Detached Single-Family	149
Other Owned General Occupancy Units*	50
*Attached single-family (i.e. townhomes, twin homes),	
General Occupancy Rental Units	**165**
Market Rate	135
Shallow-Subsidy^	0
Deep-Subsidy^	30
Total General Occupancy Housing Units	**364**

Senior Housing Demand 2022 and 2027	Short-Term	
	2022	**2027**
Market Rate Active Adult	**118**	**166**
Owner-Occupied	81	105
Renter-Occupied	37	61
Subsidized Active Adult	**77**	**94**
Deep-Subsidy^	9	16
Shallow-Subsidy^	68	78
Service-Enhanced Senior Housin	**160**	**180**
Independent Living w/ Service	127	143
Assisted Living	4	8
Memory Care	29	29
Total Senior Housing Units	**355**	**440**

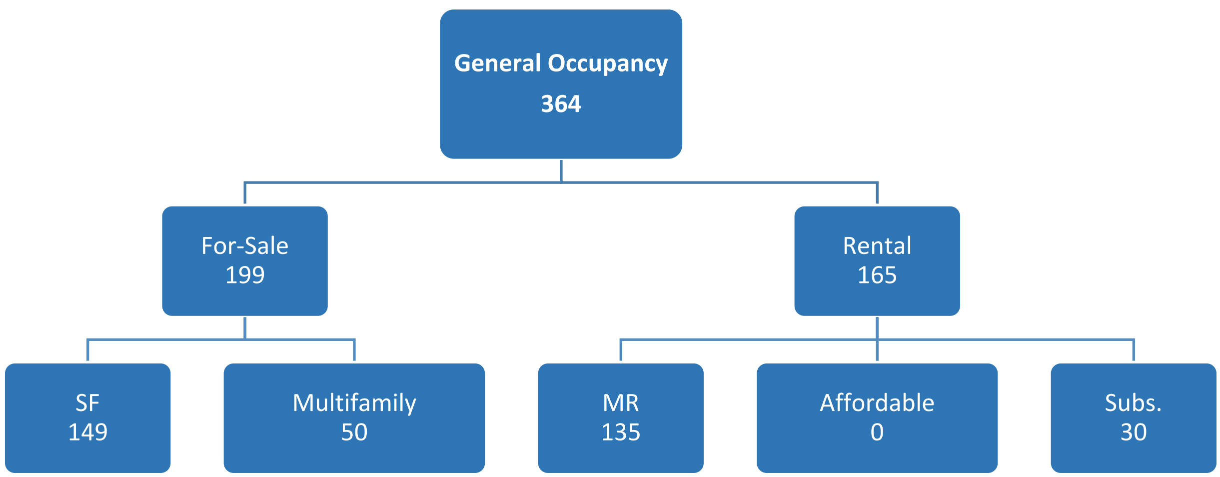
^Shallow-subsidy = affordable to households at 30% to 60% AMI
^Deep-subsidy = affordable to households at 30% AMI or less
Source: Maxfield Research & Consulting, LLC

Introduction

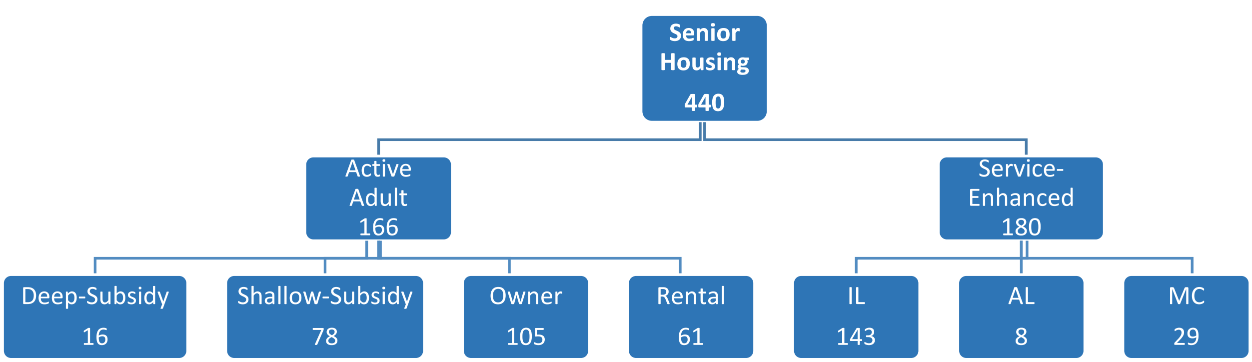
Based on the finding of our analysis and demand calculations, Table HD-8 in the previous section provided a summary of housing demand county and submarket through 2030. Demand exists in New Ulm for a variety of product types. The following section summarizes housing concepts and housing types that will be demanded from various target markets. It is important to note that not all housing types will be supportable and that the demand illustrated in Table HD-8 may not directly coincide with housing development due to a variety of factors (i.e. economies of scale, infrastructure capacity, land availability, etc.).

Based on the findings of our analysis and demand calculations, Table CR-1 provides a summary of the recommended development concepts by product type for New Ulm. It is important to note that these proposed concepts are intended to act as a development guide to most effectively meet the housing needs of existing and future households in New Ulm. The recommended development types do not directly coincide with total demand as illustrated in Tables HD-8.

New Ulm Projected General Occupancy Demand, 2022 – 2030



New Ulm Projected Senior Demand, 2022 – 2027



Recommended Housing Product Types

Single-Family Housing

Table HD-1 identified demand for nearly 150 single-family housing units in New Ulm through 2030. According to Table FS-7 and our research, given the number of existing vacant developed platted lots in New Ulm and the number of homes constructed annually, the current lot supply appears to be sufficient based on current lot absorption in New Ulm. The lot supply benchmark for growing communities is a three- to five-year lot supply, which ensures adequate consumer choice without excessively prolonging developer-carrying costs.

Although there are a number of subdivisions with vacant lots, roughly 77% of the available lots throughout New Ulm are within three subdivisions. Two of the subdivisions are older, platted in 2005 (Lakeside Village) and 2006 (Wech's Second) and contain 54 single family lots and one newer subdivision (Fairhills Sixth) recently platted in 2018. The majority of the remaining lots at Lakeside Village are considered undesirable or are not in demand due for today's buyers; hence the current inventory. These small lots are unable to accommodate specific product types (i.e. larger ranch-style homes). Although Wech's Second was platted in 2006, it was not until 2022 that 16 lots were developed with infrastructure.

Most of the new single-family construction in New Ulm, which has been build-to-suit, has a market of move-up and executive buyers; in part because of the high construction costs along with additional infrastructure costs in developing new subdivisions. Because of the price of new housing, most entry level buyers have to look at the existing housing resale market which over the past few years and during this study has been extremely tight.

Because most builders have been unable to deliver new construction homes for less than $300,000, new construction typically caters to move-up or executive buyers. As a result, the existing housing stock is often the target housing type for entry-level or first-time home buyers. Entry-level homes, which we generally classify as homes priced under $200,000, will be mainly satisfied by existing single-family homes as residents of existing homes move into newer housing products built in New Ulm, such as move-up single-family homes, twin homes, rental housing and senior housing. Although there is potential demand for a new single-family housing product under $200,000, financially it will be very difficult to develop even with public assistance. Based on land and building costs, it is very difficult to build new single-family homes for less than $200,000.

Executive-level homes are loosely defined as those homes priced currently above $350,000. Similar to move-up buyers, executive buyers may have outgrown their current home and are moving for a lifestyle reason. Many of these buyers have significant equity in their current home and seek a new home they can customize. Our interviews indicate that there are a number of quality lots available both scattered and in current subdivisions for executive home buyers within New Ulm.

TABLE CR-1
RECOMMENDED HOUSING DEVELOPMENT
CITY OF NEW ULM
2022 to 2030

	Purchase Price/ Monthly Rent Range[1]	No. of Units	Pct. of Total	Development Timing
Owner-Occupied Homes				
Single Family [2]				
Move-up	$250,00 - $350,000	100 - 110	75%	2023+
Executive	$350,000+	30 - 40	25%	2023+
Total		**130 - 150**	**100%**	
Townhomes/Detached Townhomes/Twinhomes [2]				
Attached Townhomes	$225,000-$275,000	20 - 25	50%	2023+
Twinhomes/Detached Townhomes	$285,000+	20 - 25	50%	2023+
Total		**40 - 50**	**100%**	
Total Owner-Occupied		**170 - 200**		
General Occupancy Rental Housing				
Market Rate Rental Housing				
Apartment-style	$875/1BR - $1,150/2BR	85 - 95	71%	2023+
Townhomes	$1,150/2BR - $1,275/3BR	35 - 40	29%	2023+
Total		**120 - 135**	**100%**	
Affordable Rental Housing				
Apartment-style	Moderate Income[3]	50 - 55	70%	2023+
Townhomes	Moderate Income[3]	20 - 25	30%	2023+
Total		**70 - 80**	**100%**	
Total Renter-Occupied		**190 - 215**		
Senior Housing (i.e. Age Restricted) 2022-2027				
Active Adult Cooperative	1BR & 2BR / $75,000+	40 - 50	23%	2023+
Active Adult Affordable Rental	Moderate Income[3]	40 - 50	23%	2023+
Active Adult Market Rate Rental	$1,000/1BR - $1,200/2BR	40 - 50	23%	2023+
Independent Living (Congregate)	$1,500/1BR - $2,000/2BR	36 - 40	19%	2023+
Assisted Living	$3,500/1BR - $4,000/2BR	- - -	0%	
Memory Care	$5,500/Studio - $6,500/1BR	24 - 28	13%	2023+
Total		**180 - 218**	**100%**	
Total - All Units		**540 - 633**		

[1] Pricing in 2022 dollars. Pricing can be adjusted to account for inflation.

[2] Recommendations include the absorption of some existing previously platted lots.

[3] Affordablity subject to income guidelines per Minnesota Housing Financing Agency (MHFA). See Brown County Income limits.

Note - Recommended development does not coincide with total demand. New Ulm may not be able to accommodate all recommended housing types based on a variety of factors (i.e. development constraints, land availability, etc.)

Source: Maxfield Research & Consulting, LLC

For-Sale Multifamily Housing

A growing number of households desire alternative housing types such as townhouses and twin homes. In New Ulm, the target market is empty-nesters and retirees seeking to downsize from their single-family homes. Some professionals moving to New Ulm, particularly singles and couples without children, also may also seek townhomes if they prefer not to have the maintenance responsibilities of a single-family home. In some housing markets, younger households also find purchasing multifamily units to be generally more affordable than purchasing new single-family homes. However, as with other for-sale product, there has been a lack of development of this product type. When townhomes have been built, they were either restricted to older adults and seniors or ended up being purchased by the same group. Townhomes are very popular with the 55 and older age group.

Based on the demographics of the resident base and forecast trends, we find demand for about 50 new multifamily for-sale housing units in New Ulm. These units could be developed as townhomes, twin homes, detached villas, or any combination. Given the aging of the population and the growth in the aging population (65+), New Ulm would benefit from a more diversified housing stock. Further, a reported strong interest in the twin home/townhome market as shown by the popularity of The Cottages at Orchard Hills.

For future development, these attached units could be developed as twin homes, detached townhomes or villas, townhomes/row homes, or any combination. Because the main target market is empty-nesters and young seniors, the majority of townhomes should be one-level, or at least have a master suite on the main level if a unit is two-stories.

The following provides greater detail into townhome and twin home style housing.

- *Twin homes*– By definition, a twin home is two units with a shared wall with each owner owning half of the lot the home is on. Some one-level living units are designed in three-, four-, or even six-unit buildings in a variety of configurations. The swell of support for twin home and one-level living units is generated by the aging baby boomer generation, which is increasing the numbers of older adults and seniors who desire low-maintenance housing alternatives to their single-family homes but are not ready to move to service-enhanced rental housing (i.e. downsizing or right sizing).

  Traditionally most twin home developments have been designed with the garage being the prominent feature of the home; however, today's newer twin homes have much more architectural detail. Many higher-end twin home developments feature designs where one garage faces the street and the other to the side yard. This design helps reduce the prominence of the garage domination with two separate entrances. Housing products designed to meet the needs of aging New Ulm residents, many of whom desire to stay in their current community if housing is available to meet their needs, will be needed into the foreseeable future.

Twin homes are also a preferred for-sale product by builders in today's market as units can be developed as demand warrants. Because twin homes bring higher density and economies of scale to the construction process, the price point can be lower than stand-alone single-family housing. As previously mentioned, there are two new twin home developments under construction in New Ulm; however twin homes will continue to be in demand as many older adults and seniors will move to this housing product with substantial equity in their existing single-family home and will be willing to purchase a maintenance-free home that is priced similar to their existing single-family home. Townhome style development can cost from $225,000 or more.

- *Side-by-Side and Back-to-Back Townhomes* – This housing product is designed with three or four or more separate living units in one building and can be built in a variety of configurations. With the relative affordability of these units and multi-level living, side-by-side and back-to-back townhomes have the greatest appeal among entry-level households without children, young families and singles and/or roommates across the age span. However, two-story townhomes would also be attractive to middle-market, move-up, and empty-nester buyers. Many of these buyers want to downsize from a single-family home into maintenance-free housing, many of which will have equity from the sale of their single-family home.

  Triplex or Quadplex developments offer single level and maintenance free living with the affordability associated with a higher density of development. Side-by-side are the most economical multifamily for-sale option and typically begin in the low $200,000.

- *Detached Townhomes/Villas* – An alternative to the twin home is the one-level villa product and/or rambler. This product also appeals mainly to baby boomers and empty nesters seeking a product similar to a single-family living on a smaller scale while receiving the benefits of maintenance-free living. Many of these units are designed with a walk-out or lookout lower level if the topography warrants. These are the most expensive multifamily option and pricing should begin at or above $285,000.

General Occupancy Rental Housing

There are a number of larger sized apartment developments in the New Ulm along with a number of smaller traditional-style multifamily rental developments. The majority of rental properties are older (built prior to 2000) with the newest units at Emerson Union Apartments (49 affordable units) being built in in 2020. Due to the age and positioning of the existing rental supply, all of the units are priced at or below guidelines for affordable housing, which indirectly satisfies demand from households that income-qualify for financially assisted housing. Because there has been limited (particularly during the 2000s) development of apartments, the number of existing traditional multifamily housing units are inadequate, the single-family and townhome rental market has become an increasingly larger proportion of rental units.

Maxfield Research calculated demand for 165 rental housing units in New Ulm through 2030; summarized as follows:

- Market Rate 135 units
- Shallow-Subsidy 0 units
- Deep-Subsidy 30 units

Because of the economies of scale when constructing multifamily rental housing, new construction requires density that can be difficult to achieve in smaller communities like New Ulm. New rental housing can be developed immediately and will continue to be in demand through this decade especially if continued job availability and new job growth is attracted to New Ulm. The following rental product types are recommended over this decade:

- *Market Rate Rental* – The existing traditional market rate rental supply in New Ulm remains mostly older with roughly 80% of units built prior to 2000 (50% prior to 1990) and has a significant mix of ages and household types represented. The two newest projects, Skyline Terrace (2015) and Park Place Apartments (2013) have been highly successful and at the time of the study had a combined occupancy rate of 98.5% with only one vacant unit. Maxfield Research identified only one vacant unit in all market rate surveyed properties for a vacancy rate less than 1% which indicates strong pent-up demand for additional rental housing

  There is currently one planned development moving forward that will absorb a portion of the calculated market rate demand of 135 units. The Marketplatz Mall development has plans to build 30 units initially with a potential for 60 more units in the future for a total of 90 units. A second development (Lakeside Village) is proposed, but not moving forward at this time, which may include 30 to 50 market rate and affordable rental units (planned income mix undecided).

  We recommend up to 95 new market rate multifamily-style apartment units over the remainder of the decade, which could be developed in larger developments or in multiple smaller building (i.e. 12 to 16 units). To appeal to wide target market, we suggest a market rate apartment project with a unit mix consisting of one-bedroom units, one-bedroom plus den units, two-bedroom units. We have accounted for 30 units of the Marketplatz Mall development in our demand calculations. If future phases of the development were approved, these units would absorb much of the recommended units through the decade.

  Monthly rents (in 2022 dollars) should range from $875 for a one-bedroom unit to $1,150 for a two-bedroom unit. Monthly rents should range from about $1.10 to $1.20 per square foot to be financially feasible; potentially higher given rising construction costs and rising financing costs. Monthly rents can be trended up by 2.0% annually prior to occupancy to account for inflation depending on overall market conditions. Because of construction and development costs, it will be difficult for a market rate apartment to be financially feasible with rents lower than the suggested per square foot price. Thus, for this type of project to become a reality, there may need to be a public – private partnership to reduce development costs and bring down the rents or the developer will need to provide smaller unit sizes.

If possible, new market rate rental units should be designed with contemporary amenities that include open floor plans, higher ceilings, in-unit washer and dryer/or hook ups, full appliance package, central air-conditioning, and covered or garage parking. We believe the addition of additional rental buildings will facilitate greater housing choice in New Ulm and will better serve the needs of households that live and/or currently work in New Ulm.

- *Market Rate General Occupancy Rental Townhomes* – In addition to the recommended traditional multi-story apartment projects, demand for rental units could be absorbed by townhome units. These units maybe a popular alternative to apartments for those unable to afford owner-occupied housing and those families and young professionals relocating to New Ulm who need to rent until they find a home for purchase. We recommend that up to an additional 35 rental townhome units could be supported in New Ulm over this decade. Monthly rents (in 2022 dollars) should range from $1,150 for a two-bedroom unit to $1,275 for a three-bedroom unit.

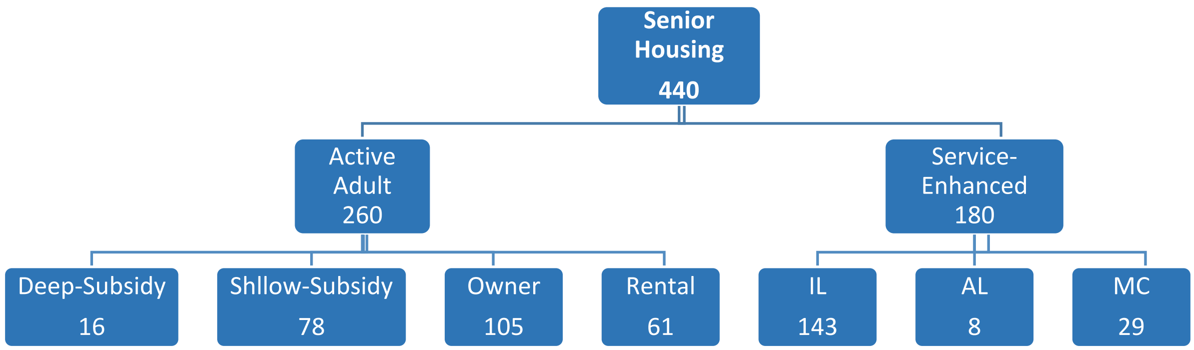
- *Affordable and Subsidized Rental Housing*– Affordable and subsidized housing receives financial assistance (i.e. operating subsidies, tax credits, rent payments, etc.) from governmental agencies in order to make the rent affordable to low-to-moderate income households. Both products illustrated very low vacancy rates and have pent-up demand. Due to the planned Hope Foundation development planned, we find that this project would absorb the demand affordable housing 2030. Subsidized demand for 30 units was calculated through 2030; however, because subsidized is nearly impossible to finance today the vast majority of demand will be for affordable housing projects.

- *Affordable General Occupancy Rental Townhomes* – Rental townhomes affordable to moderate-income households would be in demand in New Ulm. Affordable rental townhomes have been found to be popular in rural Midwest communities. These projects would have income-restrictions established by HUD and would likely target households with incomes between 40% to 60% of area median income; however, some could be workforce units with affordability up between 60% to 80% AMI. We recommend a project with two- and three-bedroom units and a project of up 30 units. Units should feature central air conditioning, full appliance package, in-unit washer/dryer, an attached one/two car garage. Such developments are popular with families that cannot afford housing options in the for-sale market or market rate rentals. Economies of scale and a lack of funding limit the ability to build new affordable housing.

Senior Housing

As illustrated in Tables HD-8, demand exists for all senior housing product types in New Ulm. Due to the aging of the County's population, senior housing product types show high demand over the next five years. In fact, senior housing accounts for about 440 units and makes up roughly 50% of the total demand for housing in New Ulm. Demand exists for most senior housing product types in New Ulm except for deep-subsidy and assisted living housing. Demand is highest in the short-term for more active adult and independent living products (both market rate and affordable).

2027 Senior Demand



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

- *Active Adult Senior Cooperative* – Maxfield Research projected demand for up to 105 active adult ownership units through 2027. The construction of an additional new stand-alone cooperative facility with 40 to 50 units would satisfy a portion adult ownership demand through 2027. Maxfield Research recommends a cooperative development(s) with a mix of two- and three-bedroom units with share costs starting around $75,000. The cooperative model, in particular, appeals to a larger base of potential residents in that it has characteristics of both rental and ownership housing. Cooperative developments allow prospective residents an ownership option and homestead tax benefits without a substantial upfront investment as would be true in a condominium development or life care option. The cooperative model has been well-accepted in rural communities across the Midwest. New Ulm currently has a cooperative development that was developed in 1986. Realife Cooperative has 32 units and is typically sold out with no unit availability. At this time, the property currently has three units for sale due to an aging resident base and recent passings.

- *Active Adult Rental* – We have projected demand for 61 market rate active adult rental units in New Ulm by 2027. Many of the seniors who would consider an active adult product are presently residing in their existing single-family home or general-occupancy rental housing.

  We recommend an active adult housing project be pursued with up to 50 units.
  Because active adult senior housing is not need-driven, the demand for this product type can experience delays in realizing absorption if seniors decide to remain in their homes or find they are unable to sell their homes. There have been two active adult rental project developed in the past 10 years. Both City Center Apartments and Highland Regency House have been extremely successful, both were fully occupied at the time of the study. In addition, the New Ulm for-sale housing market is very strong with a lack of available housing options, most seniors should have little trouble selling their homes and should have significant equity. Increasing mortgage rates may affect the sales time a seniors home remains on the market.

  It should be noted, that if a general-occupancy rental housing project is developed prior to or simultaneously, the demand for an age-restricted building could decrease if a number of seniors opted to reside in alternative rental housing products as they currently occupy a number of general occupancy units.

- *Affordable (shallow-subsidy) Rental* – Demand was calculated for about 80 units of affordable senior housing in New Ulm through 2027. There are currently no affordable developments in New Ulm that are age restricted. Presently, a senior renter has to find units at the limited supply of general occupancy rental units in New Ulm or look elsewhere in other communities in the surrounding area.

  Affordable senior housing will likely be a low-income tax credit project through the Minnesota Housing Finance Agency. Affordable senior housing products can also be incorporated into a mixed income building which may increase the projects financial feasibility.

- *Independent Living/Congregate* – Demand was calculated for about 145 independent living units through 2027 in New Ulm. At present there are no independent living units in the PMA. The current assisted living developments offer units for independent seniors but cater more to those residents in need of more assisted personal care. Interviews that there is not strong need for this type of housing. However, we believe that a new congregate projects have a mix of one-bedroom, one-bedroom plus den, and two-bedroom units would be successful. New independent housing could be developed as part of a continuum of care project or in a stand-alone development.
  Meals and other support and personal care services will be available to congregate residents on a fee-for-service basis, such as laundry, housekeeping, etc. When their care needs

increase, residents also have the option of receiving assisted living packages in their existing units.

Due to economies of scale needed for congregate housing, other service levels may have to be combined to the project to increase density to be financially feasible. Alternatively, the concept called "Catered Living" may be viable as it combines independent and assisted living residents and allows them to age in place in their unit versus moving to a separate assisted living facility. (See the following for definition of Catered Living).

- I'm OK program;
- Daily noon meal;
- Regularly scheduled van transportation;
- Social, health, wellness and educational programs;
- 24-hour emergency call system; and
- Complimentary use of laundry facilities.

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

- *Assisted Living Senior Housing* – Based on our analysis, demand was projected to support an additional eight assisted living units in New Ulm through 2027. New Ulm has a healthy number of assisted living units with five facilities containing 178 units. Equilibrium for assisted living is considered a 7% vacancy rate. The vacancy rate at the time of the survey was high at 12.5% indicating a soft market which may still be affected by COVID-19 reluctancy. In addition, the Oak Hills Living Center has plans to add 15 additional assisted living units but due to construction cost has delayed the project while they gather the appropriate funding. Thus, we find that with the planned expansion of Oak hills, the current market for assisted living housing is sufficient and do not recommend any additional assisted living housing beyond the Oak Hills project at this time. Assisted living needs should be reevaluated once PMA vacancy rates are sub 7%.

  Memory Care Senior Housing – We project demand for 29 memory care units in New Ulm through 2027. There are only two existing assisted living projects with a total of 57 units and one memory care facilities with 8 existing memory care units in the Market Area. Equilibrium for assisted living and memory care is considered a 7% vacancy rate; at present the vacancy rate is 7% for assisted living and only 12.5% for memory care. If memory care units were developed, we would recommend that this type of development include a mix of studio, and one-bedroom, and a few two-bedroom units with base monthly rents ranging from $5,000 to $6,000. Memory care units should be located in a secured, self-contained wing located on the first floor of a building and should feature its own dining and common area amenities including a secured outdoor patio and wandering area.

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

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

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

- Service-Enhanced Senior Housing or "Catered Living" – Due to economies of scale, it can be difficult to develop stand-alone facilities in out-state Minnesota communities like New Ulm for service enhanced senior housing products that are financially feasible. Therefore, we recommend senior facilities that allow seniors to "age in place" and remain in the same facility in the stages of later life. Catered living is a "hybrid" senior housing concept where demand will come from independent seniors interested in congregate housing as well as seniors in need of a higher level of care (assisted living). In essence, catered living provides a permeable boundary between congregate and assisted living care. The units and spatial allocations are undistinguishable between the two senior housing products, but residents will be able to select an appropriate service level upon entry to the facility and subsequently increase service levels over time. Additionally, catered living not only appeals to single seniors but also to couples; each resident is able to select a service level appropriate for his or her level of need, while still continuing to reside together.

  The catered living concept trend is a newer concept but tends to be developed in smaller cities in rural areas that cannot support stand-alone facilities for each product type. Monthly rents should include a base rent and service package with additional services provided either a la carte or within care packages. Monthly rents should start at about $1,600 for congregate care and $2,900 for assisted living care.

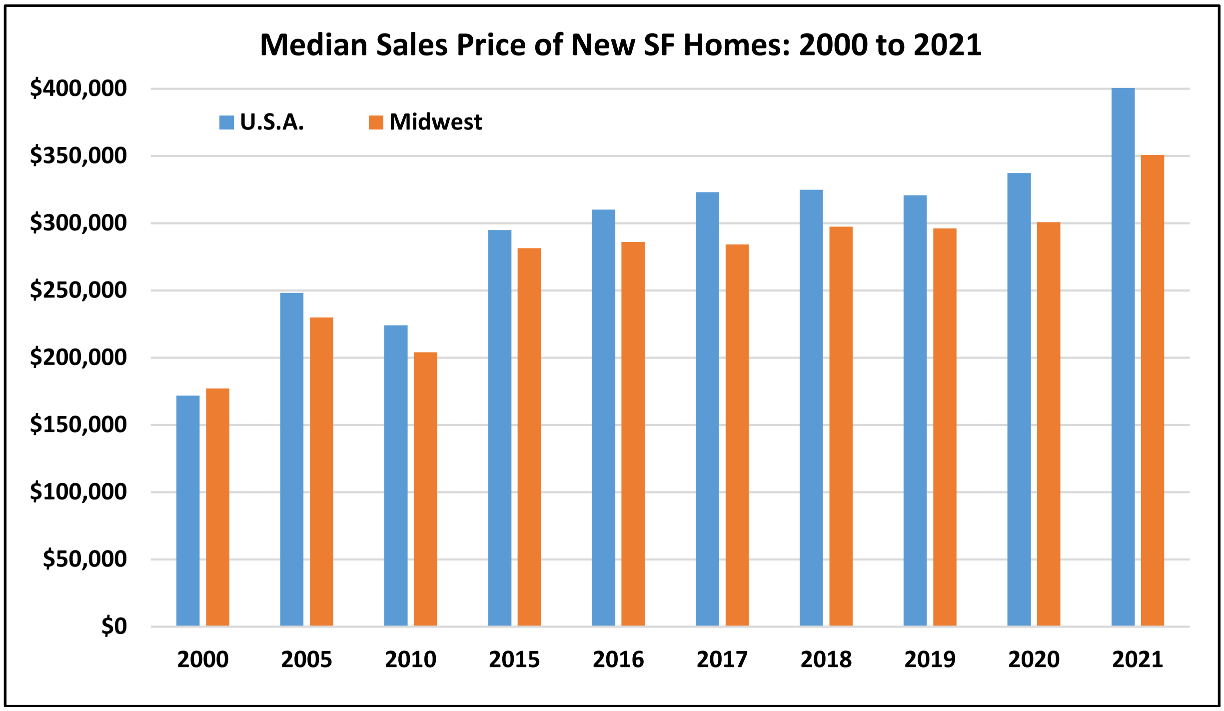
Challenges and Opportunities

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

- **Affordable Housing/Naturally Occurring Affordable Housing (NOAH)**. Tables HA-1 and HA-2 identified the City of New Ulm and PMA median Incomes ("AMI") and the fair market rents by bedroom type. Based on the monthly rates of market rate rental projects in the PMA, we estimate that nearly all of the market rate rental stock is affordable to households below 60% AMI. In fact, the most expensive rental project has rents falling in at the 60% AMI range. At the same time however, rents have been increasing faster than incomes over the past year and the affordability gap is slowly widening from year-to-year and the number of cost burdened households is increasing. Because NOAH housing provides the vast majority of affordable housing to renters; we recommend a proactive approach to maintaining affordability within the existing housing stock. Dollar for dollar, preservation of NOAH units yields a much higher number of affordable units vs. new construction under the LIHTC program.

- **Aging Population/Aging Boomers**. As illustrated in Table D-4, there is significant growth in in the senior population in New Ulm, especially among seniors ages 65 to 74 (53%) and 75+ (14.5%). In addition, Table D-8 shows homeownership rates among seniors 65+ is approximately 77% in 2022. High homeownership rates among seniors indicate there could be lack of senior housing options, or simply that many seniors prefer to live in their home and age in place. Aging in place tends to be higher in rural vs. urban settings as many rural seniors do not view senior housing as an alternative retirement destination but a supportive living option only when they can no longer live independently. Rural areas also tend to have healthier seniors and are also more resistant to change. Because of these demographic and social dimensions, new senior housing development (specifically independent living with light services) in New Ulm could experience a longer lease-up period as seniors in the region are less reluctant to move from their home to senior housing living.

- **Construction & Development Costs.** The cost to build and develop new single-family housing has increased significantly over the past decade and since the Great Recession in all markets across the U.S.A., as seen in the chart below. New construction pricing peaked last decade between 2005 and 2007 before falling during the recession. Pricing in nearly every market across the United States decreased between 2008 and 2011 before starting to rebound in 2012 and beyond. However, since the Great Recession it has become increasingly difficult for builders to construct entry-level new homes due to a number of constraints – rising land costs, rising material and labor costs, lack of construction labor, and increasing regulation and entitlement fees. As a result, affordable new construction homes have become rare as builders are unable to pencil-out modestly priced new construction. New construction in New Ulm is difficult to achieve under $300,000. At the same time, new construction pricing is at an all-time high coming out of the pandemic due to strong demand and supply and labor constraints for builders that are driving up housing costs.



- **COVID-19.** The COVID-19 pandemic has had both direct and indirect effects on the housing industry. The senior housing industry was directly impacted as the virus affected older adults at a much higher rate. Senior properties hit record high vacancy rates and many seniors continue to age in place as long as possible as they have avoided living in a shared space. At the beginning of the pandemic there were permitting delays from public agencies; however, at this time most public agencies have adopted, and city council and planning commission meetings have gone virtual or a combination of virtual and in-person.

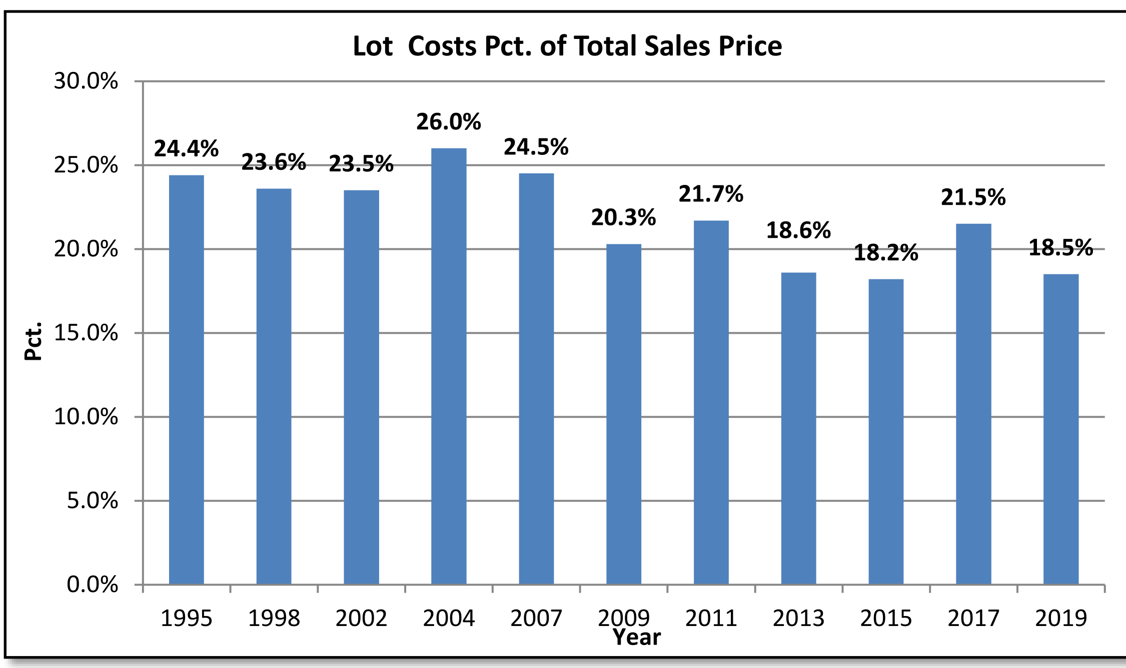
  Economically, the unemployment rate in New Ulm was considerably low compared to the rest of the country during the pandemic. In early 2020, the unemployment rates were about 4.5% before peaking at 7.8% in May 2020. Unemployment was back down even lower than prior to the pandemic at 3.4% by November 2020 but ticked up again to 5.0% in early 2021 before falling to less than 2% by October 2021 and has fluctuated but hovered around 2.0% through most of 2022.

  Despite the pandemic over the past two years, the local real estate market has performed above expectations and strong demand remains for housing. Supply remains at an all-time low and there are more buyers than sellers, however that is changing now with elevated mortgage rates. The pandemic has changed buyer preferences; both internally and externally. Buyers have a greater desire for outdoor features, green space, more square footage, flexible spaces for home offices, and healthy living conditions. Buyers are also trading location for more home by locating further from their place of employment. There is also a preference toward new construction and the new home market has been strong since 2020 as builders have not kept the pace with demand.

On the rental side, social distancing initially had an impact on common corridor apartment buildings as all communal areas were shut down and tenants could not utilize amenities. Since the pandemic, the demand for smaller unit sizes has waned as renters desire larger spaces as they work from home, utilize for fitness, etc. With telecommuting and work from home being the norm tenants are seeking a separation of work and live spaces as well as access to balconies and patios to provide fresh air and extra space. There has been strong demand for townhome-style rentals or a building that has been designed with a separate entrance to eliminate the possible of interacting with others and catching the virus. These trends and preferences will likely continue as the pandemic has waned.

- **Developers Lot Carrying Costs.** Land development and entitlement carries a large financial risk for builders and/or investors. Prior the Great Recession developing land was considered a profitable side of the housing business. However, over the past decade plus land development continues to be dominated by larger builders that can absorb the lot inventory more easily than smaller builders or land developers. Due to raw land costs, entitlements, and the cost to develop infrastructure, developers continue to be cautious given the lot price they could achieve. Prolonged carrying costs due to slow lot absorption are deterrents for builders and developers who must absorb project development costs until the lots are sold. The costs of land and infrastructure have risen significantly over the past decade, requiring considerable initial financial investment upfront.

  As a result, the land development business is not a lucrative business for most real estate investors and future lot development may require a private-public partnership to bring down infrastructure costs, especially in out-state Minnesota communities like New Ulm. The chart below shows the average lot cost across the country compared to the retail sales price of the home (most recent available – 2021 data to be released later in 2022).



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

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

- **Housing Programs**. Many communities and local Housing and Redevelopment Authorities (HRAs) offer programs to promote and preserve the existing housing stock. In addition, there are various regional and state organizations that assist local communities enhance their housing stock. Generally, we find very few housing programs available across the region. We recommend implementing even a few housing programs to assist new development or enhance the existing housing stock. The following is a sampling of potential programs that could be explored.

    - Architectural Design Services - The local government authority (City, HRA, etc.) partners with local architects to provide design consultation with homeowners. Homeowner pays a small fee for service, while the City/public entity absorbs the majority of the cost. No income restriction.

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

    - Density Bonuses – Since the cost of land is a significant barrier to housing affordability, increasing densities can result in lower housing costs by reducing the land costs per unit.

Municipalities can offer density bonuses as a way to encourage higher-density residential development while also promoting an affordable housing component.

- Fast Track Permitting – Program designed to reduce delays during the development process that ultimately add to the total costs of housing development. By expediting the permitting process costs can be reduced to developers while providing certainty into the development process. Typically, no-cost to the local government jurisdiction.

- Heritage/Historic Preservation – Encourage residents to preserve historic housing stock in neighborhoods with homes with character through restoring and preserving architectural and building characteristics. Typically funded with low interest rates on loans for preservation construction costs.

- Home Improvement Area (HIA) - HIAs allow a townhome or condo association low interest loans to finance improvements to communal areas. Unit owners repay the loan through fees imposed on the property, usually through property taxes. Typically, a "last resort" financing tool when associations are unable to obtain traditional financing due to the loss of equity from the real estate market or deferred maintenance on older properties.

- Home-Building Trades Partnerships – Partnership between local Technical Colleges or High Schools that offer building trades programs. Affordability is gained through reduced labor costs provided by the school. New housing production serves as the “classroom” for future trades people to gain experience in the construction industry.

- Home Sale Point of Sale - City ordinance requiring an inspection prior to the sale or transfer of residential real estate. The inspection is intended to prevent adverse conditions and meet minimum building codes. Sellers are responsible for incurring any costs for the inspection. Depending on the community, evaluations are completed by either city inspectors or third party licensed inspectors.

- Housing Fair - Free seminars and advice for homeowners related to remodeling and home improvements. Most housing fairs offer educational seminars and "ask the expert" consulting services. Exhibitors include architects, landscapers, building contractors, home products, city inspectors, financial services, among others.

- Home Energy Loans – Offer low interest home energy loans to make energy improvements in their homes.

- Household and Outside Maintenance for the Elderly (H.O.M.E.) – Persons 60 and over receive homemaker and maintenance services. Typical services include house cleaning, grocery shopping, yard work/lawn care, and other miscellaneous maintenance requests.

- Infill Lots – The City or HRA purchase blighted or substandard housing units from willing sellers. After the home has been removed, the vacant land is placed into the program for future housing redevelopment. Future purchasers can be builders or the future owner-occupant who has a contract with a builder. Typically, all construction must be completed within an allocated time period (one year in most cases).

- Inclusionary Housing – Inclusionary housing policies and programs rely on private sector housing developers to create affordable housing as they develop market rate projects. Inclusionary zoning encourages or mandates the inclusion of a set proportion of affordable housing units in each new market rate housing development above a certain size. These programs are popular approaches for local and state governments to encourage the development of affordable housing.

- Land Banking – Land Banking is a program of acquiring land with the purpose of developing at a later date. After a holding period, the land can be sold to a developer (often at a price lower than market) with the purpose of developing affordable housing.

- Land Trust - Utilizing a long-term 99-year ground lease, housing is affordable as the land is owned by a non-profit organization. Subject to income limits and targeted to workforce families with low-to-moderate incomes. If the family chooses to sell their home, the selling price is lower as land is excluded.

- Realtor Forum - Typically administered by City with partnership by local school board. Inform local Realtors about school district news, current development projects, and other marketing factors related to real estate in the community. In addition, Realtors usually receive CE credits.

- Remodeling Tours - City-driven home remodeling tour intended to promote the enhancement of the housing stock through home renovations/additions. Homeowners open their homes to the public to highlight home improvements.

- Rent to Own - Income-eligible families rent for a specified length of time with the end-goal of buying a home. The HRA saves a portion of the monthly rent that will be allocated for a down payment on a future house.

- Rental Collaboration - City organizes regular meetings with owners, property managers, and other stakeholders operating in the rental housing industry. Collaborative, informational meetings that includes city staff, updates on economic development and real estate development, and updates from the local police, fire department, and building inspection departments.

- Rent to Own - Income-eligible families rent for a specified length of time with the end-goal of buying a home. The HRA saves a portion of the monthly rent that will be allocated for a down payment on a future house.

- Shallow Rent Subsidy: The HRA funds a shallow rent subsidy program to provide program participants living in market rate rentals a rent subsidy (typically about $100 to $300 per month).

- Tax Abatement: A temporary reduction in property taxes over a specific time period on new construction homes or home remodeling projects. Encourages new construction or rehabilitation through property tax incentives.

- Tax Increment Financing (TIF): Program that offers communities a flexible financing tool to assist housing projects and related infrastructure. TIF enables communities to dedicate the incremental tax revenues from new housing development to help make the housing more affordable or pay for related costs.

- Transfer of Development Rights – Transfer of Development Rights (TDR) is a program that shifts the development potential of one site to another site or different location, even a different community. TDR programs allow landowners to sever development rights from properties in government-designated low-density areas and sell them to purchasers who want to increase the density of development in areas that local governments have selected as higher density areas.

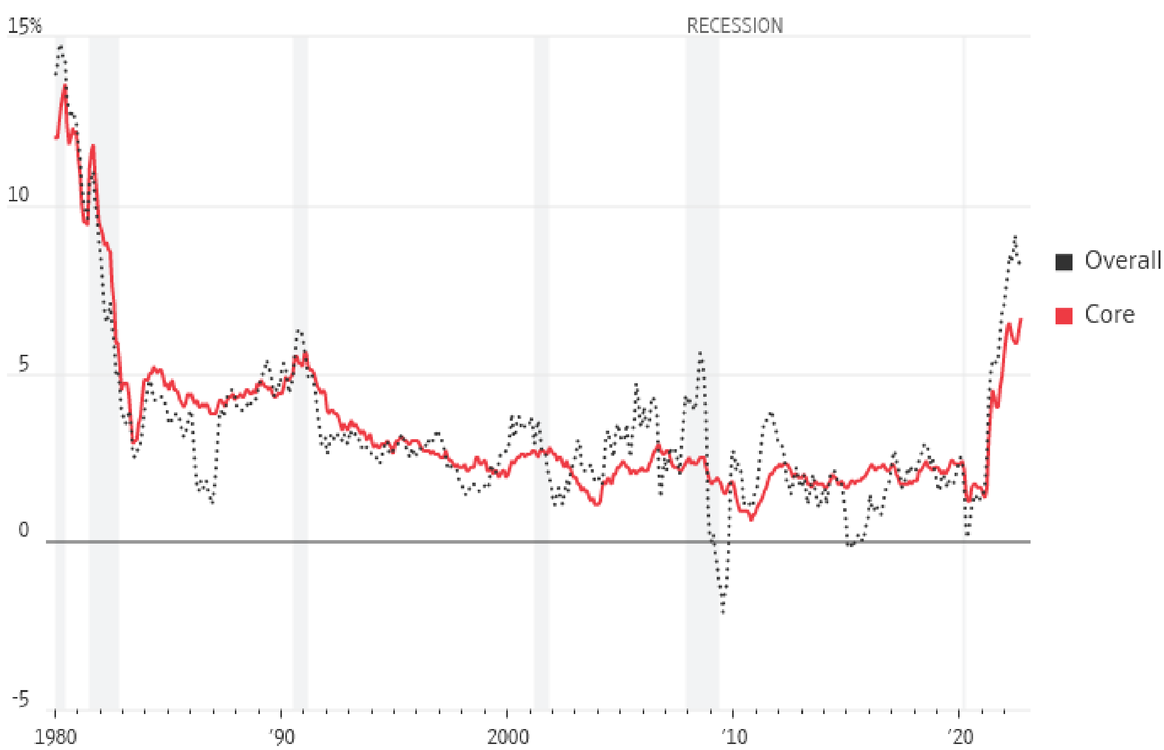
- Waiver or Reduction of Development Fees – There are several fees' developers must pay including impact fees, utility and connection fees, park land dedication fees, etc. To help facilitate affordable housing, some fees could be waived or reduced to pass the cost savings onto the housing consumer.

- **Infill Lots.** Infill refers to a parcel(s) of land which is surrounded by land that has already been developed. Infill development is new construction located on underutilized or vacant lots usually located in established neighborhoods of a community. Infill development can be challenging as enough parcels of land that are permissible land uses are typically required to be assembled to allow for a feasible building. Typically, the challenge is assembling all of the parcel owners to agree to sell and in a time period that makes economic sense to the buyer. Although New Ulm may have some infill lots available; however, many have lot widths less than 40- wide which require lot combinations in order to achieve a buildable lot. Many of these lots are priced significantly lower than lots marketing in new subdivisions. As such, these lots are typically among the lowest price in a community.

  Many communities have infill programs that are designed to enhance older neighborhoods or provide affordable homes for low- and moderate-income households**.** Infill programs are designed to facilitate the development of vacant lots in older neighborhoods that suit the character of the neighborhood. Some cities provide pre-approved floor plans that meet building criteria on smaller lots sizes. Other communities have infill programs that provide incentives to encourage developers to build affordable housing within targeted neighborhoods. Such incentives include free land for qualified builders/developers, deferred or waived impact fees, and funding assistance.

- **Inflation**. U.S. inflation rates hit a new 40-year high of nearly 9% in 2022, the biggest yearly increase since December 1981. Rampant price increased for nearly every good and service and specifically energy and food costs are having an impact on American consumers and will eventually affect housing affordability. As a result, the Federal Reserve is implementing interest rate hikes and increasing borrowing costs to hopefully offset a recession. As interest rates have increased for-sale housing demand has slowed and demand for rental housing has increased. This has resulted in higher housing costs for both buyers and renters. Housing assets are in higher demand during inflationary times as real estate values tend to hedge inflation and investors seek out rental housing assets as equity continues to grow. In the short term, household balance sheets will continue to be stretched as rising costs affect regional residents. This could hinder housing production in the near term as new construction will be difficult to pencil.

Consumer-price index, change from a year earlier

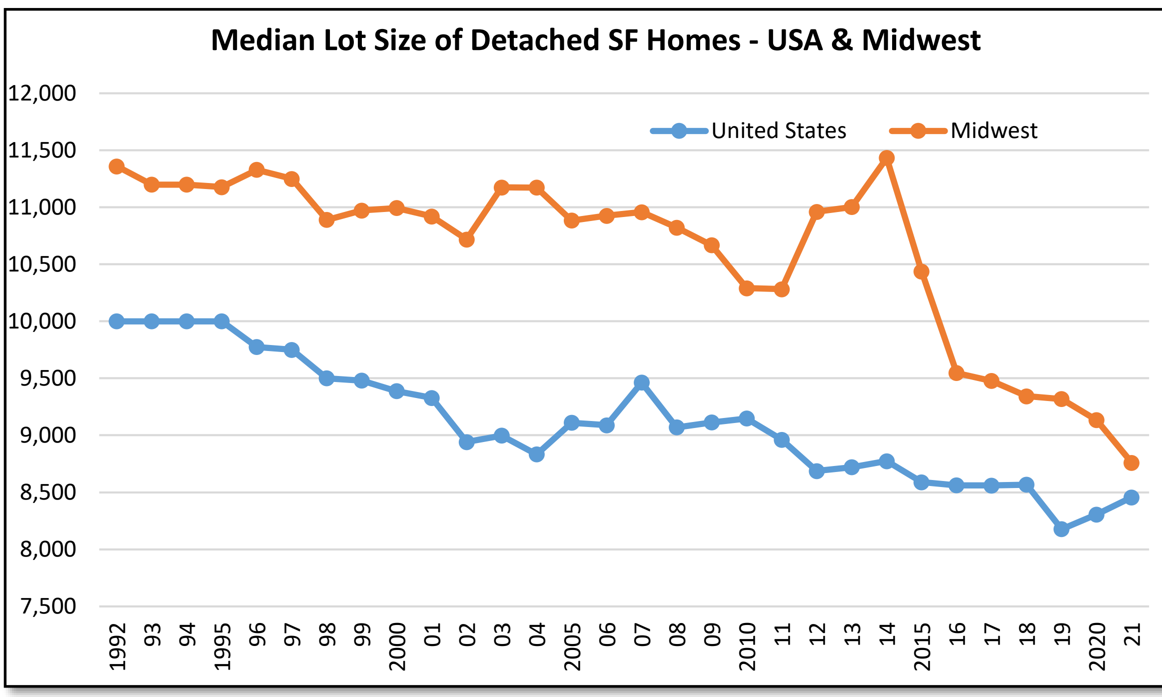


Source: Labor Department

- **Job Growth/Employment.** The Covid-19 pandemic created a number of new challenges for businesses, workers, and government. As depicted earlier, the unemployment rate in New Ulm has historically been under 4.0% before shortly rising to over 5% during the peak shutdowns in spring 2020. These unprecedented challenges had an economic ripple effect across the country as thousands of Americans found themselves out of work with increases in unemployment. However, New Ulm employers weathered the pandemic much better than most of the country as the unemployment rate has stayed low and the area brought back lost jobs from the initial shutdowns earlier in 2020.

The New Ulm unemployment rate has declined to a low of 2.9%, but the labor force has not come back and has actually fell further at the same rate and although a low unemployment rate is generally considered positive news, an extremely low unemployment rate can be challenging for employers looking to add additional staff. Many employers find that the local labor force is tapped out in terms of skilled employees and attracting new talent to the area has been challenging. In part, employee recruitment has been challenging due to a tight housing market and the lack of an availability as supply in either the for-sale market or rental market has been significantly low.

- **Lot Size**: Across Minnesota, the Midwest, and the U.S. there has been a growing trend of lot size compression for decades and especially since the Great Recession of last decade. As illustrated in the chart below, the median lot size of a new single-family detached home in the United States sold in 2019 dropped to its smallest size since the Census Bureau has been tracking lot sizes. Nationwide median lot sizes have dropped below 8,200 square feet (0.19 acres) before increasing in 2021 from the pandemic. At the same time, lot sizes decreased in the Midwest to the lowest levels recorded in 2021, down about 15% from 2010.



Lot sizes have decreased in part due to increasing raw land prices, lot prices, and rising regulatory and infrastructure costs (i.e. curb and gutter, streets, etc.). As a result, builders and developers have reduced lot sizes in an effort to increase density and absorb higher land development costs across more units. Many newer single-family subdivisions across Minnesota have lot widths of about 65 to 75 feet, down from the standard width of 80 to 90 feet prior to the Great Recession. Because many local governments have large minimum lot size requirements, the cost of housing continues to rise as developers and buyers may be required to purchase a lot this is larger than they prefer. According to a recent interview with an engineering firm, lot infrastructure costs have been up +30% over the past year, thereby increasing the cost to development the lot and that cost will be passed to the end consumer. In an effort to curb rising costs, we recommend compressing lot sizes for new construction to help alleviate costs and maintain affordability.

- **Lot Supply.** Maxfield Research and Consulting recommends a three- to five-year supply of lots is an appropriate balance between providing adequate consumer choice and minimizing developers' carrying costs. With an annual average absorption of about 21 single-family lots (based on the average annual number of building permits between 2010 and 2021), New Ulm would need a supply of roughly 105 platted lots to maintain a five-year lot supply. With an identified lot supply of 105 buildable single-family lots and 52 twin home/townhome lots, New Ulm currently has a sufficient lot supply that would cover a five-year period. Realtor interviews also reiterated that the supply is currently sufficient.

- **Mobility/Rural Lifestyle and Image:** The COVID-19 pandemic fundamentally changed the housing industry and mobility has been at all-time highs over the past two years. According to Pew Research, 20% of American's moved during the pandemic. Housing suddenly became more than a place to sleep, but the home office, school, gym, and place of entertainment. Generally, households used the pandemic and the work-from-home movement to flee high-cost housing markets and relocated to more affordable housing markets. Mobility trends showed the movement away from urban core neighborhoods or Metro Areas to the suburbs, exurbs, and rural areas. Households moved to lesser denser populated areas, lower tax states, sought larger homes and yards, and traded-up due to the lower cost of housing.

  Many smaller communities have experienced a "rural resurgence" as remote work made the movement to small towns and the "country" viable which was once led by proximity to the office. Rural returnees are often motivated to live closer to family and friends, smaller schools to raises children, slower pace of life, outdoor activities, and finally more affordable housing stock compared to their previous place of residence. It is estimated that families with children accounted for the highest percentage of household types that have moved to smaller cities.

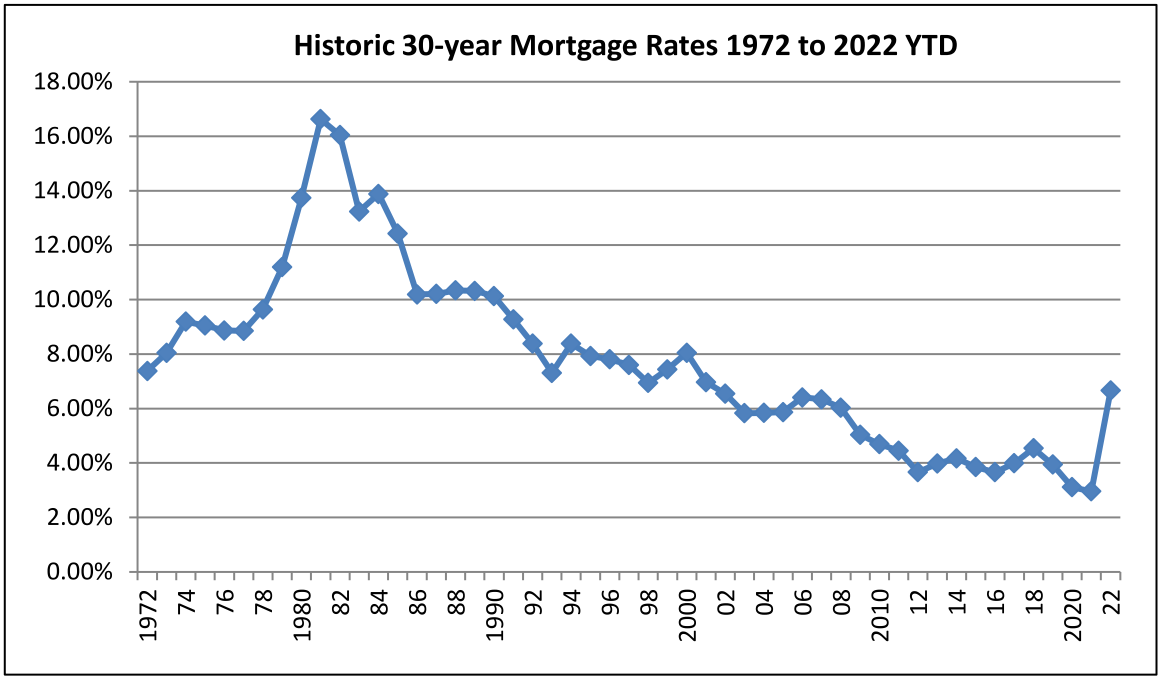
  Many economic development agencies are working to lure residents back to rural areas through recruitment strategies via social media. Some communities are offering incentives to help entice relocation to smaller communities. Economic development professionals are marketing communities as "Zoom Towns" and in some cases offering reimbursements for relocation fees and are offering perks such as free co-working memberships, golf course memberships, gym memberships, park passes, and even home buying programs to income-qualified home buyers on lower salaries. We recommend exploring marketing options with the local chamber of commerce or other economic development agencies on a branding initiative to sell New Ulm and lifestyle while attracting remote talent.

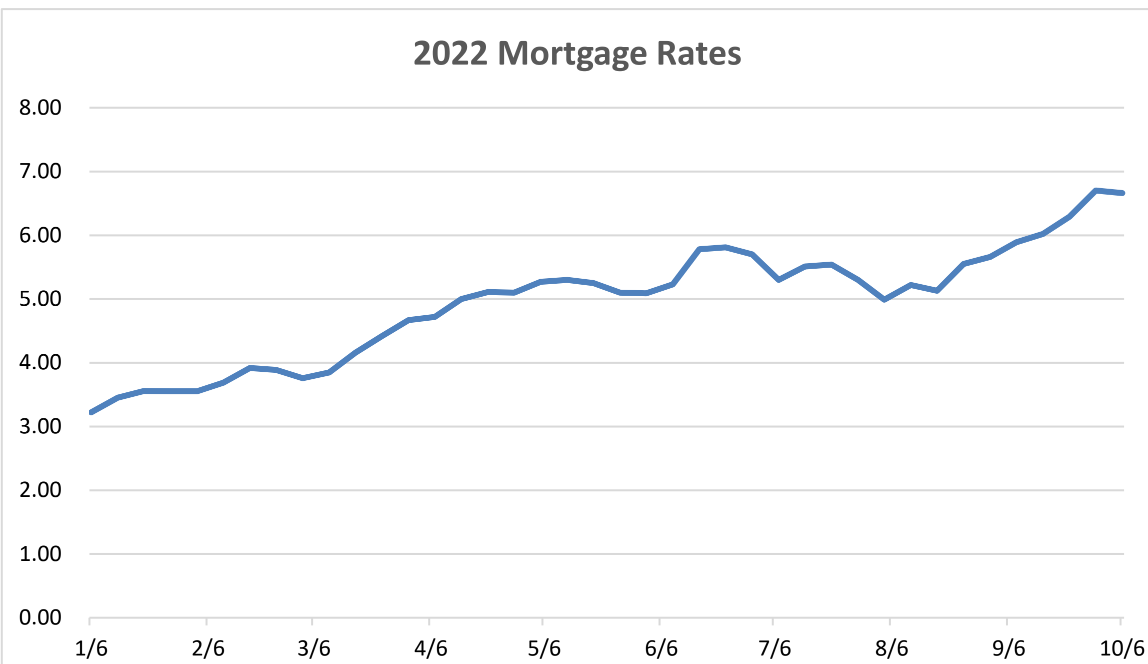
- **Modular Housing.** Modular housing, often referred to as prefab housing, is the construction of housing units in a controlled factory-like setting or on a manufacturers site or lumber yard. Modular housing is gaining steam from developers and investors to combat high construction costs, labor shortages, and speed-up the construction timeline. The biggest advantage modular housing provides is time and shaving months of holding costs off the consumer's bottom line. Originally modular housing was mostly single-family oriented; however, developers are now constructing entire apartment buildings, hotels, senior living, man camps, and college dorms. Historically the biggest challenge of modular housing is transportation, shipping costs, and perception. Modular housing has made huge strides over the decades and are now built on concrete foundations or include basements. The industry continues to battle the stigma of the older mobile homes as the appraisal community continually mis-appraises modular homes due to biases or lack of education on the product. Maxfield Research believes there is wonderful opportunity in the modular construction sector that can be utilized in New Ulm, providing a win-win scenario by providing housing production and passing cost savings along to consumers. A new plant was recently constructed in Owatonna and another plant is in the works near the Twin Cities.

  If not already so, we recommend that the City revise zoning codes to allow for this type of housing if it is not permitted. However, design standards should be enforced in order to ensure incompatible housing does not deter neighborhoods.

- **Mortgage Rates.** Mortgage rates play a crucial part in housing affordability. Lower mortgage rates result in a lower monthly mortgage payment and buyers receiving more home for their dollar. Rising interest rates often require homebuyers to raise their down payment in order to maintain the same housing costs. Mortgage rates have stayed at historic lows for most of the past decade trending under 4.5% (30-year fixed) since around 2010. At the on-set of the COVID-19 pandemic, rates plummeted to at or near an all-time low under 3% for part of 2020 and most of 2021. However, due to a 40-year high inflation the Federal Reserve began hiking rates in 2022 to slow the economy and curtail inflation. The Federal Reserve has implemented five rate hikes to date in 2022 and is expected to be aggressive throughout the end of year into 2023. As a result, the cost of for-sale housing has increased significantly this year and many would-be-buyers are on the sidelines and have been priced out of the market. Compared to early 2022, mortgage payments in the Fall of 2022 are on average about 60% higher than the beginning of 2022 (3.25% vs. 6.75%). As a result, affordability has been crushed and a housing market reset is in play.

  The following charts illustrates historical mortgage rate averages as compiled by Freddie Mac. The Freddie Mac Market Survey (PMMS) has been tracking mortgage rates since 1972 and is the most relied upon benchmark for evaluating mortgage interest market conditions. The Freddie Mac survey is based on 30-year mortgages with a loan-to-value of 80%.


Historic 30-year Mortgage Rates 1972 to 2022 YTD
18.00%
16.00%
14.00%
12.00%
10.00%
8.00%
6.00%
4.00%
2.00%
0.00%
1972
74
76
78
1980
82
84
86
88
1990
92
94
96
98
2000
02
04
06
08
2010
12
14
16
18
2020
22


2022 Mortgage Rates
8.00
7.00
6.00
5.00
4.00
3.00
2.00
1.00
0.00
1/6
2/6
3/6
4/6
5/6
6/6
7/6
8/6
9/6
10/6

- **Multifamily Development Costs.** Similar to single-family development, it will be difficult to construct new multifamily product given achievable rents and development costs. According to the 2022 National Building Costs Manual construction costs data, together with land costs total development costs in the Mankato region will likely average about $161 per square foot (gross), or upwards to $162,00 per unit to develop based on a 24-unit concept. Development costs of this scale will likely require rents per square foot of at least $1.57 in order to cash flow ($1,375 per month based on average unit size of 875 square feet) and today's higher financing costs. Based on the average rents in the New Ulm PMA, these rents would be significantly higher than existing product.

  Based on these costs, it will be extremely difficult to develop stand-alone multifamily housing structures by the private sector based on achievable rents. As a result, a private-public partnership or other financing programs will likely be required to spur development.

Apartment Macro-Level Financial Assessment
2022

Assumptions		**Development Costs**	
No. of Units	24	Hard Costs	$2,898,000
Avg. Sq. Ft./Unit	875	Soft Costs	$869,400
Common Area Pct.	15%	Land Costs	$120,000
Avg. Rent/Unit	$1,200	Total Development Costs	$3,887,400
Equilbrium Occupancy	95%		
Avg. Rent PSF	$1.37	Development cost/unit	$161,975
		Development cost/PSF	$161
Total Rentable Sq. Ft.	21,000		
Total Bldg. Sq. Ft.	24,150		
Monthly Financials		**Annual Financials**	
Gross Monthly Rent	$28,800	$345,600	
Effective Rent	$27,360	$328,320	
Total Expenses	$10,944	$131,328	
NOI	$16,416	$196,992	
Less: Debt Service	($18,645.54)	($223,746.50)	
Net Operating Cash Flow	($2,229.54)	($26,754.50)	

Note: Assumes 20% owner equity, 30-year financing at 6% interest rate

Source: Maxfield Research & Consulting, LLC

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

A number of communities have solved housing challenges through creative partnerships in a variety of formats. Many of these partnerships involve numerous funding sources and stakeholders. Because of the difficulty financing infrastructure costs, it will likely require innovative partnerships to stimulate housing development.

- **Renovation of Existing Housing Stock (both owner and rental).** As illustrated in the *Housing Characteristics* section of this report, about 24% of the housing stock was built pre-1940, with the next boom in the 1970s (18%). Only 11.5% of New Ulm's housing stock was built since 2000. Because of the older housing stock, many housing units in communities become affordable through a combination of factors such age of structure, condition, square footage, functionally obsolete, etc. Housing units that are older with low rents or low market values are considered "naturally occurring affordable housing" as the property values on these units are lower.

  Since the housing stock is older, housing consumers will demand increased remodeling or replacement needs over the long-term. Many consumers seeking today's amenities will demand new construction. Because of the older housing stock, new construction will be priced significantly higher than existing product and will likely face "sticker shock" from existing residents who are accustomed to below-average housing costs. Therefore, we encourage housing programs that will enhance the existing housing stock.

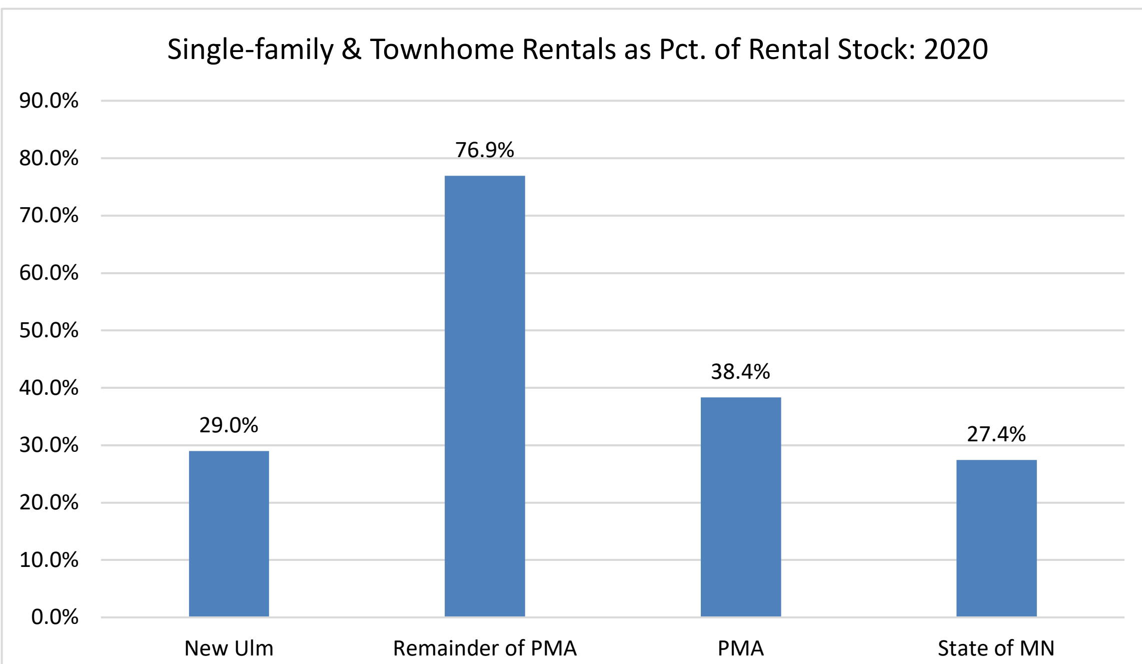
  Numerous home improvement programs are initiated by local HRAs and local governmental agencies across the country to preserve the existing housing stock while promoting energy efficiency improvements. The City of New Ulm should explore various programs that would aid the improvement of the community's housing stock. A variety of programs were outlined in the Housing Programs section above.

- **Short-Term Stay Housing.** The short-term stay housing market continues to gain ground; in-part from pandemic and for households desiring temporary housing accommodations. Establishments range from hotels, suites, apartments, townhomes, or single-family homes, etc. Many of these furnished units offer weekly and monthly rates that have flexible rental agreements. There has been a growing preference for non-traditional lodging choices as companies such as VRBO, Airbnb, Stay Alfred, Sonder and others make a splash into the rental and hospitality sector. Many apartment owners are entertaining relationships with short-term stay companies as an avenue to lock-up long-term leases with a short-term operator. Maxfield Research recommends addressing local zoning codes to monitor future multifamily concepts that may include short-term and long-term stay leases.

- **Single Family Rentals.** In New Ulm, it is estimated about 28% of the entire rental universe is located in traditional, single-family homes. Nearly all of the rental housing in the Remainder of the PMA is located withing single-family homes. Combined, the PMA is estimated to have about 38% of the rental housing stock in the single-family sector.

  A significant percentage of renters have sought out single-family homes versus traditional multifamily rental developments; in part because of the lack of rental housing development in the PMA as well as the need from families desiring larger rentals. According to able R-7 and the City of New Ulm, there are 318 single-family rentals registered with the City resulting in 19% of the overall rental inventory that is licensed. At the same time however, some of the single-family rentals are potentially unregulated and deferred maintenance is likely at some properties.

  Recently, one of the hottest trends in the real estate market is the development of single-family built-for-rent rentals. Simply put, the development of single-family homes with the intention of renting vs. the for-sale market. Capital is being rapidly deployed to this sector and there is insatiable demand as the need for single-family rentals is at a record high. We highly encourage the development of this product type as it attracts a wide-variety of tenant profiles; in-particular younger households that do not have the funds for a down payment on a house, especially with rising interest rates and being priced out of the market.



APPENDIX

Definitions

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

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

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

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

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

The term affordable housing is not a general term or reference used to describe the price of housing in New Ulm.

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

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

Assisted Living **–** Assisted Living properties come in a variety of forms, but the target market for most is generally the same: very frail seniors, typically age 80 or older (but can be much younger, depending on their particular health situation), who need extensive support services and personal care assistance. Absent an assisted living option, these seniors would otherwise need to move to a nursing facility. At a minimum, assisted living properties include two meals per day and weekly housekeeping in the monthly fee, with the availability of a third meal and personal care (either included in the monthly fee or for an additional cost). Assisted living properties also have either staff on duty 24 hours per day or at least 24-hour emergency response.

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

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

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

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

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

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

Demand – The total number of households that would potentially move into a proposed new or renovated housing project. These households must be of appropriate age, income, tenure, and size for a specific proposed development. Components vary and can include, but are not limited to: turnover, people living in substandard conditions, rent over-burdened households, income-qualified households, and age of householder. Demand is project specific.

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

Effective Rents – Contract rent less applicable concessions.

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

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

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

Fair Market Rent				
EFF	**1BR**	**2BR**	**3BR**	**4BR**
$503	$589	$757	$975	$1,215

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

Great Recession – Global economic decline beginning in December 2007 and ended in June 2009 with the official recovery beginning shortly thereafter. The Great Recession was initially sparked by the collapse of the United States housing bubble, which caused the values of securities tied to United States real estate pricing to plummet, damaging financial institutions globally. The Great Recession led to worldwide austerity, higher levels of household debt, trade imbalances, high unemployment, and limited prospects for global growth.

Gross Rent – The monthly housing cost to a tenant which equals the Contract Rent provided for in the lease, plus the estimated cost of all utilities paid by tenants.

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

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

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

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

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

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

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

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

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

MHFA/HUD INCOME AND RENT LIMITS BROWN COUNTY- 2022 (Effective 04/18/22)								
	Income Limits by Household Size							
	1 pph	2 phh	3 phh	4 phh	5 phh	6 phh	7 phh	8 phh
30% of median	$18,360	$20,970	$23,580	$26,190	$28,290	$30,390	$32,490	$34,590
50% of median	$30,600	$34,950	$39,300	$43,650	$47,150	$50,650	$54,150	$57,650
60% of median	$36,720	$41,940	$47,160	$52,380	$56,580	$60,780	$64,980	$69,180
80% of median	$48,960	$55,920	$62,880	$69,840	$75,440	$81,040	$86,640	$92,240
100% of median	$61,200	$69,900	$78,600	$87,300	$94,300	$101,300	$108,300	$115,300
120% of median	$73,440	$83,880	$94,320	$104,760	$113,160	$121,560	$129,960	$138,360

Sources: HUD; Novogradac; Maxfield Research and Consulting LLC.

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

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

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

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

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

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

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

Median Rent/Home Price – The median refers to the price point where half of the rents/homes are priced above the point, and half are priced below it. The median is a more accurate gauge of housing costs as averages tend to skew prices at the high and low end of the market.

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

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

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

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

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

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

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

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

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

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

Population – All people living in a geographic area.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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