



Housing Market Analysis and Demand Estimates for Windom, Minnesota

Prepared for:

Economic Development Authority of Windom

Prepared by:

Viewpoint Consulting Group, Inc.

Date:

May 13, 2014



Monday, May 19, 2014

Mr. Aaron Backman
Executive Director
Economic Development Authority of Windom
444 9th Street, PO Box 38
Windom, MN 56101

Subject: Housing Market Analysis and Demand Estimates for Windom, Minnesota

Dear Mr. Backman:

Attached is the *Housing Market Analysis and Demand Estimates for Windom* conducted by Viewpoint Consulting Group, Inc. The study projects housing demand through 2020, and gives recommendations on the amount and type of housing that could be built in Windom to satisfy unmet needs. Detailed information regarding recommended housing concepts can be found in the Demand Analysis and Conclusions section at the end of the report.

Thank you for selecting Viewpoint Consulting Group, Inc. to conduct this market study of Windom's housing needs. Please let us know if you have any questions or need additional information.

Sincerely,

Viewpoint Consulting Group, Inc.

A handwritten signature in blue ink that reads "Jay Thompson". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Jay Thompson
President

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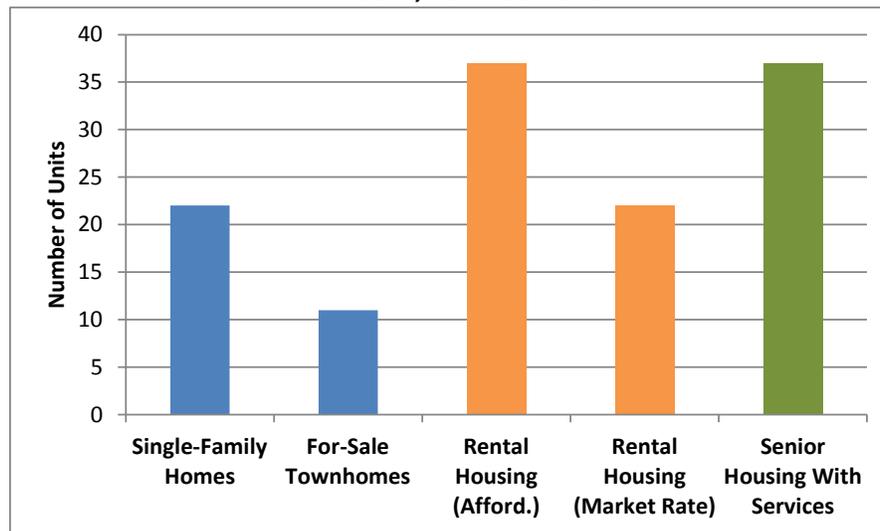
Introduction

The Economic Development Authority of Windom engaged Viewpoint Consulting Group, Inc. to conduct an assessment of housing needs for the City of Windom, Minnesota. The Windom Housing and Redevelopment Authority co-contributed to funding for the housing needs assessment. Detailed calculations of housing demand from 2014 to 2020 can be found in the *Demand Analysis and Conclusions* section of the report. Recommendations are also provided on the amount and types of housing that should be developed to accommodate the housing needs during this period. The following are key highlights from the housing needs assessment.

Key Findings

1. Windom had a population of 4,646 during the 2010 Census. This was up 3.5% from 2000 (+156 people). While this growth is modest, Windom was one of only a few communities in southwest Minnesota to experience growth during the decade.
2. Windom's population is projected to continue growing modestly, reaching 4,850 in 2020 and 4,950 in 2030. About two-thirds of Windom's workers live outside the community. Thus, there is potential to exceed these projections by enticing just a small portion of these commuters to move into new housing in Windom. There is also the potential to exceed these projections if Windom annexes land out to Fish Lake, where city sewer services have been extended.
3. Among the major employers in Windom are PM Beef and Toro. Together they employ over 1,400 people. They are key drivers of housing demand in Windom, along with Windom Public Schools, Windom Area Hospital, and Good Samaritan Society, among others.
4. Growth of most age groups in Windom is creating demand for a variety of housing types. In particular, younger persons drawn to Windom by employment are creating demand for additional rental housing. The older adult population is growing rapidly as the baby boom generation ages, creating demand for new single-family homes and townhomes.
5. The median income in Windom was \$34,614 in 2013, or much lower than the State's median household income of \$56,700. Because of the overall modest incomes in Windom, rental housing with modest rents and affordably priced single-family homes are among the community's greatest housing needs.
6. There is demand for approximately 130 new housing units in Windom from 2014 to the end of the decade (a housing unit is defined as a residence such as a house, apartment, or mobile home). Of that demand, about 30 to 35 units will be for owner-occupied housing and 95 to 100 units will be for rental and senior housing.

**Projected Unmet Housing Demand
Windom, 2014 to 2020**



7. Recommended housing types by number of units to meet projected demand in Windom from 2014 to 2020 is outlined below:

- Single-family owner-occupied
 - o Entry-level = 12 - 14 units
 - o Move-up = 8 - 10 units
- Townhomes/condominiums = 10 - 12 units
- Rental housing
 - o Market rate Townhomes = 12 - 14 units
 - o Market rate Apartments = 16 - 18 units
 - o Affordable Townhomes = 28 - 30 units
 - o Senior with Services = 36 - 38 units

8. About 60% of the demand for single-family homes is for new entry-level homes, or those priced at approximately \$150,000 to \$175,000, with the balance for move-up homes. Windom has a very limited supply of available lots to accommodate new homes. To meet demand for homes, five to eight additional entry-level lots and seven to 12 additional move-up lots are needed in the next year. These new lots would provide adequate consumer choice without excessively prolonging developer carrying costs. The lots should be priced at approximately \$15,000 to accommodate entry-level homes and \$25,000 to \$30,000 for move-up homes.

9. The primary target market for owner-occupied townhomes in Windom is empty-nesters and young seniors who want to own their residence but do not want the responsibility of maintenance. Creating 10 to 12 lots that could accommodate single-level twinhomes is recommended, with most homes priced under \$160,000. Redeveloped in-fill lots near Downtown Windom could accommodate some of the townhome demand.

10. About one-third of the demand for rental housing in Windom is from employees at local businesses earning approximately \$30,000 or more. The development of a market rate apartment to accommodate some of this demand is recommended. To meet some of the market rate demand, we also recommend exploring the potential to convert the Homes for Creative Living building at 108 9th Street into rental housing. An estimated 16 to 18 apartment units could be created. Rents should be approximately \$510 for one-bedroom units and \$635 for two-bedroom units.
11. A 28 to 30 unit affordable townhome development is recommended with a mix of two- and three-bedroom units. The development should be targeted to households earning approximately \$35,000 or less per year. Monthly contract rents (excludes renter paid utilities) should be approximately \$585 for two-bedroom units and \$660 for three-bedroom units.
12. A market rate townhome-development is recommended with 12 to 14 units. The target markets for these units are professionals and other higher-income households moving to Windom for employment who wish to rent while they decide whether or not to purchase a home and seniors looking to downsize from their homes. Monthly rents should be approximately \$735 for two-bedroom units and \$815 for three-bedroom units. Some of these units could be developed on the Good Samaritan Society Campus, as they would be highly appealing to some independent seniors.
13. An additional 36 to 38 units of senior housing with services is recommended in Windom. While a new stand-alone building may be feasible, a housing addition to the Good Samaritan Society campus would benefit from the shared the costs of administration and services and also from being affiliated with a recognized local health care provider. A 24 to 26 unit independent building similar to Remick Ridge Estates is recommended, as is a 12-unit memory care addition.
14. Besides adding new housing products, the City of Windom can further address the community's housing needs by continuing to pursue and promote various housing programs. These include the following:
 - Housing rehab programs for low-and-moderate income households
 - First-time homebuyer programs
 - HUD Section 8 Housing Choice Voucher program
 - Redrawing of the Flood Insurance Rate Map
 - Termite Mitigation
 - Rental Licensing Program
 - Dilapidated Housing Demolition Program

Purpose and Scope of Services

Viewpoint Consulting Group, Inc. was engaged by the City of Windom to conduct an analysis of the housing needs in the City of Windom. The purpose of this analysis is to calculate the depth of unmet need for various housing types in the community through 2020. Based on the analysis, recommendations are provided on specific housing developments that could be built to meet the unmet need.

Scope of Services

The scope of this study includes the following:

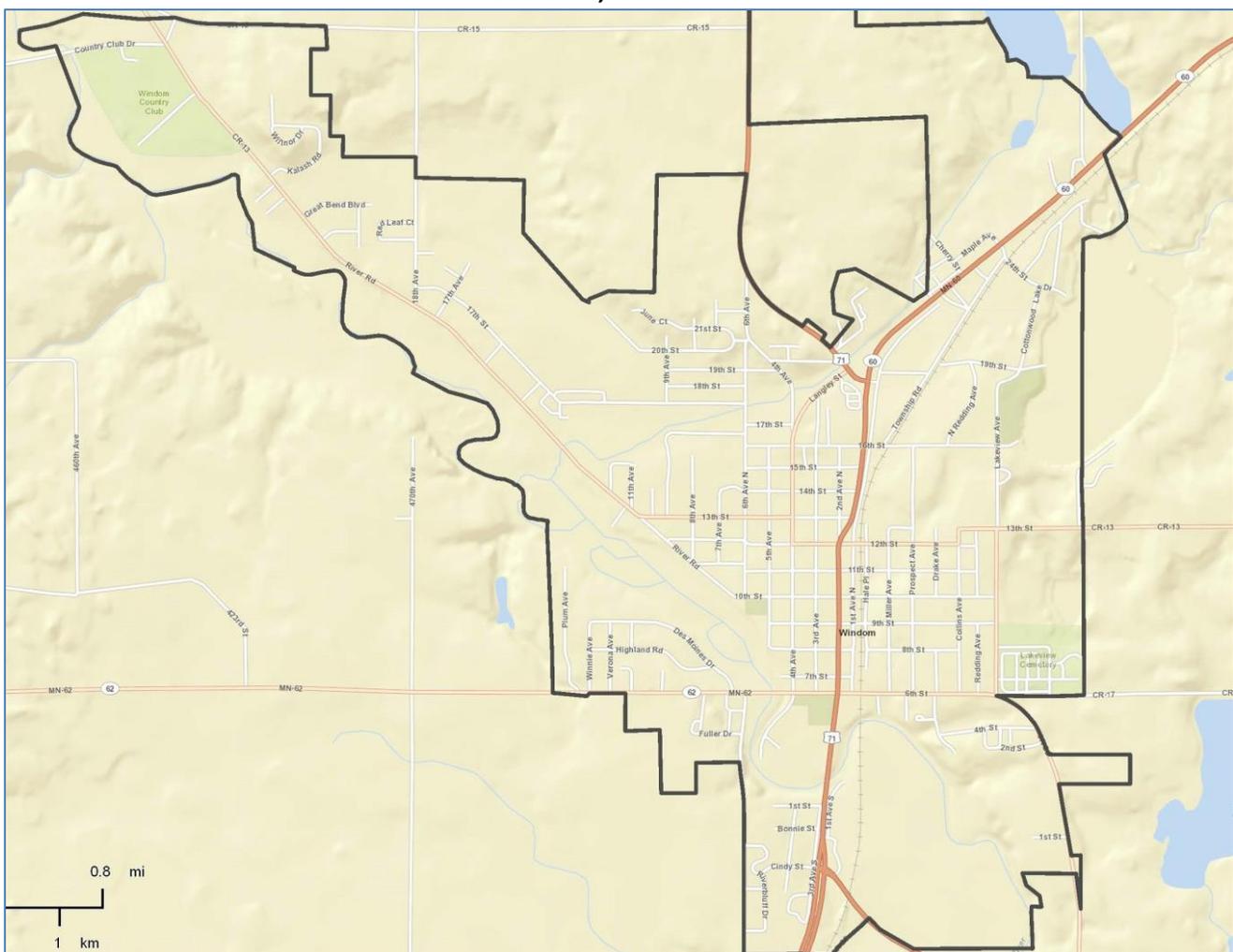
1. Analysis of demographic trends and characteristics and economic conditions as they relate to the potential demand for additional housing in Windom.
2. Analysis of current market conditions for rental housing, owner-occupied housing, and senior housing in Windom.
3. Calculation of demand for rental, owner-occupied, and senior housing in Windom through 2020.
4. Provide recommendations on appropriate housing types to develop within the next five years to satisfy unmet housing demand.

The data analyzed in this report includes both primary and secondary data. Primary data is data collected by Viewpoint Consulting Group, Inc. through interviews with property managers, Realtors, major employers, and city staff. Secondary data is gathered from other sources and is accurate to the best of our knowledge. Secondary data utilized in this report is from the U.S. Census Bureau, Minnesota State Demographic Center, Minnesota Department of Employment and Economic Development, Cottonwood County Assessor, and ESRI (a national demographics firm).

Windom Overview

Windom is a community of 4,646 people (2010 Census) located in southwestern Minnesota. It is the county seat of Cottonwood County, which had a population of 11,687 in 2010. Windom has a diverse employment base and has great highway access from the surrounding area, as it is located along State Highway 60 (between Worthington and Mankato) and US Highway 71 (between Redwood Falls and Jackson). Both of these factors contributed to population growth of 3.5% last decade. While this growth was modest (below the State's growth of 8.6%), Windom is one of the few communities in southwestern Minnesota to grow last decade – the others were Fulda, Luverne, Marshall, Slayton, and Worthington.

Map 1
Windom, Minnesota



Demographic and Employment Analysis

This section of the report examines demographic and economic factors related to the current and future demand for housing in Windom. Demographic factors examined include population and household growth trends, population age distribution, and households by income, tenure, and size. Economic factors include employment growth trends, jobs by industry types, and major employer interviews. A review of these characteristics provides insight into the demand for various types of housing in the community.

Primary Market Area Definition

The primary market area for determining current and future housing demand in Windom is based on community orientation, geographic boundaries, proximity to neighboring communities, employment draw patterns, and our knowledge of the draw areas for housing.

The Primary Market Area, or “PMA,” for Windom is the southern portion of Cottonwood County and the northern portion of Jackson County. A large portion of the residents in the PMA communities are strongly oriented to Windom for employment, services, and health care. It is recognized that Windom will draw many new residents from beyond the PMA. Communities and townships in the PMA are listed below. A map of the PMA – is shown on the following page.

Cottonwood County

Bingham Lake
 Jeffers
 Mountain Lake
 Storden
 Westbrook
 Windom
 Amboy Twp.
 Amo Twp.
 Carson Twp.

Dale Twp.
 Delton Twp.
 Great Bend Twp.
 Lakeside Twp.
 Midway Twp.
 Mountain Lake Twp.
 Rose Hill Twp.
 Selma Twp.
 Southbrook Twp.
 Springfield Twp.

Storden Twp.
 Westbrook Twp.
Jackson County
 Heron Lake
 Wilder
 Christiania Twp.
 Delafield Twp.
 Kimball Twp.
 La Crosse Twp.
 Weimer Twp.

Demographic Highlights

The following are key demographic highlights from Tables 1 through 11. Demographic data was obtained from the U.S. Census Bureau. Population and household projections were made by Viewpoint Consulting Group, Inc. based on projection data provided by the Minnesota State Demographic Center, along with local building trends and employment growth trends.

Population and Household Growth Trends and Projections

- ▶ The total population in the PMA was 12,779 in 2010. The population experienced a decline of 5.6% last decade. This decline was on top of a 3.6% decline during the 1990s. The population decline is largely being felt in the rural townships and some of the smaller communities. Windom has had growth each of the past two decades.
- ▶ Windom's population of 4,646 in 2010 accounted for 36.4% of the PMA's population. This proportion is up from 33.2% in 2000 and 30.5% in 1990. Windom is growing while the smaller towns and townships are declining. The exception is Mountain Lake, which grew by 22 people last decade, to a population of 2,104 in 2010.
- ▶ The PMA is made up of Windom plus seven smaller communities, the largest of which is Mountain Lake and the smallest being Wilder (pop. 60 in 2010). While Windom had a population of 4,646 in 2010, the seven smaller communities combined for 4,315 people. The townships, which consist largely of farmsteads, combined for 3,818 people in 2010.
- ▶ Windom's population is projected to grow by about 200 people this decade, reaching 4,850 people in 2020. By 2030, Windom is projected to reach a population of 4,950.
- ▶ There is potential for Windom to exceed its 2020 and 2030 projections by annexing land out to Fish Lake. City sewer services were extended to the lake late last decade due to the failure of some septic systems. Sewer services are provided to approximately 65 homes on and near the lake, of which about 25 are permanent residences. With an average of approximately 2.5 people per household, the annexation would add 60 to 65 people.
- ▶ Household growth is a better indicator of overall housing demand since households, by definition, are occupied housing units. Windom added 84 households last decade and is projected to add about 80 households this decade.
- ▶ With projected growth of about 200 people and 80 households this decade, the average household size in Windom would increase from 2.33 in 2010 to 2.35 in 2020. This increase is opposite of most other communities across the region as the population is aging, resulting in an increased number of empty-nesters and single seniors. The influx of younger families with children moving to Windom for jobs is contributing to the increase in household sizes. It should be noted that while increasing, the average household size in Windom is still below than the State average (2.54 in 2010).

Table 1
Population and Household Growth Trends
Windom and Primary Market Area, 1980 to 2010

	1980	Census		2010	Change			
		1990	2000		-- 1990 - 2000 --		-- 2000 - 2010 --	
					No.	Pct.	No.	Pct.
POPULATION								
Windom	4,666	4,283	4,490	4,646	207	4.8%	156	3.5%
Bingham Lake	222	155	167	126	12	7.7%	-41	-24.6%
Heron Lake	783	730	768	698	38	5.2%	-70	-9.1%
Jeffers	437	443	396	369	-47	-10.6%	-27	-6.8%
Mountain Lake	2,277	1,906	2,082	2,104	176	9.2%	22	1.1%
Storden	341	283	274	219	-9	-3.2%	-55	-20.1%
Westbrook	978	853	755	739	-98	-11.5%	-16	-2.1%
Wilder	120	83	69	60	-14	-16.9%	-9	-13.0%
Remainder of PMA	6,499	5,297	4,531	3,818	-766	-14.5%	-713	-15.7%
PMA	16,323	14,033	13,532	12,779	-501	-3.6%	-753	-5.6%
<i>Cottonwood County</i>	<i>14,854</i>	<i>12,694</i>	<i>12,167</i>	<i>11,687</i>	<i>-527</i>	<i>-4.2%</i>	<i>-480</i>	<i>-3.9%</i>
<i>Minnesota</i>	<i>4,075,970</i>	<i>4,375,099</i>	<i>4,919,479</i>	<i>5,310,584</i>	<i>544,380</i>	<i>12.4%</i>	<i>391,105</i>	<i>8.0%</i>
HOUSEHOLDS								
Windom	1,885	1,793	1,910	1,994	117	6.5%	84	4.4%
Bingham Lake	87	59	60	55	1	1.7%	-5	-8.3%
Heron Lake	313	298	285	306	-13	-4.4%	21	7.4%
Jeffers	208	184	184	167	0	0.0%	-17	-9.2%
Mountain Lake	973	798	817	829	19	2.4%	12	1.5%
Storden	140	122	120	104	-2	-1.6%	-16	-13.3%
Westbrook	436	400	367	345	-33	-8.3%	-22	-6.0%
Wilder	46	33	29	25	-4	-12.1%	-4	-13.8%
Remainder of PMA	2,345	1,894	1,659	1,515	-235	-12.4%	-144	-8.7%
PMA	6,433	5,581	5,431	5,340	-150	-2.7%	-91	-1.7%
<i>Cottonwood County</i>	<i>5,804</i>	<i>5,060</i>	<i>4,917</i>	<i>4,857</i>	<i>-143</i>	<i>-2.8%</i>	<i>-60</i>	<i>-1.2%</i>
<i>Minnesota</i>	<i>1,445,222</i>	<i>1,647,853</i>	<i>1,895,127</i>	<i>2,087,227</i>	<i>247,274</i>	<i>15.0%</i>	<i>192,100</i>	<i>10.1%</i>

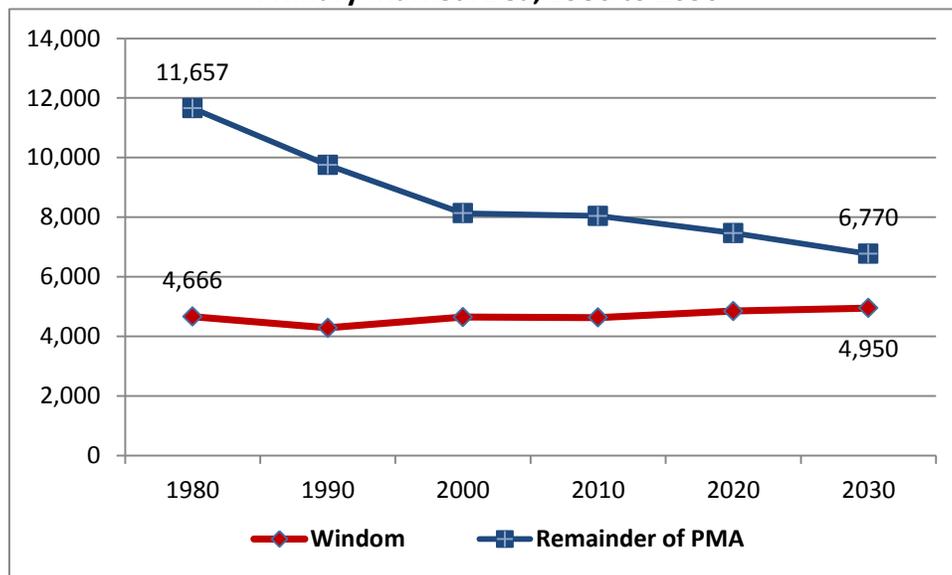
Sources: US Census; Viewpoint Consulting Group, Inc.

Table 2
Population and Household Growth Projections
Windom and Primary Market Area, 2000 to 2030

	Census 2010	Estimate 2014	-- Projections --		----- Change -----			
			2020	2030	-- 2010 - 2020 -- No.	Pct.	-- 2020 - 2030 -- No.	Pct.
POPULATION								
Windom	4,646	4,630	4,850	4,950	204	4.4	100	2.1
Remainder of PMA	8,133	8,045	7,470	6,770	-663	-8.2	-700	-9.4
PMA	12,779	12,675	12,320	11,720	-459	-3.6	-600	-4.9
<i>Cottonwood County</i>	<i>11,687</i>	<i>11,590</i>	<i>11,400</i>	<i>11,000</i>	<i>-287</i>	<i>-2.5</i>	<i>-400</i>	<i>-3.5</i>
<i>Minnesota</i>	<i>5,310,584</i>	<i>5,490,800</i>	<i>5,772,259</i>	<i>6,182,305</i>	<i>461,675</i>	<i>8.7</i>	<i>410,046</i>	<i>7.1</i>
HOUSEHOLDS								
Windom	1,994	1,990	2,075	2,100	81	4.1	25	1.2
Remainder of PMA	3,346	3,300	3,125	2,900	-221	-6.6	-225	-7.2
PMA	5,340	5,290	5,200	5,000	-140	-2.6	-200	-3.8
<i>Cottonwood County</i>	<i>4,857</i>	<i>4,845</i>	<i>4,830</i>	<i>4,650</i>	<i>-27</i>	<i>-0.6</i>	<i>-180</i>	<i>-3.7</i>
<i>Minnesota</i>	<i>2,087,227</i>	<i>2,183,800</i>	<i>2,339,934</i>	<i>2,562,091</i>	<i>252,707</i>	<i>12.1</i>	<i>222,157</i>	<i>9.5</i>

Sources: US Census; Minnesota Demographic Center; Viewpoint Consulting Group, Inc.

Population Growth Trends and Projections
Primary Market Area, 1980 to 2030



Household Sizes

- ▶ Dividing total population by total households (from Tables 1 and 2) results in a community's average household size. The average size of Windom's households was 2.33 people per household in 2010 and the PMA's was 2.39. In comparison, the State's average household size was 2.54 people per household.
- ▶ Household sizes in the PMA have steadily declined since 1980. The decline is largely attributed to the aging population, as the proportion of empty-nesters and single seniors to younger families with children increased. This trend is projected to continue through 2030.
- ▶ Table 3 shows the distribution of households by household size in 2010. In Windom, 36% of the households were single persons (compared to 28% statewide). The average household size varied greatly by tenure (owners versus renters). Only 29% of owner households had just one person compared to 53% of renter households. A large percentage of renters are elderly widows or young singles new to the area. Conversely, the largest households tend to be families with children and these families generally prefer to own single-family homes.
- ▶ Twenty five percent of Windom's 579 renters in 2010 were at least three-person households (145 renters). This percentage is lower than the State's, in which 29.5% of the renter households had three or more persons. However, the percentage is up from 18% in 2000 when Windom had 84 renters with three or more persons. An influx of families with children has led to the increase. The number of renters with four or more persons doubled in Windom from 2000 to 2010 (41 in 2000 to 84 in 2010). Meanwhile, the number of owner households with four or more persons in Windom declined from 306 in 2000 to 282 in 2010.

Table 3
Households by Size and Tenure
Primary Market Area, 2010

	--- Windom ---			--- PMA ---			-- Cottonwood County --		
	Own	Rent	% owners	Own	Rent	% owners	Own	Rent	% owners
1 Person	405	307	56.9%	1,099	619	64.0%	1,005	554	64.5%
2 Person	552	127	81.3%	1,678	276	85.9%	1,527	253	85.8%
3 Person	176	61	74.3%	502	113	81.6%	440	108	80.3%
4 Person	153	52	74.6%	446	105	80.9%	403	94	81.1%
5 Person	86	19	81.9%	252	52	82.9%	238	49	82.9%
6 Person	32	8	80.0%	105	25	80.8%	100	23	81.3%
7+ Persons	11	5	68.8%	49	19	72.1%	44	19	69.8%
Total	1,415	579	71.0%	4,131	1,209	77.4%	3,757	1,100	77.4%

Source: 2010 Census; Viewpoint Consulting Group, Inc.

Population Age Distribution

- ▶ The aging of baby boomers, which were age 45 to 64 in 2010, resulted in the strongest growth in most communities last decade being among older adults. This was partly true for Windom as well, as the 55 to 64 age group grew by 27.6%. Windom also saw solid growth among 20-to-44-year-olds and among younger seniors (ages 65 to 74).
- ▶ Windom experienced population growth in every age group last decade except for the age 35 to 44 age group and the age 75 and over age group. The decline of 35-to-44-year-olds is attributed to younger baby boomers aging into their mid-40s and being replaced by baby busters. The decline in the senior population is attributed to lower birth rates during the Depression Era of the 1930s – children born during the Depression entered their 70s last decade. As Depression Era children age into their 80s this decade, the age 75+ population is projected to stabilize. The senior population will begin to grow more rapidly next decade.
- ▶ With the overall population in Windom projected to grow by about 200 people this decade, most age groups are expected to see some growth (the 45 to 54 age group is projected to decline slightly). A variety of housing types will likely be needed to accommodate growth of people in various life-cycle stages – including owned and rented housing and senior housing.
- ▶ As the population grows in Windom but declines in the remainder of the PMA, Windom will increase its share of the PMA's population in every age group. Windom's share will increase the most among the younger population – those under age 45.

**Projected Population Growth by Age Group
Windom, 2000 to 2030**

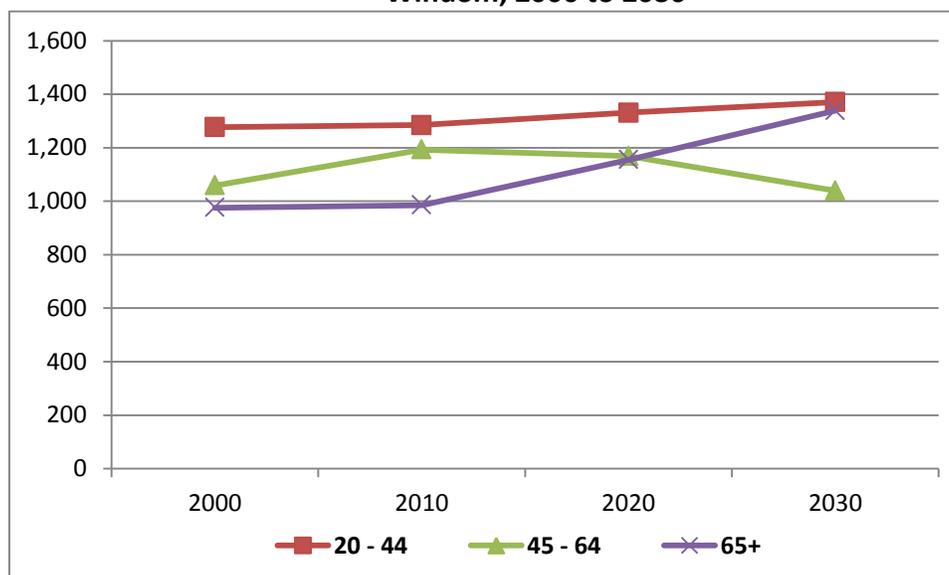


Table 4
Projected Population Growth by Age,
Primary Market Area, 2000 to 2030

	--- Number of Persons ---				---- Change ----			
	2000	2010	2020	2030	2000 - 2010		2010 - 2020	
					No.	Pct.	No.	Pct.
Windom								
<20	1,178	1,183	1,195	1,202	5	0.4%	12	1.0%
20-24	182	213	214	236	31	17.0%	1	0.5%
25-34	463	496	527	519	33	7.1%	31	6.3%
35-44	632	576	590	616	-56	-8.9%	14	2.4%
45-54	617	629	554	566	12	1.9%	-75	-11.9%
55-64	442	564	615	473	122	27.6%	51	9.0%
65-74	390	436	557	617	46	11.8%	121	27.9%
75+	586	549	598	721	-37	-6.3%	49	8.9%
Total	4,490	4,646	4,850	4,950	156	3.5%	204	4.4%
PMA								
<20	3,734	3,277	3,170	2,934	-457	-12.2%	-107	-3.3%
20-24	548	573	536	495	25	4.6%	-37	-6.5%
25-34	1,291	1,217	1,279	1,069	-74	-5.7%	62	5.1%
35-44	1,883	1,368	1,428	1,352	-515	-27.3%	60	4.4%
45-54	1,784	1,870	1,415	1,474	86	4.8%	-455	-24.3%
55-64	1,319	1,659	1,753	1,268	340	25.8%	94	5.7%
65-74	1,285	1,177	1,332	1,470	-108	-8.4%	155	13.2%
75+	1,688	1,482	1,407	1,658	-206	-12.2%	-75	-5.1%
Total	13,532	12,623	12,320	11,720	-909	-6.7%	-303	-2.4%
Cottonwood County								
<20	3,337	3,056	3,072	2,880	-281	-8.4%	16	0.5%
20-24	498	515	308	363	17	3.4%	-207	-40.2%
25-34	1,172	1,130	1,013	848	-42	-3.6%	-117	-10.3%
35-44	1,653	1,268	1,302	1,153	-385	-23.3%	34	2.7%
45-54	1,624	1,672	1,269	1,311	48	3.0%	-403	-24.1%
55-64	1,194	1,564	1,632	1,230	370	31.0%	68	4.3%
65-74	1,168	1,089	1,420	1,478	-79	-6.8%	331	30.4%
75+	1,521	1,393	1,385	1,737	-128	-8.4%	-8	-0.6%
Total	12,167	11,687	11,400	11,000	-480	-3.9%	-287	-2.5%

Sources: US Census; Viewpoint Consulting Group, Inc.

Tenure by Age of Householder

- ▶ Windom had a homeownership rate of 71% in 2010, lower than its 76% rate in 2000. This decline was similar to many communities across the state, as the downturn in the housing market toward to latter end of the decade led to increased rental rates.
- ▶ The PMA's homeownership rate in 2010 (77%) was higher than Minnesota's (74%). The predominance of single-family homes in the rural portion of the PMA, which are primarily owned, contributed to the high homeownership rate. Windom contains 48% of the PMA's renter households but only 34% of its owners.
- ▶ Renter households in Windom grew by 24% last decade (+113 households) while owner households declined by 2% (-29 households). The decline of owner households was particularly felt among households under age 55. Renter household growth occurred in all age groups except those under age 25 and those ages 65 to 74.
- ▶ The youngest households had the greatest propensity to rent in Windom in 2010. Table 5 shows that 77% of households under age 25 rented their housing. This decreased to 46% of 25 to 34 year olds and continued decreasing to 12.5% among 65 to 74 year olds. The primary markets for rental housing in Windom are younger households as well as seniors who are no longer able or willing to maintain their single-family homes.
- ▶ Although the propensity for households under age 25 to rent their housing is higher, Windom had twice as many renters in the 25 to 34 age group in 2010. Many of the renters in this age group, as well as middle-aged renters, are people who have moved to Windom and choose to rent for a year or more to become established in their job and the community before they make the long-term commitment of purchasing a home.

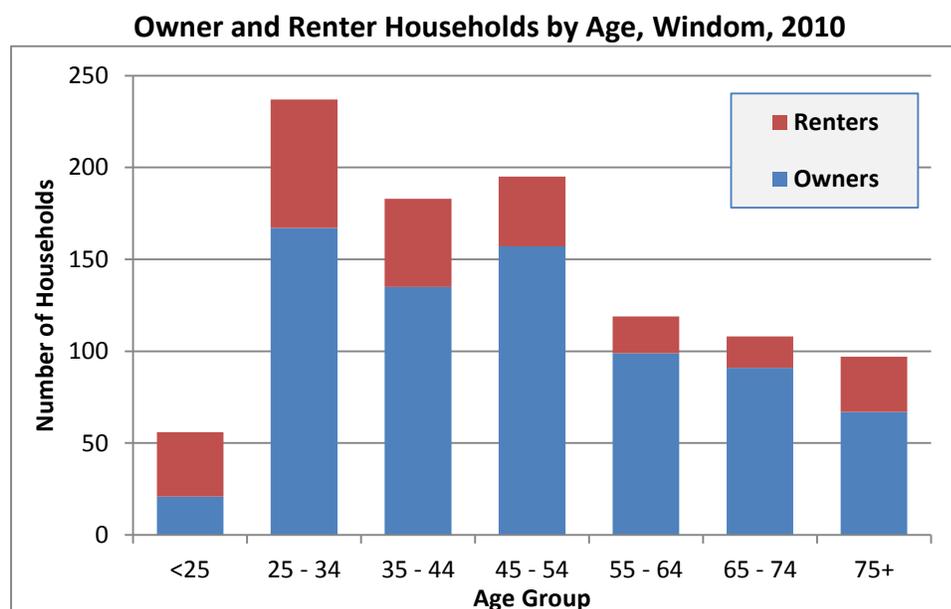


Table 5
Households by Age and Tenure,
Primary Market Area, 2000 and 2010

	--- Windom ---			--- PMA ---			-- Cottonwood County --		
	2000	2010	% Change	2000	2010	% Change	2000	2010	% Change
Households	1,910	1,994	4.4%	5,434	5,340	-1.7%	4,917	4,857	-1.2%
Owner Households	1,444	1,415	-2.0%	4,368	4,131	-5.4%	3,955	3,757	-5.0%
< age 25	21	18	-14.3%	82	62	-24.4%	74	56	-24.3%
25 to 34	150	142	-5.3%	438	396	-9.6%	396	359	-9.3%
35 to 44	271	213	-21.4%	790	559	-29.2%	702	513	-26.9%
45 to 54	315	280	-11.1%	870	870	0.0%	792	772	-2.5%
55 to 64	224	282	25.9%	687	864	25.8%	623	790	26.8%
65 to 74	203	238	17.2%	698	653	-6.4%	633	599	-5.4%
75+	260	242	-6.9%	803	727	-9.5%	735	668	-9.1%
Renter Households	466	579	24.2%	1,066	1,209	13.4%	962	1,100	14.3%
< age 25	74	60	-18.9%	138	109	-21.0%	133	103	-22.6%
25 to 34	82	122	48.8%	192	236	22.9%	174	216	24.1%
35 to 44	73	96	31.5%	223	164	-26.5%	187	148	-20.9%
45 to 54	48	84	75.0%	116	194	67.2%	103	176	70.9%
55 to 64	33	58	75.8%	58	129	122.4%	54	119	120.4%
65 to 74	40	34	-15.0%	90	72	-20.0%	78	66	-15.4%
75+	116	125	7.8%	249	305	22.5%	233	272	16.7%
Homeownership Rate	76%	71%	--	80%	77%	--	80%	77%	--

Sources: US Census; Viewpoint Consulting Group, Inc.

Household Income by Age of Householder

Income by age of householder data helps determine 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 for families as 30% of a household's adjusted gross income. Younger households with greater living expenses often need to allocate a smaller portion toward housing (25% to 30%), while seniors can often spend 40% or more on housing since they generally have lower living expenses.

A generally accepted standard for affordable owner-occupied housing is that a typical household can afford to pay 3.0 to 3.5 times its annual income on a single-family home (depending on interest rates). For example, 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 household has adequate funds for down payment and closing costs.

- ▶ The median income in Windom of \$34,614 in 2013 is much lower than the State's median income of \$56,700. Wages are modest across the various industry sectors, including manufacturing, leisure and hospitality, retail trade, and professional and business services (see Table 13). Housing with modest rents or prices is needed for a large portion of Windom's household base.
- ▶ In 2013, 17% of the non-senior households in Windom had incomes under \$15,000 (231 households). All of these households would be eligible for subsidized rental housing. Another 17% of Windom's non-senior households had incomes between \$15,000 and \$25,000 (230 households). Most of these households would still qualify for subsidized housing, but some could also afford older market-rate rentals. If housing costs absorb 30% of income, households with incomes of \$25,000 could afford to pay \$625 per month in gross monthly rent (gross rent is contract rent plus utilities).
- ▶ Median incomes for households in Windom peaked at about \$44,000 for the 45 to 54 age group in 2013. These households could afford to purchase a home valued from \$130,000 to \$155,000 (3.0 to 3.5 times income). About 23% of the non-senior households had incomes of \$75,000 or more and could afford homes priced at about \$200,000 or more.
- ▶ Senior households (age 75+) with incomes greater than \$25,000 can generally afford market-rate senior housing. Based on a 40% allocation of income for housing, this translates to gross monthly rents of at least \$833. About 160 senior households in Windom had incomes above \$25,000 in 2013, as did another 369 senior households in the remainder of the PMA.

- ▶ Seniors who are able and willing to pay 85% or more of their income on senior housing with services (such as assisted living housing) would need an annual income of about \$40,000 to afford monthly rents of \$2,800, which is about the beginning monthly rent for assisted living in Windom (see Table 26). In 2013, Windom had an estimated 87 age 75+ senior households with incomes greater than \$40,000 and the remainder of the PMA had another 220. By 2018, an estimated 110 households in Windom and 245 households in the remainder of the PMA will be age 75+ with incomes greater than \$40,000.
- ▶ Excluding singles, most households with incomes below about \$30,000 would income-qualify for rental housing affordable at 60% of area median income. Income-limits (2013) for the Low Income Housing Tax Credit program (LIHTC) from the Minnesota Housing Finance Agency are shown below. As of 2013, there were approximately 530 households under age 65 in Windom that had incomes below \$30,000. This equates to 40% of households under age 65.

2013 Cottonwood County Income Limits – Minnesota Housing Finance Agency

	<u>1 Person</u>	<u>2 Person</u>	<u>3 Person</u>	<u>4 Person</u>	<u>5 Person</u>
30%	\$12,750	\$14,580	\$16,410	\$18,210	\$19,680
50%	\$21,250	\$24,300	\$27,350	\$30,350	\$32,800
60%	\$25,500	\$29,160	\$32,820	\$36,420	\$39,360

**Households by Age and Income
Windom, 2013**

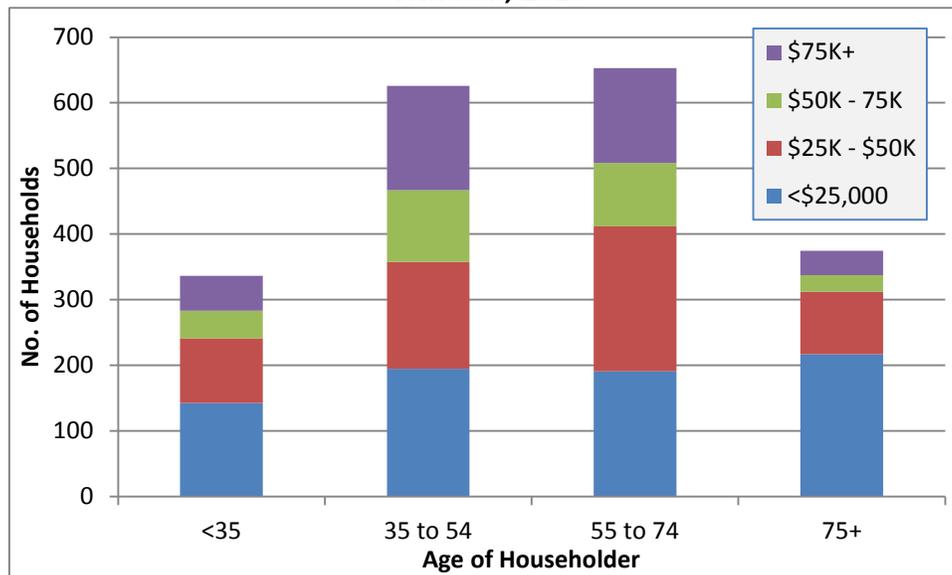


Table 6
Household Income by Age of Householder
Windom, 2013 and 2018

2013 Households by Age								
Income	Total	< 25	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 +
<\$15,000	360	43	40	38	59	50	34	94
\$15,000 to \$24,999	386	12	47	49	48	73	33	123
\$25,000 to \$34,999	256	1	35	34	24	45	58	58
\$35,000 to \$49,999	321	8	54	48	56	54	63	37
\$50,000 to \$74,999	273	4	38	51	58	46	50	25
\$75,000 to \$99,999	148	3	16	25	31	40	15	17
\$100,000 or more	246	2	32	38	64	49	40	20
Total	1,990	73	263	284	342	359	294	375
Median HH Income	\$34,614	\$12,733	\$36,744	\$40,152	\$44,324	\$37,186	\$38,833	\$21,454
<i>Minnesota Median</i>	<i>\$56,704</i>	<i>\$29,058</i>	<i>\$55,379</i>	<i>\$70,169</i>	<i>\$76,583</i>	<i>\$63,983</i>	<i>\$50,050</i>	<i>\$26,991</i>
2018 Households by Age								
Income	Total	< 25	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 +
<\$15,000	364	39	40	38	51	53	41	102
\$15,000 to \$24,999	332	10	40	40	36	64	31	112
\$25,000 to \$34,999	278	1	38	36	21	47	69	67
\$35,000 to \$49,999	325	7	53	47	48	55	71	43
\$50,000 to \$74,999	225	4	33	40	41	38	47	22
\$75,000 to \$99,999	186	4	23	29	34	50	21	24
\$100,000 or more	340	1	50	46	77	63	67	36
Total	2,050	67	277	275	308	370	347	406
Median HH Income	\$36,716	\$12,973	\$39,722	\$41,527	\$49,339	\$39,535	\$40,431	\$23,432
<i>Minnesota Median</i>	<i>\$68,119</i>	<i>\$31,256</i>	<i>\$65,635</i>	<i>\$84,178</i>	<i>\$89,875</i>	<i>\$79,993</i>	<i>\$57,258</i>	<i>\$30,081</i>
Change From 2013 - 2018								
Income	Total	< 25	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 +
<\$15,000	4	-5	0	-1	-8	3	7	8
\$15,000 to \$24,999	-53	-2	-7	-9	-13	-10	-2	-11
\$25,000 to \$34,999	22	0	2	1	-3	2	11	9
\$35,000 to \$49,999	4	-1	-1	-1	-8	1	8	6
\$50,000 to \$74,999	-48	0	-5	-12	-17	-9	-3	-3
\$75,000 to \$99,999	38	1	7	4	3	10	6	7
\$100,000 or more	94	-1	18	8	13	14	27	15
Total	60	-6	14	-9	-33	11	53	31

Sources: ESRI; Viewpoint Consulting Group, Inc.

Table 7
Household Income by Age of Householder
Primary Market Area, 2013 and 2018

2013 Households by Age								
Income	Total	< 25	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 +
<\$15,000	782	64	84	78	113	122	90	232
\$15,000 to \$24,999	802	30	95	87	101	154	58	276
\$25,000 to \$34,999	730	16	86	74	72	146	152	184
\$35,000 to \$49,999	812	13	116	114	128	155	170	115
\$50,000 to \$74,999	1,020	18	133	159	251	189	156	114
\$75,000 to \$99,999	549	8	71	82	128	141	46	74
\$100,000 or more	595	3	56	88	178	138	89	42
Total	5,290	151	641	682	971	1,046	762	1,037
Median HH Income	\$40,138	\$17,952	\$40,783	\$47,915	\$54,854	\$43,568	\$40,617	\$25,396
<i>Minnesota Median</i>	<i>\$56,704</i>	<i>\$29,058</i>	<i>\$55,379</i>	<i>\$70,169</i>	<i>\$76,583</i>	<i>\$63,983</i>	<i>\$50,050</i>	<i>\$26,991</i>
2018 Households by Age								
Income	Total	< 25	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 +
<\$15,000	752	56	81	65	89	121	102	238
\$15,000 to \$24,999	636	24	74	67	66	121	53	230
\$25,000 to \$34,999	737	15	81	72	55	145	173	196
\$35,000 to \$49,999	756	11	104	101	101	142	181	117
\$50,000 to \$74,999	830	18	115	120	173	155	148	101
\$75,000 to \$99,999	696	9	99	98	136	181	72	102
\$100,000 or more	822	2	88	113	210	180	155	75
Total	5,230	134	642	636	830	1,045	884	1,059
Median HH Income	\$43,618	\$18,533	\$46,488	\$51,804	\$62,577	\$48,967	\$43,106	\$27,404
<i>Minnesota Median</i>	<i>\$68,119</i>	<i>\$31,256</i>	<i>\$65,635</i>	<i>\$84,178</i>	<i>\$89,875</i>	<i>\$79,993</i>	<i>\$57,258</i>	<i>\$30,081</i>
Change From 2013 - 2018								
Income	Total	< 25	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 +
<\$15,000	-30	-7	-3	-12	-24	-1	11	6
\$15,000 to \$24,999	-167	-6	-21	-20	-35	-33	-4	-46
\$25,000 to \$34,999	8	-1	-6	-2	-16	-1	21	13
\$35,000 to \$49,999	-56	-2	-13	-14	-28	-13	11	2
\$50,000 to \$74,999	-190	0	-18	-39	-78	-34	-8	-14
\$75,000 to \$99,999	147	1	28	16	8	39	26	28
\$100,000 or more	228	-1	32	24	32	41	66	33
Total	-60	-17	0	-46	-141	0	122	22

Sources: ESRI; Viewpoint Consulting Group, Inc.

Table 8
Household Income by Age of Householder
Cottonwood County, 2013 and 2018

2013 Households by Age								
Income	Total	< 25	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 +
<\$15,000	742	67	81	73	104	114	86	218
\$15,000 to \$24,999	767	30	92	82	98	141	62	261
\$25,000 to \$34,999	649	14	75	67	57	134	140	163
\$35,000 to \$49,999	754	12	109	105	117	141	161	107
\$50,000 to \$74,999	903	16	117	145	221	163	137	103
\$75,000 to \$99,999	470	7	58	69	109	129	44	55
\$100,000 or more	566	4	53	87	167	127	86	43
Total	4,850	149	585	626	874	951	715	951
Median HH Income	\$39,212	\$16,835	\$39,839	\$47,563	\$54,659	\$42,897	\$40,062	\$24,758
<i>Minnesota Median</i>	<i>\$56,704</i>	<i>\$29,058</i>	<i>\$55,379</i>	<i>\$70,169</i>	<i>\$76,583</i>	<i>\$63,983</i>	<i>\$50,050</i>	<i>\$26,991</i>
2018 Households by Age								
Income	Total	< 25	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 +
<\$15,000	720	58	78	63	85	112	96	227
\$15,000 to \$24,999	620	23	76	62	66	114	57	221
\$25,000 to \$34,999	669	14	70	64	47	131	162	181
\$35,000 to \$49,999	714	10	101	95	91	130	173	113
\$50,000 to \$74,999	744	16	107	112	153	133	130	94
\$75,000 to \$99,999	598	8	81	83	116	163	66	80
\$100,000 or more	770	3	87	106	194	160	141	79
Total	4,835	132	602	587	752	941	825	996
Median HH Income	\$42,366	\$17,369	\$45,235	\$51,177	\$61,699	\$47,624	\$42,001	\$27,087
<i>Minnesota Median</i>	<i>\$68,119</i>	<i>\$31,256</i>	<i>\$65,635</i>	<i>\$84,178</i>	<i>\$89,875</i>	<i>\$79,993</i>	<i>\$57,258</i>	<i>\$30,081</i>
Change From 2013 - 2018								
Income	Total	< 25	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 +
<\$15,000	-21	-8	-2	-9	-19	-2	11	9
\$15,000 to \$24,999	-146	-7	-16	-19	-32	-27	-4	-41
\$25,000 to \$34,999	20	0	-4	-2	-10	-3	21	18
\$35,000 to \$49,999	-40	-2	-8	-10	-26	-11	12	6
\$50,000 to \$74,999	-159	0	-10	-33	-68	-30	-7	-9
\$75,000 to \$99,999	127	1	24	15	7	33	23	26
\$100,000 or more	204	-1	35	20	27	32	55	37
Total	-15	-17	17	-40	-122	-9	111	45

Sources: ESRI; Viewpoint Consulting Group, Inc.

Household Income by Tenure

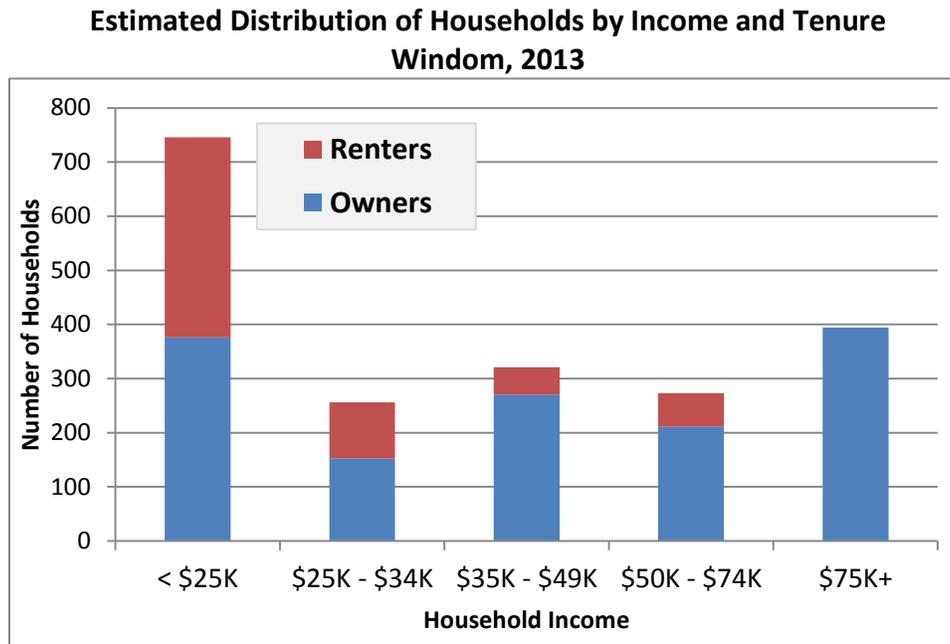
- ▶ Data on household incomes by tenure is obtained from the Census Bureau’s American Community Survey. Generally, as is the case with Cottonwood County, the percentage of renters steadily declines from the lower to higher income groups. Conversely, the percentage of owners steadily increases from the lower to higher income groups. Partly because Windom is a relatively small sample size, the rental rate has more variations among the income ranges. Still, about 47% percent of households with incomes below \$35,000 were renters, declining to 19% of households with incomes of \$35,000 to \$75,000, and none of the households with incomes above \$75,000.
- ▶ When applying the percentages in Table 9 to the 2013 households by income data in Windom in Table 6, about 89% of households with incomes of \$35,000 or more in Windom are owners. There are also many homeowners with incomes below \$25,000 – most are likely seniors whose homes are paid off and who’s primary income is Social Security benefits.
- ▶ When applying the percentages in Table 9 to the 2013 households by income data in Windom in Table 6, approximately 28% of the renters in Windom are income-qualified for market rate rental housing (incomes of \$30,000 or above). Most households with incomes below \$30,000 would be income-qualified for affordable or subsidized housing. Many of the renter households with incomes below \$30,000 are seniors.

Table 9
Estimated Tenure by Household Income
Windom, 2013

Income Range	-- Windom --		-- Cottonwood County --	
	Percent Owners	Percent Renters	Percent Owners	Percent Renters
<\$15,000	52.4%	47.6%	55.5%	44.5%
\$15,000 - \$24,999	48.6%	51.4%	54.6%	45.4%
\$25,000 - \$34,999	59.5%	40.5%	70.4%	29.6%
\$35,000 - \$49,999	84.1%	15.9%	86.5%	13.5%
\$50,000 - \$74,999	77.5%	22.5%	81.9%	18.1%
\$75,000 - \$99,999	100.0%	0.0%	91.3%	8.7%
\$100,000 - \$149,999	100.0%	0.0%	94.0%	6.0%
\$150,000+	100.0%	0.0%	96.8%	3.2%
Median Income	\$46,734	\$18,429	\$48,682	\$23,922

Sources: US Census, 2012 American Community Survey; Viewpoint Consulting Group, Inc.

- ▶ The chart below highlights the large number of renter households in Windom earning less than \$25,000. Many of the households earning less than \$25,000 are seniors relying on social security income. Most households in Windom with incomes of \$35,000 or more are homeowners.



Housing Cost Burden

The generally accepted definition of affordability is for a household to pay no more than 30% of its annual income on housing. Households who pay more than 30% for housing are considered cost burdened and may have difficulty affording other necessities such as food, clothing, transportation and medical care.

- ▶ Table 10 shows that as of 2013, 27% of owners and 37% of renters in Windom were cost burdened. These compare to statewide housing cost burdened rates of 23% of owners and 45% of renters.
- ▶ Lower-income households were the most likely to be cost burdened. About 85% of owners and 55% of renters with incomes below \$20,000 were cost burdened. Cost burdened households with incomes above \$20,000 were most likely to be owners.
- ▶ Overall, an estimated 52% of Windom's households with incomes below \$35,000 were housing cost burdened.

Table 10
Estimated Tenure by Housing Costs as Percentage of Income
Windom, 2013

	Windom		Cottonwood County	
	<u>Owners</u>	<u>Renters</u>	<u>Owners</u>	<u>Renters</u>
< \$20,000	239	321	583	532
<20%	14	50	69	70
20%-29%	20	94	118	150
30%+	205	177	396	312
\$20,000-\$34,999	277	139	610	251
<20%	120	9	273	45
20%-29%	54	104	125	135
30%+	103	26	211	71
\$35,000-\$49,999	268	52	666	106
<20%	143	41	374	65
20%-29%	57	0	147	11
30%+	69	11	145	30
\$50,000-\$74,999	258	63	833	156
<20%	163	54	598	127
20%-29%	95	9	174	29
30%+	0	0	61	0
\$75,000+	372	0	1,063	50
<20%	353	0	972	50
20%-29%	20	0	71	0
30%+	0	0	20	0
Total	1,415	575	3,755	1,095
Sources: 2012 American Community Survey; Viewpoint Consulting Group, Inc.				

Household Type

- ▶ Windom has an increasingly diverse mix of household types. The largest type is households living alone – of which single seniors likely account for the majority. The next largest household type is married couples without children. This group declined in Windom last decade, but nationwide it is growing as many married couples are baby boomers who are increasingly becoming empty-nesters.
- ▶ Many younger couples with children are not marrying. This is reflected in the 15% growth of Windom’s Other Families last decade.
- ▶ Other family households include single parents and also couples who are not married but have children. This household type grew by 15% last decade, and in 2010 accounted for 13% of Windom’s households. Single parent households are often lower-income and need affordable rental housing.
- ▶ In 2010, married couple households without children accounted for 31% of all households in Windom. Married couples without children are typically empty-nesters or seniors. Most will remain in their single-family homes but many will also consider moving into maintenance free housing – such as one-level condominium/townhome units or rental housing.
- ▶ Roommates comprise the lowest percentage of households in Windom (4%), although they grew significantly from 2000, more than doubling from 31 to 81 households.

Table 11
Household Type
Primary Market Area, 2000 & 2010

	Total		Family Households						Non-Family Households			
			Married With Children		Married w/o Children		Other Family		Persons Living Alone		Other (Roommates)	
	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010
Number of Households												
Windom	1,908	1,994	370	335	642	610	222	256	643	712	31	81
PMA	5,442	5,340	1,274	1,007	1,982	1,854	499	570	1,569	1,718	118	191
<i>Cottonwood County</i>	<i>4,922</i>	<i>4,857</i>	<i>1,133</i>	<i>925</i>	<i>1,826</i>	<i>1,683</i>	<i>451</i>	<i>522</i>	<i>1,408</i>	<i>1,559</i>	<i>104</i>	<i>168</i>
Percent of Total												
Windom	100.0	100.0	19.4	16.8	33.6	30.6	11.6	12.8	33.7	35.7	1.6	4.1
PMA	100.0	100.0	23.4	18.9	36.4	34.7	9.2	10.7	28.8	32.2	2.2	3.6
<i>Cottonwood County</i>	<i>100.0</i>	<i>100.0</i>	<i>23.0</i>	<i>19.0</i>	<i>37.1</i>	<i>34.7</i>	<i>9.2</i>	<i>10.7</i>	<i>28.6</i>	<i>32.1</i>	<i>2.1</i>	<i>3.5</i>
<i>Minnesota</i>	<i>100.0</i>	<i>100.0</i>	<i>26.0</i>	<i>21.2</i>	<i>28.6</i>	<i>29.6</i>	<i>12.0</i>	<i>13.8</i>	<i>26.8</i>	<i>28.0</i>	<i>6.6</i>	<i>7.4</i>

Source: US Census Bureau; Viewpoint Consulting Group, Inc.

Employment Growth Trends

Employment growth is a predictor of housing demand since employment growth generally leads to household formation. The pace of employment growth and the wages at newly created jobs greatly impact the number and types of new housing needed. Also, if given a choice, most people prefer to live close to their place of employment. If a lack of housing exists to accommodate new workers, however, Windom may lose some potential residents to nearby communities.

Recent employment growth trends for Windom and Cottonwood County are shown in Tables 12 and 13. Table 12 shows the resident labor force and employment in the county from 2000 through 2013. Resident labor force data is an annual average of the work force and number of employed people living in the County. Not all of these employed people work in the County. Table 13 shows the number of jobs (“covered employment”) and wages in Windom in 1st half of 2009, 2011 and 2013. Covered employment data is from the Quarterly Census of Employment and Wages (QCEW) data and includes all establishments covered under the Unemployment Insurance Program – hence covered employment. Most farm jobs, self-employed persons, and some other types of jobs are not covered by unemployment insurance and are not included in the table. The data in both tables is from the Minnesota Department of Employment of Economic Development. The following are key trends from the employment data:

Resident Employment

- ▶ While the annual unemployment rate in Minnesota and the Nation peaked at 8.0% and 9.3%, respectively, it never rose above 6.5% in Cottonwood County. Likewise, total employment in Cottonwood County did not take a significant drop in 2008 and 2009 like many other areas of the country. Employment bottomed out at 5,971 in 2008, down from a peak of 6,414 in 2003.
- ▶ It should be noted that while the annual unemployment rate has not exceeded 6.5% since 2000, occasionally there are layoffs at local manufacturers that can spike the unemployment rate above 6.5% during a specific month.
- ▶ Despite the nationwide recession at the end of the last decade, Cottonwood County was able to grow its employment base over the decade. The number of employed people in the County grew from 5,968 people in 2000 to 6,617 people in 2010.
- ▶ With an unemployment rate of only 5.2% in 2013, it is likely that growing businesses will need to draw some employees from outside the area to fill new positions. This will lead to housing demand to accommodate the growing population.

Table 12
Resident Employment, Cottonwood County, 2000 to 2013

	----- Cottonwood County -----			Minnesota	USA
	Labor Force	Employment	% Unemploy.		
2000	6,265	5,968	4.7%	3.1%	4.0%
2001	6,519	6,269	3.8%	3.8%	4.7%
2002	6,504	6,230	4.2%	4.5%	5.8%
2003	6,723	6,414	4.6%	4.9%	6.0%
2004	6,403	6,105	4.7%	4.6%	5.6%
2005	6,312	6,031	4.5%	4.2%	5.1%
2006	6,415	6,125	4.5%	4.1%	4.6%
2007	6,269	6,013	4.1%	4.6%	4.6%
2008	6,301	5,971	5.2%	5.4%	5.8%
2009	6,493	6,071	6.5%	8.0%	9.3%
2010	7,019	6,617	5.7%	7.4%	9.6%
2011	6,879	6,505	5.4%	6.5%	8.9%
2012	6,653	6,268	5.8%	5.6%	8.1%
2013	6,480	6,140	5.2%	5.1%	7.4%

Source: MN Department of Employment and Economic Development; Viewpoint Consulting Group, Inc.

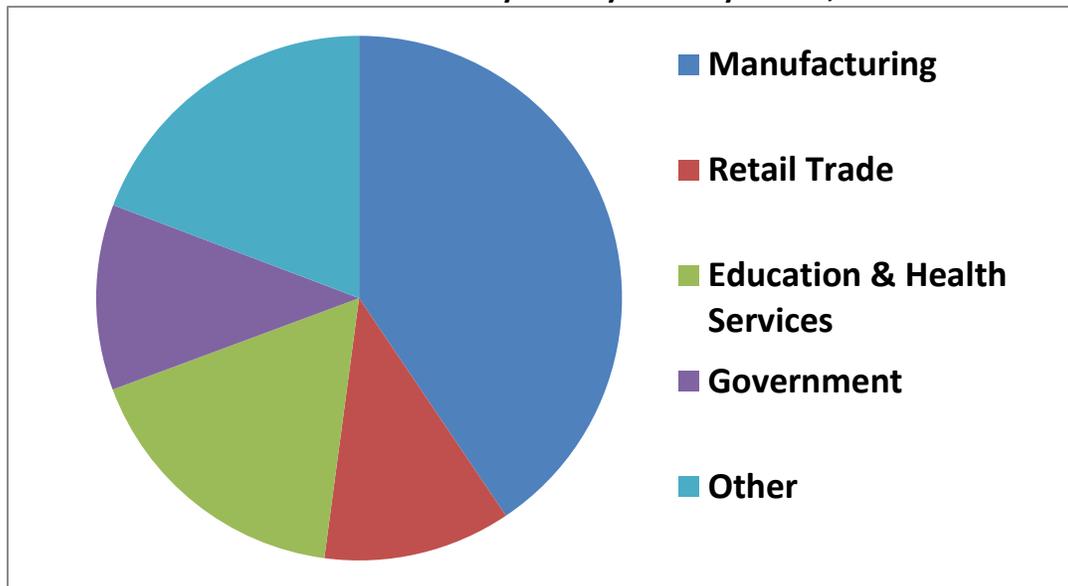
Covered Employment by Industry

- ▶ Table 13 shows Manufacturing is the single largest sector of Windom's job base, which is not surprising since Windom's largest employers are PM Beef and The Toro Company, which combine for approximately 1,420 jobs. During the 1st Half of 2013 Windom's 1,135 manufacturing jobs accounted for 40% of all of the city's jobs. In comparison, only 11% of the State's jobs were in manufacturing. On the reverse side, only 2.6% of Windom's jobs were Professional & Business Services, compared to 12.6% of the State's jobs.
- ▶ The number of jobs located in Windom has decreased from 3,106 during the 1st Half of 2011 to 2,798 during 1st Half of 2013. The greatest decline was in Manufacturing, which lost about 300 jobs. Most other sectors also declined slightly, with the exception of Retail Trade, which added 28 jobs during the two-year period.
- ▶ Wages in Windom are modest in comparison to the State (annual average of \$30,628 compared to \$50,154). Thus, a good portion of the workforce will need affordable housing.

Table 13
Covered Employment and Wages,
Windom, 2009 – 1st Half 2013

	---- 1st Half 2009 ----		---- 1st Half 2011 ----		---- 1st Half 2013 ----		Change, 2009 - 2013	
	Employment	Avg. Wage	Employment	Avg. Wage	Employment	Avg. Wage	Number	Pct.
Private Sector*	2,643	\$26,780	2,770	\$27,794	2,477	\$29,120	-166	-6%
Natural Resource/Mining	19	\$49,348	17	\$51,610	22	\$50,674	3	16%
Construction	33	\$21,918	37	\$22,984	38	\$27,326	5	15%
Manufacturing	1,237	\$31,512	1,434	\$30,966	1,135	\$32,682	-102	-8%
Wholesale Trade	62	\$33,202	46	\$37,336	41	\$43,030	-21	-34%
Retail Trade	339	\$15,314	295	\$17,576	323	\$18,070	-16	-5%
Financial Activities	62	\$42,380	62	\$50,986	55	\$51,168	-7	-11%
Prof. & Business Services	51	\$25,012	53	\$27,404	74	\$34,164	23	45%
Education & Health Services	503	\$28,028	494	\$29,224	482	\$31,174	-21	-4%
Leisure & Hospitality	194	\$8,606	201	\$8,398	192	\$8,840	-2	-1%
Other	143	22,500	131	\$24,548	115	\$27,970	-28	-20%
Government	338	\$39,416	337	\$39,546	320	\$42,536	-18	-5%
Total / Average	2,981	\$28,210	3,106	\$29,042	2,798	\$30,628	-350	-12%
<i>Minnesota</i>	<i>2,575,789</i>	<i>\$44,720</i>	<i>2,576,370</i>	<i>\$47,528</i>	<i>2,665,459</i>	<i>\$50,154</i>	<i>89,670</i>	<i>3%</i>

Source: MN Department of Employment and Economic Development; Viewpoint Consulting Group, Inc.

Distribution of Cottonwood County Jobs by Industry Sector, 1st Half of 2013

Commuting Patterns

Not all residents of Windom work in Windom and vice versa – some workers in Windom commute from elsewhere. Data on commuting trends as of 2011 is shown in Tables 14 and 15. The data is from Census Bureau – Local Employment Dynamics. Table 14 shows information on outflow (people living in Windom but working elsewhere), inflow (people working in Windom but living elsewhere), and interior flow (people living and working in Windom). Table 15 identifies the top communities in which Windom residents are employed and communities in which Windom workers reside. The following are key highlights from Tables 14 and 15.

- ▶ A large number of people commute to Windom for work. As of 2011, an estimated 2,227 people commuted to jobs in Windom (inflow). These commuters filled 66% of Windom’s total of 3,386 jobs (the other 1,159 jobs were filled by people who lived and worked in Windom (interior flow).
- ▶ While 1,159 Windom residents also worked in Windom, another 916 Windom residents commuted to jobs elsewhere (outflow).
- ▶ Sixty-two percent of the people commuting to jobs in Windom earn between \$1,250 and \$3,333 monthly (\$15,000 to \$40,000 annually). Most workers at the top of this range could afford market rate housing if they moved to Windom to be closer to their employment, while those at the bottom end of the range would likely need subsidized or affordable housing.
- ▶ Just over half of the people commuting to jobs in Windom are ages 30 to 54.

Table 14
Worker Inflow/Outflow Trends
Windom, 2011

	Outflow		Inflow		Interior Flow	
	Number	Pct.	Number	Pct.	Number	Pct.
By Age						
Workers under age 30	249	27.2%	597	26.8%	278	24.0%
Workers ages 30 to 54	458	50.0%	1,144	51.4%	587	50.6%
Workers ages 50+	209	22.8%	486	21.8%	294	25.4%
Subtotal	916	100.0%	2,227	100.0%	1,159	100.0%
By Monthly Wage						
Workers earning \$1,250 or less	232	25.3%	386	17.3%	290	25.0%
Workers earning \$1,250 to \$3,333	381	41.6%	1,379	61.9%	624	53.8%
Workers earning \$3,333 or more	303	33.1%	462	20.7%	245	21.1%
Subtotal	916	100.0%	2,227	100.0%	1,159	100.0%
By Industry						
Goods Producing	313	34.2%	1,218	54.7%	464	40.0%
Trade, Transportation, & Utilities	218	23.8%	200	9.0%	101	8.7%
All other Services	385	42.0%	809	36.3%	594	51.3%
Subtotal	916	100.0%	2,227	100.0%	1,159	100.0%

Sources: US Census Bureau - Local Employment Dynamics; Viewpoint Consulting Group, Inc.

- ▶ About 55% of the people who commute to Windom for work are employed in the “Goods Producing” sector – which includes manufacturing. Most of these commuters are likely employed at PM Beef and The Toro Company – Windom’s largest employers. Based on wage data in Tables 12 and 13, many of these commuters likely have incomes that place them in the market for affordable rental housing or entry-level homes for purchase.
- ▶ Table 14 shows that people are commuting to work in Windom from many communities within about a half hour of Windom. Mountain Lake is the largest source of commuters, followed by Worthington. The “Other” place of residence includes rural townships – the townships closest to Windom, in the PMA, likely account for the greatest share of commuters in the Other category.
- ▶ Jackson is the primary work destination for Windom residents, followed by Worthington. It should be noted that Jackson has likely become a larger work destination for Windom residents as AGCO continues to expand (it grew from approximately 850 workers in 2011 to 1,400 in 2013).

Table 15
Worker Commuting Patterns
Windom, 2011

<u>Place of Employment</u>	<u>Place of Residence</u>	--- Workers ---	
		<u>Number</u>	<u>Pct.</u>
Windom	Windom	1,159	55.9%
Jackson	Windom	146	7.0%
Worthington	Windom	74	3.6%
Mountain Lake	Windom	57	2.7%
Lakefield	Windom	51	2.5%
Bingham Lake	Windom	38	1.8%
Other*	Windom	916	44.1%
Total		2,075	100.0%
Windom	Windom	1,159	34.2%
Windom	Mountain Lake	202	6.0%
Windom	Worthington	163	4.8%
Windom	St. James	124	3.7%
Windom	Jackson	79	2.3%
Windom	Lakefield	41	1.2%
Windom	Heron Lake	34	1.0%
Windom	Westbrook	30	0.9%
Windom	Bingham Lake	24	0.7%
Windom	Jeffers	22	0.6%
Windom	Other*	1,508	44.5%
Total		3,386	100.0%
* Other includes rural townships and communities. While only a few persons in each township surrounding Windom may commute to work in Windom, collectively the townships account for much of the Other category.			
Sources: US Census Bureau - Local Employment Dynamics; Viewpoint Consulting Group, Inc.			

Major Employer Interviews

Table 16 shows the largest primary employers located in Windom. Representatives of these larger employers were interviewed regarding the housing needs of their employees. These interviews provide insight into employer perceptions of housing demand and needs among employees currently living in the area and new employees moving to the community. The following are key points from the interviews.

- ▶ Representatives of the major employers in Windom are largely unanimous in the belief that there is a need for more housing in Windom. The greatest need identified is rental housing as finding available units is difficult. There is also a need for mid-priced homes for sale.
- ▶ The quality of existing rentals is a concern among employers trying to recruit salaried workers from outside the area. There needs to be more choices of new units in good condition available to persons moving to the area who would like to rent for a period of time before making the decision to purchase a home (or to build up savings to purchase a home).

Table 16
Major Employers,
Windom, March 2014

Company	Employees
PM Beef	720
Toro Co.	700
Fortune Transportation	185
Windom Public Schools	175
Good Samaritan Society	165
Windom Area Hospital	116
Hy-Vee Food Stores	105
Source: Viewpoint Consulting Group, Inc.	

- ▶ As corroborated by commuting pattern data in Tables 14 and 15, representatives of the major employers in Windom stated that a large portion of their employees are drawn from communities and rural areas surrounding Windom. Some employees commute from 30 or more miles away.
- ▶ Most Windom employees that live in neighboring communities do so because they were already established in their housing in these communities when hired and chose not to move. Lack of housing in Windom is only one reason for Windom employees living in neighboring communities.

- ▶ At 720 employees, PM Beef is Windom's largest employer. The primary housing need among PM Beef's workforce is rental housing. Many new employees are hired from outside the area and commute for three or more months before looking to settle in Windom. These workers have difficulty finding housing units to rent in Windom.
- ▶ Toro is Windom's second largest employer, at 700 jobs. It is estimated that about half of Toro's employees own their housing and half rent. For new employees seeking rental housing, it is difficult to find in Windom and some end up commuting from surrounding towns. Likewise, it is difficult for relocating salaried staff to find quality apartments or mid-level homes to purchase in Windom.
- ▶ Fortune Transportation is among the largest employers in Windom, at 185. However, only about 30 employees are based in the local office. Most of the rest are drivers who live in multiple states across the country.
- ▶ While many employees commute to Windom by choice, traveling on country roads in the winter time can make getting to work a challenge. Thus, having a greater supply of housing in Windom so that fewer people have to commute from surrounding towns during inclement weather would be beneficial to both the employees and employers.
- ▶ Finding the right home to purchase can be difficult for persons in salaried positions moving to Windom. However, turnover is lower among salaried positions and thus there are far fewer people seeking for-sale homes at any given time than there are rental units.
- ▶ Homes priced from around \$75,000 to \$150,000 were identified as being needed. Some of the homes priced below this range are fixer-uppers that don't always suit the desires of employees. On the other end of the spectrum, there are not many comments made about the need for upper-end homes.
- ▶ There are very few non-subsidized apartment buildings in Windom. Thus, new salaried employees seeking rental housing often have to find homes for rent, which are in short supply. Overall, it seems that families with children have a harder time finding a place to rent than singles.
- ▶ A new 144,000 square foot production facility is under construction in Windom for Fast Manufacturing. The company will relocate its production from outside Mountain Lake to the new facility in June 2014. Fast Manufacturing has approximately 65 employees. Over the long-term, this new production facility will lead to increased housing demand in Windom.

Housing Characteristics

The existing housing stock in Windom was analyzed by examining data on: 1) the age of existing housing, 2) residential building trends since 2000, and 3) housing units by type of structure. Data was obtained from the U.S. Census Bureau and the City of Windom (building permits). The following are key findings about the existing housing stock.

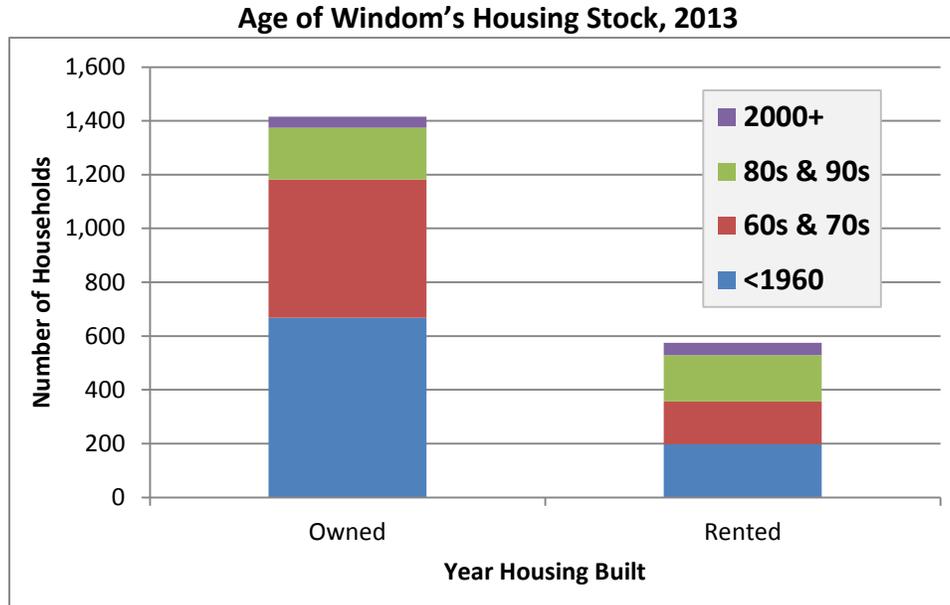
Age of Housing Stock

- ▶ According to data from the Census (American Community Survey), housing development in Windom was strong from the 1950s through 1970s when over 300 homes were added each decade. Construction has slowed since then, with approximately 200 homes added in the 1980s, 170 in the 1990s, and 60 homes in the 2000s. Part of the recent slowdown corresponded during the nationwide downturn in the housing market.
- ▶ About 220 of Windom's occupied rental units were built before 1960, or 38% of the total. Many of these older renter-occupied units are single-family homes, as the larger apartment properties were built after 1970. (Table 19 shows that 151 of the rental units in Windom are single-family homes).
- ▶ Homes built prior to 1950 are more likely to have a substantial need for rehabilitation and/or replacement due to physical or functional obsolescence. In Windom, about 30% of the owner-occupied homes were built before 1950.

Table 17
Estimated Housing Units by Age of Housing
Primary Market Area, 2013

	--- Windom ---				-- Cottonwood County --			
	Owned	Percent	Rented	Percent	Owned	Percent	Rented	Percent
<1940	303	21.4	66	11.5	1,208	32.2	242	22.1
1940s	131	9.3	21	3.7	353	9.4	66	6.0
1950s	233	16.5	132	23.0	650	17.3	195	17.8
1960s	260	18.4	43	7.5	471	12.5	85	7.8
1970s	254	17.9	115	20.0	567	15.1	196	17.9
1980s	77	5.5	129	22.4	192	5.1	171	15.6
1990s	116	8.2	52	9.0	203	5.4	101	9.2
2000+	40	2.9	17	3.0	111	3.0	39	3.6
Total	1,415	100.0	575	100.0	3,755	100.0	1,095	100.0

Sources: 2000 Census; 2012 American Community Survey; Viewpoint Consulting Group, Inc.



- ▶ The oldest part of Windom – hence most of the homes built before 1960 – is east of the Des Moines River and south of about 16th Street (on both sides of Highway 60/71). A windshield survey of homes in this area examined the outside appearance of homes – looking for signs of deterioration of roofs, windows, paint, and foundations. An estimated 25% to 30% of the homes in the oldest parts of Windom showed signs of deterioration and may be in need of some level of rehabilitation.

Residential Construction

- ▶ Fifty-seven permits were issued for new housing units in Windom last decade. This includes 45 permits for single-family homes and townhomes and 12 multifamily rental units (River Bluff Apartments).
- ▶ A total of about 60 housing units resulted from the 57 permits last decade as a few permits were issued for twinhome buildings – holding two units each.
- ▶ Single-family home construction averaged about four to five homes per year in Windom during the 2000s. This decade so far, only one permit for new residential has been issued – for a twinhome (two units). No single-family homes or rental developments have been built.
- ▶ The townhomes built in Windom since 2000 are twinhome-style units (two units, side-by-side).
- ▶ While about 60 new housing units were built in Windom last decade, the community gained 84 households. Household formation exceeding homes built indicates that some existing housing units that were vacant in 2000 became occupied during the course of the decade.

Table 18
Building Permit Trends
Windom, 2000 to 2013

Year	Single-Family/ Townhomes	Multifamily
2000	6	0
2001	5	12
2002	7	0
2003	6	0
2004	7	0
2005	4	0
2006	5	0
2007	2	0
2008	1	0
2009	2	0
Total	45	12
2010	0	0
2011	1	0
2012	0	0
2013	0	0

Source: City of Windom; Viewpoint Consulting Group, Inc.

Housing Stock by Type of Housing

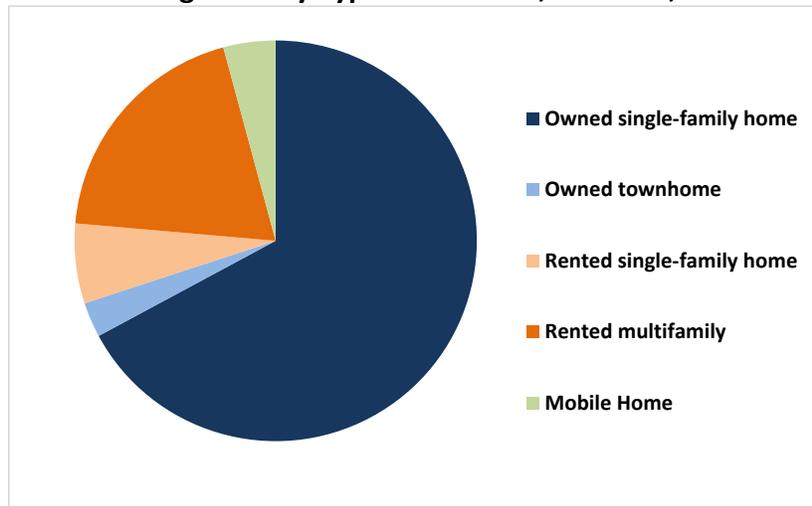
- ▶ The dominant housing type in Windom is a single family home with this type representing over three-quarters of all housing units in 2013. Single-family homes accounted for 98% of all owner-occupied housing units in Windom and about one-quarter of the rental units.
- ▶ Other than single-family homes, Windom’s owner-occupied housing stock consists of a few townhomes and just over 20 mobile homes. There are no larger condominium buildings.
- ▶ There are four multifamily rental structures with 20 or more units. Most rental units are either single-family homes or in larger multifamily developments that contain multiple townhouse or small apartment-style buildings. For example, Bluff View Apartments containing two six-plex buildings and 1500 Perkins Creek contains 11 buildings with two to six units in each.
- ▶ There were an estimated 23 occupied mobile homes in Windom in 2013, all of which were owned-occupied.

Table 19
Estimated Housing Units by Type of Structure
Windom, 2013

	Windom		Cottonwood County	
	No.	Pct.	No.	Pct.
Owner Occupied:	1,415	100.0%	3,755	100.0%
1, detached or attached	1,384	97.8%	3,667	97.6%
2 to 4 units	7	0.5%	27	0.7%
5 to 19 units	0	0.0%	0	0.0%
20 or more units	0	0.0%	0	0.0%
Mobile Home, etc	23	1.6%	61	1.6%
Renter Occupied:	575	100.0%	1,095	100.0%
1, detached or attached	151	26.3%	459	41.9%
2 to 4 units	205	35.7%	234	21.4%
5 to 19 units	55	9.6%	139	12.7%
20 or more units	163	28.4%	256	23.4%
Mobile Home, etc	0	0.0%	6	0.6%
Total Occupied:	1,990	100.0%	4,850	100.0%
1, detached or attached	1,536	77.2%	4,126	85.1%
2 to 4 units	213	10.7%	261	5.4%
5 to 19 units	55	2.8%	139	2.9%
20 or more units	163	8.2%	256	5.3%
Mobile Home, etc	23	1.2%	68	1.4%

Sources: 2012 American Community Survey; Viewpoint Consulting Group, Inc.

Housing Units by Type and Tenure, Windom, 2013



Owner-Occupied Housing Market

This section examines Windom’s owner-occupied housing market. Analyzed are single-family home resale trends, home foreclosures, active subdivisions, pending subdivisions, and interviews with local real estate professionals and others involved in the local housing market to solicit their impressions of existing market conditions and trends. The Cottonwood County Assessor’s Office provided the data on resale trends. The following are key findings regarding the owner-occupied housing market.

Home Resale Trends

- ▶ Home prices in Windom are relatively stable. As shown in Table 20, the average resale price of single-family homes in Windom in 2013 was \$96,566 – up from \$96,120 in 2010.
- ▶ Median sale price is often a more reliable measure of price trends since the median is not skewed by outliers like the average can be. In Windom, the median sale price has bounced about \$10,000 from year to year since 2010. In 2013 it was \$77,500.
- ▶ Since 2005, there has been an annual average of about 50 sales of existing single-family homes in Windom. In essence, about 50 homes have been made available each year to people moving to the community, to renters seeking to buy, and to existing homeowners seeking a different home. The number of sales in 2013 (61 sales) represented 4.4% of the total owner-occupied single-family homes in Windom (1,384 – see Table 19).

Table 20
Resale Trends of Existing Single-Family Homes
Windom, 2009 to 2013

	Number of Sales	Median Sale Price	Average Sale Price
2009	37	\$67,000	\$89,100
2010	71	\$85,000	\$96,120
2011	36	\$77,250	\$97,084
2012	47	\$86,000	\$97,540
2013	61	\$77,500	\$96,566

Sources: Cottonwood County Assessors' Office; Viewpoint Consulting Group, Inc.

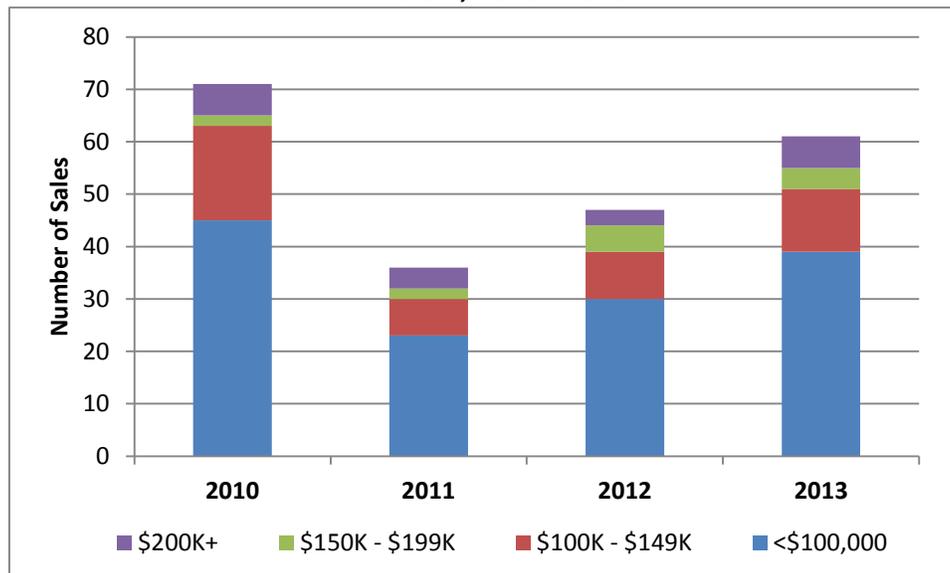
- ▶ Table 21 shows the distribution of existing home sales by price range. In 2013, about half of Windom's sales were priced under \$75,000. Not factoring in fix-up expenses of older homes, most households with incomes as low as \$30,000 could afford these lower-priced homes.
- ▶ Recently, about ten homes in the \$100,000 to \$149,000 range have sold annually. These homes are generally affordable to households with incomes between \$35,000 and \$50,000. Very low interest rates can make these homes affordable to some households with more modest incomes, provided they have the necessary credit to qualify for loans.
- ▶ Only a few homes sell in the \$150,000 to \$199,000 price range each year in Windom (less than 10% of sales). This is a relatively smaller number of homes given that about 40% of Windom's households ages 25 to 64 had incomes above \$50,000 (see Table 6). There may be a small number of mid-priced homes in Windom to choose from.
- ▶ Upper-end homes, or those priced above \$200,000, generally have accounted for 10% or less of annual homes sales in Windom. There were only six sales above \$200,000 in 2013, higher than the three sales in 2012.

Table 21
Single-Family Home Resales by Price Range
Windom, 2009 to 2013

	----- Number of Sales -----				
	2009	2010	2011	2012	2013
< \$50,000	14	15	7	8	13
\$50,000 to \$74,999	9	17	9	11	16
\$75,000 to \$99,999	3	13	7	11	10
\$100,000 to \$149,999	4	18	7	9	12
\$150,000 to \$199,999	4	2	2	5	4
\$200,000+	3	6	4	3	6
Total	37	71	36	47	61
Average Sale Price	\$89,100	\$96,120	\$97,084	\$97,540	\$96,566

Sources: Cottonwood County Assessors' Office; Viewpoint Consulting Group, Inc.

**Distribution of Home Sales by Price Range
Windom, 2010 - 2013**



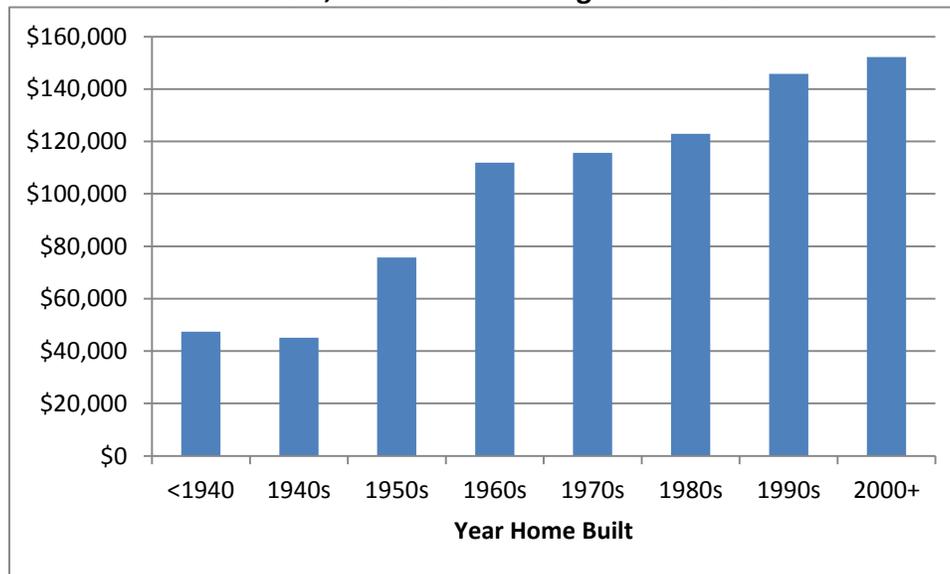
- ▶ Table 22 shows that over half of all home sales (qualified and unqualified) in 2012 and 2013 were homes built before 1960. These homes constitute the bulk of Windom's homes priced under \$75,000. Furthermore, all of the homes that sold for under \$50,000 were built before 1960. In general, the most affordable homes in Windom are about 45 years old and older. While affordably priced, many of these homes may need updating and repairs.
- ▶ Very few homes built before 1960 were sold for over \$150,000. Homes at \$150,000 or more are most likely 1970s or newer.
- ▶ Only seven homes sales in 2012 and 2013 were of homes built since 2000, or generally less than 10 years old. Given their newness, these homes had the highest average sales price (\$152,200). Their average size (1,389 square feet) was less than of homes sold during the 1980s and 1990s, however.
- ▶ Table 22 highlights how the sale prices decrease as homes get older. With one exception, the median resale price decreased with each successively older age range. While homes built after 2000 had a median sale price of \$128,500, homes built before 1940 had a median sale price of \$41,000.
- ▶ Naturally, the newer homes in Windom are generally higher priced and most likely need fewer repairs and maintenance. As Table 22 shows, however, less than 13% of the home sales in 2012 and 2013 were homes built since 1990. This corresponds with age of housing data in Table 18 that shows that 11% of Windom's owner-occupied homes have been built since the 1990s.

Table 22
Single-Family Home Resales by Year Home Built
Windom, 2012 and 2013

	----- Year Built -----							
	<1940	1940s	1950s	1960s	1970s	1980s	1990s	2000+
< \$50,000	23	6	4	0	0	0	0	0
\$50,000 to \$74,999	10	2	11	3	1	1	0	0
\$75,000 to \$99,999	4	1	8	5	5	3	4	0
\$100,000 to \$149,999	1	1	5	4	12	3	3	5
\$150,000 to \$199,999	0	0	1	1	2	4	2	0
\$200,000+	0	0	0	1	1	0	2	2
Total	38	10	29	14	21	11	11	7
Median Sale Price	\$41,000	\$32,850	\$68,400	\$99,100	\$110,100	\$130,500	\$127,100	\$128,500
Average Sale Price	\$47,421	\$45,110	\$75,707	\$111,929	\$115,648	\$122,873	\$145,800	\$152,200
Average Size (Sq. Ft.)	952	859	1,161	1,435	1,225	1,427	1,592	1,389

Sources: Cottonwood County Assessor; Viewpoint Consulting Group, Inc.

Average Sale Price by Year Built
Windom, Homes Sold During 2012 & 2013



Foreclosures

Beginning in the middle of last decade, home foreclosures began having a significant impact on housing markets across the nation. Initially, most foreclosures were among buyers with lower credit ratings who had received sub-prime mortgages. Gradually, foreclosures became more widespread as jobs shrank and home prices plummeted. Many owners who became unemployed also found that their homes' values were far less than their purchase price. Table 23 presents home foreclosure data for Cottonwood County and Minnesota. The data is "sheriff's sale foreclosures" and was compiled by the Minnesota Homeownership Center, and published on HousingLink's website.

- ▶ There were 11,834 foreclosures in Minnesota in 2013. This was down from 17,895 in 2012 and is the lowest level since 2006. Cottonwood County had 17 foreclosures in 2013, down from a high of 26 in 2008.
- ▶ Cottonwood County's foreclosure rate has consistently been much lower than Minnesota's rate. The foreclosure rate, as shown in Table 23, is defined as the number of foreclosed mortgages as a percent of total residential parcels. In 2013, Cottonwood County's foreclosure rate was 0.32% compared to 0.65% in Minnesota. Greater Minnesota had a foreclosure rate in 2013 of 0.57% while the Twin Cities Metropolitan Area had a foreclosure rate of 0.73%.

Table 23
Home Foreclosures
Primary Market Area, 2006 to 1st Half 2013

	-- Cottonwood County --		---- Minnesota ----	
	Number of Foreclosures	Foreclosure Rate	Number of Foreclosures	Foreclosure Rate
2006	24	0.49%	11,816	0.59%
2007	19	0.39%	20,404	1.00%
2008	26	0.53%	26,268	1.26%
2009	24	0.45%	23,092	1.29%
2010	25	0.47%	25,673	1.42%
2011	20	0.38%	21,298	1.18%
2012	14	0.26%	17,895	0.99%
2013	17	0.32%	11,834	0.65%

Sources: HousingLink; Viewpoint Consulting Group, Inc.

Current Supply of Homes on the Market

Table 24 shows listings of homes for sale in Windom. Listings are compiled from Clark Properties II and Mark Hanson Real Estate. The following are key highlights.

- ▶ The average list price of homes on the market in Windom was \$122,936 in April 2014. Homes typically sell for less than the list prices, but the current asking prices suggest that Windom will see appreciation in home value from 2013 when the average selling price was \$96,566.
- ▶ Of the 44 homes listed for sale in Windom in April 2014, 45% were priced between \$75,000 and \$150,000. This is a range in which representatives of major employers said is needed for many of their employees. Overall, the homes actively listed for sale in Windom are fairly evenly distributed by price range.
- ▶ Homes with four or more bedrooms are generally priced above \$100,000, as are nearly half of the homes with three bedrooms. The average list price for homes with four or more bedrooms is \$170,882, or much higher than the \$86,150 average for homes with only two-bedrooms.
- ▶ A review of the age of homes listed for sale by Clark Properties II found that homes built since 1970 had an average list price of \$174,000 while those older than 1970 had an average list price of \$98,000.

Table 24
Active Home Listings
Windom, April 2014

	----- Number of Listings -----				total
	1BR	2BR	3BR	4BR+	
< \$50,000	2	2	1	0	5
\$50,000 to \$74,999	0	2	6	1	9
\$75,000 to \$99,999	0	2	3	2	7
\$100,000 to \$149,999	0	1	4	8	13
\$150,000 to \$199,999	0	1	2	1	4
\$200,000+	0	0	1	5	6
Total	2	8	17	17	44
Median List Price	\$34,200	\$73,950	\$84,900	\$139,000	\$105,000
Average List Price	\$34,200	\$86,150	\$108,153	\$170,882	\$122,936
Sources: Clark Properties II; Mark Hanson Realty; Viewpoint Consulting Group, Inc.					

Existing Lot Supply

It is estimated that there are about 15 lots available for new single-family home and townhome construction in Windom. This excludes small in-fill lots in mature neighborhoods that are not being marketed for sale. Sometimes, homeowners purchase adjacent empty lots to increase the size of their yard. In addition, most people seeking to build new homes desire to be in subdivisions with home values similar to the home they want to build.

The most recent subdivision platted in Windom that still has several lots available for sale is River Bluff Estates. Other available lots are scattered among more established subdivisions. The following is a summary of Windom's lot supply.

- ▶ River Bluff Estates was platted by the Windom EDA in the early-2000s. The subdivision contains 30 lots with an average width of seventy feet. Many home buyers purchased one and a half or two lots to create larger yards. Thus, thirteen single-family homes and one townhome building (two units) have been built on 23 lots. Seven lots remain available for \$10,000 each. Based on recent sales trends, it is likely that many buyers of the available lots will continue to be neighboring homeowners seeking to expand the size of their lot. Typical homes in River Bluff Estates are valued near \$100,000.
- ▶ In addition to the seven lots at River Bluff Estates, there are eight other lots listed for sale on local Realtors' websites. Other than three contiguous lots on Norway Avenue, the lots are scattered throughout neighborhoods in the northern part of the community. The most expensive lot is on Kalash Road. It is listed for sale at \$35,000. All others are priced between \$10,000 and \$15,000.

Residential Lots Listed for Sale, Windom, April 2014

<u>Street</u>	<u>List Price</u>
17 th Street	\$15,000
Norway Avenue (3 lots)	\$10,000 - \$11,000
21 st Street (2 lots)	\$10,500
Country Club Drive	\$10,000
River Bluff Estates (7 lots)	\$10,000
Kalash Road	\$35,000

Sources: Clark Properties 2, Mark Hanson Realty, City of Windom

- ▶ The most recent homes built in Windom have been along June Court in the northern part of the community. Ten homes were built on June Court last decade, with prices averaging in the mid-\$200,000s. Lot prices were from about \$20,000 to \$30,000, with some owners purchasing one and a half lots to create larger yards.

Townhome Market

There are no townhome-specific developments in Windom. Townhomes can be built on lots in any residential subdivision, provide they meet zoning requirements. The most recent townhome units built were in a twinhome building on River Bluff Drive in 2011. Prior to that building, a few buildings were constructed last decade, as were a few during each of the previous decades. In total, about 70 for-sale townhomes were identified in Windom, accounting for 4.9% of Windom's owner-occupied homes.

According to interviews, the primary market for townhomes in Windom is empty-nesters downsizing from single-family homes to reduce home maintenance responsibilities and to free up time for other activities. Some younger households have also purchased townhomes in Windom. As mentioned, units can be built in any subdivision and those that have been built near Windom's downtown have sold particularly well, and buyers value the ability to walk to services. Units near the downtown have sold from \$86,500 for a 1991 unit to \$130,000 for a unit built in 2004 with 1,753 square feet.

Three of the homes listed for sale as of April 2014, as shown in Table 24, are for townhome units. They are a 1983 two-bedroom unit for \$69,900, a 1979 three-bedroom unit for \$79,900, and a 1999 two-bedroom unit for \$183,000. The 1979 unit is a two-story unit with a tuck-under garage. The 1983 unit is also two-stories while the 1999 unit is a single-level unit, and is likely at the top of the market in Windom. Most of the newer supply – or those built since 2000 – are valued below \$160,000.



Typical Twinhome Building in Windom



Typical Twinhome Building in Windom

Pending Subdivisions

West of the LaCanne Funeral Home in Windom is an approved subdivision with six lots - the Hoffmann-LaCanne Subdivision. The subdivision would be accessed by extending 7th Avenue to the north. However, the street has not been improved. When the street is improved, five lots of roughly a half-acre each would become available (one lot has already been purchased to create a larger yard for an adjacent homeowner). Additional land north of the Hoffmann-LaCanne Subdivision would become available for future housing development with the extension of 7th Avenue.

There are no other pending subdivisions in Windom.

Interview Summary

Real estate agents and other persons familiar with Windom's owner-occupied market were interviewed to solicit their impressions of the current owner-occupied housing market. The following are key points from those interviews.

- ▶ There is a high need for ranch/rambler-style single-family homes and single-level townhomes for aging baby boomers and elderly residents. The price range that would appeal to the largest segment of buyers is \$80,000 to \$100,000.
- ▶ Two primary reasons that lots in Riverbluff Estates do not sell well is because of the 70 foot width and the location. Most buyers of homes priced at more than \$150,000 would prefer wider lots and some would also prefer other locations in the community. These include the area west of Windom High School, June Court, and the Hoffmann-LaCanne Subdivision.
- ▶ Lack of available lots is an issue in Windom. There are few choices for people seeking to build. New lots should be priced at \$25,000 to \$30,000 to accommodate upper-end home values in the range that most buyers are able and willing to pay.
- ▶ The existing housing stock contains a sizeable portion of homes that are in marginal repair. It is estimated that as many as 15 homes are candidates for demolition because of their disrepair.
- ▶ Windom's housing market has improved in the past year and homes are selling much more quickly. Some homes that were rented because of a lack of buyers are finally being sold.

- ▶ There is little construction of upper-end homes simply because the buyer pool for these homes is limited. Some higher-income individuals choose not to build upper-end homes because of concerns about the ability to resell the home for the cost they paid to build. Also, lack of comparable sales can limit buyers of move-up homes to households with significant equity, since appraisals often do not support the higher prices.
- ▶ Flood plain issue is a major issue in Windom. A large portion of the community is located in a 100-year flood plain which increases insurance costs or the ability to obtain a mortgage. It is difficult to sell homes in the flood plain and this affects the value of the homes. For some lower-priced homes, flood insurance costs can be higher than the mortgage payment.
- ▶ Termites are a problem in Windom. According to Windom's Comprehensive Plan, termites were first sighted in the 1950s and new infestations are generally be found every year. Most infestations are located east of the rail road tracks, but infestations have been increasing west of the tracks as well.
- ▶ While there is strong demand for homes priced under \$100,000. An issue for potential first-time buyers using FHA loans is that many of these lower priced homes are fixer-uppers and do not qualify.

Rental Housing Market

This section of the report analyzes the rental housing market in Windom. The analysis includes a survey of rental properties and interviews with real estate agents, rental housing managers, and others familiar with the Windom rental housing stock. Properties are categorized in this section as rental (general occupancy) or senior (age-restricted).

Overall Rental Housing Supply

Table 25 on the following page shows the estimated number of rental units in Windom in 2013 by number of bedrooms and gross rent. The rental units include those in all housing types – from mobile homes to single-family homes and apartment buildings. The data is from the Census Bureau’s American Community Survey (5-year data – 2008 through 2012) and is adjusted by Viewpoint Consulting based on the estimated total number of rental units in 2013. The American Community Survey is conducted annually by the Census Bureau. The following are key points from Table 25.

- ▶ Rental units with one bedrooms account for the greatest proportion of Windom’s rental housing supply – at 270 units, or 47%. Four apartment buildings (Mikkelsen Manor, Remick Ridge Estates, Riverview Apartments, and Hillside Apartments) combine for 134 one-bedroom units (see Table 26).
- ▶ Table 25 shows that the median gross rent paid by tenants was \$513 per month (gross rents include contract rent plus all utilities) in 2013. The median contract rent was \$367 per month. The difference - \$146 – would be the median cost for utilities.

**Estimated Number of Units by Unit Type and Monthly Rent
Windom, 2013**

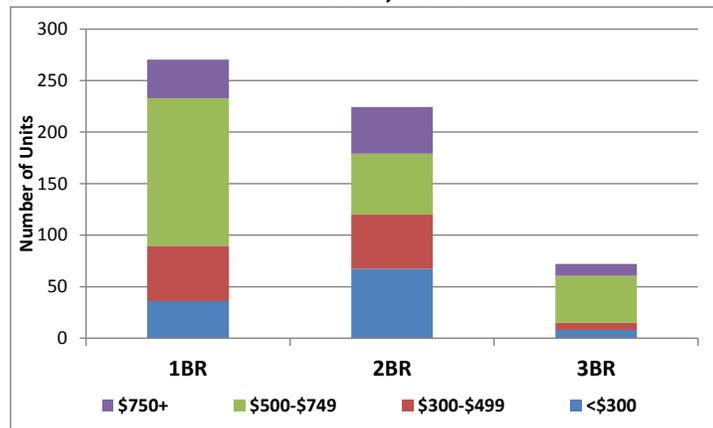


Table 25
Estimated Gross Rent by Bedrooms in Unit, 2013

	--- Windom ---		-- Cottonwood County --	
	Number	% of Total	Number	% of Total
No bedroom				
Less than \$200	0	0.0%	0	0.0%
\$200 to \$299	0	0.0%	0	0.0%
\$300 to \$499	8	1.4%	16	1.5%
\$500 to \$749	0	0.0%	8	0.8%
\$750 to \$999	0	0.0%	0	0.0%
\$1,000 or more	0	0.0%	0	0.0%
No cash rent	0	0.0%	0	0.0%
<u>Subtotal</u>	<u>8</u>	<u>1.4%</u>	<u>24</u>	<u>2.2%</u>
1 bedroom				
Less than \$200	0	0.0%	0	0.0%
\$200 to \$299	36	6.3%	62	5.7%
\$300 to \$499	54	9.3%	71	6.4%
\$500 to \$749	143	24.9%	168	15.4%
\$750 to \$999	0	0.0%	14	1.2%
\$1,000 or more	37	6.5%	63	5.8%
No cash rent	0	0.0%	4	0.3%
<u>Subtotal</u>	<u>270</u>	<u>47.0%</u>	<u>381</u>	<u>34.8%</u>
2 bedrooms				
Less than \$200	68	11.8%	88	8.0%
\$200 to \$299	0	0.0%	0	0.0%
\$300 to \$499	52	9.1%	90	8.3%
\$500 to \$749	59	10.3%	93	8.5%
\$750 to \$999	0	0.0%	41	3.7%
\$1,000 or more	30	5.3%	45	4.1%
No cash rent	15	2.6%	36	3.3%
<u>Subtotal</u>	<u>224</u>	<u>39.0%</u>	<u>393</u>	<u>35.8%</u>
3 or more bedrooms				
Less than \$200	8	1.4%	15	1.4%
\$200 to \$299	0	0.0%	4	0.3%
\$300 to \$499	7	1.2%	20	1.8%
\$500 to \$749	45	7.9%	108	9.8%
\$750 to \$999	0	0.0%	10	0.9%
\$1,000 or more	12	2.0%	36	3.3%
No cash rent	0	0.0%	105	9.6%
<u>Subtotal</u>	<u>72</u>	<u>12.6%</u>	<u>297</u>	<u>27.1%</u>
Total	575	100.0%	1,095	100.0%
<i>Median Gross Rent</i>	<i>\$513</i>		<i>\$545</i>	
<i>Median Contract Rent</i>	<i>\$367</i>		<i>\$374</i>	

Sources: 2008 - 2012 American Community Survey; Viewpoint Consulting Group, Inc.

Rental Housing Inventory

As shown in the demographic and housing stock overview sections, there are approximately 575 renter households in Windom. About one-quarter of the renters live in rented single-family homes. There are fewer than 20 larger multifamily properties in Windom. Owners and managers of these larger properties and of multiple single-family homes were surveyed as part of this analysis. Information on the surveyed rental properties is summarized in Table 26. Information included in Table 26 includes year built, occupancy, unit mix and monthly rents. The following types of properties were surveyed:

<u>Property Type</u>	<u>Total Units</u>
Market Rate / Affordable	137
Subsidized	212
Market Rate Senior (55+)	80

The following are key highlights from Table 26.

Market Rate / Affordable Rental Summary

- ▶ Of 137 units surveyed, six units were vacant, for a vacancy rate of 4.3%. This is low as the industry standard for a stabilized rental market is a 5% vacancy rate. According to managers and owners, vacancies are typically leased quickly due to strong demand.
- ▶ The newest property surveyed was River Bluff Townhomes. It is a 12-unit complex developed by the Windom EDA in 2001. Although its rents are highest among market rate properties, it has an income-limit of \$59,200. It has rents of \$615 for two-bedroom units and \$665 for three-bedroom units. Rents include trash and water/sewer. Residents pay gas heat and electricity. Turnover is low, and with 25 names on a waiting list it can take years for someone on the waiting list to move in. Currently, most of the residents are older adults without children.
- ▶ Excluding River Bluff Townhomes, the market rate rental supply consists mostly of 8-plex or smaller buildings that are at least 35 years old. The average monthly rent for these properties is about \$350 for one-bedroom units, \$475 for two-bedroom units, and \$550 for three bedroom units. In addition to the rent, residents pay all utilities.
- ▶ Rents for homes and duplex units can range depending on the quality of the property, but generally they are slightly higher than at the older apartments. Monthly rents average about \$450 for one-bedroom units, \$550 for two-bedroom units, and \$700 for three-bedroom units. Again, residents pay all utilities.

- ▶ Other than River Bluff Townhomes, there are no “affordable” rental properties where households must income-qualify for residency but pay a contract rent. Typically, affordable properties are financed through the Low Income Housing Tax Credit program (LIHTC). Tanglewood Estates is a Rural Development property that could be considered affordable, but it has Rental Assistance available to 17 of its 24 units allowing residents to pay 30% of their income for rent. Thus, it is considered subsidized.

Subsidized Rental Summary

- ▶ There are five subsidized apartment properties in Windom totaling 212 units. These five properties account for approximately 37% of the 575 total occupied rental units in Windom. Income-qualified residents in subsidized apartments pay 30% of their adjusted gross income for rent.
- ▶ Seven of the 212 subsidized units were vacant, for a vacancy rate of 3.3%. According to managers, the vacancies are largely due to normal turnover, as some of the properties maintain a waiting list of prospective residents.
- ▶ Hillside Apartments and Riverview Apartments are Public Housing properties owned by the Windom HRA. Income-qualified residents pay 30% of their adjusted gross income for rent. The income limit is 50% of area median income, or \$21,250 for one-person households and \$24,300 for two-person households. The average income of residents is much lower than this – at about \$15,000 for Hillside and \$16,600 at Riverview. Hillside Apartments is the newer of the two buildings (1984) and it is typically fully occupied (primarily by elderly residents) and maintains a waiting list. There is one open unit due to turnover. Riverview Apartments was built in 1972 and contains 58 one-bedroom units. It has a more diverse tenant mix than Hillside Apartments. Two units are open, one due to rehab and the other to normal turnover.
- ▶ 1500 Perkins Creek is a 1980s property that consists of 48 townhome units. Whereas Hillside and Riverview Apartments consist entirely of one-bedroom units, 1500 Perkins Creek Townhomes consist of 32 two-bedroom units and 16 three-bedroom units. Income-qualified residents (80% of area median income – or \$38,800 for one-person households to \$52,450 for five-person households) pay 30% of their adjusted gross income for rent. The maximum rent at 1500 Perkins Creek is \$607 per month for two-bedroom units and \$638 for three-bedroom units. Rarely do tenants pay the maximum.
- ▶ Windom Apartments is a 52-unit property that consists of one-, two-, and three-bedroom units. Forty-two of the units are Section 8 in which income-qualified residents pay 30% of their adjusted gross income for rent. The other 10 units are Section 236 in which income-qualified residents pay \$391 to \$414 for rent for one-bedroom units. There is a waiting list for the Section 8 units.

Senior Housing Summary

Senior housing encompasses a wide variety of product types. The least service-intensive properties are **adult** properties, which offer virtually no support services or health care, but restrict tenancy to those ages 55 and over. Adult properties can be rental or owner-occupied (attached or detached townhomes, condominiums, and cooperatives). Congregate independent or **independent** properties, offer support services such as meals and housekeeping, sometimes included in rent and sometimes a-la-carte so that residents can choose whether or not to pay for them. Independent projects attract an older and frailer senior population than adult projects (generally seniors age 75 and over).

The most service-intensive housing types, **assisted living, memory care, and enhanced care suites** offer the highest level of services short of a nursing home. Typical services provided are meals, housekeeping, linen changes, personal laundry, 24-hour emergency response, and a wide range of personal-care and therapeutic services. The meals and services are either built into the monthly fee, charged through a tiered service package, or charged a-la-carte.

- ▶ Windom contains four senior housing properties – three of which are located on the same campus. Good Samaritan Society has a campus in Windom containing a skilled nursing facility and two senior housing properties. Mikkelsen Manor is a 24-unit assisted living property and Remick Ridge Estates is a 28-unit independent property. Within the skilled nursing facility is a specialized memory care wing called Heritage Court that is included in Table 26. Heritage Court has capacity for 18 residents.
- ▶ Remick Ridge Estates has been successful since opening in 1996. It currently has one open unit, which is due to normal turnover. It is normally fully occupied and it maintains a waiting list (currently at 16 names – it generally takes one year or more to get it). Monthly rents are \$1,498 to \$1,676 for one-bedroom units and \$1,865 for two-bedroom units. Included in the monthly rent are all utilities, emergency response system, noon meals, housekeeping, linen service, scheduled transportation, and activities.
- ▶ Mikkelsen Manor opened in 1999 and consists entirely of one-bedroom units. Three units are open. Whereas Remick Ridge Estates draws independent residents, Mikkelsen Manor is assisted living housing for seniors who have greater care needs. Thus, the monthly fees are higher but include three meals per day and more services.
- ▶ Pine View Assisted Living is a 10-unit property located at 750 4th Avenue. One unit is open, which is due to normal turnover. Residents pay a daily rate of \$108 to \$183, or about \$3,200 to \$5,500 per month depending on the level of care needed. The monthly fee includes all utilities, meals, housekeeping and laundry, activities, scheduled transportation, and some personal care services.

**Table 26
Multifamily Rental Properties
Windom, April 2014**

Property Name	Year Built	Total Units	Vacant Units	Unit Mix	Monthly Rents	Comments
Market Rate						
625 4th Avenue	1971	8	2	8 - 2BR	\$425	8-plex apartment. Rent includes trash and a detached garage stall.
Jerry Parker Rentals Various locations	n.a.	50	1	13 - 1BR 34 - 2BR 3 - 3BR	\$350 \$400 - \$600 \$600	Residents pay all utilities (in most units). Units consists of mostly single-family homes with a few duplex to 5-plex buildings.
Tom White Rentals Various locations	1970s & '80s	27	2	2 - 1BR 21 - 2BR 4 - 3BR	\$325 - \$375 \$375 - \$525 \$475 - \$525	Residents pay all utilities. Properties include River Side, Glenwood, & Parkview apartment buildings.
Various Rentals	n.a.	40	1	n.a. 1BR 2BR 3BR	\$400 - \$500 \$500 - \$600 \$600 - \$800	Homes, duplexes, and 4-plexes managed by Clark Properties II. Residents pay all utilities.
Affordable						
River Bluff Townhomes River Bluf Drive	2001	12	0	8 - 2BR 4 - 3BR	\$615 \$665	Rent includes water/sewer and trash. Features in-unit washer/dryer, patios, and attached garages. Although it is a market leader in Windom, River Bluff Townhomes has an income-limit of \$59,200.

Continued

**Table 26 (Continued)
Multifamily Rental Properties
Windom, April 2014**

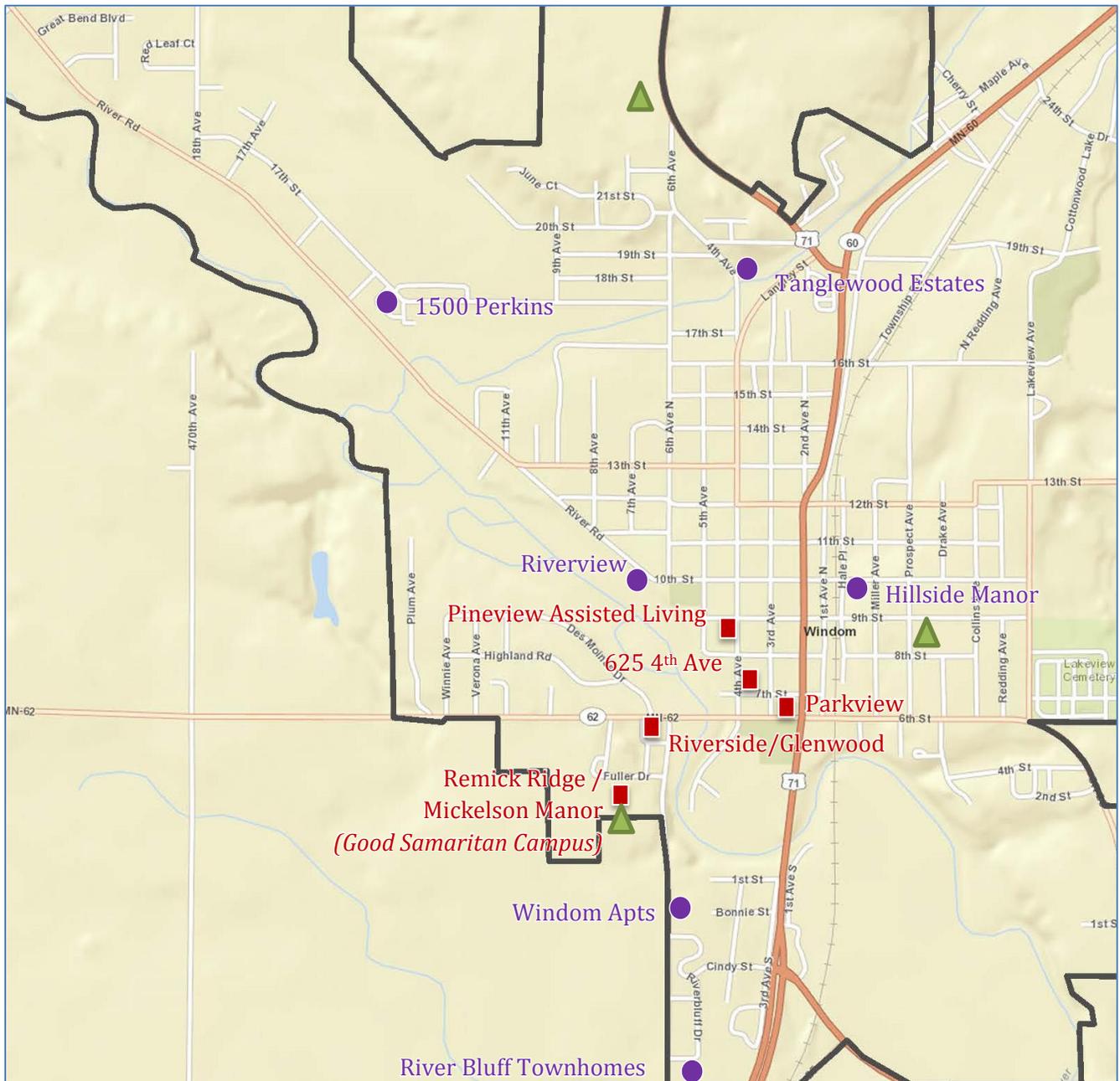
Property Name	Year Built	Total Units	Vacant Units	Unit Mix	Monthly Rents	Comments
Subsidized						
Hillside Apts 177 10th St.	1984	30	1	30 - 1BR	30% of AGI	Windom HRA; Public Housing. Income-limit = 50% of AMI. Maximum rent of \$430; utility allowance of \$16 for electric. 90% of residents are elderly. Property has a waiting list of approximately four months.
Riverview Apts 605 10th St.	1972	58	2	60 - 1BR 1 - 2BR	30% of AGI	Windom HRA; Public Housing. Income-limit = 50% of AMI. Maximum rent of \$430; rent includes all utilities. Diverse tenant mix - 30% are elderly. One vacant unit is due to rehab; there is a short waiting list of approximately two months.
Tanglewood Estates 1755 4th Ave.	1981	24	1	17 - 1BR 7 - 2BR	30% of AGI	Rural Development, Income-restricted property. Rental Assistance for 17 units (residents pay 30% of AGI for rent). Market rents for 7 units are \$460/1BR & \$520/2BR.
1500 Perkins Creek 1475 17th Street	1980s	48	3	32 - 2BR 16 - 3BR	30% of AGI	Section 8. Income-limit = 80% of AGI (\$38,800 1P household to \$52,450 5P household). Residents pay heat and electricity. Utility allowance of \$75/mo. for 1BR units and \$100/mo. for 2BR units. Market rent = \$607/2BR & \$638/3BR.
Windom Apts. 135 6th Ave. S	1974	52	0	28 - 1BR 20 - 2BR 4 - 3BR	30% of AGI	HUD Section 8, except 10 1BR units are HUD Section 236 (rent \$391 - \$414). Income-limit = 50% of AMI. Rent includes heat, water, sewer, & trash. Full with waiting list. Market rent = \$501/1BR, \$618/2BR & \$707/3BR.

Continued

Table 26 (Continued)
Multifamily Rental Properties
Windom, April 2014

Property Name	Year Built	Total Units	Vacant Units	Unit Mix	Monthly Rents	Comments
Senior Housing						
Mikkelsen Manor 725 Fuller Dr.	1999	24	3	24 - 1BR	\$2,792	On Good Samaritan campus. Monthly fee includes all utilities, emergency response system, cable TV, 3 meals/day, weekly housekeeping, linen service, scheduled transportation, activities, and home care services.
Remick Ridge Estates 350 Sixth Ave.	1996	28	1	20 - 1BR 8 - 2BR	\$1,498-\$1,676 \$1,865	On Good Samaritan campus. Monthly fee includes all utilities, emergency response system, cable TV, noon meals, weekly housekeeping, linen service, scheduled transportation, and activities. Waiting list with 16 names - it can take one year or more to get in.
Heritage Court 705 6th St.	1992	18	0	9 - Shared	n.a.	Specialized memory care wing in the Good Samaritan campus' skilled care center. Consists of nine two-room suites (18 beds).
Pine View Ass. Liv. 750 4th Ave.	n.a.	10	1	10 - Eff	\$108-\$183/day	Monthly fee includes all utilities, meals, housekeeping and linen, activities, scheduled transportation, and some personal care services.
Source: Viewpoint Consulting Group, Inc.						

Larger Rental Properties in Windom



- Market Rate
- Subsidized/Affordable
- ▲ Potential Rental Development Locations

Photographs of Windom Apartment Buildings



625 4th Avenue



Glenwood Apartments



Hillside Apartments



Parkview Apartments



Perkins Creek



River Bluff Townhomes



Riverside Apartments



Riverview Apartments



Tanglewood Apartments (1 of 2)



Tanglewood Apartments (2 of 2)



Windom Apartments



Mikkelsen Manor



Pineview Assisted Living



Remick Ridge Estates

The senior housing properties in Windom draw residents from Windom and well as the surrounding rural area and smaller communities. Besides properties in Windom, other senior housing options in the surrounding area are listed below. The closest options to Windom are in Mountain Lake (11 miles away) and Heron Lake (13 miles away).

- ▶ The Lodge of Mountain Lake opened in 2013 and replaced the former Eventide Suites. It, along with Peterson Estates in Westbrook are located in Windom’s PMA (see map on Page 7). The Lodge of Mountain Lake is on a Good Samaritan campus that also includes skilled nursing care. Peterson Estates is connected to Sanford Westbrook Hospital.
- ▶ Lakefield, located 16 miles southwest of Windom contains two senior housing properties. Although Lakefield is about a third the size as Windom, its two properties are of similar size to Mikkelsen Manor and Remick Ridge Estates in Windom.

Senior Housing with Services Properties near Windom

<u>Name</u>	<u>City</u>	<u>Units</u>	<u>Type</u>	<u>Miles from Windom</u>
The Lodge	Mountain Lake	24	Assisted Living	11 miles
Lakeview A.L.	Heron Lake	25	Assisted Living	13 miles
Doman-Rose Place	Lakefield	21	Assisted Living	16 miles
Valley View A.L.	Lakefield	20	Assisted Living	16 miles
The Pines	Jackson	37	Assisted Living	24 miles
Mapleview Estates	Fulda	24	Independent	25 miles
Maplewood Court	Fulda	15	Assisted Living	25 miles
Peterson Estates	Westbrook	24	Independent	34 miles

Housing Choice Vouchers

In addition to subsidized apartments, there is a “tenant-based” subsidy called Housing Choice Vouchers available to help lower income households find affordable housing. The tenant based subsidy is funded by the Department of Housing and Urban Development (HUD). Cottonwood County’s program is managed by the Worthington HRA, which manages the program for a seven county area.

Under the Housing Choice Voucher program, qualified households are issued a voucher that the household can take to an apartment that has rent levels allowable under HUD guidelines. The household then pays 30% of their adjusted gross income for rent and utilities, and the Federal government pays the remainder of the rent to the landlord. Applicants in Windom may be eligible for the program if their income is below the 50% of area median income – which in 2014 ranges from \$21,250 for one-person households to \$32,800 for five-person households.

To be eligible for the Housing Voucher program, rental units must have rent levels allowable under HUD guidelines – or below the “Payment Standard.” In Windom (and Cottonwood County), the Payment Standard is \$471 for one-bedroom units, \$637 for two-bedroom units, \$935 for three-bedroom units, and \$940 for four-bedroom units.

Currently, there are 185 vouchers issued in the seven-county area. Of the vouchers in use, only four are being used in Windom. The top communities are Marshall (88 vouchers), Worthington (26 vouchers), and Redwood Falls (20 vouchers). There is a wait list of about 650 applicants in the seven county area, including 15 from Windom. It can take many months on the list before a voucher becomes available.

Planned and Proposed Rental and Senior Housing Developments

There are two rental housing proposals that are in the very early stages. First, Homes for Creative Living will be moving out of their building located at 108 9th Street. It will be listed for sale with a potential reuse of the two-story building being rental housing. Secondly, Good Samaritan Society recently extended street infrastructure on their campus to create additional building sites. As we understand, no concept plan for a building has been drawn and no formal proposals have been submitted to the City for review. However, the prospect of adding more senior housing on the campus is being discussed.

There are no other planned or proposed rental housing developments in Windom.

Interview Summary

Interviews with area rental property managers, real estate agents, private owners, and other persons familiar with the rental market in Windom were conducted to solicit their impressions of the rental housing market. The following are some key points from these interviews:

- ▶ Realtors and property managers receive multiple calls each week and sometimes several per day from potential renters seeking housing. Overall, there is greater demand for rental housing in Windom than there is rental housing available.
- ▶ Demand for rental housing in Windom comes mostly from workers seeking modestly priced units. Besides apartment units, many people want homes with four or five bedrooms, but will settle for three-bedroom homes since that is mostly what is available.
- ▶ There is a shortage of housing in Jackson, and that impacts Windom somewhat. Some demand also comes from workers in Worthington, where there is also a housing shortage. But, most calls come from locally employed people. If people cannot find rental housing in Windom, they will look for rentals in the surrounding towns.
- ▶ Professionals moving to Windom are a market for rental housing in Windom. Most often, new professionals to Windom seek rental housing before making the decision to purchase a home. Most of the professionals seek single-family homes to rent and the top homes are renting for about \$800 for two-bedroom homes and \$900 for three-bedroom homes.
- ▶ Windom needs more rental housing. However, with high construction costs, making a new apartment building financially feasible is difficult given the low rents that people are willing or able to pay.
- ▶ If there is a vacancy in Windom, it is likely due to the quality of the rental unit. Well maintained rental units are leased very quickly when they become available.
- ▶ There are some homes being rented that are in very poor condition. While there always seems to be a renter for these homes, Windom would do well to have some homes with poor foundations removed.
- ▶ Senior housing is needed in Windom. Rental units with no steps would be very appealing to seniors as few existing units in town have no steps.
- ▶ The rental market in Windom is becoming more diverse. Many of the new renters are trying to save money and thus will seek housing with the lowest costs.
- ▶ Some people will continue to struggle finding rental housing in Windom because of their poor credit and rental histories.

Demand Analysis and Conclusions

This section of the report utilizes data collected in the previous sections to calculate demand for owned and rented housing in Windom through 2020. Recommendations on appropriate housing types to satisfy unmet demand are also provided.

Housing Demand Analysis

Table 27 outlines the calculation for owner and renter housing demand in Windom from 2014 to 2020. Demand for additional housing in Windom will primarily come from projected household growth. Pent-up rental demand will also be a source of housing demand, as will replacement need. Windom is a job importer and given a choice, people generally prefer to live near their place of employment. Thus, Table 27 also takes into account that Windom can exceed its growth projections by capturing a portion of the people who currently commute into the community for employment.

The following paragraphs summarize the demand methodology in Table 27.

Windom is projected to add 85 households between 2014 and 2020 (reaching 2,075 households in 2020). This correlates to the need for 85 housing units to accommodate the household growth. As of 2012, an estimated 2,227 people lived outside Windom and commuted into the community for employment. Most of these people will continue to live in their current home and commute to Windom for various reasons. However, it was revealed during interviews that some new employees to Windom move to surrounding towns because they could not find housing in Windom. Many of these people would move to Windom if appropriate housing was available. We conservatively estimate that Windom housing could capture approximately 1% of the current commuters by 2020, increasing housing demand in Windom by 22 households.

Replacement need is generated from the loss of housing or the need to replace housing units that are physically or functionally obsolete (i.e., they no longer meet the needs of the current housing market). A review of the age of Windom's housing stock from the U.S. Census revealed that there are about 520 housing units built prior to 1950. While most of these homes are in good condition, it is estimated that about one-half percent per year should be removed annually from the housing supply because of obsolescence, which equates to approximately 15 units during the remainder of this decade.

Table 27
Potential Housing Demand
City of Windom, 2014 to 2020

	2014 to 2020	
A	Projected Household growth	85
B	Demand from outside Windom ¹	22
C	Replacement need	15
D	Total housing demand (A + B+C)	122
E	Percent rental demand	70% - 75%
F	Rental housing demand (D x E)	85 - 92
G	Pent-up rental demand	8 - 8
H	Total rental housing demand (F + G)	93 - 100
I	Percent owner demand	25% - 30%
J	Total owner housing demand (D x I)	31 - 37
¹ Windom has the potential to exceed its growth projections by capturing a conservative 1% of the 2,227 employees who commute to work in Windom, but currently live elsewhere.		
Source: Viewpoint Consulting Group, Inc.		

A healthy rental market is expected to have a vacancy rate of about 5% to allow for sufficient consumer choice and unit turnover. With pent-up demand (a shortage of units), persons who would normally form their own rental households instead room with other persons in a housing unit, live with their parents, or live in housing outside of the area and commute to jobs. In Windom, only a couple vacant rental units were found – indicating pent-up demand. There are an estimated 575 multifamily housing units in Windom. With a current 3.7% vacancy rate, there are only about 21 vacant units available among all types, which do not provide much choice for potential new renters. To reach a 5% vacancy rate, the industry standard for a healthy rental market, about 29 units would need to be available. Thus, pent-up demand is calculated for eight additional rental units in Windom.

Based on demographic and market trends, it is estimated that 70% to 75% of the housing demand from projected household growth, demand from outside the community, and replacement need between 2014 and 2020 will be for rental housing. Combined with pent-up demand, there is total demand for approximately 95 to 100 rental units. This demand is for all types of rental housing – from subsidized to market rate general-occupancy housing to senior housing.

An estimated 25% to 30% of housing demand in Windom between 2014 and 2020 is projected to be for owner-occupied housing. This equates to demand for approximately 30 to 35 homes from 2014 to 2020 (five to six homes annually). This demand is for single-family homes and townhomes.

Owner-Occupied Housing Demand

Based on demographic growth trends, building trends and interviews, an estimated two-thirds of the demand for owned units in Windom is for single-family homes. This includes demand for move-up homes and entry-level homes marketed to first-time homebuyers and moderate income households. The remainder of demand is for townhome units targeted to empty-nesters and seniors seeking an alternative to their single-family homes, as well as some younger households.

Two-thirds of the owner-occupied demand equates to a need for approximately 20 to 24 new single-family homes in Windom, or about three to four homes annually between 2014 and 2020. In comparison, an average of four homes were built annually in Windom last decade (and closer to six annually during the first half of the decade).

The townhome demand is primarily generated from empty-nesters over age 55. This primary target market – older adults ages 55 to 74 – is projected to be the fastest growing segment in Windom this decade and next decade. The demand for townhomes equates to about two units annually between 2014 and 2020.

Rental Housing Demand

The primary target market for rental housing in Windom is wage earners seeking modest rents. There is also some demand from professionals and higher-income families moving to Windom. Some wage earners will eventually seek owned housing, but many will also be long-term renters. The professionals and higher-income families moving to Windom most often seek owned housing, but will rent until they are settled in their new employment position. Most will seek newer market rate rentals on the upper-end of what currently exists in Windom. Some empty-nesters and retirees moving from their single-family homes are also a target market for market rate rentals.

Excluding demand for senior rental housing (36 to 38 units –discussed in the next subsection), income data indicates that about one-third of the total rental demand in Windom is from households earning about \$30,000 or more annually who could afford market rents (see Tables 9 and 10). Two-thirds of the total demand is from lower-income households who need rental units with modest rents to avoid being cost burdened. Windom currently has 205 subsidized rental units in which very-low-income households pay 30% of their adjusted gross income for rent. Thus, most of the demand from very-low-income units is being met in Windom. However, other than a few units at Tanglewood Apartments, there are no developments in Windom that have below-market-rate contract rents for modest-income wage earners. Subtracting out

supply, about half of the unmet demand in Windom is for rental units affordable to households earning less than 60% of Area Median Income (“AMI”), which is \$36,420 for a family of four in 2014. The other half of unmet demand is for market rate units for individuals and families with incomes above 60% of AMI.

Based on income data, between 2014 and 2020, unmet demand is estimated for 28 to 32 market rate units. Most of the remaining rental demand (28 to 30 units) is estimated to come from households earning between 30% and 60% of area median income households with a small portion earning less than 30% of area median income (“extremely low income”). The table below shows the estimated distribution of unmet rental demand in Windom by income levels established by HUD. It should be noted that while most low income households (<80% of Area Median Income, or \$34,000 for a single-person up to \$52,450 for a five-person family) would income-qualify for subsidized or affordable rental housing, many could also afford rents at market rate properties in Windom. Likewise, some households with incomes below 60% of AMI could afford rents at older market rate apartments in Windom.

Distribution of Unmet Rental Demand by Income-Level, 2014 to 2020

	<u>Unmet Demand (units)</u>	<u>Pct. of unmet demand</u>
Extremely Low Income (<30% of AMI)	2 - 3	4%
Very Low Income (<50%)	10 - 11	18%
60% of AMI	16 - 17	28%
Low Income (<80%)	23 - 25	41%
80%+ of AMI	5 - 6	9%

* HUD’s Median Family Income in Cottonwood County in 2014 is \$54,800

Senior Housing Demand

Demand was calculated for the number of additional senior housing units needed in Windom through 2020. The calculations were made for the various market rate senior housing product types, including congregate independent, assisted living, and memory care. While not solely senior housing, Hillside Apartments is projected to satisfy most of the need for subsidized senior rental housing in Windom - no additional units are needed through the remainder of this decade.

The calculations of unmet demand for market rate senior housing are based on multiplying the age/income-qualified base for market rate senior housing by appropriate capture rates for each product type and then subtracting the existing supply. Generally, the age/income-qualified base for market rate senior housing is seniors age 75+ with incomes of \$30,000+, although lower income homeowners also income-qualify by allocating their home equity toward the cost of senior housing. Senior housing demand is summarized in Table 28.

Senior housing with services in Windom is available at Pine View Assisted Living and at Good Samaritan’s campus. Calculations of demand shows that Windom has an unmet need for all

three service levels of market rate senior housing – congregate independent, assisted living, and memory care. Through 2020, demand was calculated for a development with approximately 27 congregate independent units, 12 market rate assisted living units, and 12 memory care units. Combined, demand for the three service levels totals approximately 50 market rate units. In addition, some demand for assisted living housing would come from lower-income seniors who cannot afford to pay privately, but would qualify for the Elderly Waiver program to pay for services.

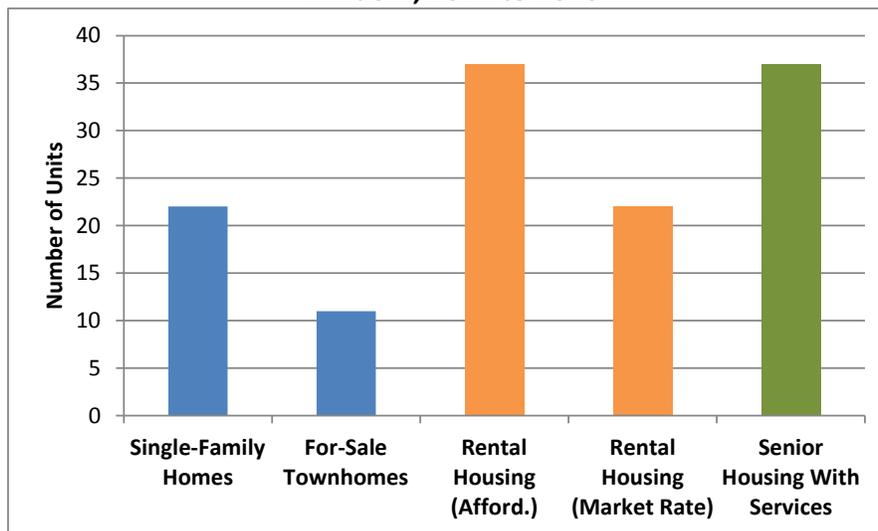
Dividing existing units in the Windom PMA plus the demand for 50 units by the projected age 75+ population in Windom’s PMA in 2020 (1,407 seniors) equates to an overall penetration rate of 12%. In comparison, the statewide penetration rate of market rate senior housing with services as of 2012 was 11.9%. As the senior housing industry continues to expand, penetration rates have been increasing and many counties in the state have surpassed a 13% rate.

Table 28
Summary of Market Rate Senior Housing Demand, City of Windom, 2014 to 2020

	Total PMA Demand	Competitive Supply	Unmet PMA Demand	Demand for a Development in Windom
Independent Living	100	46	54	27
Assisted Living	74	51	23	12
Memory Care	32	9	23	12
Total	206	106	100	50

Source: Viewpoint Consulting Group, Inc.

Projected Unmet Housing Demand
Windom, 2014 to 2020



Housing Recommendations

Recommendations to meet the unmet housing needs in Windom through the remainder of the decade are outlined on the following pages. The recommendations are based on demographic trends, current housing market conditions, the demand analysis, and interviews with persons knowledgeable about Windom's housing market. Table 29 shows the number of units of each recommended housing type that should be built in Windom through the remainder of the decade. Table 29 is followed by detailed descriptions of each recommended housing type.

Table 29
Recommended Housing Developments
Windom, 2014 to 2020

	Number of Units/Homes	Approximate Price/Rent Range
Owner-Occupied Housing		
Single-Family		
Entry-Level	12 - 14	\$155,000 - \$185,000
Move-Up	8 - 10	\$200,000+
Total	20 - 24	
Townhomes	10 - 12	\$145,000 - \$160,000
Rental Housing		
Affordable Townhomes	28 - 30	\$585/2BR, \$660/3BR
Market Rate Townhomes	12 - 14	\$735/2BR, \$815/3BR
Market Rate Apartment	16 - 18	\$510/1BR, \$635/2BR
Total	56 - 62	
Senior Housing		
Independent	24 - 26	\$1,600/1BR, \$1,900/2BR
Memory Care	12 - 12	\$4,800/Studio, \$5,200/1BR
Total	36 - 38	

Source: Viewpoint Consulting Group, Inc.

Single-Family Homes

Based on incomes in Windom, the majority of demand for single-family homes is for those priced below \$150,000. This demand will largely be met through resales of the existing housing stock. For one, it is very difficult to construct new homes with prices below this level. Most of the demand for new construction single-family homes in Windom will be from local homeowners looking to move-up from their existing housing situation. It is estimated that approximately 60% of the single-family demand is for entry-level homes and 40% is for move-up homes. It should be noted that even new homes with entry-level prices will attract some move-up buyers in Windom, as many of the existing homes in the community are priced below \$100,000.

New entry-level homes in Windom should be priced from about \$155,000 to \$185,000 and move-up homes should be priced above \$200,000. Most households with incomes above \$60,000 who also have adequate down payment and good credit history can afford homes priced above \$200,000, while households with incomes below approximately \$60,000 are the primary market for entry-level homes. Current low interest rates are making move-up homes affordable to some households with incomes below \$60,000. However, lack of an adequate down payment limits many buyers.

A three-year lot supply is recommended to ensure adequate consumer choice without excessively prolonging developer carrying costs. Currently, Windom's lot supply is almost non-existent for move-up homes and fewer than 10 for entry-level homes. Some of the existing entry-level lots have not been highly sought after because of their seventy-foot width. Thus, there is the potential to create an additional entry-level subdivision with slightly wider lots.

To maintain an adequate lot supply, new subdivisions will need to come on-line immediately for entry-level and move-up homes. Based on the demand and construction trends over the past decade, between 12 and 20 lots should be platted. Five to eight of the lots should be for entry-level homes and seven to 12 lots should be for move-up homes. To appeal to buyers and accommodate the appropriate housing prices, entry-level lots should be priced at approximately \$15,000 and move-up lots between \$25,000 and \$30,000.

To create lots in the \$15,000 price range, some partnership may be needed from the private and public sectors. This could be in the form of Tax Increment Financing, tax abatements for new construction, or other financial incentives to homebuyers. In addition, care should be taken as to the placement of a new subdivision. Locations on higher ground north of the Windom Area High School and near the Windom Area Country Club have proven to be the most appealing areas for new home buyers.

For-Sale Townhomes

An estimated six townhome units were built in Windom last decade and two so far this decade, all of which were single-level twinhomes. Empty-nesters and young seniors moving from their single-family homes have been the primary buyers, although some younger people have also purchased townhomes. There are no designated townhomes developments that are association maintained in Windom. Townhomes can be built on any lot as long as it meets other zoning requirements, and that is where existing units have been built.

Lots to support an additional 10 to 12 townhomes are recommended in Windom. Lots should come on-line as soon as possible to meet current unmet demand. The units should be one-level twinhomes with attached two-car garages. Base on previous sales, townhomes in the \$145,000 to \$160,000 range would be appropriate to capture the majority of the target market.

As with single-family homes, care should be taken as to the placement of a new subdivision to maximize the new townhomes' appeal. In addition to lots created in new subdivisions, there is the potential to add townhomes on in-fill lots located close to the downtown. Other townhome units built in the 1990s and 2000s near the downtown have sold well.

Affordable Rental Townhomes

An affordable townhome development is recommended with a mix of approximately half two-bedroom and half three-bedroom units. The development should have 28 to 30 units and be targeted to households earning approximately \$35,000 or less per year. The 2014 income-limit for the Low Income Housing Tax Credit (LIHTC) program at 60% AMI in Cottonwood County ranges from \$29,160 for two-person households to \$39,360 for five-person households. A large portion of the wage earners in Windom would income-qualify for an affordable rental development at this limit.

Windom currently has five income-restricted apartment properties totaling over 200 units in which residents pay 30% of their adjusted gross income for rent. These properties are largely meeting the demand for deeply-subsidized units from very low income households. The recommended affordable development should have contract rents of approximately \$585 for two-bedroom units and \$660 for three-bedroom units, excluding heat and electricity. Units should feature attached garages and have sizes of approximately 1,100 square feet for two-bedroom units and 1,250 square feet for three-bedroom units.

Market Rate Rental Townhomes

A rental townhome development is recommended for two target markets: professionals and other higher-income households moving to Windom for employment and for younger seniors seeking an alternative to their single-family homes. The recommended townhome development should feature two- and three-bedroom units to appeal to families with children or seniors moving from homes who still want space for their accumulated belongings. Unit sizes should be about 1,200 square feet for two-bedroom units and 1,350 square feet for three-bedroom units. Monthly rents should be approximately \$735 for two-bedroom units and \$815 for three-bedroom units, excluding all utilities. Key amenities should be in-unit washer/dryers, patios, and attached garages. A development with 16 to 18 units is recommended.

The recommended monthly rents are well above rents at River Bluff Townhomes. While the 13-year-old property is the current market leader in Windom, some homes in town are commanding rents that are similar to the recommended rents for the new townhome development. Based on the waiting list at River Bluff Townhomes and rents being achieved at some homes, we find that there is a small pool of renters willing to pay these higher rents for upper-end units, which largely do not exist in Windom.

One of the target markets for the recommended market rate rental townhomes are seniors seeking an alternative to their single-family homes. Some of the recommended townhome units could be developed on the Good Samaritan campus, which currently includes skilled nursing care, congregate independent, and assisted living housing. Townhomes would appeal to seniors who value proximity to services available on the campus, particularly if a spouse is residing in the care center. Monthly rents achievable by units on the campus would be slightly higher than the recommended \$735 for two-bedroom units due to the availability of services, including meals.

Market Rate Apartment

Homes for Creative Living is seeking to relocate from their building located at 108 9th Street. For decades, this former hospital has been used as an intermediate care facility for persons with developmental disabilities. The two-story building has a total of 14,646 square feet and has the potential to be converted to general-occupancy apartment units. The location is excellent as it is in a residential neighborhood and is a four-block walk from Windom's downtown. It is estimated that 16 to 18 units could be accommodated in the building, depending on the unit sizes.

To satisfy a portion of the rental demand as identified in Table 27, we recommend converting the building at 108 9th Street into rental housing. Apartments on this site would appeal to various target markets, including young professionals working in Windom (with incomes of approximately \$30,000 or more) as well as active seniors. Given the floor sizes, most of the units would likely need to have just one-bedroom, although some two-bedrooms could also be created. To be affordable to the target market, monthly rents, excluding utilities, should be

approximately \$510 for one-bedroom units and \$635 for two-bedroom units. With these rents, the proposed development would satisfy some of the rental demand from households defined as low-income by HUD.



108 9th Street

Senior Housing

To satisfy the unmet demand in Windom through 2020, two types of developments are recommended. The first is a congregate independent building (or “senior housing with services”) with 24 to 26 units. The second is a memory care building, or assisted living specializing in care for persons with memory impairments. While there are independent and assisted living properties in Windom, there are no memory care properties. Heritage Court is in a skilled nursing facility and most of the residents have greater care needs than seniors who are the target market for memory care housing.

The recommended independent senior housing development should be independent but offer assisted living services to residents in any unit. It is estimated that over half the demand initially would come from independent residents, but over time as residents age in place, over half the residents could be receiving assisted living care. Independent units should have base monthly fees beginning at approximately \$1,600 for one-bedroom units, or similar to the existing Remick Ridge Estates on the Good Samaritan campus.

Based on demand, the recommended memory care housing should have approximately 12 units. A stand-alone memory care property of this smaller size may be financially unfeasible to develop (although it can be done, as evidenced by Pine View Assisted Living). As we understand, Mikkelsen Manor (assisted living) on the Good Samaritan campus is designed such that an addition can be added to the end of one of the wings. A financially feasible way to add memory care housing could be to add a secured memory care wing to a wing of Mikkelsen Manor. The new memory care housing would benefit from the shared the costs of administration, meal preparation, and services with the existing property.

It should be noted that new senior housing developments in Windom would indirectly satisfy some demand for modestly priced single-family homes. When seniors move from their homes into the new senior housing development, their homes become available to younger individuals/families. Table 24 shows that homes currently listed for sale in Windom have a median price of \$105,000. This is much lower than the cost to build new and these homes would be affordable to moderate-income families.

Other Housing Recommendations

The preceding pages outlined new housing products that should be built in Windom through the remainder of the decade to satisfy housing demand from current and future residents. In addition, there are other programs that Windom can implement to assist in meeting local housing needs and improving the quality of the existing housing stock. Key programs/initiatives that Windom should pursue or continue to promote are outlined below.

1. Housing Rehabilitation

Maintaining the quality of the existing housing stock is vital to any community. In 2011 to 2013, Windom and Mountain Lake received a Small Cities Development Program (SCDP) grant for the purpose of rehabilitation of residential properties. The funds, which must benefit low- and moderate-income persons, were administered by Western Community Action. Through the grant, 18 homeowners in Windom were able to rehab their homes. The grant funds were administered quickly as demand was very high from people wanting to rehab their homes with furnaces, roofs, windows, insulation, etc. There is no active housing rehab program in Windom.

We recommend the City of Windom explore the potential to apply for rehab funds from SCDP again as they assist in the preservation of housing stock affordable to low- and moderate-income households. About 60% of Windom's homes older than 45 years and a windshield survey of the older neighborhoods indicates that as much as 30% of the older homes may benefit from some rehab improvements.

2. Housing Choice Vouchers

Housing Choice Vouchers (Section 8), funded by HUD, are a tenant-based rent subsidy utilized by lower income households in market rate housing developments. Voucher recipients pay 30% of their adjusted gross income for rent and the subsidy payment makes up the difference to the landlord. With limited funds available to construct new subsidized housing buildings, Housing Choice Vouchers are a great way to meet the housing needs of low-income households who cannot afford market rate housing.

The Housing Choice Voucher program is managed by the Worthington HRA, which manages the program for a seven-county area that includes Cottonwood County. Of the 185 vouchers issued in the seven-county area, only four are being used in Windom. We recommend increased efforts to increase utilization in Windom as a way of providing affordable housing to low-income households without having to construct new buildings.

Currently, there are 15 names from Windom on the Voucher waiting list. The vouchers also increase the pool of potential renters for local market rate properties.

3. First-Time Home Buyer Programs

First-time homebuyer programs by USDA Rural Development and the Minnesota Housing Finance Agency (MHFA) are offered through participating local banks. USDA partners with approved local lenders to extend 100% financing to eligible individuals and families (incomes below \$93,450) to purchase homes (with no maximum purchase price). MHFA offers affordable fixed-rate loans with various down payment and closing cost loan options for both first-time and non-first-time homebuyers. Among the eligibility requirements, homebuyers must have incomes below \$81,300 for one and two-person households and \$93,495 for three or more person households and the homes must be priced below \$237,041. Rural Development and MHFA programs are very beneficial in enabling first-time homebuyers to purchase both existing homes and new entry-level homes. As we understand, local lenders are utilizing these programs to help clients achieve their goals of homeownership. With strong demand in Windom for modestly priced existing homes and new entry-level homes, we recommend the City continue efforts to make the public aware of these programs to prospective homeowners in the community.

4. Rental Registration Program

The City of Windom does not have an ordinance requiring a registration certificate for rental housing units in the City. Some communities have adopted a “rental license” program to help ensure a well maintained rental housing stock. The rental license program is intended to benefit both the residents of the rental housing and the entire neighborhoods in which rental housing is located. We recommend Windom explore the potential to create a rental licensing program.

5. Dilapidated Housing Demolition Program

There are an estimated 12 homes in Windom that are in very poor condition and may be physically and/or functionally obsolete. Removing these old homes may be good for the neighborhood and may also create some in-fill lots that could potentially be redeveloped with single-family or twinhomes, particular lots located within walking distance of Downtown Windom. We recommend exploring the potential to create a demolition program for dilapidated homes in Windom.

6. Termite Mitigation

It was identified that termites continue to be a problem in Windom after first being reported in the 1950s. According to Windom’s Comprehensive Plan, common problems caused by termites include damage to walls, windows/door frames, garages, floors, and floor joists. Given that modestly priced homes is one of Windom’s greatest housing needs, maintaining the quality of Windom’s older housing stock is very important. We recommend monitoring the termite problem and searching for ways to minimize their spread. Assistance to low-income homeowners to treat termites and fix damage could also be explored.

7. Flood Insurance Rate Map Redrawing

Windom straddles the Des Moines River, and a portion of the community is located in a high risk flood plain according to the Flood Insurance Rate Map. The map is published by the Federal Emergency Management Agency – or FEMA). A larger portion of Windom is located in moderate and minimal risk areas. The value of homes in the flood plain are negatively affected, since insurance costs for lower priced homes can be higher than mortgage payments. A dam located on the Des Moines River near Island Park began to fail in 2008 and in 2011 it was removed and replaced with rock riffles. It may be that the removal of the dam has reduced the area of Windom affected by the flood plain. However, the Flood Insurance Rate Map has not been updated. We recommend efforts to have the map updated. Homes that are removed from the flood plain would likely increase in value while at the same time becoming more affordable to potential buyers because of the removal of flood insurance. This is a win-win for both sellers and buyers.