Carver County
AFFORDABLE HOUSING UPDATE

July 2017

City of Norwood Young America

Community Partners Research, Inc.
Lake Elmo, MN
Key Findings - 2017 Affordable Housing Study Update

- Norwood Young America has seen some fluctuations in its growth pattern in recent decades. During the boom years of the early and mid-2000s, outward development pressure from the Metro Area moved into the community. From 2002 to 2004, more than 50 single family housing starts were occurring per year. But by 2008, no single family building permits were issued, and in 2011 only two single family houses were built. By 2013, there were 17 single family houses permitted, but the City has not achieved 20 or more houses in the past 10 years.

- According to the most recent estimate from the Metropolitan Council, the City did add 102 households between 2010 and 2016, after adding nearly 220 households between 2000 and 2010.

- The construction activity in the early 2000s resulted in the development of multiple new subdivisions. When the housing boom ended, most of the subdivisions with unsold lots went into default and lots were later sold at deeply discounted prices. This resulted in some renewed interest in home building, as the discounted lot prices yielded a competitive price advantage for the end sale prices.

- By 2017, the City’s lot supply is not overly large, as most of the lots improved in the 2000s have been used. Despite the potential that more lots will be needed, the discounted pricing that has existed has discouraged developers from platting and improving additional land.

- Given the wide swings in recent home construction and household growth, it is difficult to project future changes in Norwood Young America using any trend-based calculation. A realistic expectation of annual growth through the year 2021 is approximately 17 to 23 households per year. While this projection could prove to be conservative, the City will need new subdivisions to sustain growth at the projected level as the buildable lot supply could soon be depleted.

- The City has had some multifamily rental development in the past 10 years. In 2015 a specialized care senior facility was built with 36 rooms. In 2009, the 50-unit affordable senior project, Oak Grove Senior Residence, was constructed by the Carver County CDA.

- The Metropolitan Council analyzes the supply of housing that is affordable within each city. This placed nearly 94% of the existing stock in Norwood Young America below the applicable price thresholds in 2015.
The Metropolitan Council also calculates a Housing Performance Score for each city, based on the maintenance or expansion of affordable housing. Norwood Young America received 38 out of 100 possible points, the fifth lowest of the 11 cities in the County.

In each of the past two years, the median home sale price in the City has been less than $175,000. Home ownership is relatively affordable, when compared to the larger cities farther east in the County.

According to the American Community Survey, the median income estimate for home owners was $73,500 in 2015. A household at the median income level only needed to apply 20.2% of income for housing costs, one of the lowest percentages in the County.

The American Community Survey also contained an estimate of the median renter household income in 2015, at $29,153. A renter household at the median income needed to apply 26% of income for housing, making the City the fifth most affordable rental market in the County. The American Community reported a median gross rent of $600 in Norwood Young America.

Going forward to the year 2021, this Update has made the following housing unit development recommendations to meet the projected growth-generated demand from approximately 17 to 23 households in an average year. The estimated tenure distribution is based on 72% owner-occupancy and 28% rental demand.

To meet rental demand, a project creating 24 to 32 additional units would help to diversify the City’s housing options.

**Minimum 5-year Rental Housing Recommendations for NYA**

- Moderate rent/income restricted 24 to 32 units

To meet expected home ownership demand, between 61 and 83 new units may be needed over the five-year projection period.

**Minimum 5-year Ownership Recommendations for NYA**

- Entry-level/affordable 12 to 17 units
- Moderate/trade-up 40 to 54 units
- Higher-priced 9 to 12 units
Overview

Purpose

In 2017, the Carver County Community Development Agency (CDA) contracted with Community Partners Research, Inc., to conduct research into affordable housing needs for the individual cities in the County. The project was based on updating a previous document, the *Comprehensive Housing Needs Assessment for Carver County, Minnesota* which was completed by Maxfield Research Inc., in June 2014.

At the time that the 2014 project was being completed, conditions were still being impacted by the housing market decline and national economic recession that began in the late 2000s. Construction activity had been suppressed for a number of years, and growth projections were being revised to adjust for actual development patterns.

In 2014, the Metropolitan Council had made a significant downward revision to their previously issued forecasts for the individual cities in the County. Since that time at least two additional revisions have been made for some of the individual cities to better track actual market conditions and future growth potential. The most recent revision for Norwood Young America raised the City’s longer-term growth forecast.

This 2017 Update has been able to access more recently released information, including an additional three years of actual housing construction data. While a broad range of housing information has been reviewed in the pages that follow, particular emphasis was placed on the more affordable housing market segments.

Most of the truly market-driven housing segments have been gradually recovering and stabilizing in Metro Area cities. Market rate housing segments can typically be addressed by the traditional for-profit development community.

Affordable housing development will often require some form of public financial intervention, as the costs associated with new housing development are generally prohibitive to generate housing that can be accessed by low and moderate income people. Since affordable housing creation does not happen naturally, a better understanding of demographic and housing market conditions is required to help cities and policy makers with informed decisions of future needs.
Content

This document contains specific data updates on selected demographic and housing topics. A brief summary of the content is as follows:

- **Projected Community Growth** - There are various household growth projections that exist for the City. Existing projections have been reviewed, and compared to actual growth patterns in recent years. Based on this review, probable five-year growth projections have been created, and used for anticipating future housing development needs.

- **Building Permit Trends** - Updated annual totals for new housing development activity have been provided through the year 2016.

- **Affordable Housing Construction Trends** - The Metropolitan Council, with the assistance of individual cities, tracks new housing creation to determine if it is affordable. This information has been presented through 2015 to monitor the patterns within each city.

- **Existing Affordable Housing Assessment** - Using information from the Census Bureau’s American Community Survey and other available data sources, the Metropolitan Council has produced an assessment summary of the total existing housing inventory in each community.

- **Future Affordable Housing Unit Allocation Needs** - The Metropolitan Council has assigned allocation goals for each community to help meet regional affordable housing needs in the future. While difficult to actually achieve, the goals are to be used to facilitate future housing development that can serve low and moderate income people.

- **American Community Survey Rental Data** - Using the detailed tables in the American Community Survey, information is presented on the overall rental inventory in the City.

- **Rental Housing Cost Burden** - Using the detailed tables in the American Community Survey, information is presented on rental housing costs compared to renter household income levels.

- **Rental Housing Inventory** - This section examines information about the total rental stock that exists along with an approximate allocation of units by market segment.
Rental Housing Telephone Survey - As part of the research process for this Update, Community Partners Research Community conducted a telephone survey of the larger multifamily rental projects in the City. This survey attempted to collect current information on occupancy patterns, rent levels and market segments being served. Summary information is provided along with the property-specific findings.

Home Sales and Values - Information from the Carver County Assessor’s Office is provided on single family housing sales activity in 2015 and 2016, with a review of the share that are viewed as affordable.

Employment and Commuting Patterns - Updated information is presented on the number of workers in the community, along with projected growth over time. Updated information on commuting patterns from the American Community Survey is provided.

Findings and Recommendations - After analysis of the multiple sections presented, this final section presents projected housing development needs for the future.
Projected Community Growth

There are various projection sources that exist for population and household growth in the City. These include long-range forecasts that extend as far as the year 2040, as well as shorter-term forecasts, that extend to the years 2020 or 2021. While long-range projections may be useful for planning purposes, they will be subject to revision over time, as growth patterns change and actual household formation is incorporated into any forecasting methodology.

For the purposes of this document, emphasis has been placed on projecting near-term growth. The following table examines some of the annual average growth projections that exist for the City of Norwood Young America, taken from five to ten-year projection periods, depending on the base year used. Since the time frame differs, each projection has been reduced to an annual average.

The Metropolitan Council *Thrive MSP 2040* forecast uses the annual average household growth that is expected for the 10-year period between 2010 and 2020.

The *2014 Carver County Housing Study* forecast uses the annual average household growth expected for the 6-year period from 2014 to 2020, as calculated by Maxfield Research Inc.

The *Esri* forecast uses the annual average growth for the 5-year period from 2016 to 2021. Esri is a private data service that is often used by government entities and financial institutions.

<table>
<thead>
<tr>
<th>Table 1 Projected and Actual Growth - Norwood Young America</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Data Source</strong></td>
</tr>
<tr>
<td>Projected</td>
</tr>
<tr>
<td>Met Council Thrive MSP 2014</td>
</tr>
<tr>
<td>2014 Carver County Housing Study</td>
</tr>
<tr>
<td>Esri</td>
</tr>
<tr>
<td>Actual</td>
</tr>
<tr>
<td>Average annual growth 2010-2016 estimate</td>
</tr>
<tr>
<td>Average annual housing unit construction 2010-2016</td>
</tr>
<tr>
<td>Housing units constructed in 2016</td>
</tr>
</tbody>
</table>

Source: Met Council; Maxfield Research; Esri; Building permits
As evident in the table above, there is a fairly wide variation in the near-term growth expectations that exist for the City of Norwood Young America.

The highest projection that exists is from the Met Council’s most recently adopted growth report, created in 2014. The Thrive 2040 forecast expects that Norwood Young America will add 511 total households during the current decade, or an annual average of approximately 51 households per year.

The annual growth forecast from the Met Council is more than double the next closest projection. In the 2014 Carver County Housing Study, Maxfield Research had used a projection that the City would experience average annual growth of 23 households. The Esri forecast is less than half the annual increment that was used by Maxfield.

Although the Maxfield forecast appears to be somewhat high, there is evidence that Norwood Young America has once again started to grow at a more rapid rate, with 17 single family building permits issued in 2016. In the next few years, it is very possible that Maxfield’s annual growth level could be reached in Norwood Young America, if local construction markets continue to recover, or if some multifamily rental construction advances.

However, it should be noted that part of the recent increase in single family home building in Norwood Young America can be directly linked to discounted lot prices in the City. After market conditions deteriorated in the late 2000s, some of the active subdivisions went into financial distress and lots were sold at deep price discounts. The supply of existing lots is now relatively small. Future subdivision development in Norwood Young America will be at market prices, and any competitive advantage in lot prices will no longer exist.

For use in this Update, average annual growth in a range between 17 and 23 households has been used. If rental housing development proceeds in the future, the upper end of this range could be surpassed.

Long-Range Forecasts

Although this Study has not focused on longer-term projections, they are necessary for City planning efforts. The forecasts from the Metropolitan Council for the City of Norwood Young America would expect average incremental growth of approximately 113 households per year between 2020 and 2030, and 87 households per year between 2030 and 2040. If achieved, growth at this scale would be substantially greater than any past pattern for the City.
Building Permit Trends

The following table tracks new housing unit creation in the City of Norwood Young America, using annual building permit reports. This information has been obtained from the Metropolitan Council and from City records. In most cases, the units represent new construction, but in some cases, units created through the conversion of existing structures could also be reported.

Information for the period from 2010 to 2013 has also been reviewed from the Comprehensive Housing Needs Assessment for Carver County, prepared by Maxfield Research Inc. in 2014.

<table>
<thead>
<tr>
<th>Year</th>
<th>Single Family Detached</th>
<th>Attached Single Family</th>
<th>Multifamily</th>
<th>Total Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>17</td>
<td>0</td>
<td>0</td>
<td>17</td>
</tr>
<tr>
<td>2015</td>
<td>8</td>
<td>0</td>
<td>36</td>
<td>44</td>
</tr>
<tr>
<td>2014</td>
<td>8</td>
<td>0</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>2013</td>
<td>17</td>
<td>0</td>
<td>0</td>
<td>17</td>
</tr>
<tr>
<td>2012</td>
<td>7</td>
<td>0</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>2011</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>2010</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>2010-2016 Total</td>
<td>62</td>
<td>0</td>
<td>36</td>
<td>98</td>
</tr>
</tbody>
</table>

Source: Metropolitan Council; City records

Like many communities in Minnesota, Norwood Young America had a reduced level of new housing construction activity in the early years of the current decade, following the housing market collapse and economic recession of the late 2000s. During the construction boom years in the early 2000s, the City had achieved very high levels of home building, with more than 50 owner-occupancy houses permitted each year from 2002 to 2004. But in 2011, only two single family houses were constructed in the City.

In both 2013 and 2016, annual reports show that 17 single family houses were permitted, but each of the other years after 2011, fewer than 10 homes were built. All of the single family permits issued this decade are for detached houses, although some attached single family is expected in the future.
Only one multifamily project has been constructed in recent years, with a 36-unit specialized senior housing project at the Peace Villa campus. Known as The Haven, this includes both memory care and assisted living options.

Although there are no pending multifamily projects identified, it is possible that future development phases could proceed at Peace Villa, as additional vacant land remains.

**Residential Lots**

According to City staff, only a limited supply of vacant lots remains in Norwood Young America. The estimated inventory at the start of 2017 contains approximately 15 lots for detached houses, and 25 lots for town homes.

The lot inventory that remains dates back to the boom years of the 2000s. Most of the lots went through foreclosures and bank-ownership. Lots in two of the subdivisions, known as The Meadows and The Preserve were sold at deeply discounted prices, as low as $6,000 per lot. The lots are now primarily owned by home builders, and most of the construction activity in 2016 occurred on the lots that had been sold after foreclosure.

There is also a subdivision, Brand Lake, that has remained in private ownership. Lots have not been deeply discounted and three houses were constructed in this area in 2016. Approximately 8 to 9 of the detached home inventory remaining in the City is in Brand Lake.

There are no pending subdivision development projects at this time, but the limited remaining lot inventory will require some additional development within the next few years.
Met Council Affordable Standard - Recent Construction

The Metropolitan Council conducts an annual survey to estimate the number of newly constructed owner and renter-occupancy housing units that are affordable to a household at 80% of the area median income level. Due to the timing of the reports, information on 2016 housing construction activity was not yet available.

There are some potential differences that may exist between the unit totals displayed in the table below, and the annual building permit summary presented on the previous pages. For most years, any differences would be minor. There can also be some differences in the estimated tenure of units, depending on the data source that was used.

<table>
<thead>
<tr>
<th>Year</th>
<th>Single Family Total</th>
<th>Single Family Affordable</th>
<th>Multifamily Total</th>
<th>Multifamily Affordable</th>
<th>Total Affordable Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>8</td>
<td>0</td>
<td>36</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2014</td>
<td>8</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2013</td>
<td>17</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2012</td>
<td>7</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>2011</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>2010</td>
<td>3</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>2010-2016 Total</td>
<td>45</td>
<td>8</td>
<td>36</td>
<td>0</td>
<td>8</td>
</tr>
</tbody>
</table>

Source: Metropolitan Council

As tracked by the Metropolitan Council, only 8 of the 81 housing units constructed within the City of Norwood Young America between 2010 and 2015 would meet the basic definition of affordable housing, based on a standard set at 80% of median income. However, the 36 multifamily units were specialized senior housing with services. Excluding these units, 8 of the 45 single family homes were viewed as affordable.

All 8 affordable units were constructed between 2010 and 2012, when the local housing market was down. After 2012, there have been no affordable houses built in Norwood Young America, according to the Metropolitan Council. As market conditions have improved, it would appear that less emphasis has been placed on building affordable homes by the builders/developers.
Metropolitan Council Housing Performance Scores

The Met Council, in conjunction with the Minnesota Housing Finance Agency, issues an annual score for each Metropolitan Area community. These scores are used to give priority in funding to cities and townships that are maintaining or expanding their supply of affordable housing and using fiscal, planning, and regulatory tools to promote affordable and mixed-income housing. These scores can range from 0 to 100 points.

The Metropolitan Council Housing Performance Score gives Norwood Young America 38 out of 100 possible points. The City had for the fifth lowest score of the 11 cities in Carver County.
Affordable Housing Inventory Assessment

To assist communities with their Comprehensive Planning efforts, the Metropolitan Council has analyzed American Community Survey and other available data sources to establish a starting point for addressing affordable housing needs. According to the Met Council, this information meets the minimum requirements for the Existing Housing Assessment component of the Comprehensive Plan. This document can be viewed at:

https://metrocouncil.org/Handbook/Files/Existing-Housing-Assessment/02395278_NorwoodYoungAmerica_ExistingHsg.aspx

Only one of the items from the Existing Housing Assessment is provided below. It examines the number of existing units that are considered affordable to low and moderate income households. For the City of Norwood Young America, this assessment used a total housing unit inventory count of 1,514 units in 2015.

<table>
<thead>
<tr>
<th>Affordable Level</th>
<th>Total Units</th>
<th>% of All Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>30% or less of median</td>
<td>106</td>
<td>7.0%</td>
</tr>
<tr>
<td>31% to 50% of median</td>
<td>796</td>
<td>52.6%</td>
</tr>
<tr>
<td>51% to 80% of median</td>
<td>517</td>
<td>34.1%</td>
</tr>
<tr>
<td>Above 80% of median</td>
<td>95</td>
<td>6.3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,514</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Metropolitan Council

According to the analysis by the Metropolitan Council, most of the existing housing stock in Norwood Young America is affordable. Overall, nearly 94% of all units are below the price thresholds viewed as affordable for households earning 80% or less of the Twin Cities median income level.

While the affordable housing breakdown does not identify occupancy tenure, the overall affordable unit total implies that most of the affordable housing is in single family houses, presumably intended for owner-occupancy. In the analysis, there were only 488 total rental units citywide. With more than 1,400 units in Norwood Young America that were considered to be affordable, this would indicate that nearly all of the single family houses were also viewed as affordable in 2015.
Affordable Housing Allocation Needs

As part of the Metropolitan Council’s assistance role in helping communities to plan for future development, a city-by-city allocation has been made which distributes the region-wide affordable housing needs. The Region’s total need for affordable housing during the time period from 2021 to 2030 is 37,900 units. Norwood Young America’s allocation of this need is 269 units.

It is important to recognize that the allocation of units should be interpreted as a goal for the community, but the Metropolitan Council recognizes that most cities will not be able to create all of the units, especially serving the lowest end of the income range. Instead, these allocations are provided for planning purposes, to help assure that a city could accommodate this level of unit growth, if the opportunities emerge. While recognizing that these are targets for items such as land use planning or infrastructure extensions, the numbers could also be used to establish targets for actual construction.

Although the most recently released allocation targets span the period between 2021 and 2030, they represent better guidance than those released for the period between 2011 and 2020. The allocations for the current decade were based on a rate of growth that was projected to be substantially greater than what has actually occurred. As a result, the numeric targets are much too high for the share within more affordable price ranges. Instead, the allocations for the next decade are better matched to current growth trends.

<table>
<thead>
<tr>
<th>Table 5 Ten-year Affordable Housing Allocation Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>30% or less of median</td>
</tr>
<tr>
<td>Unit Allocation</td>
</tr>
</tbody>
</table>

Source: Metropolitan Council

The allocation goals cover a 10-year time period, and would include both rental and ownership housing options. However, in most cases, these would tend to represent rental housing creation, as serving low and moderate income households with ownership options would be extremely difficult, especially for households below 50% of the median income level.

In comparison to recent patterns, these allocations are very high. In actual practice between 2010 and 2015, only 8 affordable units were created in Norwood Young America, based on these standards. To achieve 269 units over the ten-year allocation period would require an average of approximately 27 units per year moving forward.
American Community Survey Rental Data

The Census Bureau’s annual American Community Survey collects information from renter households, and generates reports on renters and rental units. Since the data are collected from sampling, estimates are prepared that do contain a margin of error. However, this information source is consistent between communities and from year-to-year. As a result, the annual estimates do provide a comparative snapshot of the local rental market.

The most recent estimates available for Norwood Young America are for 2015. In that year, they estimated that there were 493 renter-occupancy households living in the City, with a margin of error +/-111 households. Based on all other information, this estimate was high by 50 or more households, but still represents useful data on the rental stock.

Median Gross Rent

Although information on rental rates from 2015 is already somewhat dated, the following median gross rent levels were defined.

<table>
<thead>
<tr>
<th>Table 6 Median Gross Rental Rates in 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 Bedroom</td>
</tr>
<tr>
<td>Median Gross Rent</td>
</tr>
</tbody>
</table>

Source: American Community Survey

For all rental housing in the City in 2015, the estimated median gross rent was $600. This overall median would appear to be low, and may reflect an over-sampling of one-bedroom units. The median gross rent for two-bedrooms was $723, while units with three or more bedrooms had an estimated median of $980 per month.

Information on rental rate distribution in the American Community Survey can be compared to renter household incomes, to make some general comparisons of supply and demand.
When renter household income levels in Norwood Young America are compared to the rent distribution of available units, the following observations emerge.

- The City has more households that need a very affordable unit, priced below $500, than units that exist. However, it is assumed that some of these very low income renters, with an annual income below $20,000 would be able to access some form of rent assistance, to make their housing more affordable.

- In the more moderate price ranges between $500 and $650 per month, there are more units available than households in a comparable income range. Presumably, some of the lower income households need to “rent up” into a more expensive unit, since the very affordable supply is limited. It is also probable that some higher income households elect to “rent down” and apply less than 30% of their income toward housing.

- There were more renter households in the income ranges between $25,000 and $36,000 than there were units available in 2015. Once again, it would appear that some of these households were renting a less expensive unit, and could apply less than 30% of income toward housing.

- In the rental price ranges of $900 or more per month, the number of units was fairly well balanced with the number of households with an income above $36,000. Many of these moderate to higher income households had an annual income of $50,000 or more, but Norwood Young America had a relatively small supply of higher-priced rental units.
Rental Housing Cost Burden

The American Community Survey also provides data on the number of renter households that are paying different percentages of their gross household income for housing in the City.

### Table 7 Gross Rent as a Percentage of Income by Age

<table>
<thead>
<tr>
<th>Percent of Income for Housing</th>
<th>Renter Households Age 64 and under</th>
<th>Renter Households Age 65+</th>
<th>All Renter Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 30%</td>
<td>161</td>
<td>113</td>
<td>274</td>
</tr>
<tr>
<td>30% or more</td>
<td>123</td>
<td>55</td>
<td>178</td>
</tr>
<tr>
<td>Not Computed</td>
<td>41</td>
<td>0</td>
<td>41</td>
</tr>
<tr>
<td>Total</td>
<td>325</td>
<td>168</td>
<td>493</td>
</tr>
</tbody>
</table>

Source: American Community Survey

Federal standards for rent subsidy programs generally identify 30% of household income as the maximum household contribution. When more than 30% of income is required, this is often called a “rent burden”. When more than 35% is required, this can be considered a “severe rent burden”.

According to the American Community Survey, approximately 36% of all renters were paying 30% or more of their income for rent. The rental cost burden statistics showed all age groups were impacted. However, nearly 38% of the non-senior renter households had a cost burden, while fewer than 3% of senior renters were applying 30% of income or more to housing costs.

Although a housing cost burden could be caused by either high housing costs or low household income, in Norwood Young America it was primarily due to the income levels for renters. Nearly 89% of the renter households with a housing cost burden had an annual household income below $35,000 in 2015. To avoid a cost burden, these households would have needed a unit with a gross monthly rent of $875 or less.

According to the 2015 American Community Survey, the median household income for all renters in Norwood Young America was only $29,153 in 2015, well below the Countywide renter median of $41,599. For all renter households, the median percentage of household income applied to rental costs was 26.0%. This was a lower percentage than the Countywide median of 27.8% of income needed for monthly rent.
Rental Housing Data

Census Records

According to the 2010 Census, the City of Norwood Young America had 388 occupied rental housing units, and at least 32 unoccupied rental units, for a total estimated rental inventory of 420 units. The City’s rental tenure rate was 27.9% in 2010, very similar to the Statewide rental rate of 27%.

Based on building permit reports, the only multifamily project constructed after the Census was The Haven, a 32-unit specialized senior building that is part of the Peace Villa campus. However, it is very possible that all or part of this building would not be viewed as traditional rental housing. Instead, many residents are housed in sleeping rooms oriented toward memory care, and this type of unit might be more appropriately defined as “group quarters” housing.

Excluding The Haven, it is assumed that few other changes have taken place within the City’s rental stock after 2010, although a shift between vacant and occupied units has probably occurred. It is also possible that some tenure-conversion has happened, as houses once used by renters have been sold to owner-occupants, or the reverse.

City Rental Registration

The City maintains a rental licensing program that had 446 units in March 2017. The Haven is not included in this registration total, although another assisted living project, The Harbor, is included, since independent apartment units are offered in that building. No other rental property exclusions were identified.

When compared to the 2010 Census total of 420 units, it would appear that at least 26 rental housing units have been added to the local inventory since 2010. With some growth in the owner-occupancy single family housing stock since that time, it is probable that the rental tenure rate has not changed significantly from the level of 27.9% as reported by the last Census.
Rental Market Segments

As a rental center for the western portion of the County, Norwood Young America has a diverse housing stock, serving different rental segments. Although precise details do not exist, the following summary generally defines the different subsets of the local market:

- Federally-subsidized units including project-based Vouchers - 90 units
  - General occupancy - 29 units
  - Senior/disabled occupancy - 61 units
- Moderate rent units with income and occupancy restrictions - 50 units
- Specialized senior housing with services - 36 units (excludes The Harbor)
- Market rate housing - 270 units

Some of the defined housing types above may apply differing rules and regulations. For example, some of the federally subsidized housing units have project-based rent assistance, allowing tenants to pay rent on 30% of income, while other units may charge a basic rent amount, even if it exceeds 30% of income. However, the basic rent structure would still be well below competitive market rents and would still represent a very affordable housing option.
Within the moderate rent/income restricted properties, the maximum allowable income could be set at 60% to 100% of the area median level. While the specific limits can vary, the goal of this housing is to serve more moderate income renters, and the applicable regulations attempt to keep these units in an affordable price range. But, since these projects cannot typically offer any project-based rent assistance, they tend to serve moderate income households.

While approximately 60% of all rental units in Norwood Young America serve the traditional market rate segment, the City does have a fairly large distribution in other sectors. More than 31% of the identified rental options are in some form of affordable housing, in projects that have income restrictions and a maximum rent structure.

There are also seven tenant-based rent assistance Vouchers in use in Norwood Young America. However, the exact locations for these Vouchers cannot be disclosed. It is probable that some are being used within the income-restricted projects, assisting very low income tenants that cannot afford an even lower rent structure. But it is also likely that some Vouchers are being used in market rate housing, increasing the percentage of units in Norwood Young America that could be considered as subsidized housing.

**Affordable Housing Gains and Losses**

There has been no growth in the supply of income-restricted housing or subsidized housing since 2009. The last identified addition to the affordable inventory was the 50-unit Oak Grove Senior Residence, constructed by the Carver County CDA in 2009. The maximum income limits for this property are set at 100% of median income, and the project is senior-designated for households age 55 and older.

There have also been unit losses. The 48-unit Country Cove Apartments was constructed through the housing tax credit program in 1994. Under the tax credit regulations the income limits and maximum allowable rents were set at 60% of median income. At some point in the past, this project left the tax credit program and is no longer required to comply with income, occupancy or rent limits.

It is important to note that the rent structure in Country Cove may not be substantially different in 2017 than it would have been under the tax credit rules. However, there are no longer any requirements in place that limit occupancy to moderate income renters, or that prohibit rents from increasing substantially in the future.
Rental Housing Survey

In February and March of 2017, a telephone survey was conducted of multifamily rental developments in the cities in Carver County. The survey primarily focused on rental properties with six or more units. The table that follows presents information for subsidized, moderate rent/income restricted, and market rate projects separately.

The following basic definitions have been applied to define these specific sectors within the broader housing market.

*Subsidized housing* is defined as units that have some form of federal or state subsidy assistance, typically provided through the U.S. Department of Housing and Urban Development (HUD), or through USDA Rural Development. In many cases, subsidized housing can offer project-based rent assistance, designed to allow households to pay rent based on 30% of income. However, not all subsidized projects can offer rent assistance for all units. In some cases, a basic minimum rent is required. But these basic rents are generally still below the prevailing rental rates, and can offer a more affordable option, even if more than 30% of income is required from some households.

*Moderate rent/income restricted* housing is defined as projects that are regulated in some way, with maximum income limits, rent restrictions, occupancy restrictions, or all of the above. There are various programs that can be used to create this type of housing. The federal housing tax credit program is often used, and maximum tenant incomes are capped at 60% of median. The Carver County CDA has also developed some units that have income limits capped at either 80% or 100% of the area median income level.

These *moderate rent/income restricted* projects rarely have any type of rent assistance, although a small number of units may be designated as replacement Public Housing/MHOP, or as units serving people experiencing long-term homelessness. While a small percentage of units may be very affordable, most within this market segment tend to serve more moderate income households. Many projects will require that a tenant have a monthly income that is at least double the rent amount, so a unit priced at $850 would require an annual income above $20,000. Although the actual gross monthly rental rates in these projects may often approach the prevailing rental rates in the purely private market, the regulatory restrictions that apply are intended to keep these units in an affordable range for many years.
As used in this document, market rate rental housing defines projects that do not have any forms of rent, income or occupancy restrictions, other than those that pertain to the private competitive marketplace. Within the market rate segment, there may be newer, “luxury” projects with very high rent levels, as well as older conventional housing that offers low monthly rates.

Survey Coverage

In Norwood Young America there were seven rental projects, with a combined 217 rental units that were successfully contacted by the telephone survey. Only one larger project in the City, the 24-unit Poplar Ridge Apartments, could not be reached.

When compared to the probable rental inventory in Norwood Young America as defined by City rental registration records, the telephone survey collected usable information from nearly 49% of the local rental stock.

The following rental segments were represented in the survey results:

- 66 units of subsidized housing in two separate projects
- 50 units of moderate rent/income restricted housing in one project
- 101 units of market rate housing in six separate projects

General summaries of the survey findings are presented by market segment.
Subsidized Housing Summary

The largest subsidized project in the City is Peace Villa, which has 61 units designated for senior/disabled tenant occupancy. Only 33 of the 61 units actually have access to project-based rent assistance, but the basic rents are at $429 and $500 for one and two-bedroom apartments, respectively.

The other subsidized project that was contacted is a collection of five scattered Public Housing units, with four or five bedroom offerings. These units charge rent based on 30% of household income.

Both projects reported full occupancy at the time of the survey, and waiting lists existed. The waiting time for Peace Villa can be one year or longer. The Public Housing waiting list is maintained for all units countywide, and is not specific to the Norwood Young America location.

One additional subsidized project, Poplar Ridge Apartments, could not be contacted and only limited information exists from secondary sources. There are 24 general occupancy units in Poplar Ridge, with 12 having access to project-based rent assistance.
Moderate Rent/Income Restricted Housing Summary

Currently, there is only one project in Norwood Young America that meets the definition within this segment. Oak Grove Senior Residence was developed by the Carver County CDA in 2009. It has 50 apartment units, and is designated for senior occupancy, age 55 and older.

The income restrictions that apply require households to have an annual income that is below 100% of the area median level. While this is relatively high for income-restricted housing, it is targeted to senior households in a more moderate income range.

The actual rental rates charged at Oak Grove are among the highest in the City, and generally above the rates achieved in older market rate housing. However, the age, amenities and features offered are also superior to older projects in the City.

Although most tenants in this project would need an annual income of $25,000 or more, and at level, a household would need to apply more than 30% of income to monthly rent. But as a publicly-owned project with income restrictions, this project should retain long-term status as an affordable housing option for moderate income households.

Oak Terrace did have one vacant unit at the time of the rental survey, and no applicant waiting to take this unit. It would appear that demand for this type of housing is fairly well matched to supply, with no evidence of unmet demand at the time of the survey.

Since the federal tax credit program was created in the late 1980s, two awards were made for rental development in Norwood Young America. One tax credit project, Poplar Ridge, also utilized USDA Rural Development subsidies, and has been grouped with the subsidized housing segment. The other tax credit project, Country Cove Apartments, has apparently completed it contractual obligations and no longer operates under the tax credit regulations.
Market Rate Housing Summary

A majority of the rental options in Norwood Young America would be defined as purely market rate housing. However, most of the multifamily stock is 20 or more years old, and tends to have a very moderate rent structure, which reflects the age and amenities offered.

The newest market rate multifamily project that can be identified is the Trailside Townhomes project with 9 units, constructed in 1998. This was the only market rate project identified that is less than 20 years old.

As reported to the survey, occupancy rates within the market rate segment were high. There were a few unoccupied units in one project, but these were attributed to recent turnover. Most owners and managers indicated that sufficient demand was present to quickly fill any open units.

The highest end of the reported rent range was in the Trailside Townhomes, but even this project had an estimated gross rent of $950 or less for a two-bedroom unit with a garage. Most of the other two-bedroom options were priced below $850.

Much of the market rate rental stock exists in smaller properties that were not included in the survey. Rental registration records show that 64 single family houses are licensed as rental housing. It is very possible that these single family rentals have a higher rent structure, especially when tenant-paid utilities are added.
Tenant-based Rent Assistance Vouchers

In addition to the subsidized projects with project-based rent subsidies, Carver County renter households have access to HUD Housing Choice Vouchers. In March 2017 there were 249 Vouchers in use in the County, including seven in Norwood Young America. Since this rent assistance is tenant-based, and moves with the household, the actual number of participating households within the City and County can vary from month to month.

Voucher assistance is issued to income-eligible households for use in suitable, private market rental housing units. With the assistance, a household pays approximately 30% of their income for their rent, with the program subsidy paying any additional rent amounts. The rent assistance is administered by the Metro HRA, and serves much of the Twin Cities Metropolitan Area.

Metro HRA maintains a waiting list of households looking to secure a rent assistance Voucher. No specific information could be obtained on the number of Carver County households that are currently on the waiting list. However, the waiting list is closed to new applicants due to its length.
## Table 8 Norwood Young America Multifamily Rental Housing Inventory

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of Units /Bedroom Mix</th>
<th>Rent</th>
<th>Vacancy/Wait List</th>
<th>Tenant Mix</th>
<th>Comments</th>
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<td>Market Rate</td>
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</tr>
<tr>
<td>Country Cove Apartments 100-104 Polar Ridge Dr</td>
<td>2 - 1 Bedroom 34 - 2 Bedroom 12 - 3 Bedroom</td>
<td>48 Total Units</td>
<td>$740 $755-$770 $880 +electric</td>
<td>No vacant units</td>
<td>Mix of tenants</td>
</tr>
<tr>
<td>Parkside Apartments (formerly Norwood Vista) 316 W Wilson</td>
<td>1 - 1 Bedroom 11 - 2 Bedroom</td>
<td>12 Total Units</td>
<td>$675 $695-$725 +heat, electric</td>
<td>No vacant units</td>
<td>Mostly working-age tenants</td>
</tr>
<tr>
<td>Trailside Townhomes (formerly C&amp;L Apartments) 112 Poplar Ridge Dr</td>
<td>9 - 2 Bedroom</td>
<td>9 Total Units</td>
<td>$875-$895 +electric</td>
<td>No vacant units</td>
<td>Mix of tenants</td>
</tr>
</tbody>
</table>
## Table 8 Norwood Young America Multifamily Rental Housing Inventory

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<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Young America Apartments</td>
<td>4 - 1 Bedroom 28 - 2 Bedroom 32 Total Units</td>
<td>$610 $730 +electric</td>
<td>3 vacant units 3 - 2 Bdrm</td>
<td>Mix of tenants</td>
<td>Four 2-level walkup buildings with 8 units each constructed in 1971. Rent includes heat but tenant pays electric in addition to rent. Amenities include stove, refrigerator and AC. One-bedrooms have 960 sq ft and 2-bedrooms have 1100 sq ft; all units have 1 bathroom. Manager reported a mix of tenants with some seniors on ground level and younger renters upstairs. Three upstairs units vacant at time of survey due to turnover, 3 ground level units intentionally vacant for renovation.</td>
</tr>
<tr>
<td>Name</td>
<td>Number of Units /Bedroom Mix</td>
<td>Rent</td>
<td>Vacancy/Wait List</td>
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<td>Comments</td>
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<tr>
<td>Oak Grove Senior Residence</td>
<td>4 - Studio</td>
<td>$1049</td>
<td></td>
<td></td>
<td>Senior-designated (age 55+) apartment project constructed in 2009 by the Carver County CDA. Income limits apply at 100% of area median. Two project-based Vouchers at 50% of median with 1 for homeless. Rent includes heat but tenant pays electric in addition to rent. Amenities include stove, refrigerator, dishwasher, AC, in-unit laundry and heated underground parking for additional fee. Building amenities include community room, fitness room, guest suite, and building adjoins city hall and library. Studios have 507-518 sq ft and 1 bathroom; 1-bedrooms have 696-705 sq ft and 1 bathroom; 1-bedroom+dens have 912-962 sq ft and 1 bathroom; 2-bedrooms have 1020-1041 sq ft and 2 bathrooms; 2-bedroom+dens have 1443 sq ft and 2 bathrooms. Manager reported 1 vacant unit which had been available for 5 months.</td>
</tr>
<tr>
<td></td>
<td>24 - 1 Bedroom</td>
<td>$1169 +electric</td>
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<td></td>
<td>1 Bdrm+den</td>
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<tr>
<td></td>
<td>2 - 2 Bedroom</td>
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<td></td>
<td>3 - 2 Bdrm+den</td>
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<td></td>
<td>50 Total Units</td>
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<td></td>
<td>1 vacant unit</td>
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<tr>
<td></td>
<td>1 - 1 Bdrm +den</td>
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<tr>
<td></td>
<td>50 Total Units</td>
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</table>

**Moderate Rent/Income Restricted**
<table>
<thead>
<tr>
<th>Name</th>
<th>Number of Units /Bedroom Mix</th>
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<th>Tenant Mix</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peace Villa Apartments</td>
<td>33 - 1 Bedroom 28 - 2 Bedroom 61 Total Units</td>
<td>$429-$570</td>
<td>No vacant units, waiting list</td>
<td>Senior/disabled occupancy</td>
<td>USDA Rural Development subsidized apartments constructed in 1978 with and addition in 1988. Thirty-three units have project-based rent assistance that allows rent based on 30% of income; remaining tenants pay at least 30% of income but not less than basic or more than market rents listed. Amenities include community room, scheduled activities, an emergency call system, and physical connection to The Harbor and The Haven giving access to daily meals and additional amenities. One-bedrooms have 640 sq ft and 2-bedrooms have 932 sq ft; all units have 1 bathroom. Manager reported full occupancy and a waiting list that is 1 year long.</td>
</tr>
<tr>
<td>Poplar Ridge Apartments</td>
<td>2 - 1 Bedroom 14 - 2 Bedroom 8 - 3 Bedroom 24 Total Units</td>
<td>N/A</td>
<td>N/A</td>
<td>General occupancy</td>
<td>Unable to contact for 2017 survey - information presented is from secondary sources. USDA Rural Development subsidized apartments that also received tax credits - placed in service in 1989. Tax credit compliance has been met but project still operates as subsidized housing. Twelve units have project-based rent assistance that allows rent based on 30% of income; remaining tenants pay at least 30% of income but not less than basic or more than market rents. Unit amenities include stove, refrigerator, wall AC, in-unit laundry hookup and balcony/patio. One-bedrooms have 584 sq ft; 2-bedrooms have 778 sq ft; 3-bedrooms have 1026 sq ft; all units have 1 bathroom.</td>
</tr>
<tr>
<td>Public Housing Scattered Site NYA</td>
<td>4 Bedroom 5 Bedroom 5 Total Units</td>
<td>30% of income</td>
<td>No vacant units, waiting list</td>
<td>General occupancy</td>
<td>Scattered site HUD Public Housing units - CDA acquired single family houses. All tenants pay rent based on 30% of income. Age of units and floor plans vary. Manager reported full occupancy and a countywide waiting list for Public Housing.</td>
</tr>
</tbody>
</table>
## Table 8 Norwood Young America Multifamily Rental Housing Inventory

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of Units /Bedroom Mix</th>
<th>Rent</th>
<th>Vacancy/Wait List</th>
<th>Tenant Mix</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsidized - Tenant-based Vouchers</td>
<td>7 assisted households in NYA</td>
<td>30% of income</td>
<td>N/A</td>
<td>N/A</td>
<td>Also known as the Section 8 Existing Program, HUD Housing Choice Vouchers provide tenant-based rent assistance that can be used in any suitable rental unit. Tenant rent contribution is based on 30% of income, with the assistance program paying additional subsidy. The County is served by Metro HRA program with 7 Vouchers being used in Norwood Young America and 249 Countywide. The program maintains a waiting list for participation.</td>
</tr>
</tbody>
</table>

Source: Community Partners Research, Inc.; 2014 Comprehensive Carver County Housing Needs Assessment
Single Family Home Values

Single Family Home Sales

Information was obtained from Carver County on the annual number of “good” residential sales. Good sales represent fair, open market transactions, according to the County Assessor’s Office.

<table>
<thead>
<tr>
<th>Table 9 Norwood Young America Single Family Sales</th>
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<tbody>
<tr>
<td><strong>Sales Year</strong></td>
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<td></td>
</tr>
<tr>
<td>2016</td>
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<tr>
<td>2015</td>
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</table>

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

Based on the County’s sales sample, the typical single family detached house in Norwood Young America has a value below $172,000. For sales recorded in 2016, the median price was $171,450.

Townhouse sales were in a more affordable price range, but only 19 had been sold in the prior two year time period. The median townhouse sale price in 2016 was $162,500, based on 11 sales.

To better define the share of annual home sales that would be considered more affordable for moderate income households, the following table examines the number of annual sales that have occurred for less than $238,500, the current affordable ownership threshold used by the Metropolitan Council. The percentage of sales within each housing type is also provided.

<table>
<thead>
<tr>
<th>Table 10 Norwood Young America Sales for Less than $238,500</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales Year</strong></td>
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<tr>
<td></td>
</tr>
<tr>
<td>2016</td>
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<tr>
<td>2015</td>
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</table>

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

In each of the past two years, approximately 88% or more of the detached home sales in the City occurred within a price range that could be viewed as affordable. All of the townhouse sales were priced below $238,500.
Employment and Commuting

Each of the individual cities in Carver County provides locally-based employment opportunities for area residents. The base employment data for the year 2010, as used in Metropolitan Council, showed 31,836 jobs available within the various County jurisdictions. This information was taken from the Quarterly Census of Employment and wages (QCEW), which tracks workers by place of employment that are covered by unemployment insurance.

The number of jobs varies greatly between communities. In 2010, nearly 66% of all covered jobs countywide were based in Chaska and Chanhasen, the two largest cities. If the employment in Waconia is added, more than 83% of the QCEW jobs were located within these three cities.

This does not imply that residents of Carver County primarily work within the County borders. Other data sources would indicate that most County residents actually leave the County for their primary employment. While some residents do both live and work within Carver County, most of the local jobs are filled by people that travel into the County from other locations.

Although many of the cities in the County serve as residential locations, and residents commute out for employment, job availability will have an impact on future housing needs. This is especially true for more affordable housing creation, as low and moderate income workers can be negatively impacted by the costs of commuting from more distant locations.

The following information is provided for the City of Norwood Young America to better understand current and future employment patterns, and the potential demand created by locally based workers.

<table>
<thead>
<tr>
<th>Table 11 Norwood Young America Employment Projections</th>
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<tbody>
<tr>
<td><strong>Norwood Young America</strong></td>
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Source: Metropolitan Council Thrive MSP 2040

The City of Norwood Young America has served as a small employment center for the western portion of Carver County. According to the latest Metropolitan Council forecasts, the City is expected to add some jobs in the future. Between 2010 and 2020, the projections expect an increase in local employment of approximately 37%, with the addition of 435 jobs.
In the base year of 2010, approximately 3.7% of all jobs countywide were located in Norwood Young America. By 2020, the projections indicate that this percentage will increase slightly to nearly 3.8%.

The accuracy of the projections can be tracked through changes that have occurred during the first five years of the current decade. The 2015 annual total showed only 959 QCEW jobs in Norwood Young America, down by 206 jobs from the base year in 2010. At the pace of job change through 2015, the City is not on course to reach the projected level for 2020.

Wages

The last full year of wage data through the Quarterly Census of Employment and Wages (QCEW) is for 2015. In that year, the average wage paid for employment within the City of Norwood Young America was $41,912, assuming full-time employment. For all of Carver County, the average annual wage was $52,208.

Commuting

According to the Census Bureau’s Center for Economic Studies, approximately 89% of employed Norwood Young America residents commuted out of the City for their job in 2014. The primary work destinations identified for Norwood Young America residents were Waconia, Chaska, Eden Prairie, Chanhassen, Minneapolis and Minnetonka.

In addition to the people that both lived and worked in Norwood Young America, the top locations that were supplying inbound commuters for Norwood Young America-based jobs were Glencoe, Waconia, Young America Township, Hamburg, Cologne, Mayer and Chaska.
Findings and Recommendations

Overview

Much of the future demand for housing production in the City of Norwood Young America will be driven by anticipated household growth. With little evidence of vacant housing capacity, growth in the community will generally require a commensurate level of new housing unit creation.

The different cities in Carver County have varying degrees of potential to serve a larger, regional demand for housing. Norwood Young America has demonstrated the potential to serve some of the regional demand for owner-occupancy housing. Norwood Young America is a small rental center for the western portion of the County. The City has a more diverse inventory of rental units, serving multiple segments.

During the “housing boom” years of the early 2000s, the City was seeing growth and interest from home builders. But then market conditions changed, and by 2011, only two houses were built in the City. While some rebound has since occurred, the City has only reached a recent high of 17 new houses in both 2013 and 2016. While much improved from previous years, the 2016 production was less than one-third the level achieved in select years in the early 2000s.

The Metropolitan Council has defined Norwood Young America as a “Rural Center” community, in recognition of its development status. The Rural Center cities in Carver County, which are all located in the western half of the County, represent a less likely alternative for large-scale outward migration. There has always been some desire from home owners to live in less developed communities, and a willingness to commute greater distances, but this has been much less evident for renter households. As a result, more locally-generated demand pertains to communities that are located farther west in the County, while more regional demand can apply to cities that are farther east, especially when the city is more fully developed.

For the City of Norwood Young America, the projection review provided earlier pointed to average annual household growth of between 17 and 23 households per year.
Findings and Recommendations

Projected Tenure Distribution

In the 2014 Housing Study, an overall tenure distribution of 76% rental and only 24% owner-occupied had been used for the City of Norwood Young America to project unit demand to the year 2020. It is not clear why such a high rental percentage was projected for the City. The projected renter demand rate was more than double any of the other cities in the County, and it would appear that a calculation error was made, which reversed the projected ownership versus rental split.

Based on building permits issued from 2014 to 2016, the actual tenure distribution has been closer to 52% rental and 48% owner since that time. However, the rental production occurred in a single project, The Haven, and some of the units are sleeping rooms, not traditional rental apartments.

Looking forward over the next five years, a tenure rate of up to 28% rental would appear to be realistic, assuming at least one multifamily project proceeds. This rate would be consistent with the historical tenure distribution.

Using the projected growth level of approximately 17 to 23 households per year in Norwood Young America results in the need for 85 to 115 housing units over the five-year projection period. The anticipated tenure distribution yields:

- 24 to 32 total rental units to meet growth-generated demand
- 61 to 83 total owner units to meet growth-generated demand

Additional production to serve other demand-generators growth may also occur. This would include unit replacement and similar factors.

Metropolitan Council Affordable Allocation Goals

As presented earlier in this document, the Metropolitan Council has set goals for each Metro Area jurisdiction to help address region-wide demand for affordable housing. When compared to the Met Council’s growth projection for Norwood Young America, the affordable unit goals are to place 24% of future production into units that serve households at or below 80% of the median income level. To actually reach these goals, Norwood Young America would need to achieve the following probable unit distribution:

- Approximately 10 to 14 rental units over the five-year period that are very affordable and serve households below 50% of median income
- Approximately 11 to 15 units over the five-year period that are affordable to households between 50% and 80% of median income
Rental Housing Recommendations

Given the limited potential for rental housing development in the City of Norwood Young America over the next five years, it will be difficult to achieve the level of production within the most affordable price ranges (below 50% of median income). Instead, a larger allocation has been made to the more moderate price ranges, serving households up to 80% of the median income level.

At a minimum, the City of Norwood Young America should attempt to produce at least 24 to 32 total rental housing units over the next five years to keep pace with expected household growth and to increase the housing opportunities for residents. Additional production above this level can be supported, if a larger regional market is targeted for new unit production.

Minimum 5-year Rental Recommendations for Norwood Young America

- Moderate rent/income restricted 24 to 32 units

The target market for moderate rent/income restricted units would be households typically served by the federal tax credit program, or through affordable housing efforts through the Carver County CDA, between 50% and 80% of median income. Although CDA units may have the ability to serve households up to 80% or more of the median income level, rents are typically targeted to the limits for households at or below 60% of median.

It is important to recognize that the unit recommendation above is presented as a realistic target for what is probable to occur in Norwood Young America, based on normal growth and development patterns. A larger level of production can be supported if lower income groups can be served. But a recognition is made that financial resources for affordable rental creation are limited, and achieving even these targets will present challenges for the community.
Home Ownership Recommendations

The City of Norwood Young America will need to produce at least 61 to 83 total housing units for owner-occupants over the next five years to keep pace with expected demand generated by household growth. Additional production above this level can be supported, if a larger share of the regional market can be captured.

To put the five-year unit production recommendation into context, on an annual average basis this would yield 15 to 17 units per year. The City has reached this level of annual production in both 2016 and 2013. But over the past ten years, these are the only two years when 10 or more single family units were permitted in a single year.

The above-average home construction in 2016 and 2013 may be directly linked to the availability sale of distressed lots at low prices. Lots in subdivisions that went into default were liquidated at deeply discounted prices, and home builders entered the local market. As the distressed lot inventory is utilized, any future subdivision development will not have the competitive cost advantages of the recent past. Going forward, a five-year sustained annual average of up to 17 single family units per year will only be achievable if additional lots are created.

Minimum 5-year Ownership Housing Recommendations for Norwood Young America

- Entry-level/affordable: 12 to 17 units
- Moderate/trade-up: 40 to 54 units
- Higher-priced: 9 to 12 units

Entry-level affordable homes are defined as being below the Met Council’s affordable ownership threshold, currently set at $238,500. Moderate/trade-up housing would be defined as up to $400,000. Higher-priced homes would be above $400,000.

Attached Housing Construction

Achieving the production in the lower price ranges may be very difficult in Norwood Young America going forward. In the recent past, when the subdivisions went into default, there was some more affordable construction occurring. As market conditions have improved, prices have been increasing, and no affordable construction has been tracked since 2012.
As tracked by building permit reports, none of the single family housing starts since 2010 have been attached units.

In the future it is probable that 20% to 30% of the single family units in Norwood Young America will be constructed as twin homes or town houses. This will be dependent upon an adequate supply of lots for these units. Any affordable new construction is most likely to be in this style of housing.

This would yield the following unit allocation in attached single family units.

- Entry level/affordable: 10 to 13 units
- Above affordable price threshold: 8 to 12 units

Although this would be a target for attached unit construction, it should be noted that this pattern has not been present in the recent past.
Summary of Senior-Designated Market Share

The last reliable measure of households by age is contained in the 2010 Census. At that time, Norwood Young America had 508 households age 55 and older. This represented nearly 37% of all households in the City. Countywide in 2010, approximately 32% of all County households were age 55 or older.

More than 70% of these households were home owners, and less than 30% renters. The City does have specialized housing targeted to seniors needing services. It also has subsidized opportunities for senior/disabled tenants.

Obtaining reliable age-based estimates and projections can be difficult for a small city. Esri estimated that approximately 42% of all households in Norwood Young America were age 55 and older in 2016, compared to approximately 38% countywide. Projections to the year 2021 indicate that more than 43% of Norwood Young America’s households will be age 55 and older, compared to 42% of all households in Carver County within these senior-designated age ranges.

The 2014 Housing Study had recommended that up to 56% of the future rental development could be senior-designated. Based on the anticipated age distribution in 2021, this rental percentage would be greater than the overall percentage expected in these older adult age groups. However, at the time a 36-unit specialized senior project known as The Haven was being planned and this single project has impacted the unit distribution. Although no additional senior-designated housing projects were identified as planned for the future, the Peace Villa campus does have additional vacant land.

Based on Esri’s estimates and projections, Norwood Young America has an above-average distribution of older adult households. Increasingly, seniors and near-seniors will represent a growing share of housing demand.

Housing developers are cognizant of the growing demand from households age 55 and older, and have designed projects that appeal to older adults. In addition to The Haven, in 2009, the Carver County CDA constructed Oak Grove Senior Residence, which provides affordable senior-designated housing.

Any housing that is developed in the future should be designed to appeal to older adult renters. While general occupancy housing would be encouraged, to serve broad segments of the potential market, a general occupancy project can also serve households age 55 and older.