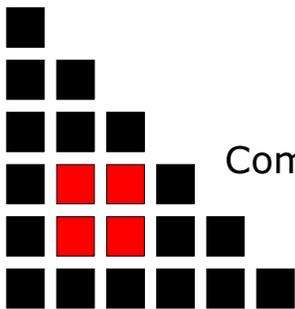


# **Kandiyohi County HOUSING STUDY SUMMARY**

September 2015

An overview of the Kandiyohi County  
Housing Study



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# **Executive Summary**

## **Introduction**

The Kandiyohi County Housing and Redevelopment Authority commissioned Community Partners Research, Inc., to conduct the 2015 Kandiyohi County Housing Study. Community Partners Research, Inc., also conducted Kandiyohi County Housing Studies in 2002 and 2006. The Study can be utilized by the Kandiyohi County HRA and other housing agencies, the County, Cities in the County and the private sector as follows:

- ▶ Provides demographic and housing data and recommendations to develop a master housing implementation plan
- ▶ Provides an extensive demographic/database
- ▶ Identifies housing needs and gaps in the housing stock
- ▶ Supports programs and projects that address housing needs
- ▶ Publicizes housing needs
- ▶ Provides information for agency/county/city decision-making process
- ▶ Assists in identifying the public sector's role in housing
- ▶ Identifies existing housing agencies, programs and projects
- ▶ Assists in obtaining grants/funding
- ▶ Provides housing strategies and recommendations
- ▶ Minimizes project time delays
- ▶ Mobilizes developers, builders and housing agencies

This section provides the following information and data for Kandiyohi County:

- ▶ Summary of Kandiyohi County's demographic and housing data
- ▶ Summary of Kandiyohi County cities' demographic and housing data
- ▶ Summary of housing recommendations for Kandiyohi County cities

Kandiyohi County is located approximately 100 miles west of the Minneapolis-St. Paul Metro Area. Kandiyohi County's key features include its diverse and dedicated workforce, pro-business environment, and ample supply of land for development.

Kandiyohi County has 42,819 people and 17,130 households. This is a gain of 580 people and 398 households since 2010. Willmar is the county seat and the County's largest City with 19,927 people. The next largest cities in the County are New London with 1,303 people, Spicer with 1,171 people and Atwater with 1,101 people.

Major highways in Kandiyohi County include U.S. Highway 12, U.S. Highway 71 and six Minnesota State Highways.

Kandiyohi County is a tourism and recreation destination with approximately 70 lakes. The County also has many excellent manufacturing firms, several state facilities and the Mid-Central Research and Outreach Center.

## **Kandiyohi County Demographic Data**

- ▶ **Population** - From 2010 to 2015, it is estimated that Kandiyohi County gained 580 people, an increase of 1.4%. This population growth was spread throughout the county, with nine of the 12 Kandiyohi County communities experiencing population increases from 2010 to 2015. From 2000 to 2010, Kandiyohi County gained 1,036 people, which was a population gain of 2.5%.
- ▶ **Households** - From 2010 to 2015, Kandiyohi County added 398 households, an increase of 2.4%. Nine of the Kandiyohi County cities had household gains during this time period. From 2000 to 2010, Kandiyohi County gained 796 households, which was a household gain of 5.0%.
- ▶ **Population and Household Projections** - Esri is projecting that Kandiyohi County will gain 593 people and 299 households from 2015 to 2020.
- ▶ **Average Household Size** - The average household size in Kandiyohi County has decreased from 2.71 in 2000 to 2.44 in 2015. The average household size decreased in 10 of the 12 County's cities from 2010 to 2015. The average household size in Spicer did not change and New London's average household size increased.
- ▶ **Households by Tenure** - In 2010, approximately 67% of the households in Kandiyohi County were home owners and 33% were renters. Tenure in the Kandiyohi County cities varies significantly ranging from 41% of the households renting in Willmar to 4% renting in Blomkest.
- ▶ **Median Households Income** - Kandiyohi County's median household income in 2013 was \$50,149, which is a 26.8% increase from 2000 and approximately \$9,700 lower than the state median income. Median household incomes in 2013 range from \$39,688 in Lake Lillian to \$58,125 in Blomkest.

## **Kandiyohi County Housing Data**

- ▶ **Median Home Sales Price** - The median home sales price ranges from \$176,900 in Spicer to \$48,150 in Sunburg. The median sales prices in the Kandiyohi County cities have generally increased over the past several years.
- ▶ **Residential lots for sale** - Several Kandiyohi County cities have had new residential subdivisions developed over the past several years including Willmar, Raymond, Prinsburg, New London, Spicer and Pennock.
- ▶ **New housing unit construction** - From 2000 to 2015, more than 2,000 housing units for owner and renter-occupancy were constructed in the cities of Kandiyohi County. The majority of these units were constructed in Willmar, 736 units, Spicer 65 units, New London 104 units, Atwater 29 units, Prinsburg 22 units and Pennock 18 units.
- ▶ **Single Family Home Conversions (owner to rental)** - There were a significant number of single family homes in Kandiyohi County cities that converted from owner occupied to rental occupied during the last decade. The conversions are partially due to the downturn in the housing economy. It is estimated that a significant number of these units will convert back to home ownership with an improving economy.
- ▶ **Housing Condition Analysis** - A housing condition survey of 2,344 single family homes was conducted in the 12 Kandiyohi County cities. Of the total homes surveyed, approximately 49% were in good condition, 35% need minor repair, 14% need major repair and 2.4% are dilapidated and beyond repair.

\* Source - 2010 U.S. Census, American Community Survey, Community Partners Research, Inc.

## Kandiyohi County Cities Demographic Data Summary

The following table provides a summary of the population, household, tenure and income data for Kandiyohi County and the cities in Kandiyohi County. For comparison, 2010 and 2015 data is included in the table. The data was obtained from the U.S. Census and the American Community Survey. This table also provides an overview of Kandiyohi County and the cities' estimated growth and projected growth from 2010 to 2020.

<b>Kandiyohi County Demographic Data Summary</b>							
City	Population 2010/2015	Households 2010/2015	Average Household Size 2010/2015	Population Growth Projections 2015 to 2020	Household Growth Projections 2015 to 2020	Household Tenure 2010 (owner/% renter/%)	Median Household/ Family Income 2013
Willmar	19,610/19,927 +1.7%	7,677/8,075 +5.2%	2.44/2.43	274 55/year	137 27/year	4,512/58.8% 3,165/41.2%	\$41,050/ \$50,889
Spicer	1,167/1,171 +0.3%	520/525 +1.0%	2.20/2.20	12 2 to 3/year	5 1/year	348/66.9% 172/33.1%	\$51,667/ \$71,000
New London	1,251/1,303 +4.2%	521/550 +5.6%	2.28/2.31	41 8/year	21 4/year	361/69.3% 160/30.7%	\$39,831/ \$60,833
Atwater	1,133/1,101 -2.8%	468/463 -1.1%	2.37/2.35	-21 -4/year	-2 total	347/74.1% 121/25.9%	\$48,667/ \$52,404
Lake Lillian	238/233 -2.1%	121/120 -0.8%	1.96/1.94	-3 total	-1 total	98/81.0% 23/19.0%	\$39,688/ \$48,438
Raymond	764/771 +0.9%	307/314 +2.3%	2.49/2.45	13 2 to 3/year	6 1/year	231/75.2% 76/26.7%	\$46,417/ \$57,813
Prinsburg	497/518 +4.2%	207/219 +5.8%	2.40/2.37	17 3 to 4/year	7 1 to 2/year	187/90.3% 20/9.7%	\$54,688/ \$69,375
Sunburg	100/101 +1.0%	47/48 +2.1%	2.13/2.10	2 total	1 total	37/78.9% 10/21.3%	\$52,813/ \$54,688

<b>Kandiyohi County Demographic Data Summary</b>							
City	Population 2010/2015	Households 2010/2015	Average Household Size 2010/2015	Population Growth Projections 2015 to 2020	Household Growth Projections 2015 to 2020	Household Tenure 2010 (owner/% renter/%)	Median Household/ Family Income 2013
Blomkest	157/164 +4.5%	68/72 +5.9%	2.31/2.28	6 1/year	3 total	65/95.6% 3/4.4%	\$58,125/ \$71,250
Kandiyohi	491/495 +0.8%	202/206 +2.0%	2.42/2.38	7 1 to 2/year	9 1 to 2/year	149/73.8% 53/26.2%	\$45,703/ \$56,659
Pennock	508/529 +4.1%	174/183 +5.2%	2.92/2.89	14 3/year	7 1 to 2/year	138/79.3% 36/20.7%	\$42,083/ \$50,250
Regal	34/33 -3.0%	19/19 0%	2.46/2.44	-1 total	No change	14/73.7% 5/26.3%	\$57,500/ \$63,750
Kandiyohi County	42,239/42,819 +1.4%	16,732/17,130 +2.4%	2.46/2.44	593 119/year	299 60/year	12,272/73.3% 4,460/26.7%	\$50,149/ \$62,904

Source: U.S. Census, American Community Survey; Esri

## Kandiyohi County Cities Housing Data Summary

The following table provides a summary of housing data for Kandiyohi County cities. For comparison, several housing categories also provide data from previous years. The data was obtained from the U.S. Census, and from city and county records. The housing data assists in developing housing strategies and recommendations in addressing housing needs.

<b>Housing Data Summary</b>					
City	Median Detached Home Sales Price Number of sales	Bank Owned Sales 2010 to 2015	Residential Lots For Sale 2015	Median Year Built housing units by tenure (owner/renter)	Housing units constructed 2000 to 2007/ 2008 to 2015
Willmar	\$121,900 357 sales	221	Approximately 150 to 170 in subdivisions plus infill lots	1971 - owner 1978 - renter	556/180 736 total
Spicer	\$176,900 27 sales	9	9 in subdivision plus a few infill lots	1981 - owner 1977 - renter	39/26 65 total
New London	\$121,400 24 sales	11	35 lots in subdivisions plus a few infill lots	1977 - owner 1981 - renter	88/16 104 total
Atwater	\$84,650 16 sales	16	a few infill lots	1970 - owner 1982 - renter	26/3 29 total
Lake Lillian	\$58,000 14 sales	2	a few infill lots	1958 - owner 1974 - renter	1/1 2 total
Raymond	\$101,000 13 sales	4	20 lots in subdivision plus a few infill lots	1962 - owner 1952 - renter	9/3 12 total

<b>Housing Data Summary</b>					
City	Median Detached Home Sales Price Number of sales	Bank Owned Sales 2010 to 2015	Residential Lots For Sale 2015	Median age of housing units by tenure (owner/renter)	Housing units constructed 2000 to 2007/ 2008 to 2015
Prinsburg	\$74,275 13 sales	3	9 in subdivision plus a few infill lots	1960 - owner 1952 - renter	17/5 22 total
Sunburg	\$48,150 2 sales	0	a few infill lots	1948 - owner 1943 - renter	4/1 5 total
Blomkest	\$90,000 5 sales	2	a few infill lots	1948 - owner N/A - renter	½ 3 total
Kandiyohi	\$107,697 12 sales	10	a few infill lots	1969 - owner 1975 - renter	10/0 10 total
Pennock	\$74,165 24 sales	4	22 lots in subdivision plus a few infill lots	1975 - owner 1962 - renter	13/5 18 total
Regal	\$100,000 1 sale	1	a few infill lots	1974 - owner N/A - renter	0/3 3 total

Source: U.S. Census, Kandiyohi County, Kandiyohi County cities

## **Summary of Recommendations for Cities in Kandiyohi County**

Specific findings and recommendations have been provided for the Kandiyohi County Cities of Willmar, Spicer, New London, Atwater, Prinsburg, Raymond, Kandiyohi, Sunburg, Blomkest, Lake Lillian, Pennock, and Regal, in their individual sections of this study. Below is a general summary of the recommendations for the participating Cities. Readers are encouraged to consult the section for the individual City for more detailed findings and recommendations. This summary provides a broad overview of recommendations. Individual City recommendations may vary, and should be consulted before proceeding with housing activities.

### **Rental Housing Development**

While most of the future housing demand will be for home ownership, it will also be necessary to generate new rental housing development including market rate, subsidized, tax credit, student and senior with services housing. Often new rental housing can help address demand for affordable ownership options by providing desirable housing for households that want to move out of a single family home. This will often be true for seniors, who may wish to move to a no maintenance housing option, and who are currently living in an older, single family home. Also, during the recession, many families were forced to move out of their owner-occupied home due to foreclosure, affordability, size of mortgage vs. home value, etc.

There will also be demand for general occupancy rental housing for families. Despite a preference for ownership, many young families are not in a financial position to purchase a house. Also as employment opportunities continue to become available in the County, the work force will increasingly be coming from outside the immediate area. New arrivals will often prefer to rent their housing until they become familiar with the community and comfortable with their long-term employment prospects.

We also believe that there is pent-up demand for rental units in many communities. Rental vacancy rates are generally low. Condition is also a factor, as many of the available units are old, and some are in poor condition. Many are not well suited to the needs of the renter market.

We have made specific rental recommendations for the Cities as follows:

<b>Kandiyohi County Rental Housing Development Recommendations</b>					
City	Market Rate		Subsidized/ Tax Credit	Senior with Services	Total
	General Occupancy	Affordable Conversions			
Willmar	105-130	10-12	44-60	44-47	203-249
Spicer	16-20	4-6	0	50-56	70-82
New London	12-14	4-6	8-10	12-14	36-44
Atwater	8-10	4-6	6-8	0	18-24
Lake Lillian	0	2-3	0	0	2-3
Raymond	6-8	3-4	0	8-12	17-24
Prinsburg	6-8	0	0	0	6-8
Sunburg	0	1-2	0	0	1-2
Blomkest	2-3	0	0	0	2-3
Kandiyohi	5-6	2-3	0	0	7-9
Pennock	5-6	2-3	0	0	7-9
Regal	0	0	0	0	0
Total	165-205	32-45	58-78	114-129	369-457

**Housing Rehabilitation/Neighborhood Revitalization**

Housing rehabilitation is a very important issue for Kandiyohi County Cities. In most of the communities, there is a significant percentage of single family homes that need rehabilitation. Housing condition surveys were conducted in all of the Cities and there are a significant number of single family homes in need of repair. We have also identified a number of multi-family rental projects that are over 30 years old and in need of rehabilitation.

With the high cost of new construction, it is imperative that the existing housing stock is maintained as it is the only home ownership alternative for low and moderate households.

We have recommended the continued utilization of all the resources that are available for both owner occupied and rental housing rehabilitation.

The housing condition survey findings of each City are as follows:

<b>Kandiyohi County Housing Condition Analysis</b>					
City	Sound	Minor Repair	Major Repair	Dilapidated	Total
Willmar (3 selected neighborhoods)	253 (39.3%)	259 (40.2%)	119 (18.5%)	13 (2.0%)	644
Spicer (oldest neighborhood)	22 (37.3%)	24 (40.7%)	13 (22.0%)	0 (0%)	59
New London (2 older neighborhoods)	105 (52.8%)	60(30.1%)	29 (14.6%)	5 (2.5%)	199
Atwater	204 (48.9%)	152 (36.4%)	52 (12.5%)	9 (2.2%)	417
Lake Lillian	56 (50.5%)	37 (33.3%)	15 (13.5%)	3 (2.7%)	111
Raymond	135 (49.6%)	85 (31.3%)	42 (15.4%)	10 (3.7%)	272
Prinsburg	136 (70.1%)	54 (27.8%)	4 (2.1%)	0 (0%)	194
Sunburg	16 (35.6%)	14 (31.1%)	9 (20.0%)	6 (13.3%)	45
Blomkest	36 (54.5%)	24 (36.4%)	5 (7.6%)	1 (1.5%)	66
Kandiyohi	104 (63.8%)	47 (28.8%)	11 (6.8%)	1 (0.6%)	163
Pennock	75 (48.4%)	51 (32.9%)	22 (14.2%)	7 (4.5%)	155
Regal	12 (63.1%)	5 (26.3%)	1 (5.3%)	1 (5.3%)	19
<b>Total</b>	<b>1,154 (49.2%)</b>	<b>812 (34.7%)</b>	<b>322 (13.7%)</b>	<b>56 (2.4%)</b>	<b>2,344</b>

## **Neighborhood Revitalization**

In addition to housing rehabilitation, Kandiyohi County cities can implement additional strategies, programs and projects to revitalize and preserve the quality of their residential neighborhoods. These strategies, programs and projects could include:

- ▶ A plan for each parcel in the neighborhood
- ▶ Acquisition/demolition of dilapidated structures
- ▶ Infill new construction including single family homes and attached housing
- ▶ Land pooling for larger town home and attached housing projects
- ▶ Purchase/rehabilitation activity that rehabilitates houses and provides home ownership for low/moderate income households
- ▶ Public projects (streets, utilities, park improvements, etc.)
- ▶ Possible re-zoning, variances and/or re-platting to make areas and parcels more desirable for redevelopment
- ▶ Programs that encourage energy conservation
- ▶ Continue to implement the Rental Inspection Program
- ▶ Other projects identified through the planning process

A neighborhood revitalization plan should include time lines, the identification of responsible staff from the city/housing agency, funding sources, and other details. The program should be evaluated on an ongoing basis as opportunities and potential projects may change priorities.

**Promote Home Ownership**

Increasing and promoting home ownership opportunities is a critical issue for Kandiyohi County cities. We believe that there will be a demand for home ownership over the next five years. This expected trend is due largely to the characteristics of the population. Much of the household growth that is expected in Kandiyohi County will be among 34 to 45 year olds which are primarily first time and move-up home buyers and the 55 to 74 age ranges which also represent move-up households and households seeking no maintenance housing options such as twin homes, town homes and condos.

The estimated median home values in Kandiyohi County cities, based on home sales information from the Kandiyohi County Assessor, are as follows:

▶ Willmar	\$121,900
▶ Spicer	\$176,900
▶ New London	\$121,400
▶ Atwater	\$84,650
▶ Lake Lillian	\$58,000
▶ Raymond	\$101,000
▶ Prinsburg	\$74,275
▶ Sunburg	\$48,150
▶ Blomkest	\$90,000
▶ Kandiyohi	\$107,697
▶ Pennock	\$74,165
▶ Regal	\$100,000

The following specific home ownership recommendations are as follows:

- ▶ **Develop a Purchase / Rehabilitation Program** - Several Minnesota cities have developed and implemented a Purchase/Rehabilitation Program. Under the program, the city or a housing agency purchases an existing home that needs rehabilitation, rehabilitates the home, sells the home to a low income family and provides a mortgage with no down payment, a low interest rate and a monthly payment that are affordable for the family. A Purchase/Rehabilitation Program accomplishes many community goals, including the promotion of home ownership for lower income people, and the repair of substandard housing units.
  
- ▶ **Access available resources to promote home ownership** - While there will be an increasing number of households who wish to own their housing, many will have financial situations that limit their options. It will be important to offer home ownership enhancements, including below-market mortgage rates, down payment assistance, gap financing, home ownership training and counseling, and/or other such assistance, to help home buyers achieve their goal of ownership.

Funding sources include USDA Rural Development, the Federal Home Loan Bank, the Minnesota Housing Finance Agency, SCDP funds, local financial institutions and local funds.

### **Subdivision / Lot Development**

We have recommended subdivision and lot development for several cities in Kandiyohi County. Our recommendations include lot development for all types of housing including affordable homes, twin homes and town homes as well as higher price homes. However, most Kandiyohi County cities including Willmar, New London, Spicer, Pennock, Raymond and Prinsburg have recently had residential subdivisions developed in their cities.

We recommend that all cities in Kandiyohi County have at least a 2 ½ year supply of lots that provide a variety of options.

### **Strategies to encourage residential lot sales and new home construction in Kandiyohi County Cities**

Lot sales and new home construction has slowed in most Kandiyohi County cities over the past eight years. Strategies to promote lot sales and new home construction include:

- ▶ Competitively price the lots
- ▶ Plan for long-term lot absorption
- ▶ Provide lots for twinhome/townhome development
- ▶ Assure that the lot purchase/new home construction process is 'User Friendly'
- ▶ Consider developing an exclusive builder(s) relationship
- ▶ Consider partnerships to build spec homes
- ▶ Provide lots for homes with a wide range of home sizes and prices
- ▶ Provide incentives to promote home construction
- ▶ Develop a marketing plan to market lots in the community

### **Coordination Among Housing Agencies**

Kandiyohi County has several agencies that provide housing programs, projects, services, technical assistance, etc. These agencies include:

- ▶ Kandiyohi County Housing and Redevelopment Authority
- ▶ Heartland Community Action Agency
- ▶ Southwest Minnesota Housing Partnership
- ▶ Mid-Minnesota Regional Development Commission
- ▶ USDA Rural Development

All of these agencies have excellent reputations in the housing industry and have worked well together in the past. As many housing needs continue to exist, these agencies must continue to identify their housing delivery roles and coordinate their efforts to effectively address Kandiyohi County's housing needs.

### **Small Cities Development Program (SCDP)**

We have recommended that most cities in Kandiyohi County in coordination with the Kandiyohi County HRA, apply for Minnesota Small Cities Development Program (SCDP) funds to address its housing and / or public facility needs. Several cities have utilized SCDP funds in the past to address their housing and community development needs.

### **Commercial Rehabilitation**

There are substandard and vacant buildings in all of the Kandiyohi County cities. A city with a commercial district that meets the daily needs of its households will have an advantage in retaining its population and attracting new households. Also, the appearance of a city's commercial buildings is a reflection of the overall vitality of the city.

It is recommended that programs be developed or continued to encourage rehabilitation of commercial buildings in the Kandiyohi County cities.

### **Promote Employer Involvement**

We recommend an on-going effort to involve employers as partners in addressing Kandiyohi County cities' housing needs. In many cases, employers do not wish to provide assistance to specific employees, but are willing to contribute to an overall City project, such as workforce housing or an affordable residential subdivision.

### **Develop a Housing Implementation Plan**

The Kandiyohi County/Willmar Housing Study provides many recommendations for the cities in the county. These recommendations are based on many factors including projected household growth, the existing housing inventory, household incomes, existing housing projects and programs, etc.

The next step in the process is to develop a plan based on the study recommendations. The Kandiyohi County HRA could take the lead in developing the plan. The plan should include the following:

- ▶ Review recommendations
- ▶ Prioritize recommendations
- ▶ Identify roles and responsibilities of agencies and stakeholders
- ▶ Identify funding sources
- ▶ Develop a time line
- ▶ Implement the program/project