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City of Slayton

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.

Murray County Demographics

In addition to demographic data for the City of Slayton, we have also provided data 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
Slayton	2,420	2,147	-11.3%	2,072	-3.5%	2,035
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 2,035 people. The Census Bureau estimate, effective July 1, 2006, was 1,926 people.

- ▶ Both of the available estimates show a population loss for Slayton between 2000 and 2006. The Demographer’s estimate shows a decline of 37 people, while the Census Bureau’s shows a loss of 146 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.

- ▶ 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
Slayton	2,035	2,011	1,980	2,010
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 Slayton, expect that the City’s population will decrease slightly, with the expected loss of 24 people over the next four years and 55 people over the next nine years. On an average annual basis, this equates to a decline of six 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 lose 62 people, or approximately four in an average year. However, based on the most recent estimate for 2006, the City has already lost 37 residents since 2000. This shows that Slayton is losing people at a faster rate than had previously been projected by the Demographer’s Office.

- ▶ Our projection for all of Murray County expects 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
Slayton	965	953	-1.2%	914	-4.1%	914
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 Slayton is from the Minnesota State Demographer’s Office and is for April 1, 2006. This estimate placed the City’s household count at 914, which shows no growth since the 2000 Census.
- ▶ 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
Slayton	2.42	2.17	2.18	2.14
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 Slayton has seen a gradual decrease in the average household size over the last 26 years. The State Demographer’s estimate of 2.14 persons per household in 2006 is significantly lower than the 2.42 persons per household reported in the 1980 Census.

- ▶ The average household size for Murray County has 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 projection for the City has 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
Slayton	914	914	914	921
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 Slayton shows no change expected over the next nine years.

- ▶ 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 addition of approximately seven households between 2000 and 2015. However, this projection is much more optimistic than recent trends. Since 2000, the City has not gained any households.

- ▶ Our projection for all of Murray County shows 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 Slayton, Murray County, 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
Slayton	18.7%	33.8%	1.6%	0.4%	5.3%	1.1%	35.7%	3.4%
Murray County	24.8%	37.7%	1.9%	0.9%	3.1%	1.5%	27.1%	3.0%
Minnesota	25.8%	28.0%	2.1%	1.4%	6.3%	2.6%	26.9%	6.9%

Source: 2000 Census; Community Partners Research, Inc.

- ▶ Slayton had a below-average percentage of married couples with children, when compared to the State of Minnesota. The City also had a significantly above-average percentage of one person households in 2000. This is probably due to a large senior population.
- ▶ For the entire County, there was 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 Slayton and for Murray County.

Table 9 Household Tenure by Age - 2000				
Age of Householder	City of Slayton		Murray County	
	Owners	Renters	Owners	Renters
15 - 24	20/43.5%	26/56.5%	61/43.0%	81/57.0%
25 - 34	77/70.6%	32/29.4%	302/72.1%	117/27.9%
35 - 44	109/83.2%	22/16.8%	566/84.9%	101/15.1%
45 - 54	113/90.4%	12/9.6%	624/90.4%	66/9.6%
55 - 64	99/90.8%	10/9.2%	502/92.1%	43/7.9%
65 - 74	140/90.3%	15/9.7%	534/92.5%	43/7.5%
75-84	130/77.8%	37/22.2%	421/84.7%	76/15.3%
85+	36/50.0%	36/50.0%	125/67.6%	60/32.4%

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

- ▶ Household tenure by age patterns in Slayton show a preference for home ownership in most of the defined age ranges. Only two age groups, households age 24 and younger along with households age 85 and over, rented their housing at a rate of 50% or above.
- ▶ Home ownership rates were 70.6% or higher among each of the age ranges 25 to 84 years old.
- ▶ Tenure patterns in the County also showed a strong preference for home ownership in most of the age ranges.

Slayton 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 Slayton. Information from 2000 is provided for comparison. The Claritas estimates are based on a slightly different total household estimate for the City. In 2006, the Minnesota State Demographer estimated that Slayton had 914 households compared to the 2007 estimate of 909 households from Claritas.

Household Income	Number of Households 2000	Number of Households 2007 Estimate	Change
\$0 - \$14,999	147	107	-40
\$15,000 - \$24,999	170	134	-36
\$25,000 - \$34,999	119	105	-14
\$35,000 - \$49,999	226	180	-46
\$50,000 - \$74,999	197	232	35
\$75,000 - \$99,999	31	110	79
\$100,000 - \$149,999	24	31	7
\$150,000+	0	10	10
Total	914	909	-5

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

- ▶ According to income estimates for 2007, household incomes have generally improved in Slayton. 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 for Slayton in 2007 is \$44,033, compared to \$36,421 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 \$1,101 per month based on 30% of income. The 2000 median household income translated into \$911 per month.
- ▶ Although the number of lower income households has been declining, there are still 107 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
Slayton	208/34	295/39	68/13	90/56	16/12	44/37	24/0

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 Slayton was older than average. The Census identified approximately 29% 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	689	43	51	783	24	807
1 Unit Attached	10	11	0	21	0	21
2 Units	7	8	15	30	0	30
3-4 Units	3	19	3	25	0	25
5+ Units	0	110	39	149	0	149
Mobile Home	12	0	0	12	0	12
Total	721	191	108	1,020	24	1,044

Source: U.S. Census; Building Permits

- ▶ There have been 24 homes constructed in Slayton 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 Slayton 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	42	\$54,175
2006	33	\$51,500
2007 - Jan. through Aug.	27	\$70,530

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

- ▶ In 2005 there were 42 improved residential sales, in 2006 there were 33 improved residential sales and in 2007 from January through August there have been 27 improved residential sales of single family houses in Slayton 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 \$54,175. The highest valued sale was for \$124,000 and the lowest valued sale was for \$4,000.

- ▶ The median sales price for 2006 residential sales was \$51,500. The highest valued sale was for \$167,000 and the lowest valued sale was for \$10,000.

- ▶ The median sales price for 2007 residential sales from January through August was \$70,530. The highest valued sale was for \$180,000 and the lowest valued sale was for \$15,000.

- ▶ Slayton has the highest median sales price of all Murray County Cities in 2007.

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 778 single family/duplex houses in Slayton. Houses that appeared to contain three or more units were excluded from the survey. The City was divided into three defined areas, which include:

- ▶ Northeast: Boundaries are City limits - north, City limits - east, 28th St. - south, Broadway Ave. - west
- ▶ Northwest: Boundaries are City limits - north, City limits - west, Broadway Ave. - east, 28th St. - south
- ▶ South: Includes all homes south of 28th 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
Northeast	73 (36.5%)	71 (35.5%)	49 (24.5%)	7 (3.5%)	200
Northwest	109 (48.5%)	83 (36.9%)	32 (14.2%)	1 (0.4%)	225
South	262 (74.2%)	82 (23.3%)	9 (2.5%)	0 (0%)	353
All of Slayton	444 (57.1%)	236 (30.3%)	90 (11.6%)	8 (1%)	778

Source: Community Partners Research, Inc.

- ▶ The existing housing stock in the City is in good condition. Approximately 57% of the houses were rated as Sound, while approximately 30% of the houses were judged to be in need of Minor Repair and only 12% need Major Repair.
- ▶ Eight homes in the City were rated as Dilapidated and possibly beyond repair. These houses may be suitable for demolition and clearance. Seven of the eight homes are located in the Northeast neighborhood.
- ▶ The highest percentage of substandard homes are located in the Northeast and Northwest neighborhoods.

Rental Housing

Total Unit Inventory

U.S. Census and Building Permit Inventory

According to the 2000 U.S. Census, there were 190 occupied rental housing units and at least 50 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 240 units in Slayton in 2000.

At the time of the 1990 Census, the City had 255 occupied rental units and 25 vacant units, for a total estimated inventory of 280 units. Between the 1990 Census and the 2000 Census, the City lost 65 renter households and lost 40 rental units in the total inventory.

Since the 2000 Census was completed, no rental units have been constructed in Slayton. Thus, we are estimating that Slayton's total number of rental units in 2007 is approximately 240.

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 eight or more units. We also interviewed several individuals that own small rental buildings in Slayton.

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

Market Rate Summary

There are three market rate multifamily projects with 45 total rental units included in the survey. Occupancy information was provided for all three projects. There were seven vacancies in the three projects. All of the projects are intended for general occupancy.

In addition to these market rate units, Halter Place, which we have placed in the subsidized section, has two market rate units and ten subsidized units.

Unit Mix

The following information is the bedroom mix for the 45 market rate units surveyed:

- ▶ 18 one-bedroom (40%)
- ▶ 27 two-bedroom (60%)

Occupancy / Vacancy

Usable occupancy information was obtained for all three projects. At the time of our survey, there were seven vacant units, thus, there was a 15.6% vacancy rate. Four of the seven vacancies were in one project, Basswood Apartments. This project has a new owner. The owner reports that the vacancies are due to construction workers completing a job and moving out. Village Apartments reported one vacancy, but the owner said that the units are usually fully occupied. . The limited responses we obtained from owners of single family rental houses and buildings with fewer than four units reported a low vacancy rate. There were no three and four bedroom rental units in the projects that we surveyed.

Rental Rates

Usable rental rate information was obtained from the three projects with a combined 45 units. Some of the units include the primary utility payments with the rent, while in other cases, the tenant pays the major utilities in addition to rent. We have attempted to estimate tenant-paid utilities into a gross rent estimate for the following ranges:

<u>Units Type</u>	<u>Prevailing Range</u>
one-bedroom	\$380-\$400
two-bedroom	\$425-\$495

Tax Credit Summary

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

Subsidized Summary

There are three federally subsidized apartment projects in Slayton. Combined, these projects have 68 units of subsidized rental housing. One of the projects, Westside Apartments, with a total 24 units, is designated for senior and disabled occupancy. Halter Place, with 12 units, is designated for general occupancy. Southgate Apartments, with 32 units, was originally constructed for senior and disabled occupancy, but a rule change allowed for younger disabled tenants. Currently the renters include four senior, nine disabled and 13 younger households.

Unit Mix

The unit mix of the three projects with 66 units is as follows:

- ▶ 62 one-bedroom (94%)
- ▶ 4 two-bedroom (6%)

Occupancy/Vacancy

At the time of the survey, there were seven vacant units. For all subsidized rental units, this represented a vacancy rate of 10.9%.

All of the vacancies were in two projects. Four of the vacancies were in Westside Apartments and three vacancies were in Southgate Apartments. Both building managers indicated that this is the average number of vacancies and all the vacancies are one-bedroom units. Halter Place has two vacancies, however, they are the two market rate units in the project.

Rental Rates

All but two units in the three subsidized projects in Slayton have rent subsidies available for tenants. Lower income households in the subsidized units pay rent based on 30% of income. However, all of the projects have maximum rents ranging from \$445 to \$620.

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, none of the subsidized projects in Slayton had started the procedure to opt-out of the subsidy program. However, over the past several years, Mapletree Estates and Basswood Apartments opted out of their subsidy programs and converted to market rate projects. Prior to the opt out, Mapletree Estates had 36 units and Basswood Apartments had eight units. Thus, 44 units have been lost from Slayton's subsidized housing stock due to the opt-out of the two projects.

Senior Housing with Services

There are two housing projects in Slayton that provide senior services. Lindenwood Assisted Living, with 16 units, is an assisted living facility that provides the full array of assisted living services. Lindenwood includes 10 one-bedroom and six large one-bedroom units. The rent varies based on the level of services. There are four levels of services offered in the facility. There are no vacancies and there is a waiting list.

Sunrise Terrace is a congregate housing project with 19 units including 15 one-bedroom units and four one-bedroom units with a den. This project offers one meal daily and light housekeeping. The rents are \$1,035 for a one-bedroom unit and \$1,190 for a one-bedroom unit with a den. There are no vacancies and the manager reports that the units are usually fully occupied.

Skilled Nursing Home

There is one skilled nursing homes in Slayton. Golden Living Center is licensed for 62 beds. The facility usually operates at an occupancy of 59 to 60 residents.

Table 17 Multifamily Rental Housing Inventory					
Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Basswood Apartments	1 - 1 bedroom <u>7 - 2 bedroom</u> 8 total units	\$325 \$350	4 vacancies	Mix of tenants	Market rate project was previously a Rural Development project. New owner reports four vacancies due to construction workers recently moving out. Owner reports that there has been a history of vacancies in this project. Rent includes water and garbage. Tenant pays other utilities. Rent amount is contingent on signing a six-month lease. Units were renovated several years ago.
Village Apartments	1 - 1 bedroom <u>11 - 2 bedroom</u> 12 total units	\$325 \$325	1 vacant 1-bedroom unit	Mix of tenants	Market rate building constructed in 1974. Owner reports that the units are usually fully occupied. Rents include water and garbage. Tenant pays remaining utilities.
Mapletree Estates	16 - 1 bedroom <u>9 - 2 bedroom</u> 25 total units	\$380 to \$490	2 vacancies	Mix of tenants	Market rate 25-unit project. Was a 36-unit Section 8 project, but has been converted to market rate. Some one-bedroom units were combined into two-bedroom units, thus, the number of units has been reduced from 36 to 25. Currently two vacancies. Rent includes utilities.
Subsidized					
Westside Apartments	22 - 1 bedroom <u>2 - 2 bedroom</u> 24 total units	30% of income Max. 1 bed. \$446 Max. 2 bed. \$528	4 vacant 1-bedroom units	62 and over disabled	Section 8/Rural Development project for seniors and disabled. Manager reports four vacancies and this number of vacancies is common. Tenants must meet income limits and they pay 30% of their income up to maximum rents.
Southgate Apartments	<u>32 - 1 bedroom</u> 32 total units	30% of income Max. \$445	3 vacancies	Mix of tenants	Section 8 project. Manager reports 3 vacancies, which is the average number of vacancies. Originally was a senior, handicapped project, but manager has gotten waivers to allow younger tenants into some of the units. Currently there are four senior tenants, nine handicapped tenants and 13 younger tenants. Two tenants are paying maximum rent.

Table 17 Multifamily Rental Housing Inventory					
Halter Place	8 -1 bedroom <u>4 - 2 bedroom</u> 12 total units	Min. 1 bed. \$430 Max. 1 bed. \$600 Min. 2 bed. \$600 Max. 2 bed. \$620	2 vacant 1-bedroom units	Mix of tenants	Rural Development General Occupancy project. Ten tenants receive rental assistance and two are market rate. The manager reports that there is a waiting list for the rental assistance units and the two current vacancies are the market rate units. The rent assisted units are usually fully occupied.
Senior with Services					
Lindenwood Assisted Living	10 - 1 bedroom <u>6 - large 1bed.</u> 16 total units	Varies based on level of services Four different levels of service	No vacancies Waiting list	Seniors	Assisted living project that provides all assisted living services including three meals a day. Larger one bedroom units can accommodate a couple, thus, facility has a capacity of 22 residents, but occupancy is usually 16 residents as there are seldom couples in the facility. Units are fully occupied and there is a waiting list.
Sunrise Terrace	15 - 1 bedroom <u>4 - 1 bed. + den</u> 19 total units	1 bed. - \$1,035 1 bed. + den - \$1,190	No vacancies	Seniors	Congregate senior project 10 years old. Rent includes one meal daily and light housekeeping. No vacancies and is always fully occupied. Rent also includes all utilities.
Nursing Home					
Golden Living Center	62 beds	Varies	2 to 3 vacant beds	Seniors	Privately owned nursing home. Usually occupancy of 59 to 60 residents. No expansion plans at this time.

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 Slayton have been formulated through the analysis of the information provided in the previous sections and include 18 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 General Occupancy Rental Housing Units
2. Develop 10 to 12 Senior-Designated Market Rate Rental Housing Units
3. Monitor the need for Low/Moderate Income Rental Units
4. Senior Housing With Services Recommendations
5. Apply for Housing Choice Vouchers/Section 8 Existing Program Allocations from HUD
6. Maintain and preserve the existing supply of subsidized housing

Home Ownership

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

Single Family Housing Development

9. Lot availability and subdivision development
10. Support the development of a second affordable subdivision

11. Promote townhouse, twin home and cooperative housing development
12. Utilize infill lots for housing development
13. Develop home ownership awareness programs

Housing Rehabilitation

14. Promote rental housing rehabilitation programs
15. Promote ongoing owner-occupied housing rehabilitation efforts

Other Housing Issues

16. Consider the submission of an application for Minnesota Small Cities Development Program funds
17. Acquire and demolish substandard structures
18. Create a plan and a coordinated effort among housing agencies

Findings on Growth Trends

Growth patterns for the City of Slayton show losses in the City's population from 1980 to 2006 and household losses from 1980 to 2000, but a stable number of households from 2000 to 2006. Our review of the demographic trends dates to 1980. Between 1980 and 1990, the City's population level decreased substantially by 273 people and the household count decreased by 12 households. During the 1990s, the City's population decreased by 75 people and the household level decreased by 39 households.

From 2000 to 2006, the State Demographer's Office estimates that the City lost 37 people, however, the City household count has remained the same.

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 Slayton 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.

Our projections for Slayton would expect no change in the number of households in the City through 2015. The State Demographer projects a gain of seven 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, it appears that Slayton lost approximately 40 units from its rental inventory during the 1990s.

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

- ▶ **Slayton is located within commuting distance of Marshall, Pipestone and Worthington** - Although Slayton does not have a large number of employment opportunities, the City is located within commuting distance of Marshall, Pipestone and Worthington, all of which have employment, service, commercial and entertainment opportunities.
- ▶ **Condition of the housing stock** - The City's existing housing stock is in good condition and provides excellent home ownership options.
- ▶ **Adequate land for future development** - The City has land available for future residential development.
- ▶ **Natural Amenities** - Slayton is located near the Lakes Area.
- ▶ **Economic Development Organization** - The Slayton Economic Development Authority is active in addressing the City's economic development and housing needs.
- ▶ **Commercial Development** - Slayton's commercial district is adequate to meet daily needs.
- ▶ **Housing Agencies** - Several housing agencies have the capacity to provide financing for housing projects and programs in the City of Slayton.
- ▶ **Slayton serves as a small regional center** - Slayton provides employment opportunities, retail/service options, health and professional services and recreational facilities for Murray County.
- ▶ **Medical services** - Slayton has excellent medical services including a hospital, clinic and nursing home.
- ▶ **Public School System** - Slayton has an excellent school system and grades K-12 are located in the City.
- ▶ **Affordable existing housing stock** - The City has a stock of affordable, existing houses. Our analysis shows that the City's median home sales price is approximately \$70,530. This existing housing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Small town atmosphere** - Slayton 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 growth.

Barriers or Limitations to Housing Activities

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

- ▶ **Lower incomes limit housing choices** - Household and family incomes for Slayton are lower than the State-wide medians. The City's estimated median household income for 2007 is \$44,033, which translates into an approximate housing affordability level of \$1,101 per month. While this income level matches up well with prices for low-valued existing houses and rental housing in the City of Slayton, it is not as well matched to the prices for new housing construction.
- ▶ **Lower paying jobs** - Many jobs in Slayton are at the lower end of the pay scale and the employees with these jobs have limited housing choices.
- ▶ **Low rent structure** - The City's rent structure is relatively low, which makes it difficult to construct new rental housing.
- ▶ **Competition with Marshall, Pipestone and Worthington** - Although it is an asset to be located within commuting distance of Marshall, Pipestone and Worthington, it can also be a barrier to new housing construction. Marshall, Pipestone and Worthington have more employment, service, retail and entertainment opportunities. The amenities those cities have to offer will often make them a preferred location for many households.
- ▶ **Lack of an Industrial Base** - Although Slayton does have several large employers, the City's industrial base is limited.
- ▶ **Competition with rural and lake lots** - There are many large high amenity lots in rural Murray County, including lake lots. These lots are competition for lots in the City of Slayton.
- ▶ **Distance from a Major Regional Center** - Slayton is located approximately 74 miles from Sioux Falls, the closest large regional center. Many households prefer to live in or near a large regional center for the services, employment and amenities that are provided.
- ▶ **Value gap deters new owner-occupied construction** - We estimate that the median priced home in Slayton is valued at \$70,530. 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.

Recommendations, Strategies and Housing 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 Slayton. They are based on the following strategies:

- ▶ **Focus heavily on the preservation, maintenance and improvement of the housing stock that already exists** - While housing construction will occur in coming years, most of the housing opportunities will continue to be provided by the stock that is already on the ground. This is especially important for affordable housing opportunities, as it will almost always be less expensive to offer an affordable unit through rehabilitation versus new construction. Units that are lost due to deterioration and obsolescence cannot be replaced for a similar price. Evidence suggests that a percentage of the existing stock is not being well maintained and needs repair. Emphasis on housing rehabilitation will be important to meet future housing needs.
- ▶ **Develop life cycle housing** - It is vital for a community that serves as a small regional center to provide housing opportunities for all ages and household types. These housing opportunities enable a community to thrive, promote economic development and allow households to stay in the community throughout their lives.
- ▶ **Promote new construction** - New construction provides housing opportunities, stimulates the economy and upgrades the community's housing stock. New construction provides Slayton households with housing options and assures a healthy housing stock.
- ▶ **Promote home ownership** - Home ownership is the preferred option for most households. Home ownership assists in creating stability and commitment to the community. There are many younger families that are renting their housing. These households may be interested in ownership, if an affordable opportunity is available.
- ▶ **Prioritize community housing goals and establish a plan** - Many of the recommendations in the Study will require staff-intensive efforts. The City should prioritize its housing goals, establish a plan to achieve its goals and designate the agency that is responsible for achieving each of the City's housing goals.
- ▶ **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.

Rental Housing Development

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 148 rental units were contacted. The survey showed that 10.9% of all 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 Slayton vacancy rate is significantly above this range. However, there is a pent-up demand for some types of rental housing and our recommendations address these needs.

Our projections would indicate that the City of Slayton’s number of households will remain stable through 2015 and no household growth is projected. Murray County is projected to experience a slight loss of seven households by 2015.

We are recommending the construction of several types of rental units because of pent-up demand for certain rental housing types, very low vacancy rates in senior with services rental housing, 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 households to Slayton. 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
- ▶ Senior Designated Market Rate 10-12 units
- Total 18-22 units

Additionally, we have recommended the construction of 6 to 8 assisted living units and 8 to 10 memory care units. These units could be constructed in either Slayton or Fulda.

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

Findings: Slayton has a limited number of quality market rate rental units. Many of the market rate units are in single family homes, mixed use buildings or older apartment complexes. There are no market rate multifamily buildings in Slayton that have ‘State of the Art’ amenities. The three market rate rental projects that we surveyed were constructed many years ago and some of the units need renovations.

Through the year 2015, there is no projected household growth for Slayton and Murray County is projected to experience a slight household decline. Although no growth is projected for Slayton and Murray County, growth is projected in some age ranges. Over the next five years, Murray County is projected to add 73 households in the 25 to 34 age range and 245 households in the 55 to 74 age range. Although there are vacancies in existing market rate units and the City and County are not projected to add households, we are recommending the construction of general occupancy market rate units. We are making this recommendation based on the lack of high quality general occupancy market rate units in the City of Slayton and household growth among some age ranges. There currently are no units that have ‘State of the Art’ amenities.

Additionally, there were no three-bedroom units in any of the rental housing projects we surveyed. There is a pent-up demand for three-bedroom units.

Recommendation: We would recommend the development of 10 to 12 market rate general occupancy 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 for high quality market rate general occupancy units in Slayton and Murray County.

Many small cities have constructed units in small phases, as demand dictates the need for additional units. Several cities have been able to add units in three or four unit phases in recent years. In this way they have expanded the supply without saturating the market by bringing a large number of units on-line at one time.

We are also recommending senior designated market rate units in Slayton. It may be advantageous to coordinate the development of these projects.

The first development option is for a private developer to construct the general occupancy market rate units. If a private developer does not come forward, the Slayton EDA, Murray County EDA or Southwest Minnesota Housing Partnership could utilize Essential Function Bonds and other financial resources to construct market rate units. Slayton and Murray County have a low rent structure, thus, several sources of funding will probably be needed to keep the rents affordable for Slayton and Murray County households.

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 Slayton Market Rate Housing Project:

Unit Type	No. of Units	Size/Sq. Ft.	Rent
Two Bedroom	5-6	1,000-1,100	\$625-\$675
Three Bedroom	<u>3-4</u>	1,150-1,250	\$700-\$750
Total	8-10		

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

2. Develop 10 to 12 senior designated market rate rental units

Findings: The City of Slayton has no senior designated market rate rental projects. However, Sunrise Terrace is a congregate 19-unit project designated for seniors that provides a daily meal and light housekeeping. This project is very successful and is fully occupied.

It is our opinion that a 10 to 12 unit senior designated market rate rental project would address a gap that currently exists in the Slayton rental inventory.

In 2005, Murray County had 1,241 households age 65 and over. We estimate that approximately 3% of the households age 65 and over would prefer a senior designated market rate unit, which is a market need of approximately 35 to 40 senior designated market rate units. With the aforementioned congregate rental units available in Slayton and the probability that the City will not capture all of the Murray County demand, it is our opinion that a 10 to 12 unit project is feasible.

Our recommendation is also based on the projection that senior households will increase by 92 by the year 2015.

Recommendation: We recommend the construction of a 10 to 12 unit market rate project with 'state of the art' amenities.

The units should be a twin home/town home style with attached garages. Unit features should include ample closet space since prospective tenants will have numerous belongings they will be moving from single family homes. At a minimum, a walk-in closet should be included with each unit. If possible, a separate storage room should also be incorporated into each unit. Washers and dryers should be provided in each unit. Other standard design features for senior units should be included such as raised outlets, lever door handles and lowered kitchen cabinets. Expansive window area is an asset for senior units since many seniors spend a significant portion of their time in their units and enjoy ample daylight and views to the outdoors. Patios for each unit are also strongly recommended.

The location of the project should be close to services as the project will be primarily occupied by older seniors. It should be noted that if the market rate general occupancy project that has been proposed is primarily a senior project, the number of units proposed in this recommendation should be decreased. Also, it is possible that the development of the units can be phased to assure market absorption.

As with the market rate general occupancy units, the first development option is for a private developer to construct the senior market rate units. If a private developer does not come forward, the Slayton EDA, Murray County EDA or Southwest Minnesota Housing Partnership could utilize Essential Function Bonds and other financial resources to construct the senior market rate units. Slayton and Murray County have a low rent structure, thus, several sources of funding will probably be needed to keep the rents affordable for Slayton and Murray County households.

For a 10 to 12 unit project, we recommend the following unit type, number of units, size and rent structure:

Senior Market Rate Units:

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	1-2	900-1,000	\$600-\$650
Two Bedroom	<u>9-10</u>	1,050-1,150	\$675-\$725
Total	10-12		

Note: Rents are quoted in 2007 dollars and include utilities.

3. Monitor the Need for Low/Moderate Income Rental Units

Findings: The City of Slayton has two subsidized general occupancy rental projects, Southgate Apartments and Halter Place. There are a total of 44 rental units in the two projects. One of the projects, Southgate Apartments, was originally a senior/disabled project, however, the manager has received a waiver to allow younger tenants. Currently, there are five vacancies in the projects, although the two vacancies in Halter Place are the two units that are market rate and do not have rental assistance.

In addition to the two subsidized projects, there are three market rate projects in Slayton with a total of 45 units. There are seven vacancies in these projects. The rents in these market rate projects range from \$325 to \$490. Of the 45 total units, 36 have rents under \$400. These rents are very low and are actually comparable to the rent structure in the subsidized projects.

Two market rate rental projects, Mapletree Estates and Basswood Apartments, were previously subsidized projects and have opted out of their subsidized contracts over the past several years.

Slayton’s number of households is projected to remain stable through 2015 and Murray County is projects to lose a total of seven households from 2007 to 2015.

There are no three-bedroom units in any of the market rate and subsidized projects in Slayton. However, there are several single family three-bedroom homes in the rental housing stock in the City.

Recommendation: At this time, we would recommend that the City monitor the need for additional subsidized/affordable rental housing. If the proposed 8 to 10 unit market rate project, identified earlier, is constructed in the City, it would result in an expansion of rental opportunities for area renters. This proposed project will attempt to provide units that are affordable for moderate income households. Several three-bedroom units are also proposed to be included in this project.

If the proposed market rate project is not constructed, it would be appropriate to consider the construction of 8 to 10 additional rental housing units to serve lower income renters in Slayton.

We are not recommending the development of low/moderate income units at this time based on vacancies in existing subsidized and market rate projects, the low rent structure in the City's market rate rental projects and the projection that there will be no household growth in Slayton through 2015.

However, it would be appropriate to consider the development of a low/moderate income rental project if the market rate project is not constructed, the final rent levels are too high for moderate income families, the vacancy rates improve significantly or if household growth exceeds our expectations.

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 Slayton 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 that would not be possible with tax credits alone.

If tax credit units are developed in the future, we would recommend that an equal mix of two-bedroom and three-bedroom units be provided to primarily serve families with children.

If a private developer does not come forward, an area housing agency, such as the Southwest Minnesota Housing Partnership, could assist with the development of a general occupancy subsidized/tax credit project.

4. Senior Housing with Services

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

Lindenwood Assisted Living, with 16 units, is an assisted living facility that provides the full array of assisted living services. Lindenwood includes 10 one-bedroom and six large one-bedroom units. The rent varies based on the level of services. There are four levels of services offered in the facility. There are no vacancies and there is a waiting list.

Sunrise Terrace is a congregate housing project with 19 units including 15 one-bedroom units and four one-bedroom units with a den. This project offers one meal daily and light housekeeping. The rents are \$1,035 for a one-bedroom unit and \$1,190 for a one-bedroom unit with a den. There are no vacancies and the manager reports that the units are usually fully occupied.

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. Of the entire senior population, 1,020 seniors in Murray County are age 75 and older. By the year 2010, we would estimate that there will be approximately 50 additional seniors over the age of 75 in Murray County.

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 29 assisted living units by the year 2010.

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

Based on our calculations there currently is an adequate number of assisted living units in Slayton and Murray County to address market demand. However, both Lindenwood Assisted Living and Maplewood Court are fully occupied and have waiting lists, thus, it is our opinion that 6 to 8 units could be developed in Murray County over the next five years.

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

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. The facility is totally occupied.

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.

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. Also, our senior designated market rate rental housing recommendation will address senior housing needs. 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.

5. 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 Slayton 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.

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 owner-occupied home sales price in Slayton is estimated to be \$70,530. With approximately 50% of the homes in Slayton valued under \$70,530, Slayton has an excellent market for first time home buyers and households seeking moderately priced homes. The affordable price of Slayton homes, is very attractive, when compared to prices in some of the larger cities within commuting distance of Slayton.

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 Slayton to move into other housing options in larger communities, which will open up homes to younger households.

Also, the 25 to 34 age range is expected to increase in size 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 Slayton.

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

6. Maintain and preserve the existing supply of subsidized housing

Findings: Slayton has three subsidized rental housing projects with 68 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. In the past, Slayton had a 36-unit and an eight-unit project opt out of their subsidy and convert to market rate complexes. 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 Slayton did not appear on the MHFA watch list.

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

7. 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 Slayton 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 Slayton. 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 \$70,530, 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: Slayton 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 Slayton 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.

8. Utilize the MURL and Purchase/ Rehabilitation Programs

Findings: Slayton 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 Slayton are valued under \$70,250. 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. The Partnership has rehabilitated one Slayton home and sold the home to a low/moderate income family 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 Slayton.

Recommendation: We recommend that the City of Slayton work with the Southwest Minnesota Housing Partnership to consider the creation of a rehab/purchase program and to continue 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 Slayton.

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

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 could be utilized to implement a program similar to the MURL Program.

New Housing Construction

Findings: Slayton has experienced some single family housing and town home construction in recent years. Over the past eight years, the City has averaged three new owner occupied housing units per year. In addition to the houses constructed annually in the City of Slayton, a significant number of homes have been constructed annually in subdivisions and on lakes in rural Murray County.

The attractiveness of the community, the City's status as a small regional center, the area's natural amenities and the services the City provides including school and medical facilities, should result in the 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 Slayton indicate some demand for owner-occupied housing construction. Most of the growth that is anticipated over the next five 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's number of new households will remain stable through the year 2015. Although growth is not projected for the City, the changing age patterns of area households, the demand for homes in some price ranges, the development of new lot options and public involvement in subdivision development and housing construction should all contribute to continued construction of single family housing in Slayton.

It is our opinion that if the City, local housing agencies and developers are proactive, four to five homes can be constructed annually in Slayton 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.

9. 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 Slayton. There was no definitive list of available lots, but most reliable estimates indicated that approximately 14 buildable lots were available in October 2007.

In addition to these lots, there are a substantial number of lots available outside the City limits in rural Murray County. There are also several infill lots scattered around the City that we did not attempt to count. We also do not know the availability of some of these infill lots.

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 four to five new houses will be constructed per year, the City should have approximately 10 to 13 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 Slayton, with 14 buildable lots, currently has an adequate residential lot inventory.

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

- ▶ With the Slayton EDA subdivision almost fully developed, more lots for affordable development are needed.
- ▶ There currently is not a cluster of lots that are designated for twin home or attached housing construction.

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

10. Support the development of a second affordable subdivision

Findings: The Slayton EDA has successfully developed a 20-lot affordable subdivision. Two lots remain for sale in the subdivision. The homes were sold to low/moderate income families for a sales price from \$108,000 to \$115,000. The purchase prices were lowered utilizing MHFA funds and SCDP funds as well as other financial resources. The Southwest Minnesota Housing Partnership provided gap financing for homebuyers.

The Slayton EDA has constructed several spec homes in the subdivision including a home valued at \$230,000. This higher priced home was constructed and sold in an attempt to increase home values in Slayton.

In recommending a second affordable subdivision, the following information was considered:

- ▶ We are estimating that Murray County's 25 to 34 age range will increase by 73 households by the year 2015. Much of this growth will be in the Slayton area. Although some of this growth will be somewhat offset by projected decreases in the number of households in the 35 to 54 age range, there still is projected to be very strong growth in the prime first home

buyer age range. There will also be a projected growth of 245 households in the 55 to 74 age range.

- ▶ According to the 2007 Claritas, Inc. household income estimates, Slayton's median income is \$44,033 and Murray County's median household income is \$42,932, both of which are below the State median income. Thus, there is a high number of low/moderate income households in Slayton and Murray County and the need for affordable housing exists.
- ▶ The median sales price for Slayton homes is \$70,250. The gap between the median sales price and the projected cost of the new homes in the new subdivision is reasonable, although public financing is needed to keep the gap in a range that promotes new construction.
- ▶ Approximately 24 new single family housing units have been constructed in Slayton over the past eight years and it is projected that 16 to 20 single family housing units can be constructed in Slayton over the next five years. Slayton is obviously accepted in the market as a viable location for new construction, where new homes will retain their values or increase in value. Also, home owners are optimistic about their opportunity to sell their home if the need arises. It is feasible that of the four to five single family units constructed annually, two to three units would be constructed in a new affordable subdivision.
- ▶ Slayton has all the amenities and services to support new construction. Commercial development, schools, jobs, health services, recreation and entertainment are all available in the Slayton Area as the City serves as a small regional center.
- ▶ The Slayton EDA has developed an affordable subdivision that is successful. The EDA has gathered the ingredients necessary for a second successful affordable subdivision.

Recommendation: We recommend the development of an affordable subdivision of 12 to 16 lots. We are estimating that two to three housing units will be constructed annually, thus, we anticipate a five to seven year absorption time period to complete the subdivision.

For the subdivision to be successful we recommend the following:

- ▶ The subdivision must be as aesthetically appealing as possible.
- ▶ Total home construction costs should be in the affordable range at less than \$175,000.
- ▶ There should be a variety of designs in the subdivision.
- ▶ The Slayton EDA should continue to construct spec homes in the subdivision.

- ▶ To achieve affordable home prices, a variety of funding sources must be utilized similar to the first subdivision development. Funding sources could include MHFA, SCDP, HUD, TIF, GMHF and local employers.
- ▶ Major employers should be involved in the financing and publicity.
- ▶ Financing programs should be available for the home buying households including down payment assistance, low interest mortgage programs and gap financing to reduce the price of the homes.
- ▶ Housing agencies such as the Southwest Minnesota Housing Partnership should be encouraged to construct homes in the subdivision.
- ▶ To be successful, the homes must be available to as wide as income range as possible.
- ▶ A successful second affordable subdivision will need the cooperation of local housing agencies, funding agencies and employers.

11. Promote townhouse, twin home and cooperative housing development

Findings: Slayton has experienced limited attached housing development in recent years. From 2000 to the present, one twin home has been constructed in Slayton. A limited number of twin homes and town homes were constructed in Slayton prior to 2000. 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 approximately 245 households by the year 2015. It is important for the City to offer a range of life-cycle housing options.

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

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 of a significant number of homes which provides security
- ▶ Homes are at a price that is acceptable to the market

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 development.

12. Utilize infill lots for housing development

Findings: There are several infill lots in the community that already have access to municipal services. These lots represent an affordable option for new home construction.

Our housing condition analysis in three of the City's older neighborhoods identified eight houses that are dilapidated and beyond repair. We also identified an additional 90 homes that need major rehabilitation and several of these homes may also be too dilapidated to rehabilitate. In a separate recommendation, we have promoted the acquisition and clearance of substandard houses and neighborhood revitalization. Once demolished, some of the cleared lots could be suitable for reuse. There may also be additional dilapidated and functionally obsolete houses in other neighborhoods that we did not survey.

Recommendation: We recommend that the Slayton EDA and the Southwest Minnesota Housing Partnership consider the construction of affordable homes on infill lots. Several programs through MHFA, SCDP, the Greater Minnesota Housing fund and other sources can be accessed to assist with affordable housing development. Resources are also available through the Minnesota Department of Corrections or Youth Build grants that can provide low-cost labor. Private developers may also have an interest in developing housing on infill lots. There is also potential for public / private partnerships.

The City of Slayton and the Slayton EDA could contribute to the project through land negotiations, land donations, grant writing, project coordination, TIF funding, etc. Employers could also have a role with the infill development by providing funding and through outreach to their employees.

A goal of constructing three moderately priced housing units over the next five years on infill lots appears to be realistic. To be successful, the housing units should not exceed \$150,000 and programs should be available to significantly reduce the purchase price for the buyer. Also, the most appealing infill lots should be identified and utilized. As housing units are constructed and sold, a revolving fund could be developed and an infill housing program could be self sustaining.

13. Develop home ownership awareness programs

Findings: Opportunities for new housing construction are sometimes limited because of the lack of information and awareness of financing programs, lots on the market, local builders, etc. This is especially evident for new households moving into the area. The home buying/home building process can be very intimidating for first-time home buyers/builders.

Recommendation: We recommend the creation of an Informational Brochure and/or a web site that describes the amenities, lots, builders and financing programs that are available in Slayton. Buying a lot, selecting a builder, obtaining financing and constructing or purchasing a home can be an intimidating process. Often households have not been through this process and do not know where to begin or how to proceed. A “How-To” brochure with pertinent and up-to-date information will encourage and assist households with constructing a home or finding a suitable move-up home.

Another possibility for promoting ownership options is to organize a Housing Fair that educates and informs the public on lots, builders, finance programs, etc. The Housing Fair should include developers, builders, lenders, realtors, public agencies, etc. Local employers should be contacted to assess their interest and possible participation in the event.

Several cities have promotions, such as the City of Jackson’s “27 Reasons to Build This Year” promotion and the City of Crookston’s Housing Incentive Program, which provide incentives ranging from large financial incentives such as tax abatements and lot price write downs to small incentives such as a month of free cable TV.

These awareness and incentive programs do not have to be “City” projects but could possibly be developed by a City organization or the private sector. The City should promote these activities region-wide.

Housing Rehabilitation

Findings: Slayton 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.

14. Promote rental housing rehabilitation programs

Findings: According to U.S. Census Data and our estimates, the City of Slayton has 240 rental units. The rental units in 2007 were single family homes, duplexes, mobile homes, mixed use buildings and apartment buildings. 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 Slayton and area housing agencies should continue to 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. The City of Slayton received SCDP funds for rental rehabilitation in 2005.

Also, the Southwest Minnesota Housing Partnership administers the HOME and the MHFA Rental Programs in Murray County. The HOME and MHFA Rental Rehabilitation Programs provide funds for rental rehabilitation. The City of Slayton, the Southwest Minnesota Housing Partnership and rental property owners should coordinate efforts to rehabilitate rental housing in Slayton.

15. Promote ongoing owner-occupied housing rehabilitation efforts

Findings: The affordability of the existing housing stock in Slayton 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 778 houses in Slayton. Our survey found that 236 homes need minor repairs and 90 homes need major repairs. Without rehabilitation assistance, there is the potential that the affordable housing stock will shrink in the City of Slayton.

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 Slayton, 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 Slayton 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 Slayton and area housing agencies continue to seek other local, state and federal funds to assist in financing housing rehabilitation programs.

Other Recommendations

16. 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. Slayton was awarded SCDP Grant funds in 2005 and is completing a Program that includes single family owner occupied, rental and commercial rehabilitation. New SCDP guidelines encourage cities that have successfully administered SCDP Programs and have ongoing housing needs to continue to apply for SCDP funds.

Community Partners Research, Inc. staff surveyed the housing conditions of the 778 homes in Slayton. Approximately 326 of the homes need minor or major housing rehabilitation. Eight homes were 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 Slayton 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.

17. Acquire and demolish dilapidated structures

Findings: Our housing condition survey identified eight houses in Slayton that are dilapidated and too deteriorated to rehabilitate. However, we also identified 90 homes that need major rehabilitation and some of the homes that we identified as needing major repair may also be too dilapidated to rehabilitate.

Recommendation: We recommend that the City of Slayton 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. It is our understanding that the Slayton EDA is initiating a program that will acquire and demolish dilapidated houses.

The City and EDA could also develop partnerships with housing agencies and private developers

to construct new housing on cleared parcels. Tax increment financing, Greater Minnesota Housing Funds, MHFA funds, and SCDP funds are potential funding sources for this initiative.

18. Create a plan and develop coordination among housing agencies

Findings: Slayton 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 Slayton 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 Slayton 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.