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City of Fulda**Demographic Data Overview****Sources of Data**

The following pages contain demographic data obtained from a variety of local, state and national sources. The primary sources for this information are the Minnesota State Demographer's Office, the U.S. Census Bureau, and Claritas, Inc., a private data reporting service.

Market Area Definition

In addition to demographic data for the City of Fulda, we have provided information for a Market Area that includes the City. The jurisdictions that form the Market Area are the City of Fulda and the Townships of Bondin and Belfast in Murray County and the Cities of Kinbrae and Dundee along with the Townships of Seward and Graham Lakes in Nobles County.

For many demographic items we have also included information for all of Murray County.

Population Estimates and Trends

Table 1 Population Trends - 1980-2006						
	1980 Population	1990 Population	% Change 1980-1990	2000 Population	% Change 1990-2000	2006 Population
Fulda	1,308	1,212	-7.3%	1,283	5.9%	1,311
Market Area	2,805	2,454	-12.5%	2,446	-0.3%	2,411
Murray County	11,507	9,660	-16.1%	9,165	-5.1%	8,777

Source: U.S. Census Bureau; Minnesota State Demographer; Community Partners Research, Inc.

- ▶ Both the Minnesota State Demographer and the U.S. Census Bureau release annual population estimates. The most recent official estimates are for the year 2006. The State Demographer estimates that the City's population on April 1, 2006 was 1,311 people. The Census Bureau estimate, effective July 1, 2006, was 1,256 people.
- ▶ The Demographer's estimate shows an increase of 28 people in Fulda between 2000 and 2006 while the Census Bureau's estimate shows a loss of 27 people. Where differences in estimates exist, we generally place the greatest confidence in those generated by the State Demographer. The procedure used by the Demographer allows the individual jurisdiction the opportunity to contest the estimate before it is finalized.
- ▶ There was also a difference in the estimates for the aggregation of jurisdictions that we refer to as the Market Area. The State Demographer's 2006 estimate was 2,411, or a loss of 35 people since 2000. The Census Bureau's 2006 estimate was 2,368, or a decline of 78 people.
- ▶ The two 2006 estimates for all of Murray County were nearly identical. According to both, the County population has declined since 2000. The Demographer's estimate was 8,777, a loss of 388 people, while the Census's estimate was 8,778, or a decline of 387 people.

Population Projections

The following table presents population level projections using two different sources. The six-year growth trend is based on the rate of change between 2000 and 2006, using the 2000 Census and the 2006 estimate from the State Demographer, and projects this rate of change forward between 2006 and 2010, and between 2006 and 2015. The State Demographer’s Office has also prepared a 2015 projection.

Table 2 Population Projections Through 2015				
	2006 Population Estimate	2010 Projection from six-year growth trends	2015 Projection from six-year growth trends	2015 State Demographer
Fulda	1,311	1,330	1,354	1,345
Market Area	2,411	2,388	2,359	2,434
Murray County	8,777	8,529	8,220	8,650

Source: Community Partners Research, Inc.; State Demographer

- ▶ Our population projections, calculated from the six-year growth rates for Fulda, expect that the City will gain 19 people over the next four years and 43 people over the next nine years. On an average annual basis, this equates to an increase of five residents per year from 2006 to 2015.

- ▶ A projection from the State Demographer is also available. The starting point for this projection is 2000. During this 15-year time period the Demographer projects that the City will gain 62 people, or approximately four in an average year.

- ▶ Our projections for the Market Area expect a loss of 23 residents over the next four years and 52 people over the next nine years, or six people in an average year. The State Demographer’s projection, when compared to the 2000 Census, expects a loss of 12 people during the 15-year time period. However, the Market Area has already lost 35 residents since 2000, so the State Demographer’s estimate may be overly optimistic.

- ▶ Our projections for all of Murray County expect a population decrease of 248 people over the next four years and a loss of 557 residents over the next nine years, or an average decrease of 62 people per year. When compared to the 2000 base data, the Demographer’s projection expects a decline of 515 residents over the 15-year time period, or an average loss of 34 people per year. However, the County has already lost 388 people since 2000.

Projected Population by Age - 2010

The State Demographer's Office has issued population projections by age for each of the State's Counties. The following table identifies the County's population in each age range from the 2000 Census, and from the 2005 and 2010 Demographer's projections. The table also shows the projected change in population between 2005 and 2010 by age group from the projections.

Table 3 Murray County Projected Persons by Age - 2000 - 2010				
Age	2000	2005	2010	Change - 2005-2010
0-19	2,478	2,160	1,970	-190/-8.8%
20-24	348	440	410	-30/-6.8%
25-34	846	770	880	110/14.3%
35-44	1,285	1,050	850	-200/-19.0%
45-54	1,279	1,410	1,350	-60/-4.3%
55-64	982	1,140	1,300	160/14.0%
65-74	948	880	900	20/2.3%
75-84	700	720	740	20/2.3%
85+	299	300	310	10/3.3%
Total	9,165	8,870	8,710	-160/-1.8%

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

- ▶ Projections issued by the State Demographer's Office expected a population decline in Murray County between 2000 and 2005 and between 2005 and 2010.
- ▶ The largest numeric change is expected among 35 to 44 year old adults. This range is expected to decline significantly over the remainder of the decade, losing 200 people between 2005 and 2010. There is also a projected decline of 190 people age 19 and younger.
- ▶ The largest numeric growth is expected among 55 to 64 year old adults. This range is expected to increase by 160 people through the remainder of the decade. This largely represents the age migration of the "baby boom" generation. There is also significant growth projected among adults, age 25 to 34 years old.
- ▶ All of the defined senior age ranges are expected to continue to grow.

Household Estimates and Trends

Table 4 Household Trends - 1980-2006						
	1980 Households	1990 Households	% Change 1980-1990	2000 Households	% Change 1990-2000	2006 Estimate
Fulda	511	504	-1.4%	528	4.8%	553
Market Area	989	946	-4.3%	954	0.8%	961
Murray County	4,036	3,758	-6.9%	3,722	-1.0%	3,717

Source: U.S. Census Bureau; Minnesota State Demographer; Community Partners Research, Inc.

- ▶ The most recent official household estimate for the City of Fulda is from the Minnesota State Demographer's Office and is for April 1, 2006. This estimate placed the City's household count at 553, an increase of 25 households since the 2000 Census.
- ▶ The Demographer's 2006 estimate for the Market Area was 961, up seven households from 2000.
- ▶ The Demographer's 2006 estimate for all of Murray County was 3,717 households, a decline of five total households from the 2000 Census.
- ▶ The U.S. Census Bureau only issues population estimates, so no household information is available from this source.

Average Household Size

The following table provides U.S. Census Bureau information on average household size. The 2006 estimate is from the State Demographer's Office.

Table 5 Average Number of Persons Per Household 1980-2006				
	1980 Census	1990 Census	2000 Census	2006 Estimate
Fulda	2.42	2.26	2.28	2.22
Market Area	2.77	2.52	2.48	2.42
Murray County	2.81	2.53	2.42	2.31

Source: U.S. Census; MN State Demographer

- ▶ Household formation has been occurring at a different rate than population change in recent decades due to a steady decrease in average household size for most jurisdictions. This has been due to household composition changes, such as more single parent families, more senior households due to longer life spans, etc.
- ▶ The City of Fulda has seen an overall decrease in the average household size over the last 26 years. The State Demographer's estimate of 2.22 persons per household in 2006 is lower than the 2.42 persons per household reported in the 1980 Census.
- ▶ The average household sizes for both the Market Area and Murray County have also decreased over the last 26 years.

Household Projections

The following table presents household projections using two different methods. The six-year growth trend is based on the rate of change between 2000 and 2006. The State Demographer’s Office has issued household projections for the year 2015 at the County level only. The State Demographer’s 2015 projections for the City and Market Area have been extrapolated by Community Partners Research using population projections from the State Demographer’s Office. In making these calculations, we have assumed that there will be only minor changes in average household size and in the size of group quarters populations.

Table 6 Household Projections Through 2015				
	2006 Household Estimate	2010 Projection from six-year trends	2015 Projection from six-year trends	2015 Projection from State Demographer Data
Fulda	553	570	592	588
Market Area	961	966	972	993
Murray County	3,717	3,714	3,710	3,700

Source: State Demographer; Community Partners Research, Inc.

- ▶ Our projection for household growth in the City of Fulda shows the expected addition of 17 households over the next four years and 39 households over the next nine years, or an average gain of four households per year.

- ▶ Although the State Demographer has not issued household projections at the City level, we have converted their population projection into a household count, using assumptions on future household size and group quarters’ populations. This calculation shows the projected gain of 60 households between 2000 and 2015, or four in an average year.

- ▶ Our projections for the aggregated Market Area show the expected addition of five households over the next four years and 11 households over the next nine years. The extrapolated figure from the State Demographer’s population projection shows the probable addition of 39 households in the Market Area between 2000 and 2015. However, this may be overly optimistic as the Market Area has only gained seven households since 2000.

- ▶ Our projections for all of Murray County show the probable loss of three households over the next four years and seven households over the next nine years. The State Demographer’s Office did issue household projections at the County level. Their projection for Murray County is 3,700 total households. When compared to the 2000 Census total, the Demographer’s projection expects a decrease of 22 households County-wide during the 15-year span.

Projected Households by Age - 2005 to 2015

The Minnesota State Demographer's Office has issued population projections by age for each of Minnesota's Counties. The following table uses the Murray County data to project households by age for the years 2005, 2010 and 2015. These calculations have been prepared by Community Partners Research, Inc., and assume that household formation in the future will be relatively consistent with past trends by age group. While these projections have been calculated by Community Partners Research, they have been reconciled with overall household projections from the State Demographer through 2015.

Table 7 Murray County Projected Households by Age - 2005 to 2015					
Age	2000 Census	2005 Estimate	2010 Projection	2015 Projection	Change 2005-2015
15-24	142	146	131	113	-33
25-34	419	384	433	456	72
35-44	667	549	438	406	-143
45-54	690	765	725	603	-162
55-64	545	636	717	789	153
65-74	577	539	544	626	87
75-84	497	515	522	499	-16
85+	185	187	190	208	21
Total	3,722	3,721	3,700	3,700	-21

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

- ▶ Projections based on households by age of householder show distinct trends. These projections reflect both the movement of existing residents through the aging cycle and also the probable age distribution of households that move into or out of the area. Regionally and Statewide, many of these same age progression patterns exist, so the movement of households between Counties would tend to reflect these same patterns.
- ▶ The strongest household growth is projected in the age range between 55 and 64 years old through the 10-year projection period. Relatively strong growth is also projected among older adult households, age 65 to 74 years old and younger adults, age 25 to 34 years old. While growth is projected for younger households in the 25 to 34 year old age group, overall there is a projected decrease in the total number of younger adult households under age 55. All of the net household growth for the County is projected to occur from households age 55 and older.
- ▶ Almost no change is projected among older senior households, age 75 and older. Within

the older senior groups, there should be some minor increase among seniors age 85 and older, but minor losses among senior households in the 75 to 84 year old range.

Household Characteristics

The following table presents data on household characteristics from the 2000 Census. Data has been presented as percentages of the total households to allow for comparative analysis between the City of Fulda, the Market Area and the State of Minnesota.

Table 8 Households by Type - 2000								
	Married Couple Family		Male Householder No Wife Present		Female Householder No Husband Present		Non-Family Household	
	With Related Children	W/O Related Children	With Related Children	W/O Related Children	With Related Children	W/O Related Children	1 Person Household	Non-Family Household
Fulda	21.2%	33.3%	2.7%	0.6%	3.6%	0.9%	35.0%	2.7%
Market Area	27.6%	34.2%	1.8%	0.7%	2.5%	1.4%	29.1%	2.7%
Minnesota	25.8%	28.0%	2.1%	1.4%	6.3%	2.6%	26.9%	6.9%

Source: 2000 Census; Community Partners Research, Inc.

- ▶ Fulda had an above-average percentage of married couples without children, when compared to the State of Minnesota. The City also had an above-average percentage of one person households in 2000. This is probably due to a large senior population.
- ▶ For the Market Area, there was also an above-average percentage of married couples without children, when compared to Minnesota.

Tenure by Age

The following table identifies home ownership or renter status by age of householder in the year 2000. Information is provided for the City of Fulda and for the Market Area.

Table 9 Household Tenure by Age - 2000				
Age of Householder	City of Fulda		Market Area	
	Owners	Renters	Owners	Renters
15 - 24	2/15.4%	11/84.6%	11/42.3%	15/57.7%
25 - 34	40/76.9%	12/23.1%	72/71.3%	29/28.7%
35 - 44	88/84.6%	16/15.4%	176/85.9%	29/14.1%
45 - 54	66/90.4%	7/9.6%	137/87.8%	19/12.2%
55 - 64	45/90.0%	5/10.0%	115/93.5%	8/6.5%
65 - 74	77/90.6%	8/9.4%	145/92.9%	11/7.1%
75-84	93/83.8%	18/16.2%	118/86.1%	19/13.9%
85+	21/52.5%	19/47.5%	30/60.0%	20/40.0%

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

- ▶ Household tenure by age patterns in Fulda show a preference for home ownership in most of the defined age ranges. Only one age group, households age 24 and younger, rented their housing at a rate above 50%.
- ▶ Home ownership rates were 76.9% or higher among each of the age ranges 25 to 84 years old.
- ▶ Tenure patterns in the Market Area also showed a strong preference for home ownership in most of the age ranges.

Fulda Income Data - 2000 to 2007

Claritas, Inc., a private data reporting service, has generated household income estimates for the year 2007. These estimates are for the City of Fulda. Information from 2000 is provided for comparison. The Claritas estimates are based on a different total household estimate for the City. In 2006, the Minnesota State Demographer estimated that Fulda had 553 households compared to the 2007 estimate of 439 households from Claritas.

Household Income	Number of Households 2000	Number of Households 2007 Estimate	Change
\$0 - \$14,999	113	73	-40
\$15,000 - \$24,999	128	88	-40
\$25,000 - \$34,999	79	60	-19
\$35,000 - \$49,999	108	84	-24
\$50,000 - \$74,999	83	94	11
\$75,000 - \$99,999	20	24	4
\$100,000 - \$149,999	5	12	7
\$150,000+	4	4	0
Total	540	439	-101

Source: Claritas, Inc.; Community Partners Research, Inc.

- ▶ According to income estimates for 2007, household incomes have improved slightly in Fulda. Claritas believes that the number of households with annual incomes of \$50,000 or more has increased over the last seven years, while the number of households with incomes less than \$50,000 has decreased.
- ▶ According to Claritas, the median household income in 2007 is \$34,672, compared to \$28,688 in 2000, an increase of approximately 20.9%. The 2007 median household income for all of Murray County is \$42,932.
- ▶ A commonly used standard for affordable housing is that a household can apply 30% of gross income for housing expenses. The City's median household income in 2007 translates into \$867 per month based on 30% of income. The 2000 median household income translated into \$717 per month.
- ▶ Although the number of lower income households has been declining, there are still 73 households in 2007 with an annual income below \$15,000. These households can only afford \$375 per month or less for housing costs, without experiencing a cost burden.

Murray County Income Data - 2000 to 2007

Claritas, Inc., a private data reporting service, has generated household income estimates for the year 2007. These estimates are for all of Murray County. Information from 2000 is provided for comparison. The Claritas estimates are based on a different total household estimate for the County. In 2006, the Minnesota State Demographer estimated that Murray County had 3,717 households compared to the 2007 estimate of 3,619 households from Claritas.

Table 11 Murray County Estimated Household Income - 2007			
Household Income	Number of Households 2000	Number of Households 2007 Estimate	Change
\$0 - \$14,999	591	444	-147
\$15,000 - \$24,999	667	487	-180
\$25,000 - \$34,999	602	475	-127
\$35,000 - \$49,999	854	763	-91
\$50,000 - \$74,999	696	860	164
\$75,000 - \$99,999	152	339	187
\$100,000 - \$149,999	111	172	61
\$150,000+	43	79	36
Total	3,716	3,619	-97

Source: Claritas, Inc.; Community Partners Research, Inc.

- ▶ According to income estimates for 2007, household incomes have generally improved in Murray County. Claritas believes that the number of households with annual incomes of \$50,000 or more has increased over the last seven years, while the number of households with incomes less than \$50,000 has decreased.
- ▶ According to Claritas, the median household income in 2007 is \$42,932, compared to \$34,959 in 2000, an increase of approximately 22.8%.
- ▶ A commonly used standard for affordable housing is that a household can apply 30% of gross income for housing expenses. The County’s median household income in 2007 translates into \$1,073 per month based on 30% of income. The 2000 median household income translated into \$874 per month.
- ▶ Although the number of lower income households has been declining, there are still 444 households in 2007 with an annual income below \$15,000. These households can only afford \$375 per month or less for housing costs, without experiencing a cost burden.

Existing Housing Inventory

Table 12 Occupied Housing Units by Year Built - (owner/renter)							
	1939 and Earlier	1940-1959	1960-1969	1970-1979	1980-1989	1990-2000*	2000-2007
Fulda	155/24	143/15	34/13	63/7	20/7	21/27	15/15

Source: 2000 Census; City Building Permits

* The Census reported units constructed through March of 2000. Because of weather conditions, it is assumed that permits for housing that was occupied in March/April 2000 would have been issued in 1999.

- ▶ At the time of the 2000 Census, the age of the owner occupied housing stock in Fulda was older than average. The Census identified approximately 36% of all owner occupied housing units as pre-1940 construction. This was above the State-wide average for pre-1940 housing of approximately 21%.

Table 13 Occupied Housing Units by Number of Units in Structure						
	Owner Occupied 2000	Renter Occupied 2000	Vacant Units 2000	Total Units 2000	New Units 2000-2007	Estimated Total 2007
1 Unit Detached	411	36	19	466	15	481
1 Unit Attached	2	2	2	6	0	6
2 Units	2	3	6	11	0	11
3-4 Units	0	0	0	0	0	0
5+ Units	0	52	8	60	15	75
Mobile Home	21	0	4	25	0	25
Total	436	93	39	568	30	598

Source: U.S. Census; Building Permits

- ▶ There have been 15 houses constructed in Fulda since 2000. Also, a 15-unit assisted living project, Maplewood Court, has been constructed since 2000.
- ▶ The table above does not reflect demolition activity that may have occurred since 2000.

Existing Home Sales

The following table examines houses in Fulda that have been sold in 2005, 2006 and in 2007 from January through August. It is important to note that the number of houses that have sold is relatively small percentage of the total housing stock and may not be an accurate indicator of overall home values. However, this sample does provide some insight into those units that are turning-over in the City. It is also important to note that these sales are almost always existing homes, and rarely reflect the sales of newly constructed houses.

Table 14 Median Value of Recent Residential Sales - 2005 - Aug. 2007		
	Number of Good Sales	Median Sale Price
2005	27	\$48,500
2006	22	\$55,000
2007 - Jan. through Aug.	12	\$61,250

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

- ▶ In 2005 there were 27 improved residential sales, in 2006 there were 22 improved residential sales and in 2007 from January through August there have been 12 improved residential sales of single family houses in Fulda that were considered to be “arms length” transactions, according to the County Assessor. Sales that are not “arms length” include, but are not limited to, sales between relatives, forced sales and foreclosures, and estate transfers that are not available on the open market. Only the “arms length” transactions have been reviewed for this study.

- ▶ The median sales price for 2005 residential sales reviewed was \$48,500. The highest valued sale was for \$127,500 and the lowest valued sale was for \$14,000.

- ▶ The median sales price for 2006 residential sales was \$55,000. The highest valued sale was for \$130,000 and the lowest valued sale was for \$5,000.

- ▶ The median sales price for 2007 residential sales from January through August was \$61,250. The highest valued sale was for \$205,000 and the lowest valued sale was for \$23,000.

- ▶ Fulda’s median sales price is the second-highest of all Murray County Cities.

Countywide Home Sales - Historical Data

The Minnesota Demographer’s Office has compiled County-level data on median home sales prices since 1984 to analyze price trends for single family houses. This data is only available at the County level. The median sales price has been obtained from sales ratio reports submitted by the County Assessor’s Office to the Minnesota Department of Revenue. It is important to note that houses sold in a given year may not be a statistically valid sample of all home values in the County. However, this annual sample does provide insight into home values over a number of years and information on those units that are turning-over in the County.

Table 15 Median Value of Residential Sales - 1984/85 to 2002/2003								
	Median Sale Price						Percent Change 1990- 2000	Percent Change 2001- 2003
	1984- 1985	1989- 1990	1995- 1996	1999- 2000	2000- 2001	2002- 2003		
Murray Co.	\$33,500	\$23,750	\$35,750	\$44,000	\$45,500	\$54,500	85.3%	19.8%
Minnesota	\$64,000	\$70,000	\$87,500	\$124,500	\$139,550	\$169,900	77.9%	21.7%

Source: Minnesota State Demographer; Community Partners Research, Inc.

- ▶ The median sales price in Murray County has been increasing over the 18-year time period reviewed. During this time, the median home sales price has increased by nearly 63%.
- ▶ Although the County has experienced a substantial increase in home values, the County’s median sales price in 2003 was less than one-third of the median home sales price Statewide.
- ▶ Between 2001 and 2003, the median home sales price increased by \$9,000, or 19.8%. Statewide, the median sale price increased by \$30,350, or nearly 22% during this same time.
- ▶ Between the 1990 Census and the 2000 Census, the County’s median household income level increased by approximately 54%. During this same time, the median home sales price in the County increased by 85%.

Housing Condition

Community Partners Research, Inc. representatives conducted a visual ‘windshield’ survey of 511 single family/duplex houses in Fulda. Houses that appeared to contain three or more units were excluded from the survey. The City was divided into three defined areas. These areas include: homes west of St. Paul Ave. to Front St., homes east of St. Paul Ave. to Front St. and the homes South of Front St.

Houses were rated in one of four levels of physical condition, as defined below. The visual survey analyzed only the physical condition of the visible exterior of each structure. Exterior condition is assumed to be a reasonable indicator of the structure’s interior quality. Dilapidated houses are generally considered beyond repair. Major Repair houses need multiple major improvements such as roof, windows, sidings, structural/foundation, etc. Houses in this condition category may or may not be economically feasible to rehabilitate. Minor Repair houses are judged to be generally in good condition and require less extensive repair, such as one major improvement. Houses in this condition category will generally be good candidates for rehabilitation programs because they are in a salable price range and are economically feasible to repair. Sound houses are judged to be in good, ‘move-in’ condition. Sound houses may contain minor code violations and still be considered Sound.

Table 16 Windshield Survey Condition Estimate - 2007					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
West	83 (50.6%)	66 (40.2%)	15 (9.2%)	0 (0%)	164
East	82 (46.3%)	71 (40.1%)	23 (13%)	1 (0.6%)	177
South	102 (60%)	58 (34.1%)	9 (5.3%)	1 (0.6%)	170
All of Fulda	267 (52.3%)	195 (38.2%)	47 (9.2%)	2 (0.4%)	511

Source: Community Partners Research, Inc.

- ▶ The existing housing stock in the City is in very good condition. Approximately 52% of the houses were rated as Sound, while approximately 38% of the houses were judged to be in need of Minor Repair and only 9% need Major Repair.
- ▶ Only two homes in the City were rated as Dilapidated and possibly beyond repair. These houses may be suitable for demolition and clearance.

Rental Housing

Total Unit Inventory

U.S. Census and Building Permit Inventory

According to the 2000 U.S. Census, there were 96 occupied rental housing units and 13 vacant rental units in April 2000. There were a few additional vacant units in the City that were not identified as either rental or owner housing, but it would appear that the total rental unit inventory was approximately 109 units in Fulda in 2000.

At the time of the 1990 Census, the City had 89 occupied rental units and seven vacant units, for a total estimated inventory of 96 units. Between the 1990 Census and the 2000 Census, the City gained seven renter households, and 13 rental units in the total inventory.

Since the 2000 Census was completed, 15 new rental units have been constructed, thus, we are estimating that Fulda's total number of rental units in 2007 is approximately 124.

Rental Housing Survey

As part of this housing study, a survey was conducted of multifamily rental buildings in the City. The survey focused on larger rental projects with six or more units

According to our research, there are five rental projects in Fulda with six or more units. We have information on all five projects. Most of the information was collected from August through October, 2007.

Market Rate Summary

There is one market rate multifamily project included in the survey, Paplow Apartments, with six total rental units. Paplow Apartments include six units in a mixed use building in downtown Fulda. The six units include two one-bedroom, two two-bedroom and two three-bedroom apartments. Currently, there is one three-bedroom vacant unit, although the owner reports that the units are usually fully occupied. Rents range from \$275 to \$350.

Tax Credit Summary

There are no tax credit rental projects in Fulda or Murray County.

Subsidized Summary

There are two federally subsidized apartment projects in Fulda. Combined, these projects have 24 units of subsidized rental housing. One project, Centennial Apartments with 16 units, was designated for senior and disabled tenants. However, the complex has received a waiver to rent

to younger households, although only two units are occupied by non-seniors. Heritage Apartments, with eight units, is a general occupancy project.

Unit Mix

The unit mix of the two projects with 24 units is as follows:

- ▶ 17 one-bedroom (71%)
- ▶ 7 two-bedroom (29%)

Occupancy/Vacancy

At the time of the survey, there were three vacant units. For all subsidized rental units, this represented a vacancy rate of 12.5%.

Two of the vacancies are in Heritage Apartments and one vacancy was in Centennial Apartments. The manager of Heritage Apartments reported that the project usually has one or two vacancies, however, she has recently received applications to fill the two existing vacancies. The manager of Centennial Apartments reported that the project is usually fully occupied, although there is currently one vacancy.

Rental Rates

Tenants of Centennial Apartments pay 30% of their income for rent up to a maximum of \$466. Tenants of Heritage Apartments pay a minimum rent of \$325 and a maximum rent of \$360 for a one-bedroom unit and \$383 minimum rent and \$461 maximum rent for a two-bedroom unit.

Subsidized Unit Gains and Losses

Some subsidized projects around the State of Minnesota have met their contractual obligations to provide affordable housing and have been converting to market rate housing. At the time of this study, neither of the subsidized projects in Fulda had started the procedure to opt-out of the subsidy program.

Senior Housing with Services

There are two housing projects in Fulda that provide senior services.

Mapleview Estates, with 24 total units, is an independent living/congregate senior facility. The 24 units include 20 one-bedroom and four two-bedroom units. Rents range from \$1,039 to \$1,248 for a one-bedroom unit and \$1,407 for a two-bedroom unit. Rents include utilities, one daily meal, light housekeeping and an emergency pull-cord system. Currently, there is one one-bedroom vacancy and the manager reports that one vacancy has been common over the past year.

Maplewood Court, with 15 total units, is an assisted living facility. The 15 units include 13 one-

bedroom and two two-bedroom units. Rents range from \$2,276 to \$2,647 for a one-bedroom unit and \$3,123 for a two-bedroom unit. Rents include three daily meals, health assessments, shower assistance, dressing assistance, housekeeping, laundry service, recreational facilities, pull-cord emergency response, etc. All of the units in Maplewood Court are fully occupied and there is a waiting list.

Mapleview Estates and Maplewood Court are part of a senior campus that also includes Maple Lawn Nursing Home.

Skilled Nursing Homes

There is one skilled nursing home in Fulda. Maple Lawn Nursing Home is licensed for 62 beds and operates at a 98% occupancy rate.

Table 17 Multifamily Rental Housing Inventory					
Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Paplow Apartments	2 - 1 bedroom 2 - 2 bedroom <u>2 - 3 bedroom</u> 6 total units	\$275 to \$350	1 vacancy	Mix of tenants	Six units in a mixed-use building downtown. Owner reports that the units are usually fully occupied. Rent includes all utilities except electricity.
Subsidized					
Centennial Apartments	<u>16 - 1 bedroom</u> 16 total units		1 vacancy	62 and over disabled	Section 8/Rural Development project for seniors and disabled constructed in the late 1970s. Owner has obtained a waiver to rent to younger households. However, 13 of the 15 renter households are seniors. Two households are paying maximum rent. Owner reports that the units are usually fully occupied or there is only one vacancy. Two tenants receive senior services from home health care services.
Heritage Apartments	1 - 1 bedroom <u>7 - 2 bedroom</u> 8 total units	Min. 1 bed. \$325 Max. 1 bed. \$360 Min. 2 bed. \$383 Max. 2 bed. \$461	2 vacancies	Mix of tenants	Rural Development general occupancy project constructed in 1972. Currently two vacancies, but caretaker reports that she has applications for tenants to move in. However, caretaker reports that there are usually one to two vacancies. Maximum and base rents will be increased soon. According to caretaker, some tenants are coming from Worthington.
Senior with Services					
Mapleview Estates	20 - 1 bedroom <u>4 - 2 bedroom</u> 24 total units	1 bed. - \$1,039 to \$1,248 2 bed. - \$1,407	1 - 1 bedroom	55 and over	Independent/congregate senior facility approximately 10 years old. Facility is part of a senior campus that includes assisted living and a nursing home. Currently one vacancy and facility has averaged one vacancy for the past year. Rent includes utilities, one daily meal, light housekeeping, and a pull-cord emergency system. One-bedroom units include two sizes.

Table 17 Multifamily Rental Housing Inventory					
Maplewood Court	13 - 1 bedroom <u>2 - 2 bedroom</u> 15 total units	1 bed. - \$2,276 to \$2,647 2 bed. - \$3,123	No vacancies Waiting list	Seniors	Assisted living project approximately three years old. No vacancies with a waiting list. One-bedroom units include three different sizes. Assisted living services include three daily meals, health assessments, shower assistance, dressing assistance, housekeeping, laundry, recreational activities, utilities, pull-cord emergency response, etc.
Nursing Home					
Maple Lawn Nursing Home	62 beds	Varies	98% occupancy	Seniors	Nursing home has 62 beds and averaging 98% occupancy. Nursing home is part of a senior campus that includes assisted living and independent living projects. Approximately one-third of residents come from Nobles County.

Source: Community Partners Research, Inc.

Summary of Findings/Recommendations

In the pages that follow, we have summarized our findings on growth trends, growth projections, household growth by age group, housing unit demand and tenure, and housing unit projections by unit type.

Following this summary information, we have addressed specific housing topics and recommendations. The findings/recommendations for the City of Fulda have been formulated through the analysis of the information provided in the previous sections and include 16 recommendations. The findings/recommendations have been developed in the following five categories:

- ▶ Rental Housing Development
- ▶ Home Ownership
- ▶ Single Family Housing Development
- ▶ Housing Rehabilitation
- ▶ Other Housing Issues

The findings/recommendations for each category are as follows:

Rental Housing Development

1. Develop 8 to 10 Market Rate Rental Housing Units
2. Develop 8 to 10 Units of General Occupancy Low/Moderate Income Rental Housing
3. Senior Housing With Services Recommendations
4. Apply for Housing Choice Vouchers/Section 8 Existing Program Allocations from HUD
5. Maintain and preserve the existing supply of subsidized housing

Home Ownership

6. Utilize and promote all programs that assist with home ownership
7. Utilize the MURL and purchase/rehabilitation programs

Single Family Housing Development

8. Lot availability and subdivision development
9. Support the development of the City's 14-lot subdivision

10. Promote townhouse, twin home and cooperative housing development

Housing Rehabilitation

11. Promote rental housing rehabilitation programs
12. Promote ongoing owner-occupied housing rehabilitation efforts

Other Housing Issues

13. Consider the submission of an application for Minnesota Small Cities Development Program funds
14. Acquire and demolish substandard structures
15. Create a plan and a coordinated effort among housing agencies
16. Promote Commercial Rehabilitation

Findings on Growth Trends

Growth patterns for the City of Fulda show population and household gains since 1990, after experiencing population and households losses in the 1980s. Our review of demographic trends dates to 1980. Between 1980 and 1990, Fulda's population decreased by 96 people and the City lost seven households. During the 1990s, the City's population increased by 71 people and Fulda gained 24 households.

Since the 2000 Census, Fulda's population and household counts have continued to increase. The State Demographer's Office estimates that the City's population has increased by 28 people and the City has gained 25 households between 2000 and 2006.

All of Murray County has experienced population and household losses since 1980. From 1980 to 1990, Murray County lost 1,847 people and 278 households. Between 1990 and 2000, Murray County's population and household losses continued, but did slow down with the loss of 495 people and 36 households. From 2000 to 2006, Murray County's population has decreased by 388 people, however, the County's household count has only decreased by five.

In their County population estimates, the Census Bureau provides the components of population change. The Murray County population has decreased since 2000. The County has lost population through out migration and the number of deaths has exceeded births during that same period resulting in a decline in overall population. Although the population has decreased significantly, the County has lost only five households since 2000.

With an older than average population in both Fulda and the County, it is doubtful that there will be substantial population gains based on a natural increase. For the population to substantially increase, it will require increased in migration from domestic or international locations.

Findings on Growth Projections

As part of this Study, we have used household projections to the year 2015. These projections have either been calculated by Community Partners Research, Inc., or have been taken from other reliable sources, such as the State Demographer's Office.

The projections for the City of Fulda would expect a gain in the number of households. Our projection shows the probable gain of 17 households by 2010 and a gain of 39 households by 2015.

It is important to note that all projections are calculated from past trends. As a result, the following projections for Murray County reflect the trends of population and household losses since the 1990s.

The available projections for all of Murray County show the probable loss of between 7 and 17 households per year through the year 2015. Based on our projections, which are calculated from past trends, the County's population is expected to decrease by 557 people by 2015, or an average annual loss of 62 people. The State Demographer estimated a loss of 34 people per year from 2000 to 2015, but this forecast may be overly optimistic as Murray County averaged a loss of 65 people annually from 2000 to 2006.

Findings on Growth Projections by Age Group

We have used age-based population projections prepared by the State Demographer to generate household by age projections. These projections partly reflect growth from new households that will be formed, or that will move into the County. The projections also reflect the aging-in-place of the existing households during the decade. Projections by age can be very informative for calculating future housing demand, as strong preferences in tenure, style, price and features are evident within defined age ranges.

Our projections assume that within defined age groups, household formation and average household size will remain relatively consistent throughout the decade. On the page that follows, we have used these household by age projections to form projections on future demand by tenure.

The projections and changes by age range are for all of Murray County between the year 2005 and the year 2015. It is very important to note that these age-based projections represent an informed prediction of future growth. Actual market activity and economic growth could substantially alter these expectations.

The age-based projections for Murray County, as generated by Community Partners Research, Inc., are nearly identical to the projections from the Minnesota State Demographer.

<u>Age Range</u>	<u>Projected Change in Households 2005 to 2015</u>
24 and Younger	-33
25 to 34	+73
35 to 44	-142
45 to 54	-161
55 to 64	+156
65 to 74	+89
75 to 84	-15
85 and Older	+22

Findings on Housing Unit Demand and Tenure

Comparing the projected age-based household changes through the 10-year projection period with past tenure preferences results in a forecast of the tenure mix that will be needed for new housing unit demand between 2005 and 2015. Our calculations are based largely on the tenure preferences by age group that were evident in the 2000 Census, with some adjustment for a greater acceptance of certain housing types as people become more familiar with newer housing options.

Calculations for total future housing need are largely based on three demand generators, household growth, replacement of lost housing units, and pent-up, or existing demand for units that already exists but is not being served.

Demand from Growth - The best available projections do not expect any growth generated demand for housing. Through the year 2015, it is probable that the County will see a small net loss of households. Our projections would expect no net change in demand for owner-occupancy housing units. There should be a minor decrease in demand for renter-occupancy housing over the ten-year projection period.

Replacement of Lost Rental Units - It is often difficult to quantify the number of units that are lost from the housing stock on an annual basis. Unit losses may be caused by demolition activity, losses to fire or natural disasters, and to causes such as deterioration or obsolescence. It is also probable that some rental unit losses have also occurred due to conversion, as single family houses once used for renter occupancy have been sold and are now owner occupied housing. Comparing Census data from 1990 to 2000, Fulda has gained 13 rental units in the 1990s. As a result, no allowance for unit replacement has been calculated.

Replacement of Lost Owner Occupancy Units - While some owner occupied units may be lost, we generally believe that owner occupancy unit losses are limited. However, the individual Cities may have demolished some substandard homes in the recent past.

Pent-Up Demand - The third primary demand-generator for new housing is caused by current, unmet demand from existing households, referred to as pent-up demand. Certain demographic segments of the market are growing, such as the number of households age 55 and older. As a result, housing options that are age-appropriate for “empty-nester” and senior households may be in short supply. Our estimates of pent-up demand will be addressed in the specific recommendations that follow.

Findings on Unit Demand by Type of Housing

Findings: Based on the household by age projections presented earlier, the changing age composition of the region's population through the remainder of the decade will have an impact on demand for housing. We have examined the projected changes by age group in Murray County in the descriptions that follow.

Age 24 and Younger - The projections used for this Study expect a small decrease in the number of younger households in the County through the year 2015. Past tenure patterns indicate that as many as 57% of these households will rent their housing. Households in this age range tend to have a median income that is well below the overall median. A small decrease in households in this age range should mean that rental demand from younger households will decrease, but only slightly, for the remainder of the decade.

25 to 34 Years Old - The projections show a relatively strong numeric increase in this age cohort, with an expected addition of 73 households in the County by 2015. Within this age range younger adult households often move from rental to ownership housing. The ownership rate among these households was approximately 72% in 2000, compared to a home ownership rate of only 43% for younger households, under age 25. The projected increase within this age range will generate additional demand for both first-time home buyer opportunities, and to a lesser extent for rental housing.

35 to 44 Years Old - This 10-year age cohort is expected to decrease in size through the year 2015. The projections show a probable loss of 142 households in the County between 2005 and 2015. It is important to note that this loss of households does not necessarily mean that these younger households are moving out of the area. This age group represents the "baby bust" generation that followed behind the "baby boomers". This age group represents a much smaller segment of the population than immediately older age ranges. As aging patterns progress, there are fewer of these households following behind the aging baby boomers. In the past, this age group has had a high rate of home ownership, at approximately 85%. Households within this range often represent both first-time buyers or households looking to trade-up in housing, selling their starter home for a more expensive house. Lowered demand from this age cohort will have some impact on overall demand for owner occupancy housing.

45 to 54 Years Old - By the end of this decade, this age cohort will represent the tail-end of the large, "baby boom" generation. However, our projections show a substantial decrease of 161 households in the County between 2005 and 2015. This age group historically has had a high rate of home ownership, at approximately 90% in 2000, and will often look for trade-up housing opportunities. Fewer households in this age range will limit demand for home ownership and trade-up housing.

55 to 64 Years Old - The leading edge of the baby boom generation will be in this age cohort by the end of the decade. The projections show an expected increase of 156 additional households in this 10-year age range in the County by the year 2015. This is the largest growth of any 10-year age cohort in the County. This age range has traditionally had a very high rate of home

ownership, at more than 92%. Attached housing construction, such as town houses or twin homes, is often well suited to the life-cycle preferences of this age group, as no maintenance/low maintenance housing has become a popular option for empty-nesters. Trade-up housing will also appeal to this age group, as they will generally have equity from the sale of their previous home, as well as higher incomes and asset accumulation.

65 to 74 Years Old - Strong growth is also expected within this age range by the year 2015, with the expected addition of approximately 89 households. Households in this younger senior range will typically begin moving to other life-cycle housing options as they age. However, younger seniors are still predominantly home owners. At the time of the 2000 Census, this age group had a home ownership rate of approximately 93%. Once again, ownership preferences for low maintenance housing, such as town house units, should grow, although this will primarily be from increased market share as these types of units gain greater acceptance within the marketplace.

75 to 84 Years Old - A modest household loss is expected to occur within this age range, with a projected decrease of 15 households in the County between 2005 and 2015. Losses within this age group will be more than offset by the gains among younger seniors and older seniors, resulting in a net gain from senior households County-wide. In the past, households within this 10-year age range have had a high rate of home ownership, at approximately 85%. In most cases, income levels for senior households have been improving, as people have done better retirement planning. As a result, households in this age range may have fewer cost limitations for housing choices than previous generations of seniors.

85 Years and Older - Only minor growth is expected in the number of older senior households, with the possible addition of 22 households in the County. Historic home ownership rates in this age group have been relatively low, at approximately 67% in 2000. Senior housing with services options in the area will help to address the needs of this population of older seniors.

These demographic trends will be incorporated into the recommendations that follow.

Strengths for Housing Development

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

- ▶ **Fulda is located within commuting distance of Worthington, Windom and Slayton -** Although Fulda does not have a large number of employment opportunities, the City is located within commuting distance of Worthington, Windom and Slayton, all of which have employment, service, commercial and entertainment opportunities.
- ▶ **Affordable existing housing stock -** The City has a stock of affordable, existing houses. Our analysis shows that the City's median sales price is approximately \$61,250. This existing housing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Small town atmosphere -** Fulda is a small town with the real and perceived amenities of a small town. This small town living is attractive to some households.
- ▶ **Water and Sewer Systems -** The City's water and sewer systems are in good condition and can accommodate future residential expansion, although ongoing improvements are needed.
- ▶ **Educational Facilities -** The City has an excellent public school system. Grades K-12 are located in Fulda. A K-8 Lutheran school is also located in Fulda.
- ▶ **Condition of the housing stock -** The City's existing housing stock is in very good condition and provides excellent home ownership options.
- ▶ **Household population and growth -** Since 1990, the City has sustained population and household growth. This trend is projected to continue.
- ▶ **Adequate land for future development -** The City has land available for future residential development, although some of the land will need municipal water and sewer extensions.
- ▶ **Natural Amenities -** Fulda is located adjacent to Seven Mile Lake.
- ▶ **Progressive City government -** The City is open to and is promoting residential development.
- ▶ **Commercial Development -** The City's commercial district is adequate to meet daily needs.
- ▶ **Housing Agencies -** Several housing agencies have the capacity to provide financing and administration for housing projects and programs in the City of Fulda.

- ▶ **Economic Development Authority** - The City has an Economic Development Authority that is active in addressing the City's economic development and housing needs.

Barriers or Limitations to Housing Activities

Our research identified the following barriers, or limitations, that hinder or prevent certain housing activities in the City of Fulda.

- ▶ **Competition with Worthington, Windom and Slayton** - Fulda is within commuting distance of Worthington, Windom and Slayton, all of which have more employment, services and housing opportunities. The amenities the larger cities have to offer will remain the preference of most households.
- ▶ **Lack of support services** - Fulda has only limited support for certain types of housing. Support services are simply not available for individuals and households that need them.
- ▶ **Lower incomes limit housing choices** - Household and family incomes in Fulda and the surrounding market area are lower than the Statewide medians. Fulda's estimated median household income for 2007 is \$34,672, which translates into an approximate housing affordability level of \$867 per month. While this income level matches up well with prices for lower valued existing houses and rental housing in the City of Fulda, it is not as well matched to the prices for new housing construction.
- ▶ **Value gap deters new owner-occupied construction** - We estimate that the median priced home in Fulda is valued at \$61,250. This is well below the comparable cost for new housing construction, which will generally be above \$175,000 for a stick built home with commonly expected amenities. This creates a significant value gap between new construction and existing homes. This can be a disincentive for speculative building and can also deter customized construction.
- ▶ **Employment Opportunities** - Fulda does not have many employment opportunities.
- ▶ **Distance from a Major Regional Center** - Fulda is located approximately 90 miles from Mankato and approximately 79 miles from Sioux Falls, the closest large regional centers. Many households prefer to live in or near a large regional center for the services, employment and amenities that are provided.

Recommendations, Strategies and Housing Market Opportunities

Based on the research contained in this study, and the housing strengths and barriers identified above, we believe that the following recommendations are realistic options for the City of Fulda. They are based on the following strategies.

- ▶ **Protect the City's existing housing stock** - The future of Fulda will be heavily dependent on the City's appeal as a residential location. The condition of the existing housing stock is a major factor in determining the City's long term viability. The existing housing stock is in good condition, however, there are some houses in Fulda that need rehabilitation, thus, a continued concentrated effort is needed to preserve and upgrade the City's housing stock.
- ▶ **Be realistic in expectations for housing development** - Substantial residential growth has not occurred in the recent past and is not likely to occur in the near future. The scale of activities proposed for the future should be compatible with the City's limited potential for growth.
- ▶ **Develop a realistic action plan with goals and time lines** - The City should prioritize its housing issues and establish goals and time lines to achieve success in addressing its housing needs.
- ▶ **Access all available resources for housing** - In addition to the local efforts, the City has other resources to draw on including the Fulda EDA, the Murray County EDA, the Southwest Minnesota Housing Partnership, the Western Community Action Agency, the Southwest Minnesota Opportunity Council, Inc., the Worthington HRA and the local Rural Development Office. These resources should be accessed as needed to assist with housing activities.
- ▶ **Proactive Public Involvement** - The preservation and rehabilitation of the existing housing stock and the construction of new housing will only occur if there is public support and public funding.
- ▶ **Promote new construction** - New construction provides housing opportunities, stimulates the economy and upgrades the community's housing stock. New construction provides Fulda households with housing options and assures a healthy housing stock.

Rental Housing Recommendations

Findings: It is difficult to produce new affordable rental units. A number of factors including Federal tax policy, State property tax rates, and high construction costs have all contributed to making rental housing production difficult to achieve, especially in small cities. To address the rental needs of the City and the County, Housing agencies, governmental jurisdictions and the private sector must all work together.

As part of this study, a rental survey was conducted. A total of 69 rental units were surveyed. The survey showed that 7.2% of the rental units surveyed were vacant. A 3% to 5% vacancy rate is considered a healthy market to allow for unit choice and availability. The Fulda vacancy rate is above this range. However, there is a pent-up demand for some types of rental housing and our recommendations address these needs.

Also, our projections would indicate that the City of Fulda is expected to add approximately four households per year. Over a five-year projection this forecast expects 20 new households.

We are recommending the construction of two types of rental units because of pent-up demand for certain rental housing types, limited household growth, gaps in the City’s rental stock and the need for the City to continue to construct new units to remain a viable community for all households.

Also, a variety of new rental units may attract more of these households to Fulda. We are projecting that the availability of the types of new rental housing that is recommended will attract new households to the City and the City may surpass its current growth projections.

We are recommending the construction of rental units from 2008 to 2012. The proposed rental unit breakdown is as follows:

General Occupancy Market Rate	8-10 units
Tax Credit Moderate Income	8-10 units
Assisted Living	6-8 units
Memory Care	8-10 units
Total	30-38 units

1. Develop 8 to 10 general occupancy market rate rental units

Findings: Fulda has a limited number of quality market rate rental units. Many of the market rate units are in single family homes, converted buildings or mixed use buildings. There is only one market rate multifamily building in the City and that building is a mixed use building in downtown Fulda. This project is usually at full occupancy. There are no new market rate general occupancy multifamily buildings in Fulda that have ‘State of the Art’ amenities.

Fulda is projected to gain 20 households, or approximately four households annually over the

next five years. Many of these households will prefer to rent and have incomes that are too high to qualify for the subsidized rental housing options in Fulda. There is also pent-up demand for high quality general occupancy market rate units.

Recommendation: We recommend the development of 8 to 10 market rate rental housing units. A twin home or cottage style unit, would be the preferred style, to cater to active renter households. We are making this recommendation based on pent-up demand as well as projected growth in Fulda.

The first development option is for a private developer to construct the general occupancy market rate units. If this is not an option, the utilization of Essential Function Bonds may be an option. Many cities, HRA’s and housing agencies have been successful in developing rental units with Essential Function Bonds and other financial resources. The City of Fulda, the Fulda EDA, the Murray County EDA or the Southwest Minnesota Housing Partnership could develop the rental units.

We recommend that the development of town house style units and the units mix and rents should be as follows:

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

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
Two Bedroom	6-7	1,000-1,100	\$650-\$700
Three Bedroom	2-3	1,150-1,250	\$725-\$775
Total	8-10		

Note: The recommended rents are quoted in 2007 dollars and include utilities.

2. Develop 8 to 10 Units of General Occupancy Subsidized/Tax Credit Rental Housing

Findings: The City of Fulda has two project-based subsidized housing developments. There are three vacancies in the two projects.

Although Centennial Apartments has a waiver that allows younger tenants, the project is primarily a senior facility. The manager reports that the units are usually fully occupied. Heritage Apartments is a general occupancy subsidized project and typically has one or two vacancies, however, the project was constructed in 1972 and needs renovation.

According to 2007 household income estimates for Fulda, 161 households in the City have annual incomes under \$25,000. Murray County income estimates indicate that 931 households in the County have annual incomes under \$25,000.

Very few subsidized units have been created in Minnesota in the last 20 years. Since the late 1980s, tax credits have been the primary federal production incentive for the creation of housing

to serve moderate income people. Because tax credits only provide a ‘shallow subsidy’, this type of housing does not generally serve lower income renters, but does serve moderate income households that are at or below 60% of the median income level.

Fulda does not have any rental housing that has utilized tax credits and there are no tax credit projects in all of Murray County.

We only found one three bedroom unit in all of the projects we surveyed.

Recommendation: We would recommend the construction of 8-10 moderate rent housing units in Fulda to serve low to moderate income renters.

At this time, it is very difficult to construct new subsidized housing units to serve very low income people. Very few subsidy production resources remain available at the State or Federal level for ‘deep subsidy’ housing.

We believe that the best opportunity to create affordable rental housing in Fulda would be through the federal low income housing tax credit program. However, in addition to tax credits, we believe that additional subsidies would be needed to achieve a lower unit rent structure than would be possible with tax credits alone. MHFA and SCDP funds are two resources that may be utilized to assist with financing the project and reduce rents.

The use of federal tax credits places both income restrictions on tenants, and gross rent caps on the rental units. The 60% of income gross limits in Murray County for 2007 are as follows:

- ▶ One-bedroom \$633
- ▶ Two-bedroom \$768
- ▶ Three-bedroom \$878

These rent levels are well above the prevailing rates for market rate housing in Fulda. Any future tax credit project would need to target a lower rent level. In some projects, additional subsidy sources have been used along with tax credits to generate more affordable units. For example, the Nicollet Meadows project in St. Peter used additional State and Federal funding sources along with tax credits to create seven units that serve households at or below 30% of County median income. A future project in Fulda that could serve both lower income and moderate income renters would greatly expand the affordable choices available in the community.

We would recommend that an equal mix of two-bedroom and three-bedroom units be provided to primarily serve families with children. We also recommend that the rents are in a range that serves households from 30% to 60% of County median income.

Based on our experience in other communities, we would believe that eight to 10 tax credit units would be an appropriately sized project in a City the size of Fulda. Based on 2006 household estimates, this would represent approximately 1.5% of all households in the City.

An area housing agency, such as the Southwest Minnesota Housing Partnership, could assist with the development of a general occupancy subsidized/tax credit project.

3. Senior Housing with Services

Findings: There are two housing projects in Fulda that provide senior services.

Mapleview Estates, with 24 total units, is an independent living/congregate senior facility. The 24 units include 20 one-bedroom and four two-bedroom units. Rents range from \$1,039 to \$1,248 for a one-bedroom unit and \$1,407 for a two-bedroom unit. Rents include utilities, one daily meal, light housekeeping and an emergency pull-cord system. Currently, there is one one-bedroom vacancy and the manager reports that one vacancy has been common over the past year.

Maplewood Court, with 15 total units, is an assisted living facility. The 15 units include 13 one-bedroom and two two-bedroom units. Rents range from \$2,276 to \$2,647 for a one-bedroom unit and \$3,123 for a two-bedroom unit. Rents include three daily meals, health assessments, shower assistance, dressing assistance, housekeeping, laundry service, recreational facilities, pull-cord emergency response, etc. All of the units in Maplewood Court are fully occupied and there is a waiting list.

Mapleview Estates and Maplewood Court are part of a senior campus that also includes Maple Lawn Nursing Home.

Recommendation: Our recommendations for senior housing with services have been organized by unit type.

Assisted Living: According to the State Demographer's estimates, there are 1,900 senior citizens in Murray County. There are also 92 seniors in the Fulda Market Area that are in Nobles County. Of the entire senior population, 1,049 seniors were age 75 and older. By the year 2010, we would estimate that there will be approximately 55 additional seniors over the age of 75 in Murray County and the portion of Nobles County that is in the Fulda Market Area.

Based on our research in other communities, we believe that assisted living units can usually achieve a market share of up to 1.5% of the total senior population, or 2.5% or more of the older senior population. For Murray County, this would indicate a need for between 26 and 30 assisted living units by the year 2010.

Our calculation for assisted living units for Fulda is based on the overall senior with services units in Murray County. In all of Murray County, we have identified 31 available units of assisted living, at Maplewood Court in Fulda and Lindenwood Assisted Living in Slayton. Both projects are fully occupied and have waiting lists.

Based on our calculations there currently is an adequate number of assisted living units in Fulda and Murray County. However, both assisted living projects are at full capacity with waiting lists

and Maplewood Court has the ability to attract residents from outside the area. Thus, it is our opinion that six to eight additional assisted living units could be developed in Fulda over the next five years, preferably as an expansion to Maplewood Court.

Housing with Light Services: We identified two housing with light services developments in Murray County.

Mapleview Estates, with 24 total units, is an independent living/congregate senior facility located in Fulda. The 24 units include 20 one-bedroom and four two-bedroom units. Rents range from \$1,039 to \$1,248 for a one-bedroom unit and \$1,407 for a two-bedroom unit. Rents include utilities, one daily meal, light housekeeping and an emergency pull-cord system. Currently, there is one one-bedroom vacancy and the manager reports that one vacancy has been common over the past year.

Sunrise Terrace is located in Slayton and has 19 units. Rents range from \$1,035 to \$1,190 and services include one meal daily and light housekeeping. This facility is totally occupied.

At this time, there is an adequate number of senior with light services units in Murray County. We are estimating there is a need for 35 to 40 senior with light services units, which is being met by the current number of 43 such units in the County. However, the need for additional units should be monitored and toward the end of our five-year recommendation period there may be a need for additional senior with light services units in Murray County.

Memory Care Housing: There are no memory care units in Murray County, however, the nursing homes do address some of the County's needs by providing care for residents with memory loss.

A small memory care project with eight to 10 units that is not in a nursing home setting would be an option for Murray County residents that currently does not exist and in our opinion would be successful.

4. Apply for Housing Choice Vouchers/Section 8 Existing Program allocations from HUD

Findings: The Housing Choice Voucher Program provides portable, tenant-based rent assistance to lower income renter households. The program requires participating households to contribute from 30% to 40% of their adjusted income for rent, with the rent subsidy payment making up the difference. Tenants may lease any suitable rental unit in the community, provided that it passes a Housing Quality Standards inspection, and has a reasonable gross rent when compared to prevailing rents in the community. Although the federal government provides almost no funding for subsidized housing construction, it has provided new Housing Choice Voucher allocations over the last two decades.

The Housing Choice Voucher Program is a popular form of subsidized housing. Because of the

flexibility offered through the program, eligible households often prefer the portable rent assistance to other forms of subsidized housing that are project-based, and can only be accessed by living in a specific rental development.

The Housing Choice Voucher Program in Murray County is administered by the Worthington HRA. Currently, there are nine Murray County households utilizing the Voucher Program.

Recommendation: From a practical standpoint, the Housing Choice Voucher Program is the single best way that Fulda can provide affordable housing. HUD does not make new incremental assistance available every year, but when new allocations are authorized, we would encourage the Community and the County to work with the Worthington HRA, to continue to apply for additional vouchers. With the number of renter households paying more than 30% of their income for housing, there is an ongoing demand for vouchers.

Also, the Worthington HRA should be encouraged to publicize the Housing Choice Voucher Program in Murray County to assure that Murray County households are receiving their fair share of vouchers.

5. Maintain and preserve the existing supply of subsidized housing

Findings: Fulda has two subsidized rental housing projects with 24 units that allow tenants to pay rent based on their income.

These subsidized projects in the City are privately owned, and were developed using subsidies available through USDA Rural Development and HUD. Rural Development and HUD properties have contractual obligations to provide affordable housing for a defined number of years. In some communities, privately owned Rural Development and HUD housing has been lost as owners have the ability to opt-out of subsidy contracts after their original obligations have been met. Subsidized housing that is lost cannot be cost-effectively replaced with the low income housing production resources that are available today.

Recommendation: The Minnesota Housing Finance Agency (MHFA) tracks subsidized housing in Minnesota that is at risk of being lost. Owners of subsidized housing that are considering the option to drop their subsidy contract must notify MHFA and the tenants prior to taking any action. At the time of this Study, the subsidized projects in Fulda did not appear on the MHFA watch list.

The City of Fulda and the local housing agencies should check with MHFA on an ongoing basis to determine if any changes are planned for the subsidized projects in Fulda. In some communities, public agencies or housing nonprofits have become involved in acquiring subsidized housing that was at risk of being lost.

Home Ownership Recommendations

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

The median home sales price in Fulda is estimated to be \$61,250. With approximately 50% of the homes in Fulda valued under \$61,250, Fulda has an excellent market for first time home buyers and households seeking moderately priced homes. The affordable price of Fulda homes, is very attractive, when compared to prices in some of the larger cities within commuting distance of Fulda.

Our analysis of Murray County demographic trends shows an increasing population of households in the traditionally strong home ownership age ranges between 55 and 74 years old. While most households in these age ranges already own their housing, this group represents a strong potential market for ‘trade-up’ housing. Increasingly, the older age ranges within this group look for lower maintenance housing options, such as twin homes or town house developments. Some older households may eventually move out of Fulda to move into other housing options in larger communities, which will open up homes to younger households.

Also, the number of households in the 25 to 34 age range is expected to increase in Murray County. Households in these age ranges are typically first-time home buyers. While some of these households already own their housing, those households that have not been able to achieve the goal of home ownership may need the assistance of special programs to help them purchase their first home and will be seeking affordable homes such as the homes in Fulda.

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

6. Utilize and promote all programs that assist with home ownership

Findings: We believe that affordable home ownership is one of the issues facing Murray County. Home ownership is generally the preferred housing option for most households and most communities. As discussed previously, the demographic make-up of Fulda is conducive to the promotion of home ownership opportunities. There are a number of strategies and programs that can be used to promote home ownership in Fulda. The area’s housing agencies and financial institutions can assist with this effort.

First time home buyer assistance, down payment assistance, low interest loans, gap financing and home ownership training programs help to address affordable housing issues. With the City’s median home sales price at \$61,250, virtually all of the existing housing stock is valued under purchase price limits for first-time home buyer assistance programs.

Home ownership counseling and training programs can also play a significant role in helping marginal buyers achieve home ownership. The Southwest Minnesota Housing Partnership has been offering the Home Stretch Home Buyer Training Program in the Region.

While these individual home ownership assistance programs may not generate a large volume of new ownership activity, the combination of below market mortgage money, home ownership training, credit counseling, and down payment assistance may be the mix of incentives that moves a potential home buyer into home ownership.

Recommendation: Fulda and area housing agencies should utilize all available home ownership assistance programs to promote home ownership. The City, in coordination with other Murray County Cities should also explore the possibility of obtaining specific program set-asides from some of the home ownership programs offered through the Minnesota Housing Finance Agency. Specific set-asides will offer multiple advantages, including a dedicated pool of funds, the opportunity for higher participation limits for income and purchase price, and the flexibility for more local design and control. Mortgage programs should also be developed that include all households and not just first time home buyers to encourage trade-up housing activity.

The City should work with the area's housing agencies to develop programs that provide financial assistance for households to purchase a home and to assure the City of Fulda is receiving its share of resources that are available in the Region. Local financial institutions should also have a significant role in assisting households with purchasing a home.

Funding sources for home ownership programs include Rural Development, the Minnesota Housing Finance Agency, Fannie Mae, the Greater Minnesota Housing Fund and the Minnesota Small Cities Development Program.

7. Utilize the MURL and Purchase/ Rehabilitation Programs

Findings: Fulda has a stock of older, lower valued homes, some of which need repairs. Our analysis of recent sales activity indicates 50% of the homes in Fulda are valued under \$61,250. As some of the homes below the median price come up for sale, they may not be attractive options for potential home buyers because of the amount of repair work that is required.

The Minnesota Urban and Rural Homesteading (MURL) Program is provided through the Minnesota Housing Finance Agency. Under the program, the City or a housing agency purchases an existing home that needs rehabilitation, rehabilitates the home, sells the home to a low income family and provides a mortgage with no down payment, no interest and a monthly payment that is affordable for the family. The MURL Program accomplishes many community goals, including the promotion of home ownership for lower income people, and the repair of substandard housing units.

In many cases, the cost of acquisition and rehab will exceed the house's after-rehab value. Although a public subsidy may be involved, the costs to rehab and sell an existing housing unit are generally lower than the subsidy required to provide an equally affordable unit through new construction.

The Southwest Minnesota Housing Partnership administers the MURL Program in Murray County. Several homes in the Region have been rehabilitated and sold to low / moderate income families through the MURL Program.

The Purchase Plus Program is an MHFA Program that provides mortgage funds for the purchase and rehabilitation of substandard existing homes. This Program could also be utilized in Fulda.

Recommendation: We recommend that the City of Fulda work with the Southwest Minnesota Housing Partnership to consider the creation of a rehab/purchase program and to utilize the MURL Program for existing houses. Attitudinal surveys that we have conducted in other cities have found that purchase/rehabilitation programs are appealing to people who are currently renting their housing. In some similar sized communities, over 80% of survey respondents who were renters indicated an interest in buying a home in need of repair if rehabilitation assistance was also available.

The MURL Program and/or a purchase/rehabilitation program will achieve several goals. The programs will encourage home ownership, prevent substandard homes from becoming rental properties and rehabilitate homes that are currently substandard. Area housing agencies and financial institutions could offer some rehabilitation assistance in conjunction with its first-time buyer programs to make the City's older housing a more attractive option for potential home buyers. The City should also work with an area housing agency to utilize the Purchase Plus Program in the City of Fulda.

The Southwest Minnesota Housing Partnership administers the MURL Program in Murray County and should be encouraged to continue to utilize the Program in Fulda.

Currently additional MURL funds are not available due to program concerns expressed by HUD, however, it is anticipated that these concerns will be resolved and funds will be available in the future. If funds are not available through the MURL Program, other funding sources such as the SCDP Program and MHFA could be utilized to implement a program similar to the MURL Program.

New Housing Construction

Findings: Fulda has experienced some single family housing and town home construction in recent years. Over the past eight years, the City has averaged two new single family housing units per year.

The attractiveness of the community and the area's natural amenities, should result in limited continued construction of new homes annually. However, attractive residential lot options must continue to be available for new home construction to continue at its current pace or to possibly expand.

Household growth projections for Fulda and Murray County indicate some limited demand for owner-occupied housing construction. Most of the growth that is anticipated over the next eight years in Murray County will be among households in the age ranges between 55 and 74 years old. This age range is projected to increase by 245 households by 2015. Households in these age ranges tend to be predominantly home owners, and form a market for higher priced, trade-up housing and low maintenance housing such as town homes and twin homes. There is also growth projected in Murray County among younger households, in the 25 to 34 year old range. This age range is projected to increase by 73 households by 2015. Many of the households in these age ranges are first time home buyers.

Our projections expect that the City will add four new households per year, in an average year, through the year 2015. Although large-scale growth is not projected for the City, a combination of modest annual growth, the changing age patterns of area households, the demand for homes in some price ranges and the development of new lot options, should all contribute to continued construction of single family housing in Fulda.

It is our opinion that if the City, local housing agencies and developers are proactive, three to four homes can be constructed annually in Fulda over the next five years. This projection is based on the availability of attractive residential lots for new construction. Our projection for single family housing starts includes homes built in new subdivisions, on infill lots, and includes single family attached housing units, such as twin homes and town houses.

8. Lot Availability and Development

Findings: As part of this Study, we attempted to identify the inventory of available residential lots for single family housing construction in the City of Fulda. There was no definitive list of available lots, but most reliable estimates indicated that approximately four to six buildable lots were available in September 2007. These lots are scattered around the City of Fulda.

Recommendation: We use a standard that a 2 ½ year supply of lots should be available in the marketplace, based on annual lot usage. Using our projections that between three to four new houses will be constructed per year, the City should have approximately eight to 10 residential lots available to meet the expected demand. Part of this demand would be for attached unit

construction. The available inventory could include lots that are currently buildable, as well as lots in the advanced planning stages that could be available for the next construction season.

Using this standard, the City of Fulda, with approximately four to six lots, currently does not have an adequate residential lot inventory.

Also, two gaps in lot availability that we have identified include:

- ▶ A new quality subdivision would provide additional options for potential buyers. Some of the available lots in Fulda are the last remaining lots and the least desirable in a given area.
- ▶ There currently is not a cluster of lots that are designated for twin home or attached housing construction.

If the City of Fulda is to reach its new housing construction potential, it must provide a variety of lots which will increase the capacity for a wide variety of home sizes, prices and designs.

9. Support the development of the City's 14-lot subdivision

Findings: The City of Fulda is developing a 14-lot subdivision. The City will utilize tax increment financing, bonds and SCDP Program income to finance the development of the subdivision.

Lots in the subdivision will sell for \$10,000 to \$15,000 to income qualified households and for \$25,000 to \$30,000 for non-income qualifying households. There will be covenants on the lots to assure that quality homes are constructed in the subdivision. Construction has begun on the subdivision and the sale of one lot is already pending.

Ten additional acres are available for a future phase of lot development.

Recommendation: We support the construction of the new 14-lot subdivision. It is our projection that an average of two lots will be sold annually with an absorption period of seven years to sell all of the lots.

In developing the subdivision, the following should be considered:

- ▶ A mix of home designs, sizes and prices should be encouraged.
- ▶ The subdivision must be as aesthetically acceptable as possible, and include high-level amenities.
- ▶ Lots should be as affordable as possible.
- ▶ Financing programs for buyers should be considered to the extent possible, such as downpayment assistance, low interest mortgage programs, gap financing, etc. to reduce the price of homes.

- ▶ The project should be adequately publicized and advertised, both locally and around the region. To be successful, the project must attract new households into the community.
- ▶ Builders must be user friendly - the process should be as streamlined as possible for the buyers.
- ▶ Sales prices must be at a level that provides a better product with more amenities at a lower price than competing cities.
- ▶ The City of Fulda and its institutions must stay competitive and Fulda should be perceived as a desirable City to live in. Local government, parks, retail stores, employers, etc., all have a role in making Fulda a desirable residential community.
- ▶ The subdivision covenants should assure that good quality homes are constructed, but the covenants should not be so restrictive that affordable homes cannot be constructed.
- ▶ Housing agencies such as the Southwest Minnesota Housing Partnership have the capacity to construct single family homes and the involvement of housing agencies in housing construction should be considered.

10. Promote townhouse, twin home and cooperative housing development

Findings: Many communities have seen attached housing take an increasingly large share of new construction activity over the last decade.

Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, thus, making homes available for families. It is estimated that the 55 to 74 age range in Murray County will increase by 245 households by the year 2015. It is important for the City to offer a range of life-cycle housing options.

Recommendation: Twin homes and town homes have been a popular option in most communities and it is our projection that these products can be successful in Fulda with the proper location, price point and design. In larger communities with high land prices, it is common to see that 30% to 40% of new housing construction is in the form of attached single family, such as town homes or twin homes. Attached housing construction in communities with lower land costs has continued to rise, but is typically less than 30% of all new construction.

It is our projection that approximately 30% of the City of Fulda's new single family construction will be twin home/town home construction, which is a total of approximately five to six units over the next five years.

The public sector's role in any owner occupancy attached housing development should be limited, as the private sector will meet this housing need if a demand exists. The City should assure that adequate land is available for development and that zoning allows for attached housing construction in desirable areas.

We recommend that for town home and twin home development to be successful, the following should be considered:

- ▶ Senior friendly home designs
- ▶ An Association that provides maintenance, lawn care, snow removal, etc.
- ▶ Cluster development which provides security
- ▶ Homes are at a price that is acceptable to the market
- ▶ Phasing the development to coincide with demand

Housing Rehabilitation

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

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

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

11. Promote rental housing rehabilitation programs

Findings: According to the 2000 U.S. Census and our estimates, the City of Fulda has 124 rental units in 2007. The rental units include single family homes, duplexes, small rental buildings, mixed-use buildings and apartment complexes. Some of these rental structures could benefit from rehabilitation.

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

Recommendation: The City of Fulda and area housing agencies should seek Small Cities Development Program (SCDP) grant funds that allow for program design flexibility and makes a rental rehabilitation program workable. The SCDP program provides funds for a rental rehabilitation program that is structured by the community.

Also, the Southwest Minnesota Housing Partnership administers the HOME Program in Murray County. The HOME Program provides funds for rental rehabilitation. However, to be cost effective several single family homes would need to be rehabilitated at part of a coordinated project. Possibly, single family homes in several cities could be part of a HOME rehabilitation project.

12. Promote ongoing owner-occupied housing rehabilitation efforts

Findings: The affordability of the existing housing stock in Fulda will continue to be the major attraction for families that are seeking housing in the area. Investment in owner occupied housing rehabilitation activities will be critical to offering affordable housing opportunities.

Our housing condition survey rated the 511 houses in Fulda. Our survey found that 195 homes need minor repairs and 47 homes need major repairs. Without rehabilitation assistance, there is the potential that the affordable housing stock will shrink in the City of Fulda.

The Minnesota Small Cities Development Program (SCDP) continues to be the major source of funding for housing rehabilitation. The Minnesota Housing Finance Agency also provides funding for housing rehabilitation. The Southwest Minnesota Opportunity Council, Inc. administers the housing rehabilitation programs for Fulda, including the MHFA Home Improvement Program and the Fix-Up Fund. The Southwest Minnesota Opportunity Council, Inc. also administers the Weatherization Program.

Recommendation: We recommend that the City of Fulda and area housing agencies continue to apply for SCDP funds to rehabilitate homes. The SCDP Program currently has a maximum of \$600,000 for Single Purpose applications and \$1.4 million for Comprehensive applications that address several of the City's needs. It may be advantageous for the City to apply for SCDP funds with other Murray County Cities as multi-city applications are a priority with the Department of Employment and Economic Development (DEED).

We also recommend that the City of Fulda and area housing agencies continue to seek other local, state and federal funds to assist in financing housing rehabilitation programs.

Other Recommendations

13. Consider the submission of an application for Minnesota Small Cities Development Program funds

Findings: The Minnesota Small Cities Development Program (SCDP) is administered by the Minnesota Department of Employment and Economic development (DEED). There is an annual competition for grant funds to assist communities with housing projects, downtown rehabilitation, public facilities projects, or combined, comprehensive projects. The application process is very competitive and is based on the strength of the project activities, the local financial contribution, the percentage of low and moderate income people in the community and other rating factors. The City of Fulda has utilized SCDP funds in the past to rehabilitate homes.

Community Partners Research, Inc. staff surveyed the housing conditions of the 511 homes in Fulda. Approximately 242 of the homes need minor or major housing rehabilitation. Two homes was identified as dilapidated. Additionally, public facilities improvements, commercial rehabilitation and new affordable housing construction are eligible activities for SCDP funding.

Recommendation: With the housing rehabilitation needs in Fulda and in other Murray County Cities we recommend the preparation and submission of ongoing SCDP applications. The City should be part of ongoing Countywide applications that specifically address substandard owner occupied homes and rental units, as well as dilapidated structures in Murray County Cities. New owner occupied housing development and commercial rehabilitation could also be funded as part of SCDP applications.

14. Acquire and demolish dilapidated structures

Findings: Our housing condition survey identified only two houses in Fulda that are dilapidated and too deteriorated to rehabilitate. However, we also identified 47 homes as needing major repair and several of these homes may be too dilapidated to rehabilitate.

Recommendation: We recommend that the City of Fulda in coordination with area housing agencies take an aggressive approach to demolishing severely dilapidated structures. The City is enhanced when blighted and dilapidated structures are removed. Also, some of the cleared lots can possibly be utilized for the construction of new affordable housing units.

The City could also develop partnerships with housing agencies and private developers to construct new housing on cleared parcels. Tax increment financing, MHFA funds, SCDP funds and Greater Minnesota Housing Funds are potential funding sources for this initiative.

15. Create a plan and develop coordination among housing agencies

Findings: Fulda needs staff resources in addition to existing City staff to plan and implement many of the housing recommendations advanced in this Study. The City has access to the Fulda EDA, the Murray County EDA, the Southwest Minnesota Housing Partnership, the Western Community Action Agency, the Southwest Minnesota Opportunity Council, Inc., the Worthington HRA and the local Rural Development Office. These agencies all have experience with housing and community development programs.

Recommendation: The City of Fulda is fortunate to have access to several agencies that can address housing needs. It is our recommendation that the City work with the housing agencies to prioritize the recommendations of this Study and to develop a plan to address the City's housing needs. The Plan should include strategies, time lines and the responsibilities of each agency. While there has traditionally been a degree of staff interaction between these agencies, it will be important that a coordinated approach be used to prioritize and assign responsibility for housing programs.

It will also be important for the City to look for opportunities to work cooperatively with other Murray County Cities to address housing issues. With the number of small cities in the County, and limited staff capacity at both the City and County level, cooperative efforts may be the only way to accomplish certain projects. Cooperative efforts will not only make housing projects more practical, but they will often be more cost-effective and competitive.

16. Promote Commercial Rehabilitation

Findings: There are several substandard commercial buildings in Fulda.

When households are selecting a City to purchase a home in, they often determine if the City's commercial sector is sufficient to serve their daily needs. A viable commercial district is an important factor in their decision making process.

Recommendation: We recommend that the City of Fulda coordinate with the Murray County EDA to work with commercial property and business owners to rehabilitate their buildings. New businesses should also be encouraged to locate in Fulda.

The Murray County EDA and area housing agencies should be encouraged to apply for SCDP funds and seek other funding sources to rehabilitate commercial buildings. A goal of one commercial rehab project annually in Fulda would be a realistic goal.