Comprehensive Housing Needs Assessment
City of Winona, Minnesota

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November 15, 2016

Ms. Lucy McMartin
Director of Economic Development
City of Winona
207 Lafayette Street
Winona, MN 55987

Dear Ms. McMartin:

Attached is the *Comprehensive Housing Needs Assessment for Winona, Minnesota* conducted by Maxfield Research and Consulting, LLC. The study projects housing demand from 2016 through 2031, and provided recommendations on the amount and type of housing that could be built in Winona to satisfy demand from current and future residents through 2031.

The study identifies a potential demand for approximately 1,473 new housing units through 2031. About 70% of the total demand was for general occupancy rental and for-sale housing; while senior housing accounted for 30% of the demand. Demand was highest for market rate rental (333 units) followed by for-sale single-family (261 units). At current construction levels, the existing lot supply is sufficient to meet the demand for move-up and executive single-family for the next several years; however, there is limited supply of for-sale homes available to first-time homebuyers.

Based on our findings, demand was identified for most major housing product types with the greatest demand identified for general occupancy rental housing (all income levels) and for-sale units targeted to empty-nesters and independent seniors (single-level townhomes), and entry-level single-family homes. Detailed information regarding recommended housing concepts and pricing can be found in the *Recommendations* section at the end of the report.

If you have any questions or need additional information, please contact us. We have enjoyed conducting this study for you.

Sincerely,

MAXFIELD RESEARCH AND CONSULTING, LLC

Mary C. Bujold
President

Mace Wescott
Associate

Attachment

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

TABLE OF CONTENTS
(continued)

MAPS

LIST OF TABLES

LIST OF TABLES
(continued)

Purpose and Scope of Study

Maxfield Research and Consulting LLC (i.e. "Maxfield Research") was engaged by the City of Winona to conduct a *Comprehensive Housing Needs Analysis* for the City of Winona. The Housing Market Study provides recommendations on the amount and types of housing that should be developed in order to meet the needs of current and future households who choose to reside in the City.

The scope of this study includes: an analysis of the demographic and economic characteristics of the City; a review of the characteristics of the existing housing stock, building permit trends, and residential land supply; an analysis of the market condition for a variety of rental and for-sale housing products; and an assessment of the need for housing by product type in the City. Recommendations on the number and types of housing products that should be considered in the City are also supplied.

Demographic Analysis

- As of the 2010 Census, the City of Winona had 27,592 people and 10,449 households. The City of Winona is forecast to grow by 2,150 people and 444 households between 2016 and 2031.

- The Winona population of 18 to 34 year olds, which consists primarily of renters and first-time homebuyers, declined (-3.2%) between 2000 and 2010, but is expected to increase by 445 people (+4.5%) between 2016 and 2031.

- The 65 to 84 age cohorts are projected to have the greatest growth (percentage and numerically) increasing by 535 people (+32.3%) in the Market Area between 2016 and 2031. The growth in this age cohort can be primarily attributed to the baby boom generation aging into their senior years.

- Winona has an estimated median household income of $41,023 in 2016 and is expected to increase over the next five years to $45,618 in 2021 (+11.2%). The PMA has an estimated median household income of $46,159 in 2016. It is projected to increase over the next five years to $52,046 in 2021 (+12.8%).

- In 2016, the Winona Market Area had an average net worth of $411,001 and a median net worth of $75,975.

- Between 2000 and 2010, homeownership rates decreased slightly from 67.4% to 65.5% in the Winona Market Area and decreased from 60.9% to 58.7% in the City of Winona.

- Households living alone accounted for the largest percentage of household type in 2010 at 31.4%. These include young singles in addition to older individuals that may be living alone.

- In 2010, "White Alone" (94.4%) comprised the largest proportion of the population in the Winona Market Area. "White Alone" includes Hispanic and Latino population and as of 2010, 1.6% of the PMA's population was Hispanic/Latino ethnicity.

- The majority of residents in the PMA (88.7%) did not move within the last year.

- When comparing disabilities by age, 6.0% of the PMA's age 5 to 17 population had a disability, and roughly 7.6% of the age 18 to 64 population and 33.8% of the age 65 and over population. Cognitive disability is the most prevalent among non-seniors while ambulatory disability is most common among seniors.

Employment Analysis

- Winona had an unemployment rate of 3.3% in October 2016 which is slightly higher than the State of Minnesota (3.2%).

- Trade, Transportation, Utilities have the highest number of establishments (183 businesses) in Winona with a total of 3,494 employees. Leisure and Hospitality has the second largest industry type (97 businesses), and has 1,967 employees.

- Of the roughly 8,217 workers who work in the PMA, 34.7% live in Winona and 6.1% live in Goodview. The remaining workers are commuting from mostly Rochester (2.8%), La Crosse (1.4%), and Lewiston (1.2%). Of commuters, 58% commute from more than 15 miles away to work in Winona.

Housing Characteristics

- From 2000 through 2015, the City of Winona issued 491 permits for the construction of 906 new residential units. This equates to an average of 57 units per year over the 16-year period.

- The majority of the homes in Winona were built prior to 1940 (roughly 40%) while 33% of the Remainder of the Market Area's housing stock was built in the 1970's.

- Approximately 65% of Winona homeowners have a mortgage compared to 70% of Minnesota homeowners that have a mortgage. About 14% of homeowners with mortgages also have a second mortgage or home equity loan.

- The median owner-occupied home in the City of Winona is $138,000 in 2014. Approximately 34% of the owner-occupied housing stock in the City of Winona was estimated to be valued between $100,000 and $149,999.

- The median contract rent in Winona was $572 in 2016. Based on a 30% allocation of income to housing, a household would need an income of $22,880 to afford the median contract rent in Winona.

For-Sale Housing Market Analysis

- The average and median resale price of homes in Winona Market Area Cities was approximately $181,456 and $171,300 respectively as of October 2016.

- Between 2010 and 2015, the number resales of single family homes in Winona averaged 306 transactions per year. Since 2010, resales were lowest in 2010 (225) and highest in 2015 (366).

- The median list price of single-family homes for sale in Winona was roughly $134,900 as of October 2016. Based on the median list price, a household would need an income of about $24,100 assuming a 10% down payment, 3.75% 30-year fixed rate mortgage. About 70% of Winona's non-senior households have annual incomes at or above $25,000.

- There are approximately 179 lots available for new construction, including 123 single-family and 56 single-level twinhome lots. The lot supply benchmark for growing communities is a three- to five-year lot supply. In 2015, there were 6 single-family homes permitted, but single-family construction is again on the rise. In addition, 14 twinhome units are currently under construction in 2016.

Rental Housing Market Analysis

- In total, Maxfield Research inventoried 1,300 general occupancy market rate rental units in the Market Area spread across 23 multifamily developments (16 units and larger). At the time of the survey, there were 13 vacant units resulting in an overall vacancy rate of 1.0%. Typically, a healthy rental market maintains a vacancy rate of roughly 5%, which promotes competitive rates, ensures adequate consumer choice, and allows for unit turnover.

- Market rate properties make-up 1,008 units and a total of 12 unit vacancies were found, resulting in a market rate rental project vacancy rate of 3.8%.

- Shallow subsidy properties make-up 88 units and posted no vacant units.

- Deep subsidy properties make-up 193 units and posted one vacant unit for a vacancy rate of 0.3%.

Senior Housing Market Analysis

- There are 16 senior housing developments including skilled nursing care located in the Winona Market Area. There is 773 units with 27 vacancies (3.4% vacancy rate) and 305 skilled nursing beds with a vacancy rate over 5.2%.

Special Needs Housing

- As of September 2016, Winona has nine facilities/programs that provide housing services for cognitive, physical limitation, homeless, or transitional housing. Availability is limited at the facilities, but most maintain a wait list and attempt to assist individuals if there is not availability at their facility.

Housing Demand Analysis

- Based on our calculations, demand exists in the Winona Market Area for the following general occupancy product types between 2016 and 2031:

  - Market rate rental 333 units
  - Shallow subsidy rental 134 units
  - Deep subsidy rental 142 units
  - For-sale single-family 261 units
  - For-sale multifamily 131 units
  - Transitional supportive 25 units

- In addition, we find demand for multiple senior housing product types. By 2031, demand in the Winona Market Area for senior housing is forecast for the following:

  - Active adult ownership 44 units
  - Active adult rental 96 units
  - Active adult deep subsidy 79 units
  - Active adult shallow subsidy 18 units
  - Congregate 118 units
  - Assisted Living 10 units
  - Memory care 82 units

Recommendations and Conclusions

- Based on the finding of our analysis and demand calculations, the following chart provides a summary of the recommended development concepts by product type for the City of Winona through 2026. Detailed findings are described in the *Recommendations* section of the report.

RECOMMENDED HOUSING DEVELOPMENT CITY OF WINONA 2016 TO 2026				
	Purchase Price/ Monthly Rent Range[1]	No. of Units	Pct. of Total	Development Timing
Owner-Occupied Homes				
Single Family [2]				
Entry-level	<$220,000	50 - 80	46%	2017+
Move-up	$220,000 - $280,000	50 - 75	45%	2018+
Executive	$280,000+	10 - 15	9%	2017+
Total		**110 - 170**	**100%**	
Townhomes/Detached Townhomes/Twinhomes [2]				
Entry-level	<$180,000	20 - 25	33%	2018+
Move-up	$200,000+	40 - 50	67%	2017+
Total		**60 - 75**	**100%**	
Total Owner-Occupied		**170 - 245**		
General Occupancy Rental Housing				
Market Rate Rental Housing				
Apartment-style	$850-1BR, $1,050 2BR	60 - 80	64%	2017+
Townhomes	$1,150 2BR, $1,300-3BR	30 - 50	36%	2017+
Total		**90 - 130**	**100%**	
Shallow-Subsidy Rental Housing				
Apartment-style	Moderate Income[3]	40 - 50	56%	2017+
Townhomes	Moderate Income[3]	30 - 40	44%	2016+
Total		**70 - 90**	**100%**	
Special Needs/Transitional Housing				
Apartment-style	Income-based	**25 - 25**	**100%**	2017+
Total Renter-Occupied		**185 - 245**		
Senior Housing (i.e. Age Restricted)				
Active Adult Shallow-Subsidy Rental	Moderate Income[3]	25 - 30	18%	2018+
Active Adult Market Rate Rental[4]	$900/1BR - $1,200/2BR+	50 - 60	36%	2018+
Independent Living (Congregate)	$1,750/1BR - $1,950/2BR	60 - 80	45%	2017+
Assisted Living	$2,750/EFF - $4,000/2BR	0 - 0	0%	2025+
Memory Care	$3,500/EFF-$4,500/1BR	26 - 28	18%	2018+
Total		**144 - 164**	**100%**	
Total - All Units		**499 - 654**		

[1] Pricing in 2016 dollars. Pricing can be adjusted to account for inflation.

[2] Recommendations include the absorption of some existing previously platted lots.

[3] Affordablity subject to income guidelines per MHFA. See Table for Winona County Income limits.

[4] Alternative development concept is to combine active adult shallow-subsidy and market rate active adult into a mixed-income community

Note - Recommended development does not coincide with total demand. Winona may not be able to accommodate all recommended housing types based on a variety of factors (i.e. development constraints, land availability, etc.)

Source: Maxfield Research & Consulting, LLC

Introduction

This section of the report examines factors related to the current and future demand for owner- and renter-occupied housing units in Winona, Minnesota. It includes an analysis of population and household growth trends and projections, projected age distribution, household income, net worth, household types, household tenure, diversity, individuals with cognitive or physical limitations, and peer city comparison. A review of these characteristics provides insight into the demand for various types of housing in the Winona Market Area.

Market Area Definition

The primary draw area (Market Area) for housing in Winona was defined based on traffic patterns, community boundaries, and our general knowledge of the draw areas for housing.

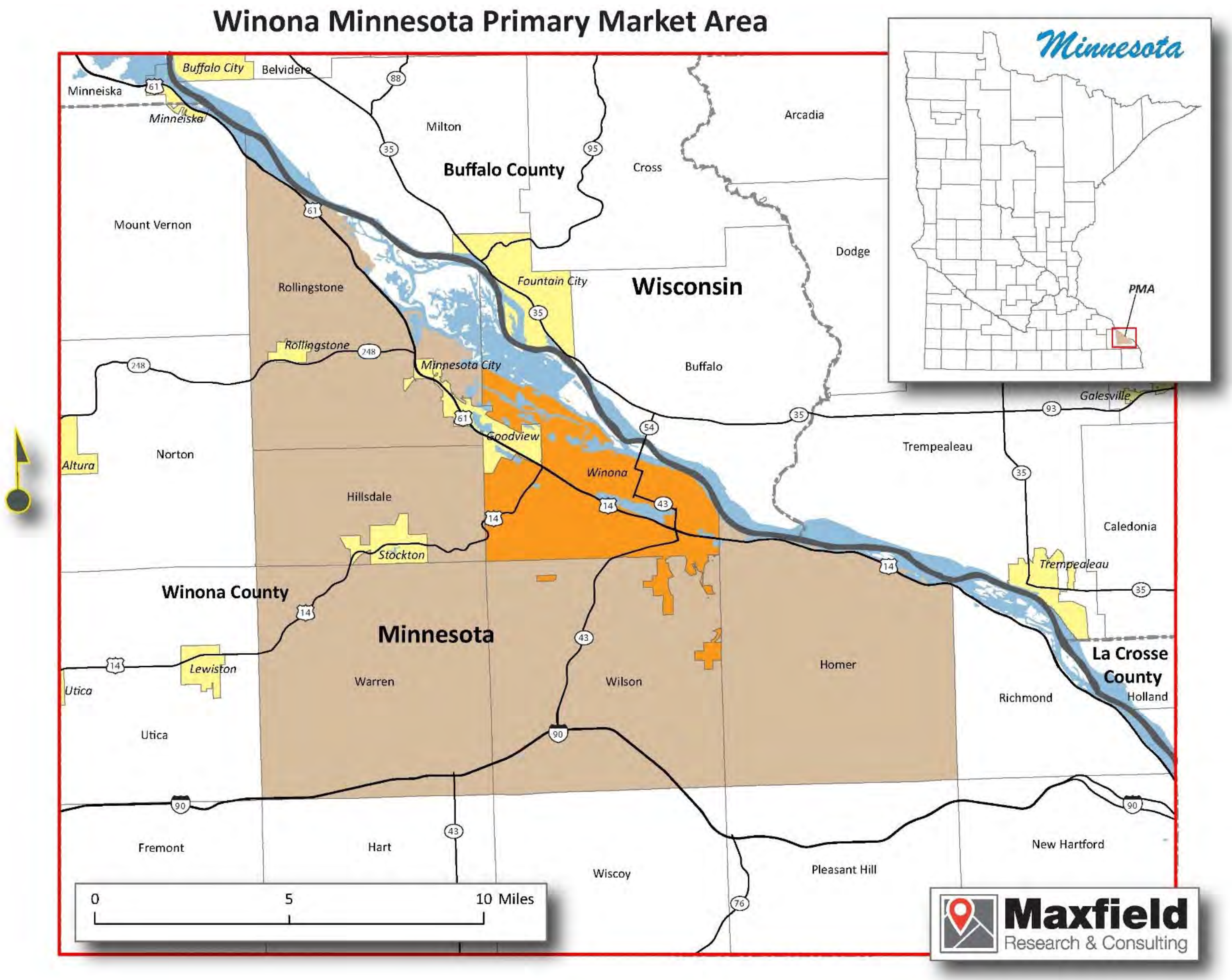
The Market Area geography includes the Cities of Winona, Goodview, Minnesota City, Stockton, Rollingstone and five surrounding townships (Hillsdale, Rollingstone, Homer, Wilson, and Warren). The communities in the Market Area serve as an immediate draw for Winona and are all within Winona County. A portion of demand will also be drawn from outside the Winona Market Area.

MARKET AREA DEFINITION

Market Area Boundary

Cities	**Township**
Winona	Hillsdale Twp
Goodview	Rollingstone Twp
Minnesota City	Homer Twp
Stockton	Wilson Twp
Rollingstone	Warren Twp

Source: Maxfield Research and Consulting LLC


Winona Minnesota Primary Market Area
Minnesota
PMA
Buffalo City
Belvidere
Minneiska
Minneiska
Milton
Buffalo County
Cross
Arcadia
Mount Vernon
Dodge
Rollingstone
Fountain City
Wisconsin
Rollingstone
Minnesota City
Buffalo
Galesville
Goodview
Norton
Altura
Trempealeau
Winona
Hillsdale
Caledonia
Stockton
Trempealeau
Winona County
Minnesota
La Crosse County
Holland
Lewiston
Homer
Warren
Wilson
Utica
Richmond
Utica
Fremont
Hart
New Hartford
Wiscoy
Pleasant Hill
0
5
10 Miles
Maxfield
Research & Consulting

Population and Household Growth Trends and Projections from 2000 to 2031

Table D-1 presents population and household growth trends and projections from 2000 to 2031. The 2000 to 2010 data is from the U.S. Census. Estimate and projection data is calculated from the Minnesota State Demographer; ESRI (a national demographics service provider); with adjustments calculated by Maxfield Research and Consulting LLC. The adjustments are intended to reflect growth that will likely be realized after considering the impact of the current housing market, employment, and review of building permit trends.

Population

- Winona's population grew by over 500 people (+1.9%) and the Remainder of the Market Area grew by 126 people (+1.2%) between 2000 and 2010. The Winona PMA has seen an increase during this past decade (+1.7% overall), while Winona County had an increase of 1,476 people (+3%).

- In 2010, the Market Area included roughly 74% of the total population in Winona County. Winona accounts for approximately 72% of the Market Area's population.

- Maxfield Research projects that Winona will have an increase in its population by 2,150 people (+7.8%) between 2016 and 2031. Building structure remodeling from student housing to general occupancy housing, housing developments and increasing employment opportunities will assist in increasing Winona's population.

- We project the Remainder of the PMA to increase by 1,288 people (+12.4%) with an overall increase of 3,434 people (+9.0%) in the Market Area between 2016 and 2031.

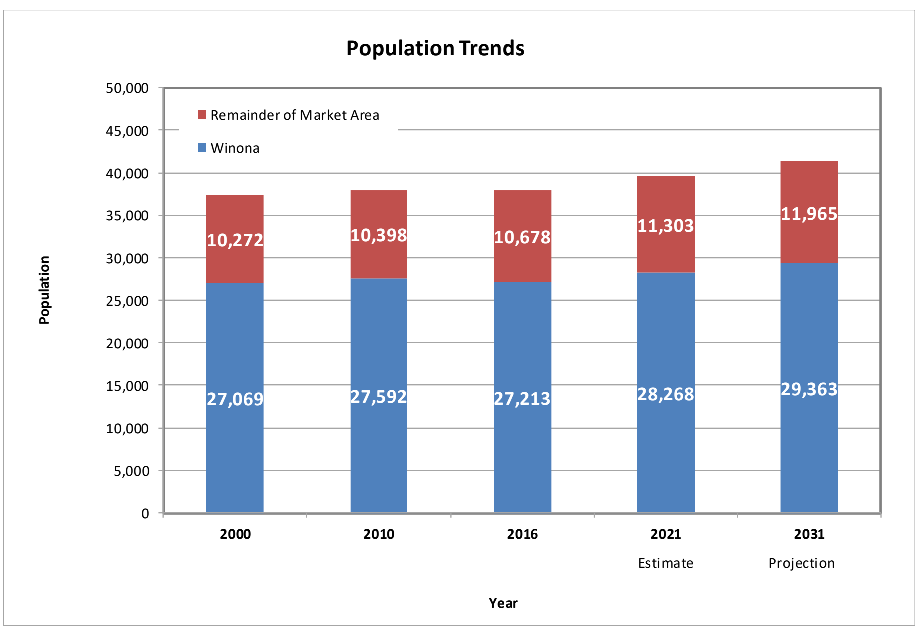


TABLE D-1
POPULATION AND HOUSEHOLD GROWTH TRENDS AND PROJECTIONS
PRIMARY MARKET AREA
2000 to 2031

	U.S. Census		Estimate	Forcast	Forecast	Change			
						2000 to 2010		2016 to 2031	
	2000	2010	2016	2021	2031	No.	Pct.	No.	Pct.
POPULATION									
City of Winona	27,069	27,592	27,213	28,268	29,363	523	1.9	2,150	7.8
Remainder of the PMA	10,272	10,398	10,678	11,303	11,965	126	1.2	1,288	12.4
Primary Market Area	**37,341**	**37,990**	**37,891**	**39,571**	**41,325**	**649**	**1.7**	**3,434**	**9.0**
Winona County	*49,985*	*51,461*	*50,875*	*53,441*	*56,136*	*1,476*	*3.0*	*5,261*	*10.2*
HOUSEHOLDS									
City of Winona	10,301	10,449	10,461	10,681	10,905	148	1.4	444	4.2
Remainder of the PMA	3,920	4,096	4,285	4,583	4,902	176	4.5	617	15.1
Primary Market Area	**14,221**	**14,545**	**14,746**	**15,149**	**15,563**	**324**	**2.3**	**817**	**5.6**
Winona County	*18,744*	*19,554*	*20,350*	*20,291*	*21,117*	*810*	*4.3*	*767*	*3.9*
Persons per Household									
City of Winona	*2.27*	*2.24*	*2.19*	*2.20*	*2.17*				
Remainder of the Market A	*2.62*	*2.51*	*2.47*	*2.44*	*2.42*				
Market Area	*2.37*	*2.31*	*2.27*	*2.28*	*2.26*				
Winona County	*2.46*	*2.40*	*2.40*	*2.38*	*2.36*				

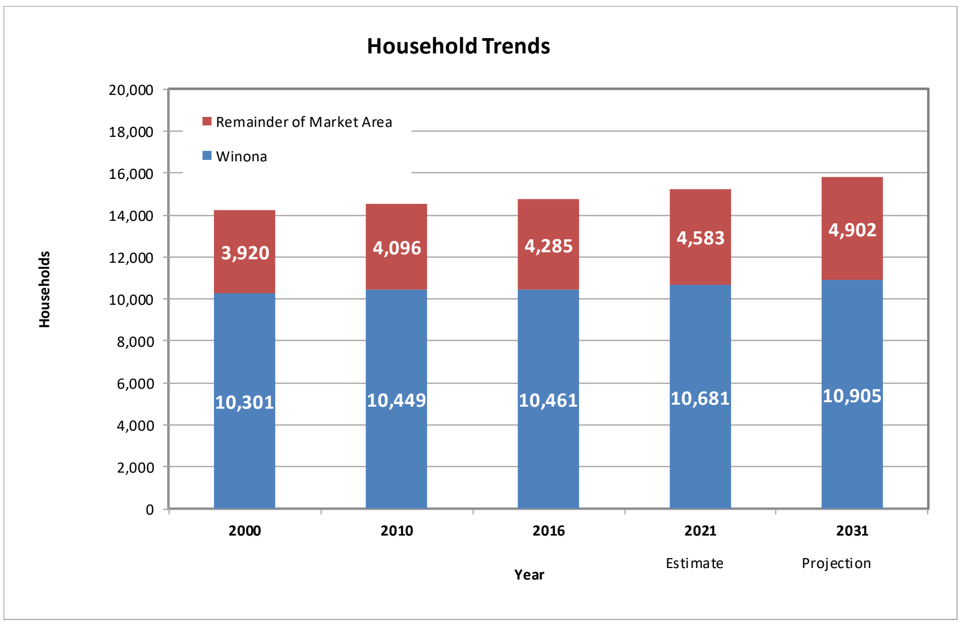
Sources: U.S. Census Bureau; ESRI; State Demographic Center; Maxfield Research and Consulting LLC

Households

- Household growth trends are typically a more accurate indicator of housing needs than population growth since a household is, by definition, an occupied housing unit. However, additional demand can come from changing demographics of the population base, which results in demand for different housing products.

- Winona gained 148 households during the 2000s (an increase of +1.4%), increasing its household base to 10,449 households as of 2010. The Remainder of the Market Area gained 176 households during the decade (+4.5%), increasing to 4,096 households. Overall the PMA grew by 324 households (+2.3%) for a total of 14,545 households as of 2010.

- Maxfield Research projects household growth in Winona to increase by 444 households (+4.2%) and for the remainder of the PMA to increase by 617 households (+15.1%) between 2016 and 2031. Overall, we project the PMA to increase by 817 households (+5.6%) by 2031.



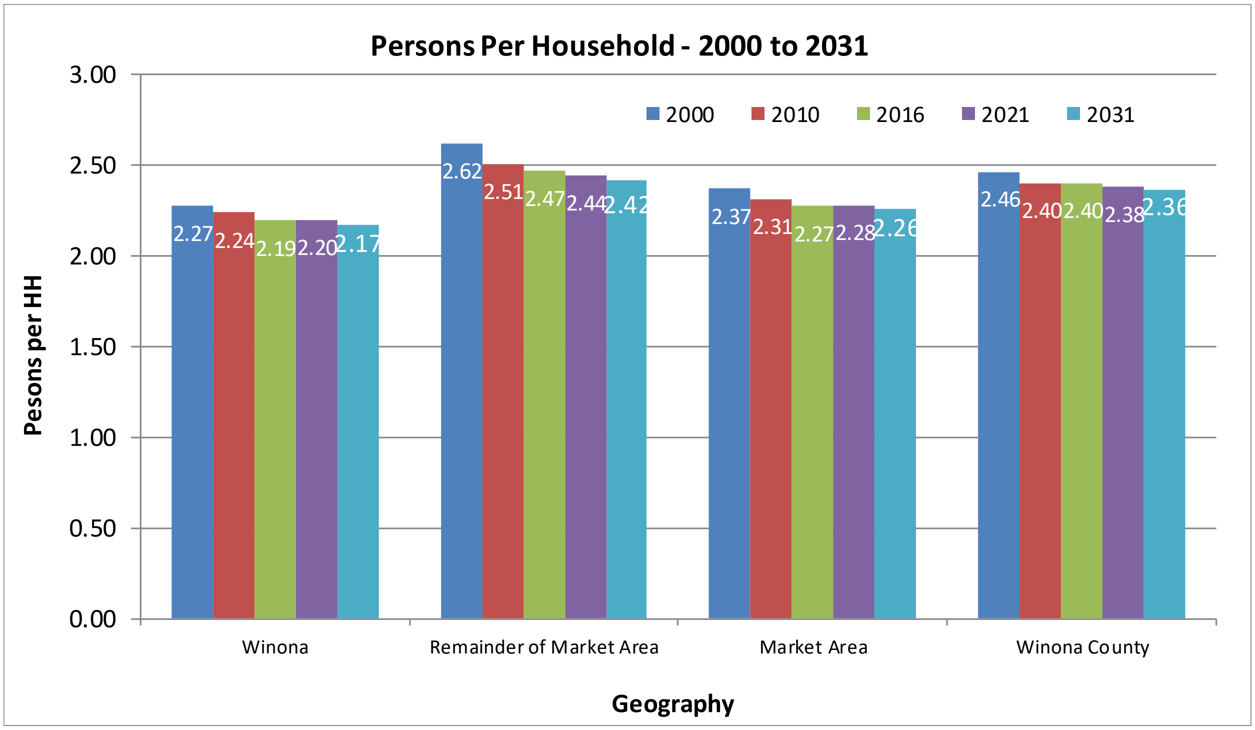
Household Sizes

- Household sizes in many communities throughout the Midwest and U.S. are projected to slowly decline over the next decade. This can be seen happening in Winona and the Market Area since 2000. This is the result of fewer persons in each household, caused by demographic and social trends such as increasing divorce rates, an increasing senior base, and couples' decisions to have fewer children or no children at all.

- We believe that household sizes will remain stable in the PMA through the next decade.

- In 2010, the average household size was 2.24 in Winona and 2.51 in the Remainder of the Market Area with an overall average household size of 2.31 in the Market Area. This data excludes population that is in group quarters. Larger households are characteristically found in rural areas. Typically, townships are more rural than cities and it is also common to see higher household sizes in adjacent townships.

- We project that Winona will have an average household size of 2.17 and the Remainder of the Market Area to be at 2.42 with an overall average household size of 2.26 in the Market Area by 2031.



Age Distribution Trends

Age distribution affects demand for different types of housing since needs and desires change at different stages of the life cycle. Table D-2 shows the distribution of persons within nine age cohorts for Winona and the Market Area in 2000 and 2010 with estimates for 2016 and projections for 2021 and 2031. The 2000 and 2010 age distributions are from the U.S. Census Bureau and the 2016 and 2021 figures are estimates based on 2016 ESRI data. Maxfield Research and Consulting LLC derived the 2031 projections by adjustments made to data obtained from ESRI. The following are key points from the table.

- In Winona between 2000 and 2010, growth occurred in under 18, 25 to 34, and 55 to 74 age cohorts. The majority of the over age 18 growth occurred in ages 55 to 64. From 2016 to 2031, growth is expected in all ages except 18 to 24 and 45 to 54 year olds.

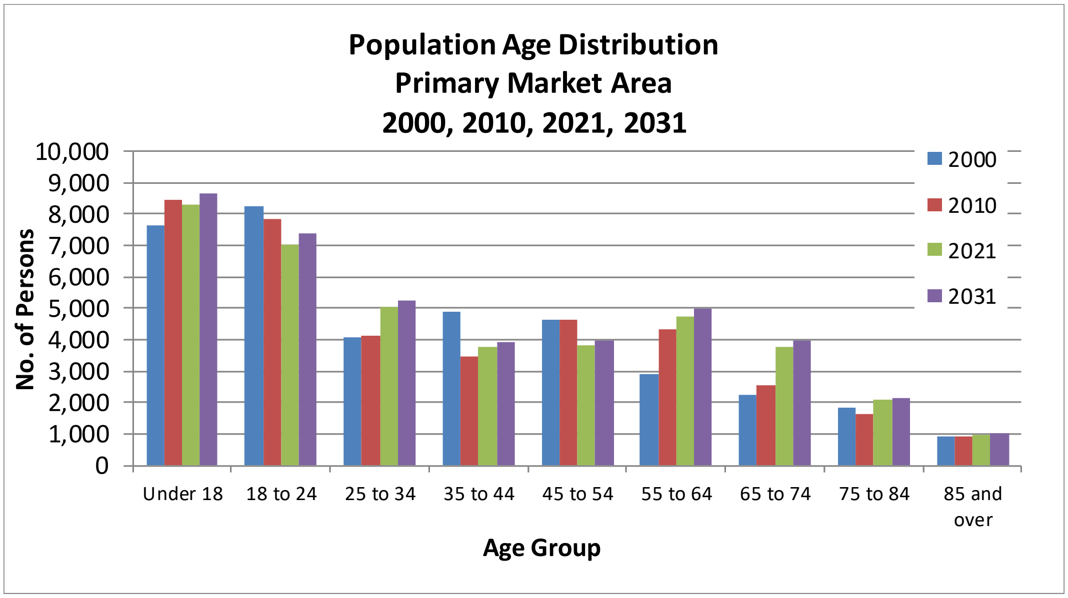
- The Winona population of 18 to 34 year olds, which consists primarily of renters and first-time homebuyers, declined (-3.2%) between 2000 and 2010, but is expected to increase by 445 people (+4.5%) between 2016 and 2031.

- The age 45 to 54 age group is decreasing because of demographic shifts in Minnesota and the nation as a whole. The people moving into this age group are known as the “baby bust” generation, a period of very low births between 1965 and 1974. Winona is not unique in the smaller size of this age cohort.

TABLE D-2
POPULATION AGE DISTRIBUTION
PRIMARY MARKET AREA
2000 to 2031

	Census		Estimate	Projection	Projection	Change			
	2000	2010	2016	2021	2031	2000-2010		2016-2031	
Age	No.	No.	No.	No.	No.	No.	Pct.	No.	Pct.
Winona									
Under 18	4,883	6,070	5,760	5,935	6,165	1,187	24.3	405	7.0
18 to 24	7,454	7,067	6,422	6,223	6,464	-388	-5.2	42	0.7
25 to 34	2,850	2,909	3,357	3,619	3,760	59	2.1	403	12.0
35 to 44	3,170	2,211	2,220	2,476	2,572	-959	-30.3	353	15.9
45 to 54	2,973	2,896	2,590	2,472	2,568	-77	-2.6	-22	-0.8
55 to 64	1,892	2,759	2,898	2,951	3,066	867	45.8	168	5.8
65 to 74	1,575	1,673	1,992	2,376	2,468	98	6.2	476	23.9
75 to 84	1,452	1,237	1,192	1,408	1,463	-215	-14.8	271	22.7
85 and over	820	771	782	806	837	-49	-6.0	56	7.1
Subtotal	***27,069***	***27,592***	***27,213***	***28,268***	***29,363***	***523***	***1.9***	***2,150***	***7.9***
PMA Remainder									
Under 18	2,749	2,396	2,255	2,365	2,503	-354	-12.9	249	11.0
18 to 24	818	791	890	825	896	-28	-3.4	6	0.7
25 to 34	1,242	1,215	1,325	1,413	1,496	-27	-2.2	171	12.9
35 to 44	1,726	1,241	1,139	1,279	1,350	-485	-28.1	211	18.5
45 to 54	1,644	1,762	1,481	1,349	1,423	118	7.2	-58	-3.9
55 to 64	1,004	1,578	1,768	1,805	1,902	574	57.2	133	7.5
65 to 74	642	880	1,150	1,414	1,490	238	37.1	340	29.5
75 to 84	371	410	507	665	702	39	10.5	195	38.5
85 and over	76	126	164	188	201	50	65.8	37	22.6
Subtotal	**10,272**	**10,398**	**10,678**	**11,303**	**11,962**	***126***	***1.2***	***1,284***	***12.0***
Market Area Total									
Under 18	7,632	8,465	8,015	8,300	8,668	833	10.9	653	8.1
18 to 24	8,272	7,857	7,312	7,048	7,360	-415	-5.0	49	0.7
25 to 34	4,092	4,124	4,682	5,032	5,255	32	0.8	574	12.3
35 to 44	4,896	3,452	3,358	3,755	3,922	-1,444	-29.5	564	16.8
45 to 54	4,617	4,658	4,071	3,821	3,991	41	0.9	-80	-2.0
55 to 64	2,896	4,337	4,666	4,756	4,967	1,441	49.8	301	6.4
65 to 74	2,217	2,553	3,143	3,790	3,958	336	15.2	816	26.0
75 to 84	1,823	1,647	1,699	2,073	2,165	-176	-9.7	466	27.4
85 and over	896	897	946	994	1,038	1	0.1	93	9.8
Total	**37,341**	**37,990**	**37,891**	**39,571**	**41,325**	**649**	**1.7**	**3,434**	**9.1**

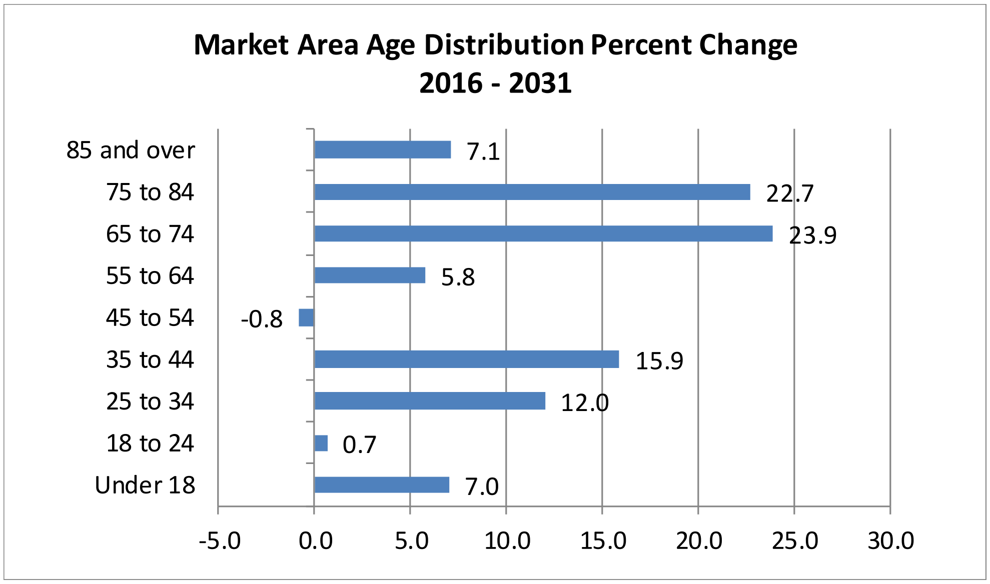
Sources: U.S. Census Bureau; ESRI; Maxfield Research and Consulting LLC



- Mirroring trends observed across the Nation, the aging baby boom generation is substantially impacting the composition of the Market Area's population. Born between 1946 and 1964, these individuals comprised the age groups 45 to 54 and 55 to 64 in 2010. As of 2010, baby boomers accounted for an estimated 24% of the Market Area's population.

- The 65 to 84 age cohorts are projected to have the greatest growth (percentage and numerically) increasing by 535 people (+32.3%) in the Market Area between 2016 and 2031. The growth in this age cohort can be primarily attributed to the baby boom generation aging into their senior years.

- The social changes that occurred with the aging of the baby boom generation, such as higher divorce rates, higher levels of education, and lower birth rates has led to a greater variety of lifestyles than existed in the past – not only among baby boomers, but also among their parents and children. The increased variety of lifestyles has fueled demand for alternative housing products to single-family homes. Seniors, in particular, and middle-aged persons tend to do more traveling and participate in more activities than previous generations, and they increasingly prefer maintenance-free housing that enables them to spend more time on activities outside the home.



Household Income by Age of Householder

The estimated distribution of household incomes in Winona and the Market Area for 2016 and 2021 are shown in Tables D-3 and D-4. The data was estimated by Maxfield Research based on income trends provided by ESRI. The data helps ascertain the demand for different housing products based on the size of the market at specific cost levels.

The Department of Housing and Urban Development defines affordable housing costs as 30% of a household's adjusted gross income. For example, a household in the PMA with the median income of $46,159 per year would be able to afford a monthly housing cost of about $1,154. Maxfield Research uses a figure of 25% to 30% for younger households and 40% or more for seniors, since seniors generally have lower living expenses and can often sell their homes and use the proceeds toward rent payments.

A generally accepted standard for affordable owner-occupied housing is that a typical household can afford to pay 3.0 to 3.5 times their annual income on a single-family home. Thus, a $46,159 income would translate to an affordable single-family home of $138,477 to $161,557. The higher end of this range assumes that the person has adequate funds for down payment and closing costs, but does not include savings or equity in an existing home which would allow them to purchase a higher priced home.

- Winona has an estimated median household income of $41,023 in 2016 and is expected to increase over the next five years to $45,618 in 2021 (+11.2%). The PMA has an estimated median household income of $46,159 in 2016. It is projected to increase over the next five years to $52,046 in 2021 (+12.8%).

TABLE D-3
HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER
WINONA
(Number of Households)
2016 and 2021

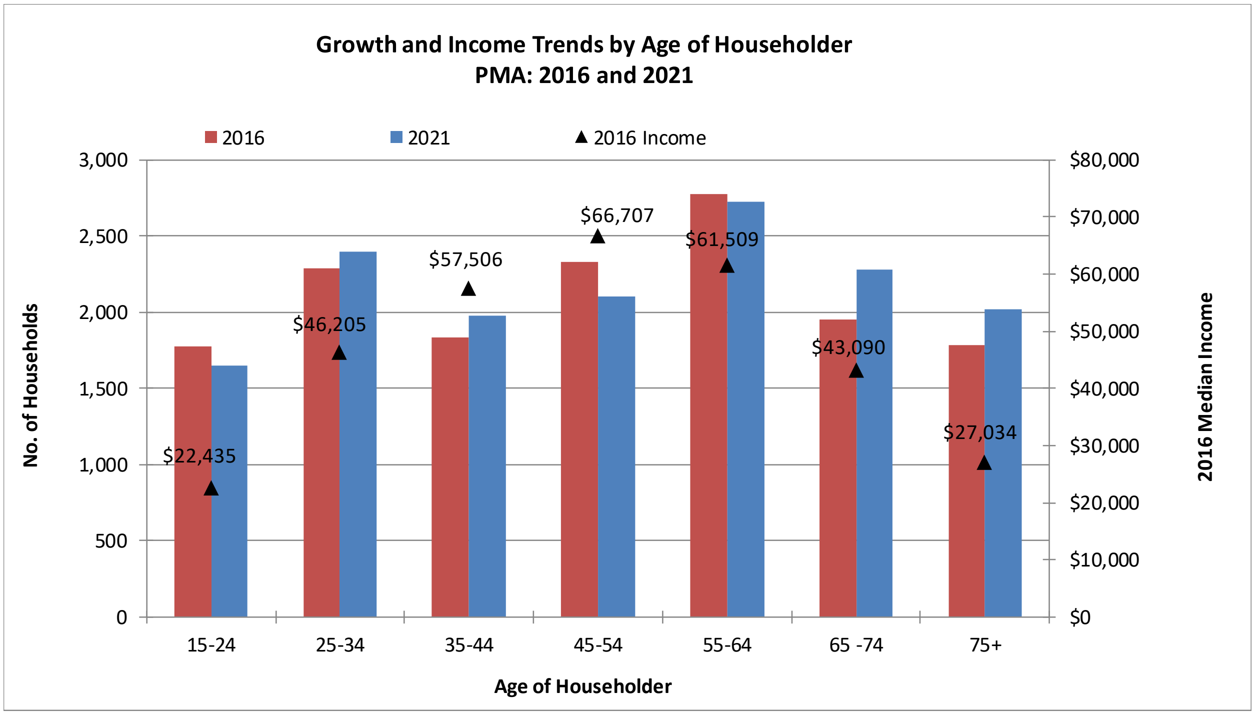
		Age of Householder						
	Total	**Under 25**	**25-34**	**35-44**	**45-54**	**55-64**	**65 -74**	**75+**
				2016				
Less than $15,000	1,870	584	258	143	157	258	158	313
$15,000 to $24,999	1,490	303	226	130	125	169	188	349
$25,000 to $34,999	1,220	195	213	127	132	140	185	228
$35,000 to $49,999	1,360	189	239	166	155	194	225	192
$50,000 to $74,999	1,906	190	377	253	330	370	240	146
$75,000 to $99,999	1,204	74	189	206	261	290	124	59
$100,000 to $149,999	930	57	135	148	235	220	105	31
$150,000 to $199,999	277	5	34	49	64	92	27	6
$200,000+	204	4	17	29	66	67	18	3
Total	**10,461**	**1,602**	**1,687**	**1,249**	**1,525**	**1,800**	**1,270**	**1,328**
Median Income	*$41,023*	*$21,208*	*$43,056*	*$54,162*	*$62,148*	*$57,094*	*$40,597*	*$25,045*
				2021				
Less than $15,000	1,864	551	266	143	140	234	190	340
$15,000 to $24,999	1,436	262	216	132	99	152	201	374
$25,000 to $34,999	1,250	194	214	133	113	131	213	252
$35,000 to $49,999	1,041	142	187	121	102	139	191	159
$50,000 to $74,999	2,097	190	421	298	316	379	305	188
$75,000 to $99,999	1,290	74	220	235	245	285	157	74
$100,000 to $149,999	1,126	64	173	189	244	258	148	50
$150,000 to $199,999	372	6	51	65	79	120	41	10
$200,000+	207	4	18	29	65	66	21	4
Total	**10,681**	**1,487**	**1,766**	**1,345**	**1,403**	**1,764**	**1,467**	**1,451**
Median Income	*$45,618*	*$21,461*	*$50,000*	*$59,418*	*$67,667*	*$62,363*	*$44,131*	*$25,318*
				Change - 2016 to 2021				
Less than $15,000	-6	-33	8	0	-17	-24	32	27
$15,000 to $24,999	-54	-41	-10	2	-26	-17	13	25
$25,000 to $34,999	29	-1	1	6	-19	-9	28	24
$35,000 to $49,999	-319	-47	-52	-45	-53	-55	-34	-33
$50,000 to $74,999	191	-0	44	45	-14	9	65	42
$75,000 to $99,999	86	-0	31	29	-16	-5	33	14
$100,000 to $149,999	196	7	38	41	9	38	43	19
$150,000 to $199,999	95	1	17	16	15	28	14	4
$200,000+	3	0	1	0	-1	-1	3	1
Total	**220**	**-115**	**78**	**95**	**-122**	**-36**	**197**	**123**
Median Income	*$4,595*	*$253*	*$6,944*	*$5,256*	*$5,519*	*$5,269*	*$3,534*	*$273*

Sources: ESRI; Maxfield Research and Consulting LLC

TABLE D-4
HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER
PMA
(Number of Households)
2016 and 2021

		Age of Householder						
	Total	**Under 25**	**25-34**	**35-44**	**45-54**	**55-64**	**65 -74**	**75+**
				2016				
Less than $15,000	2,144	612	300	168	182	310	205	366
$15,000 to $24,999	1,873	339	283	165	162	226	261	438
$25,000 to $34,999	1,685	221	279	178	194	206	277	330
$35,000 to $49,999	2,094	225	354	257	252	320	371	315
$50,000 to $74,999	2,788	217	516	380	498	581	396	201
$75,000 to $99,999	1,869	85	282	312	422	494	196	77
$100,000 to $149,999	1,528	67	206	253	402	378	174	49
$150,000 to $199,999	444	6	47	80	108	155	43	6
$200,000+	321	4	26	43	107	109	29	4
Total	**14,746**	**1,777**	**2,291**	**1,835**	**2,327**	**2,779**	**1,950**	**1,787**
Median Income	*$46,159*	*$22,435*	*$46,205*	*$57,506*	*$66,707*	*$61,509*	*$43,090*	*$27,034*
				2021				
Less than $15,000	2,134	578	306	168	156	274	245	406
$15,000 to $24,999	1,817	296	270	164	124	199	278	485
$25,000 to $34,999	1,714	217	273	182	157	187	316	381
$35,000 to $49,999	1,537	165	261	176	150	214	304	266
$50,000 to $74,999	3,074	220	579	438	458	590	513	274
$75,000 to $99,999	2,058	89	344	363	395	500	264	102
$100,000 to $149,999	1,881	77	268	331	418	450	255	81
$150,000 to $199,999	600	7	67	107	133	203	69	14
$200,000+	332	4	27	44	107	109	36	5
Total	**15,149**	**1,654**	**2,397**	**1,974**	**2,099**	**2,728**	**2,282**	**2,015**
Median Income	*$52,046*	*$22,760*	*$52,445*	*$64,532*	*$75,175*	*$69,138*	*$49,802*	*$27,314*
				Change - 2016 to 2021				
Less than $15,000	-9	-33	6	1	-26	-36	40	40
$15,000 to $24,999	-56	-43	-12	-0	-38	-27	17	47
$25,000 to $34,999	29	-4	-5	4	-37	-19	40	51
$35,000 to $49,999	-557	-60	-93	-81	-102	-106	-67	-49
$50,000 to $74,999	286	3	64	59	-39	9	118	73
$75,000 to $99,999	189	4	63	51	-27	7	68	25
$100,000 to $149,999	353	10	62	78	17	73	82	32
$150,000 to $199,999	156	1	20	27	25	48	26	8
$200,000+	11	0	1	1	-0	0	7	1
Total	**403**	**-123**	**105**	**139**	**-228**	**-51**	**331**	**229**
Median Income	*$5,887*	*$325*	*$6,240*	*$7,026*	*$8,468*	*$7,629*	*$6,712*	*$280*

Sources: ESRI; Maxfield Research and Consulting LLC



Non-Senior Households

- In 2016, 14.3% of non-senior (under age 65) households in the Market Area had incomes under $15,000 (1,572 households). All of these households would be eligible for deep-subsidy rental housing. Another 10.7% of the Market Area's non-senior households had incomes between $15,000 and $25,000 (1,174 households). Many of these households would qualify for deep-subsidy housing, but many could also afford shallow-subsidy or older market rate rentals. If housing costs absorb 30% of income, households with incomes of $15,000 to $25,000 could afford to pay $375 to $625 per month.

- In most geographic areas, household median incomes peak in the 45 to 54 age group and that group is usually considered to be in their peak earning years. In 2016, the median household income in the Market Area was highest in the 45 to 54 age group at $66,707. The 35 to 44 age group has a median income of $57,506 in 2016. By 2021, the median income for the 35 to 44 and the 45 to 54 age groups are projected to increase to $64,532 (12.2%) and $75,175 (12.7%) respectively. The 55 to 64 age group is projected to increase to $69,138 (12.4%) by 2021.

- The median estimated home value in Winona was roughly $136,935 in 2015. The income required to afford a home at this price would be about $39,124 to $45,645 based on the standard of 3.0 to 3.5 times the median income (and assuming these households do not have a high level of debt). About 62% of non-senior households in the PMA have incomes of $39,124 or more in 2016.

- Incomes are expected to increase by 12.8% between 2016 and 2021 in the Market Area. This equates to an increase of 2.6% annually.

Senior Households

- The oldest householders have lower incomes in 2016. In the Market Area, 10.5% of households ages 65 to 74 had incomes below $15,000, compared to 20.5% of households ages 75 and over. Many of these low-income older senior households rely solely on social security benefits. Typically, younger seniors have higher incomes due to the fact they are still able to work or are married couples with two pensions or higher social security benefits. The 2016 median income for Market Area householders age 65 to 74 and 75+ are $43,090 and $27,034, respectively.

- Generally, senior households with incomes greater than $25,000 will be able to afford market rate senior housing in the PMA. Based on a 40% allocation of income for housing, this translates to monthly rents of at least $833. About 2,484 senior households in the Winona Market Area (66% of senior households) have incomes above $25,000 in 2016.

- The median income for seniors age 65+ in the Market Area is $35,062 in 2016. It is projected to increase by $6,992 (19.9%) to $42,054 by 2021.

Net Worth

Table D-5 shows household net worth in the Winona Market Area in 2016. Simply stated, net worth is the difference between assets and liabilities, or the total value of assets after the debt is subtracted. The data was compiled and estimated by ESRI based on the Survey of Consumer Finances and Federal Reserve Board data.

According to data released by the National Association of Realtors in 2014, the average American homeowner has a net worth about 31 to 46 times greater than that of a renter and that in 2016 the average American homeowner net worth is estimated at 45 times greater than that of a renter. Research was based on the 2013 Federal Reserve survey that showed the average net worth of a homeowner was $194,500, whereas the average net worth of a renter was $5,400.

- The Winona Market Area had an average net worth of $411,001 in 2016 and a median net worth of $75,975. Median net worth is generally a more accurate depiction of wealth than the average figure. A few households with very large net worth can significantly skew the average. Communities with high levels of agricultural production, land assets, and large rural homesteads tend to also increase the average and median net worth in those areas.

- Similar to household income, net worth increases as households age and decreases after they pass their peak earning years and move into retirement. Median and average net worth usually peak in the 65 to 74 age cohort with median net worth in the Market Area at $247,259. The average net worth of the 55 to 64 age cohort in the Market Area is $751,414 and a median net worth of $212,805. Senior households usually have higher net worth due to their saving investments, and other retirement funds. Also, senior households that continue to have higher average net worth could be an indication of agricultural production equipment and land assets being primarily retained by households in senior age cohorts as long as these are not highly leveraged.

- Households often delay purchasing homes and instead choose to rent until they acquire sufficient assets to cover the costs of a down payment and closing costs associated with home ownership. Lending has recently become slightly easier for obtaining mortgages making mortgages with little or no down payments easier to obtain in today's mortgage lending environment than it has been the past year.

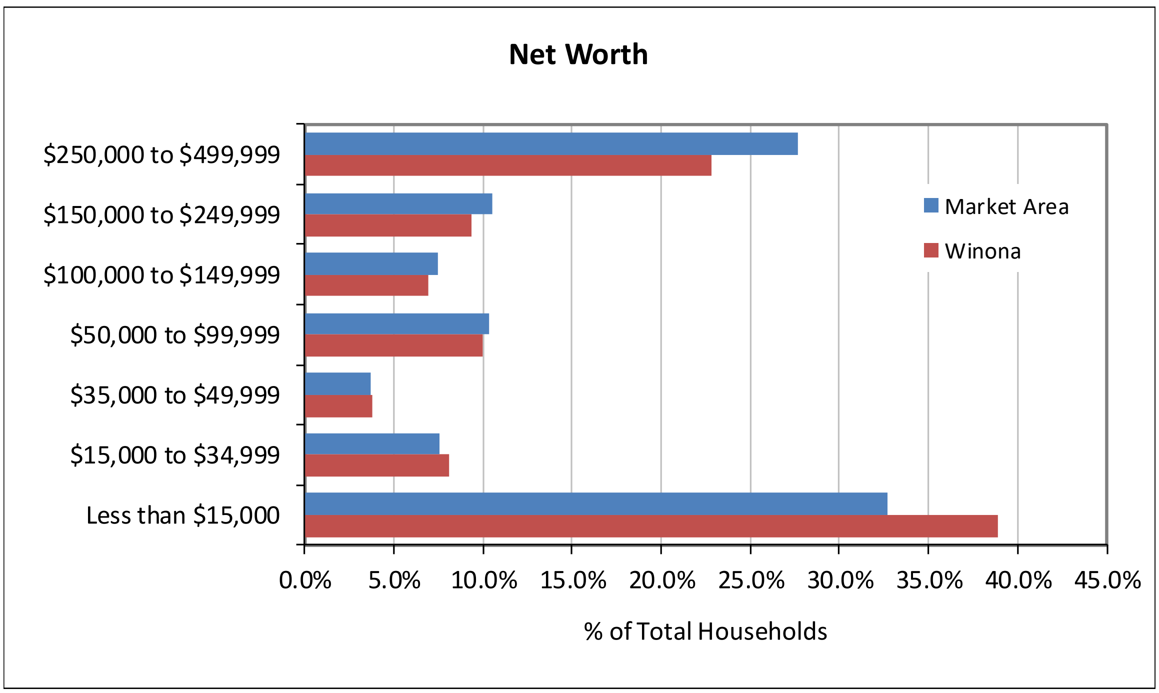


TABLE D-5 NET WORTH BY AGE OF HOUSEHOLDER PRIMARY MARKET AREA 2016									
			Age of Householder						
	Total	% of Total	<25	25-34	35-44	45-54	55-64	65 -74	75+
CITY OF WINONA									
Less than $15,000	4,071	38.9%	1,393	948	461	416	412	176	264
$15,000 to $34,999	848	8.1%	150	255	112	108	98	29	97
$35,000 to $49,999	402	3.8%	20	84	102	70	63	39	24
$50,000 to $99,999	1,042	10.0%	26	202	198	194	163	119	140
$100,000 to $149,999	728	7.0%	5	92	95	97	145	152	143
$150,000 to $249,999	980	9.4%	7	56	133	161	189	188	247
$250,000 or more	2,389	22.8%	2	49	147	478	729	569	415
Total	**10,461**	**100%**	**1,603**	**1,686**	**1,248**	**1,524**	**1,800**	**1,272**	**1,329**
Median Net Worth	**$45,925**		**$8,626**	**$13,331**	**$41,529**	**$89,970**	**$157,038**	**$204,965**	**$148,841**
MARKET AREA									
Less than $15,000	4,819	32.7%	1,513	1,200	581	504	504	220	297
$15,000 to $34,999	1,112	7.5%	183	341	173	144	125	39	107
$35,000 to $49,999	548	3.7%	28	119	143	92	86	52	29
$50,000 to $99,999	1,526	10.3%	38	311	297	293	231	171	184
$100,000 to $149,999	1,101	7.5%	7	145	160	172	218	217	182
$150,000 to $249,999	1,556	10.6%	7	94	222	288	319	288	338
$250,000 or more	4,085	27.7%	2	78	256	830	1,297	975	647
Total	**14,746**	**100%**	**1,778**	**2,288**	**1,831**	**2,322**	**2,780**	**1,960**	**1,786**
Median Net Worth	**$75,975**		**$8,812**	**$14,306**	**$51,927**	**$134,544**	**$212,805**	**$247,259**	**$169,142**

Data Note: Net Worth is total household wealth minus debt, secured and unsecured. Net worth includes home equity, equity in pension plans, net equity in vehicles, IRAs and Keogh accounts, business equity, interest-earning assets and mutual fund shares, stocks, etc. Examples of secured debt include home mortgages and vehicle loans; examples of unsecured debt include credit card debt, certain bank loans, and other outstanding bills. Forecasts of net worth are based on the Survey of Consumer Finances, Federal Reserve Board. Detail may not sum to totals due to rounding.

Sources: ESRI; Maxfield Research and Consulting LLC

Tenure by Household Income

Table D-6 shows household tenure by income for Winona and the Market Area in 2014. Data is an estimate from the American Community Survey. Household tenure information is important to assess the propensity for owner-occupied or renter-occupied housing options based on household affordability. As stated earlier, the Department of Housing and Urban Development determines affordable housing as not exceeding 30% of the household's income. The higher the income, the lower percentage a household typically allocates to housing. Many lower income households, as well as many young and senior households spend more than 30% of their income, while middle-aged households in their prime earning years typically allocate 20% to 25% of their income.

TABLE D-6
TENURE BY HOUSEHOLD INCOME
PRIMARY MARKET AREA
2014

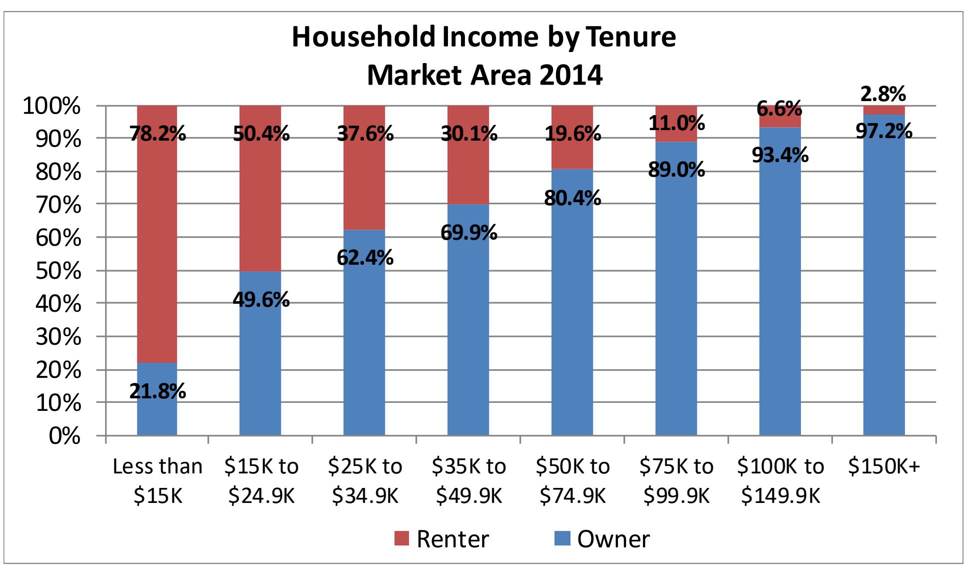
	CITY OF WINONA				PMA				WINONA COUNTY			
Income	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.
Less than $15,000	360	18.2%	1,623	81.8%	496	21.8%	1,784	78.2%	714	26.7%	1,962	73.3%
$15,000 to $24,999	653	47.0%	737	53.0%	866	49.6%	881	50.4%	1,108	49.0%	1,155	51.0%
$25,000 to $34,999	651	55.3%	527	44.7%	989	62.4%	596	37.6%	1,257	61.8%	777	38.2%
$35,000 to $49,999	1,038	66.2%	529	33.8%	1,531	69.9%	658	30.1%	2,040	72.3%	783	27.7%
$50,000 to $74,999	1,332	80.1%	330	19.9%	2,136	80.4%	520	19.6%	3,008	82.4%	644	17.6%
$75,000 to $99,999	857	90.6%	89	9.4%	1,420	89.0%	176	11.0%	2,203	91.6%	201	8.4%
$100,000 to $149,999	906	94%	53	5.5%	1,390	93.4%	98	6.6%	2,032	94.3%	123	5.7%
$150,000+	513	96.1%	21	3.9%	750	97.2%	22	2.8%	1,045	97.3%	29	2.7%
Total	**6,310**	**61.7%**	**3,909**	**38.3%**	**9,578**	**66.9%**	**4,735**	**33.1%**	**13,407**	**70.3%**	**5,674**	**29.7%**
Median Household Income	**$57,189**		**$18,850**		**$63,750**		**$26,250**		**$62,353**		**$22,500**	

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research and Consulting LLC

- Typically, as income increases, so does the rate of homeownership. This can be seen in the Market Area, where the homeownership rate increases from 21.8% of households with incomes below $15,000 to 94.7% of households with incomes above $100,000.

- In 2014, the median incomes of owners was $57,189 while the median incomes of renters was $18,850 in Winona. Higher homeownership rates and household incomes in the Remainder of the Market Area reflect the rural character of the adjacent townships.

- A portion of renter households that are referred to as lifestyle renters, or those who are financially-able to own but choose to rent, have household incomes of $50,000 or more (about 17% of the Market Area's renters in 2014). Households with incomes below $15,000 are typically a market for deep subsidy rental housing (about 38% of the Market Area's renters in 2014).



Tenure by Age of Householder

Table D-7 shows the number of owner and renter households in the Market Area by age group in 2000 and 2010. This data is useful in determining demand for certain types of housing since housing preferences change throughout an individual's life cycle. The following are key findings from Table D-7.

- In 2000, 67.4% of all households in the Market Area owned their housing. By 2010, that percentage declined to 65.5%. In most cases, the housing market downturn contributed to the decrease in the homeownership rate during the late 2000s as it became more difficult for households to secure mortgage loans, households delayed purchasing homes due to the uncertainty of the housing market, and foreclosures forced households out of their homes.

- The number of owner households in the PMA decreased by -1.9% while within the City of Winona owner households decreased by -2.2% between 2000 and 2010.

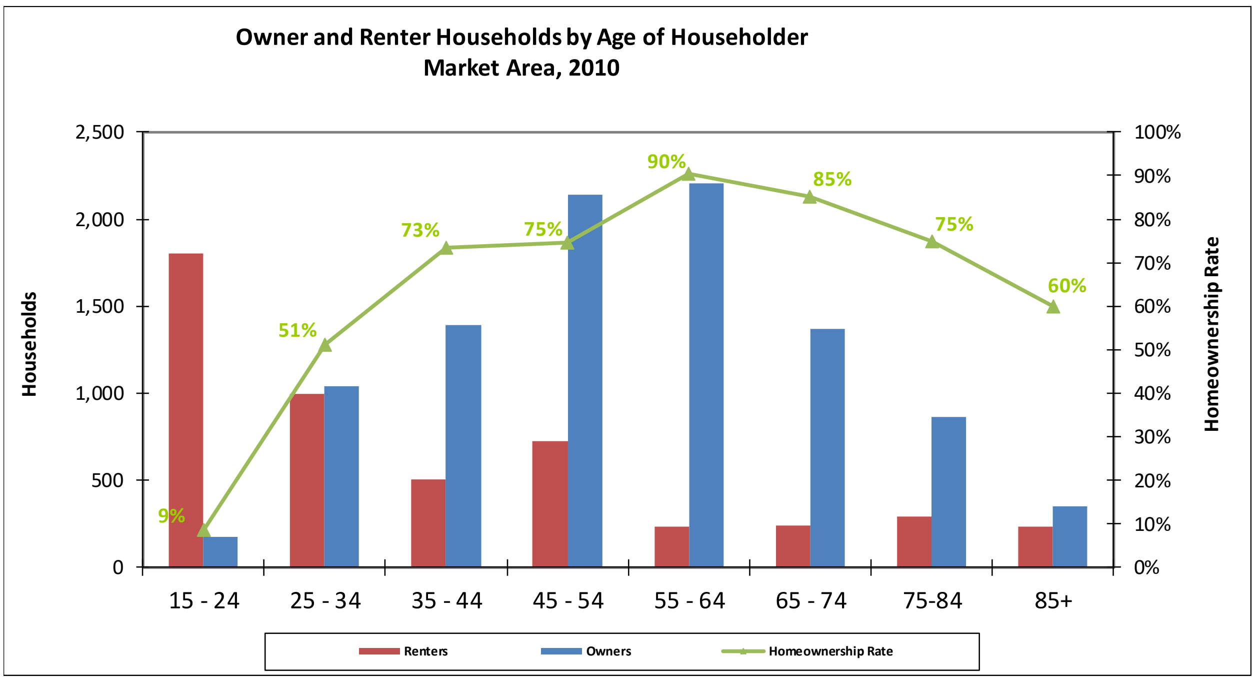


TABLE D-7
TENURE BY AGE OF HOUSEHOLDER
PRIMARY MARKET AREA
2000 and 2010

		CITY OF WINONA				REMAINDER OF MARKET AREA				MARKET AREA TOTAL			
		2000		2010		2000		2010		2000		2010	
Age		**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**
15-24	Own	163	9.5	117	6.4	71	40.1	55	34.8	234	12.3	172	8.7
	Rent	1,556	90.5	1,698	93.6	106	59.9	103	65.2	1,662	87.7	1,801	91.3
	Total	**1,719**	**100.0**	**1,815**	**100.0**	**177**	**100.0**	**158**	**100.0**	**1,896**	**100.0**	**1,973**	**100.0**
25-34	Own	725	48.2	706	47.1	412	68.9	337	62.5	1,137	54.1	1,043	51.2
	Rent	778	51.8	792	52.9	186	31.1	202	37.5	964	45.9	994	48.8
	Total	**1,503**	**100.0**	**1,498**	**100.0**	**598**	**100.0**	**539**	**100.0**	**2,101**	**100.0**	**2,037**	**100.0**
35-44	Own	1,241	70.3	882	70.1	806	85.6	511	80.0	2,047	75.6	1,393	73.4
	Rent	525	29.7	376	29.9	136	14.4	128	20.0	661	24.4	504	26.6
	Total	**1,766**	**100.0**	**1,258**	**100.0**	**942**	**100.0**	**639**	**100.0**	**2,708**	**100.0**	**1,897**	**100.0**
45-54	Own	1,421	79.3	1,287	67.7	825	91.4	850	88.4	2,246	83.3	2,137	74.6
	Rent	372	20.7	615	32.3	78	8.6	111	11.6	450	16.7	726	25.4
	Total	**1,793**	**100.0**	**1,902**	**100.0**	**903**	**100.0**	**961**	**100.0**	**2,696**	**100.0**	**2,863**	**100.0**
55-64	Own	943	83.2	1,379	89.2	560	95.6	830	92.7	1,503	87.4	2,209	90.5
	Rent	190	16.8	167	10.8	26	4.4	65	7.3	216	12.6	232	9.5
	Total	**1,133**	**100.0**	**1,546**	**100.0**	**586**	**100.0**	**895**	**100.0**	**1,719**	**100.0**	**2,441**	**100.0**
65-74	Own	820	79.5	882	81.8	364	92.9	485	92.2	1,184	83.1	1,367	85.2
	Rent	212	20.5	196	18.2	28	7.1	41	7.8	240	16.9	237	14.8
	Total	**1,032**	**100.0**	**1,078**	**100.0**	**392**	**100.0**	**526**	**100.0**	**1,424**	**100.0**	**1,604**	**100.0**
75-84	Own	716	75.0	617	70.8	232	88.2	245	87.8	948	77.8	862	74.9
	Rent	239	25.0	255	29.2	31	11.8	34	12.2	270	22.2	289	25.1
	Total	**955**	**100.0**	**872**	**100.0**	**263**	**100.0**	**279**	**100.0**	**1,218**	**100.0**	**1,151**	**100.0**
85+	Own	248	62.0	267	55.6	45	76.3	80	80.8	293	63.8	347	59.9
	Rent	152	38.0	213	44.4	14	23.7	19	19.2	166	36.2	232	40.1
	Total	**400**	**100.0**	**480**	**100.0**	**59**	**100.0**	**99**	**100.0**	**459**	**100.0**	**579**	**100.0**
TOTAL	Own	6,277	60.9	6,137	58.7	3,315	84.6	3,393	82.8	9,592	67.4	9,530	65.5
	Rent	4,024	39.1	4,312	41.3	605	15.4	703	17.2	4,629	32.6	5,015	34.5
	Total	**10,301**	**100.0**	**10,449**	**100.0**	**3,920**	**100.0**	**4,096**	**100.0**	**14,221**	**100.0**	**14,545**	**100.0**

Sources: U.S. Census Bureau; Maxfield Research and Consulting LLC

- In 2000, 60.9% of all households in the City of Winona owned their own housing. By 2010, that percentage decreased to 58.7%. These percentages are lower than the Remainder of the Market Area. In 2000, 84.6% of all households in the Remainder of the Market Area owned their own housing. In 2010, that percentage decreased to 82.8%.

- As households progress through their life cycle, housing needs change. The proportion of renter households decreases significantly as households' age out of their young-adult years. However, by the time households reach their senior years, rental housing often becomes a more viable option than homeownership, reducing the responsibility of maintenance and a financial commitment.

- In 2010, 91.3% of the Market Area's households between the ages of 15 and 24 rented their housing, compared to 48.8% of households between the ages of 25 and 34. Householders between 35 and 84 were overwhelmingly homeowners, with no more than 26.6% of the householders in each 10-year age cohort renting their housing.

- The higher homeownership rates in the Remainder of the Market Area (82.8%) compared to the City of Winona (58.7%) reflects the rural character of the area. Winona County has an 69.6% homeownership rate while Minnesota has a 73% homeownership rate.

Household Type

Table D-8 shows a breakdown of the type of households present in the Market Area in 2000 and 2010. The data is useful in assessing housing demand since the household composition often dictates the type of housing needed and preferred.

- Between 2000 and 2010, the Market Area experienced an increase in married without children and other family households, and non-family households. Roommate households grew by +26.6% (+415 households). Married families without children grew the most numerically, adding +309 households (+8.2%), The increase in households married without children can be attributed to couples waiting longer to have children, and the baby boomers aging into empty nester years.

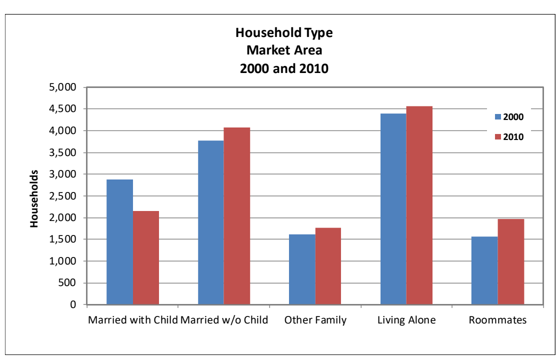


TABLE D-8
HOUSEHOLD TYPE
PRIMARY MARKET AREA
2000 and 2010

	Total HH's		Family Households: Married w/o Child		Family Households: Married w/ Child		Family Households: Other *		Non-Family Households: Living Alone		Non-Family Households: Roommates	
	2000	**2010**	**2000**	**2010**	**2000**	**2010**	**2000**	**2010**	**2000**	**2010**	**2000**	**2010**
Number of Households												
Winona	10,301	10,449	2,405	2,474	1,758	1,325	1161	1,223	3,626	3,715	1,351	1,712
Rem. of Market Area	3,920	4,096	1,363	1,603	1,124	833	457	550	766	846	210	264
Market Area Total	**14,221**	**14,545**	**3,768**	**4,077**	**2,882**	**2,158**	**1,618**	**1,773**	**4,392**	**4,561**	**1,561**	**1,976**
Percent of Total												
Winona	72.4	71.8	23.3	23.7	17.1	12.7	11.3	11.7	35.2	35.6	13.1	16.4
Rem. of Market Area	27.6	28.2	34.8	39.1	28.7	20.3	11.7	13.4	19.5	20.7	5.4	6.4
Market Area Total	**100.0**	**100.0**	**26.5**	**28.0**	**20.3**	**14.8**	**11.4**	**12.2**	**30.9**	**31.4**	**11.0**	**13.6**
Winona County	**100.0**	**100.0**	**28.1**	**30.4**	**23.2**	**17.7**	**11.1**	**11.8**	**28.2**	**29.0**	**9.4**	**11.1**
Minnesota	**100.0**	**100.0**	**28.5**	**29.6**	**25.2**	**21.2**	**12.5**	**13.8**	**26.9**	**28.0**	**6.9**	**7.4**
Change												
	No.	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**
Winona	148	1.4	69	2.9	-433	-24.6	62	5.3	89	2.5	361	26.7
Rem. of Market Area	176	4.5	240	17.6	-291	-25.9	93	20.4	80	10.4	54	25.7
Market Area Total	**324**	**2.3**	**309**	**8.2**	**-724**	**-25.1**	**155**	**9.6**	**169**	**3.8**	**415**	**26.6**

* Single-parent families, unmarried couples with children.

Sources: U.S. Census Bureau; Maxfield Research and Consulting LLC

- The differences between Winona and the remainder of the PMA, reflect more availability of multifamily rental housing in Winona compared to the rural Remainder of the Market Area and increased student roommate housing. For example, non-family householders tend to rent their housing more than other categories. This includes elderly widows and young persons. Young people typically do not have sufficient incomes to purchase housing, while single seniors are likely to move to multifamily housing to shed the burden of home maintenance and to have opportunities for socialization. About 52% of Winona households were non-family households in 2010, while 27% of the Remainder of the Market Area's households was non-family.

Tenure by Household Size

Table D-9 shows the distribution of households by size and tenure in the Market Area in 2000 and 2010. This data is useful in that it sheds insight into the number of units by unit type that may be most needed in Winona Market Area.

- Household size for renters tends to be smaller than for owners. This trend is a result of the typical market segments for rental housing, including households that are younger and are less likely to be married with children as well as older adults and seniors who choose to downsize from their single-family homes. In 2010, approximately 45% of the total renter-occupied households in the Market Area were one-person households.

- Almost 71% of renter households in the Winona Market Area in 2010 have either one or two people. The one-person households would primarily seek one-bedroom units and two-person households that are couple would primarily seek one-bedroom units. Two-person households that consist of a parent and child or roommate would primarily seek two-bedroom units. Larger households would seek units with multiple bedrooms.

- One-person households in the Winona Market Area have the highest percentage of renters among all household types. Six-person plus households have the lowest renter percentage among all household types (1.7%).

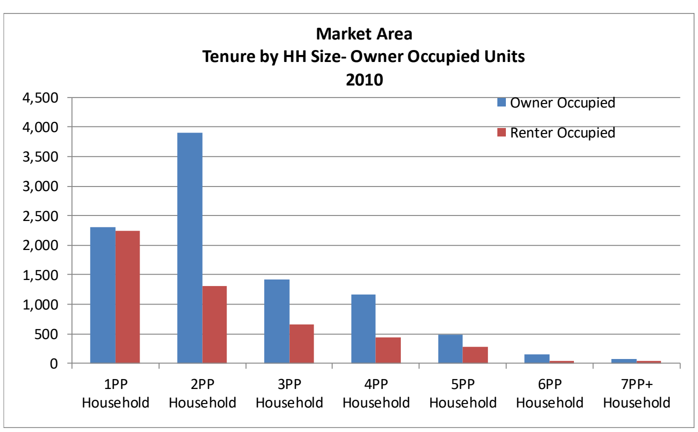


TABLE D-9
TENURE BY HOUSEHOLD SIZE
PRIMARY MARKET AREA
2000 and 2010

	CITY OF WINONA							
	2000				2010			
	Owner Occupied		Renter Occupied		Owner Occupied		Renter Occupied	
Size	Number	Pct.	Number	Pct.	Number	Pct.	Number	Pct.
1PP Household	1,615	25.7%	2,011	50.0%	1,718	28.0%	1,997	46.3%
2PP Household	2,318	36.9%	1,019	25.3%	2,406	39.2%	1,072	24.9%
3PP Household	949	15.1%	465	11.6%	895	14.6%	561	13.0%
4PP Household	875	13.9%	268	6.7%	668	10.9%	367	8.5%
5PP Household	371	5.9%	192	4.8%	307	5.0%	249	5.8%
6PP Household	103	1.6%	31	0.8%	92	1.5%	38	0.9%
7PP+ Household	46	0.7%	38	0.9%	51	0.8%	28	0.6%
Total	**6,277**	100.0%	**4,024**	100.0%	**6,137**	100.0%	**4,312**	100.0%

	REMAINDER OF MARKET AREA							
	2000				2010			
	Owner Occupied		Renter Occupied		Owner Occupied		Renter Occupied	
Size	Number	Pct.	Number	Pct.	Number	Pct.	Number	Pct.
1PP Household	551	16.6%	2,011	50.0%	596	17.6%	250	35.6%
2PP Household	1,267	38.2%	1,019	25.3%	1,495	44.1%	240	34.1%
3PP Household	588	17.7%	465	11.6%	532	15.7%	95	13.5%
4PP Household	609	18.4%	268	6.7%	496	14.6%	71	10.1%
5PP Household	218	6.6%	192	4.8%	183	5.4%	27	3.8%
6PP Household	60	1.8%	31	0.8%	60	1.8%	8	1.1%
7PP+ Household	22	0.7%	38	0.9%	31	0.9%	12	1.7%
Total	**3,315**	100.0%	**4,024**	100.0%	**3,393**	100.0%	**703**	100.0%

	MARKET AREA TOTAL							
	2000				2010			
	Owner Occupied		Renter Occupied		Owner Occupied		Renter Occupied	
Size	Number	Pct.	Number	Pct.	Number	Pct.	Number	Pct.
1PP Household	2,166	22.6%	2,226	48.1%	2,314	24.3%	2,247	44.8%
2PP Household	3,585	37.4%	1,217	26.3%	3,901	40.9%	1,312	26.2%
3PP Household	1,537	16.0%	556	12.0%	1,427	15.0%	656	13.1%
4PP Household	1,484	15.5%	333	7.2%	1,164	12.2%	438	8.7%
5PP Household	589	6.1%	215	4.6%	490	5.1%	276	5.5%
6PP Household	163	1.7%	39	0.8%	152	1.6%	46	0.9%
7PP+ Household	68	0.7%	43	0.9%	82	0.9%	40	0.8%
Total	**9,592**	100.0%	**4,629**	100.0%	**9,530**	100.0%	**5,015**	100.0%

Sources: U.S. Census Bureau; Maxfield Research and Consulting LLC

Diversity

The population distribution by race, Table D-10 presents the diversity of the population in Winona, the PMA, and Winona County for 2000 and 2010. The data was obtained from the U.S. Census.

- In 2010, “White Alone” comprised the largest proportion of the population in Winona (93.0%), the Remainder of the PMA (98.0%), and in Winona County (94.4%). The percentage has decreased since 2000 where “White Alone” was 95.5% in the PMA and 95.8% in Winona County.

- U.S. Census respondents that list themselves ethnically as Hispanic or Latino, racially list themselves in various race categories. As of 2010, 1.6% of the PMA’s population was Hispanic/Latino. The Hispanic/Latino population was 1.2% of the PMA population in 2000.

- The race “Black or African American Alone” experienced the largest percentage growth between 2000 and 2010 in the PMA, increasing from 333 to 530 people.

TABLE D-10
POPULATION DISTRIBUTION BY RACE
PRIMARY MARKET AREA
2000 and 2010

NUMBER	White Alone		Black or African American Alone		American Indian or Alaska Native Alone (AIAN)		Native Hawaiian or Pacific Islander Alone (NHPI)		Asian Alone		Some Other Race		Two or More Races Alone		Hispanic or Latino [1] *Ethnicity not Race*	
	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010
Winona	25,573	25,664	306	528	61	73	4	2	718	808	128	147	279	370	365	460
Remainder of the PMA	10,079	1,791	27	2	16	3	0	0	72	9	20	7	58	16	77	25
Primary Market Area	35,652	27,455	333	530	77	76	4	2	790	817	148	154	337	386	442	485
Winona County	*47,887*	*48,573*	*384*	*650*	*97*	*133*	*12*	*2*	*935*	*1,101*	*267*	*401*	*403*	*601*	*686*	*1,244*
PERCENTAGE																
Winona	94.5%	93.0%	1.1%	1.9%	0.2%	0.3%	0.0%	0.0%	2.7%	2.9%	0.5%	0.5%	1.0%	1.3%	1.3%	1.7%
Remainder of the PMA	98.1%	98.0%	0.3%	0.1%	0.2%	0.2%	0.0%	0.0%	0.7%	0.5%	0.2%	0.4%	0.6%	0.9%	0.7%	1.4%
Primary Market Area	95.5%	93.3%	0.9%	1.8%	0.2%	0.3%	0.0%	0.0%	2.1%	2.8%	0.4%	0.5%	0.9%	1.3%	1.2%	1.6%
Winona County	*95.8%*	*94.4%*	*0.8%*	*1.3%*	*0.2%*	*0.3%*	*0.0%*	*0.0%*	*1.9%*	*2.1%*	*0.5%*	*0.8%*	*0.8%*	*1.2%*	*1.4%*	*2.4%*

[1] US Census respondents list themselves ethnically Hispanic or Latino and racially in one of the other listed categories.

Sources: U.S. Census Bureau; Maxfield Research and Consulting LLC

Mobility in the Past Year

Table D-11 shows the mobility patterns of PMA residents within a one-year time frame (2014 is the last year available).

- The majority of residents in the PMA (88.7%) did not move within the last year.

- Of the remaining 11.3% of residents that moved within the last year, approximately 3.5% moved from outside of Winona County but within Minnesota and 6.6% were intra-county moves (i.e. one location in Winona County to another Winona County location).

- A greater proportion of younger age cohorts (a large student population) tended to move compared to older age cohorts. Approximately 72.7% of those age 18 to 24 moved within the last year compared to 0.4% of those age 75+.

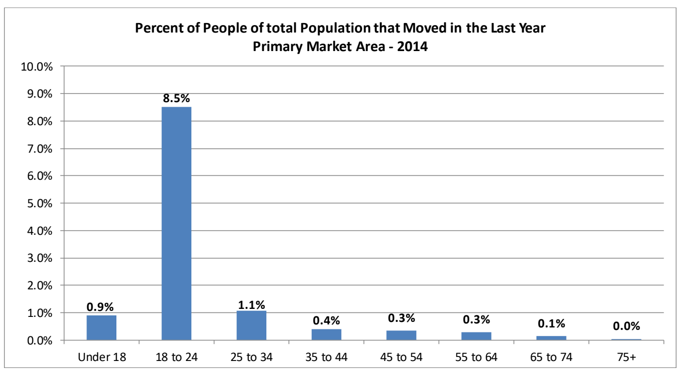


TABLE D-11
MOBILITY IN THE PAST YEAR BY AGE FOR CURRENT RESIDENCE
PRIMARY MARKET AREA
2014

	Not Moved		Moved							
Winona	**Same House**		**Within Same County**		**Different County Same State**		**Different State**		**Abroad**	
Age	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**
Under 18	3,302	87.9%	23	0.1%	107	0.4%	0	0.0%	33	0.1%
18 to 24	5,622	79.4%	1,840	6.7%	774	2.8%	77	0.3%	284	1.0%
25 to 34	2,859	89.5%	84	0.3%	181	0.7%	0	0.0%	0	0.0%
35 to 44	2,023	92.6%	29	0.1%	21	0.1%	17	0.1%	0	0.0%
45 to 54	2,930	89.3%	6	0.0%	45	0.2%	6	0.0%	0	0.0%
55 to 64	3,014	89.0%	0	0.0%	43	0.2%	0	0.0%	0	0.0%
65 to 74	1,919	93.0%	8	0.0%	21	0.1%	0	0.0%	0	0.0%
75+	2,041	92.5%	8	0.0%	10	0.0%	0	0.0%	0	0.0%
Total	**23,858**	**87.3%**	**1,998**	**7.3%**	**1,203**	**4.4%**	**100**	**0.4%**	**317**	**1.2%**
Primary Market Area	**Same House**		**Within Same County**		**Different County Same State**		**Different State**		**Abroad**	
Age	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**
Under 18	5,390	85.7%	162	0.4%	119	0.3%	24	0.1%	33	0.1%
18 to 24	6,421	83.0%	1,982	5.2%	821	2.2%	128	0.3%	288	0.8%
25 to 34	3,891	89.7%	167	0.4%	184	0.5%	49	0.1%	0	0.0%
35 to 44	3,256	91.4%	60	0.2%	36	0.1%	59	0.2%	0	0.0%
45 to 54	4,395	88.4%	60	0.2%	45	0.1%	25	0.1%	0	0.0%
55 to 64	4,608	87.8%	44	0.1%	50	0.1%	16	0.0%	0	0.0%
65 to 74	2,772	92.7%	12	0.0%	40	0.1%	2	0.0%	0	0.0%
75+	2,622	93.1%	8	0.0%	10	0.0%	0	0.0%	0	0.0%
Total	**33,503**	**88.7%**	**2,496**	**6.6%**	**1,306**	**3.5%**	**305**	**0.8%**	**321**	**0.8%**
Winona County	41,004	80.6%	4,528	8.9%	2,238	4.4%	1,577	3.1%	1,526	3.0%

Sources: 2010-2014 American Community Survey; Maxfield Research and Consulting LLC

Persons with Disabilities

Data on the number of people in the Winona PMA with disabilities was obtained from the 2014 US Census American Community Survey. The Census Bureau defines a disability as a long-lasting physical, mental, or emotional condition lasting six months or more.

Table D-12 shows the number of people by age group who are classified as having one of four types of disabilities: hearing, vision, cognitive (difficulty with various types of mental tasks) and ambulatory (difficulty moving from place to place without aid). It should be noted that a person can have more than one disability.

The following are key points from Table D-12.

- Overall, 10.8% of the PMA's non-institutionalized population has some form of disability. This percentage is slightly higher than the State's (10.3%). Many older communities have more services available and affordable housing tends to have higher proportions of people with disabilities.

- When comparing disabilities by age, 6.0% of the PMA's age 5 to 17 population had a disability, and roughly 7.6% of the age 18 to 64 population and 33.8% of the age 65 and over population.

- Cognitive disability is the most prevalent type of disability among children and age 18 to 64 year olds (64.8% and 27.2% respectively). Among seniors, the most common disability is ambulatory (27.6%).

TABLE D-12
TYPE OF DISABILITY BY AGE OF NON-INSTITUTIONALIZED PERSON
PRIMARY MARKET AREA
2014

	Total Number	Percent with a Disability
Age 5 to 17 years		
Hearing disability	36	0.8%
Vision disability	29	0.6%
Cognitive disability	241	5.3%
Ambulatory disability	36	0.8%
Total	**372**	**6.0%**
Self-care disability	*30*	*0.7%*
Age 18 to 64 years		
Hearing disability	429	1.6%
Vision disability	165	0.6%
Cognitive disability	977	3.7%
Ambulatory disability	901	3.4%
Total	**3,591**	**7.6%**
Self-care disability	372	1.4%
Independent Living Disability	747	2.8%
Age 65 years and over		
Hearing disability	902	17.3%
Vision disability	426	8.2%
Cognitive disability	482	9.2%
Ambulatory disability	1,141	21.9%
Total	**4,135**	**33.8%**
Self-care disability	450	8.6%
Independent Living Disability	734	14.1%
Total disabilities (all ages):	**8,098**	**10.8%**

Sources: Census 2014 ACS; Maxfield Research and Consulting LLC

Winona State University – Enrollment Trends

Table D-13 shows information on student headcount enrollment trends at Winona State University – Winona campus. The data shows the total number of students enrolled at WSU regardless of credit status (i.e. part-time/full-time).

As shown on the table, headcount enrollment at WSU – Winona campus increased by 5.4% between 2010 and 2011, during the economic recession when a number of students decided to enroll in institutions closer to home. As the economic recovery ensued and the expected demographic shifts in the number of high school graduations occurred, there has been a gradual decrease in headcount enrollment since 2012.

As of Fall 2016, total headcount enrollment was 6,775, down by 4.7% from the previous year and down by 11.9% from the peak in Fall 2012. The decrease in enrollment is anticipated to affect the off-campus rental housing market more substantially than the on-campus market, although WSU is in the planning stages of reconfiguring some of its campus-owned housing facilties.

The number of high school graduates in Minnesota is forecast to decrease through 2015 and then rise very slowly over the next three to four years. Post 2020, increases in high school graduates will accelerate until about 2026 after which time they will start to decrease again, affecting post-secondary institution enrollments.

TABLE D-13
WINONA STATE UNIVERSITY
STUDENT HEADCOUNT ENROLLMENT - WINONA CAMPUS
Fall 2010 through Fall 2016

	Fall 2010	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016
Winona - Degree Seeking	7,273	7,631	7,695	7,365	7,102	7,101	6,775
Winona - Non-Degree Seeking	155	197	173	168	163	173	160
Total	7,428	7,828	7,868	7,533	7,265	7,274	6,935
Percent Change from Prev. Yr.	---	5.4%	0.5%	-4.3%	-3.6%	0.1%	-4.7%

Source: WSU: Institutional Research

Summary of Demographic Trends

The following points summarize key demographic trends that will impact demand for housing throughout the Primary Market Area.

- The PMA experienced a population increase during the past decade, gaining 649 people (+1.7%), and 324 households (+2.3%). The average household size decreased from 2.37 in 2000 to 2.31 in 2010.

- Between 2016 and 2031, the PMA population is expected to increase by +9.0% (+3,434 people) while the number of households is expected to increase by +5.6% (+817 households). The City of Winona can expect to see continued population growth since it is located near employment opportunities and urban services that would support residential development. More people will choose to locate near their place of work as increasing transportation costs increase the desirability of living close to employment. Due to the scarcity of buildable land within Winona, the City will need to consider options to support housing growth such as township annexation or changes to building restrictions.

- In the Market Area, growth is projected to occur in all ages except the 45 to 54 year olds, due to statewide and nationwide demographic shifts. The greatest growth is projected to occur among adults 65 to 74 year olds in the PMA. Aging of baby boomers led to an increase of 1,602 people (+20.5%) in the PMA's age 55+ population between 2000 and 2010. All cohorts age 55 or greater are expected to see increases over the next 15 years.

- The PMA has an estimated median household income of $46,159 in 2016 and is projected to increase over the next five years to $52,046. There are 1,583 non-senior households (14.3%) with incomes under $15,000 that would be eligible for deep-subsidy rental housing. Median incomes for households in the Market Area peak at $66,707 for the 45 to 54 age group in 2016. Incomes are expected to increase by 12.8% (2.56% annually) between 2016 and 2021 in the Market Area.

- In the Market Area, 10.5% of households ages 65 to 74 and 20.5% of households ages 75 and over had incomes below $15,000. The median income for seniors age 65+ in the Market Area is $35,062 in 2016. It is projected to increase by $6,992 (19.9%) to $42,054 by 2021.

- Typically, as income increases, so does the rate of homeownership. Homeownership in the Market Area increases from 21.8% of households with incomes below $15,000 to 94.7% of households with incomes above $100,000.

- The number of owner households in the Market Area decreased by -0.6% compared to an 8.3% increase in renter households between 2000 and 2010.

- Between 2000 and 2010, the Market Area experienced an increase in all household types except married with children households declining by -25.1%. Roommates had the highest rate of growth with a +26.6% increase. Living Along had the lowest increase +3.8%. Roommates experienced the largest numerical increase with +415 households.

- An estimated 71% of renter households in the Winona Market Area in 2010 had either one or two people.

- In 2010, "White Alone" (94.4%) comprised the largest proportion of the population in the Winona Market Area. "White Alone" includes Hispanic and Latino population and as of 2010, 1.6% of the PMA's population was Hispanic/Latino ethnicity.

- Of the residents that moved in the past year, approximately 3.5% moved from outside of Winona County but within Minnesota and 6.6% were intra-county moves.

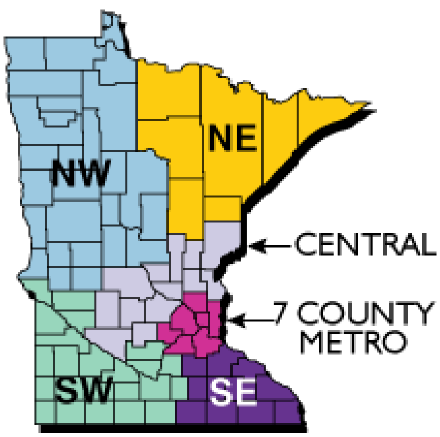
- When comparing disabilities by age, 6.0% of the PMA's age 5 to 17 population had a disability, and roughly 7.6% of the age 18 to 64 population and 33.8% of the age 65 and over population. Cognitive disability is the most prevalent among non-seniors while ambulatory disability is most common among seniors.

Employment Trends

Since employment growth generally fuels household growth, employment trends are a reliable indicator of housing demand. Typically, households prefer to live near work for convenience. However, housing is often less expensive in smaller towns, making commuting from outlying communities to work in larger employment centers attractive for households concerned about housing affordability.

Employment Growth and Projections

Table E-1 shows projected employment growth in Southeast Minnesota. Table E-1 shows employment growth trends and projections from 2012 to 2031 based on the most recent Minnesota Department of Employment and Economic Development (DEED) Employment Outlook projections. The 2031 forecast is based on 2012-2022 industry projections for the Southeast Minnesota Planning area. The Southeast Minnesota Planning area consists of 11 Minnesota Counties which includes Winona County; projections are unavailable at the municipal level.



Source: MN Department of Employment and Economic Development

TABLE E-1
EMPLOYMENT PROJECTIONS
SOUTHEAST MINNESOTA
2012-2031

		Forecast	Forecast	Change	
	2012	2022	2031	2012-2031	
	No.	No.	No.	No.	Pct.
Southeast Minnesota	262,725	279,634	294,852	32,127	12.2%

Sources: MN Dept of Employment and Economic Development; Maxfield Research and Consulting, LLC

Resident Labor Force

The City of Winona is the smallest geography available to examine resident and covered employment. Recent employment growth trends are shown in Tables E-2 and E-3. Table E-2 presents resident employment data for the City of Winona from 2000 through October 2016. Resident employment data is calculated as an annual average *and reveals the work force and number of employed persons living in the City*. It is important to note that not all of these individuals necessarily work in the City or County. Table E-3 presents covered employment numbers as available for the City of Winona, the Market Area, and Winona County from 2000 through the first quarter 2016. Covered employment data is calculated as an annual average and *reveals the number of jobs in the designated area,* which are covered by unemployment insurance. Many temporary workforce positions, agricultural, self-employed persons, and some other types of jobs are not covered by unemployment insurance and are not included in the table. Some agricultural businesses and employees are listed in Table E-3, but not all positions are included. The data in both tables is sourced from the Minnesota Department of Employment and Economic Development. The following are key trends derived from the employment data:

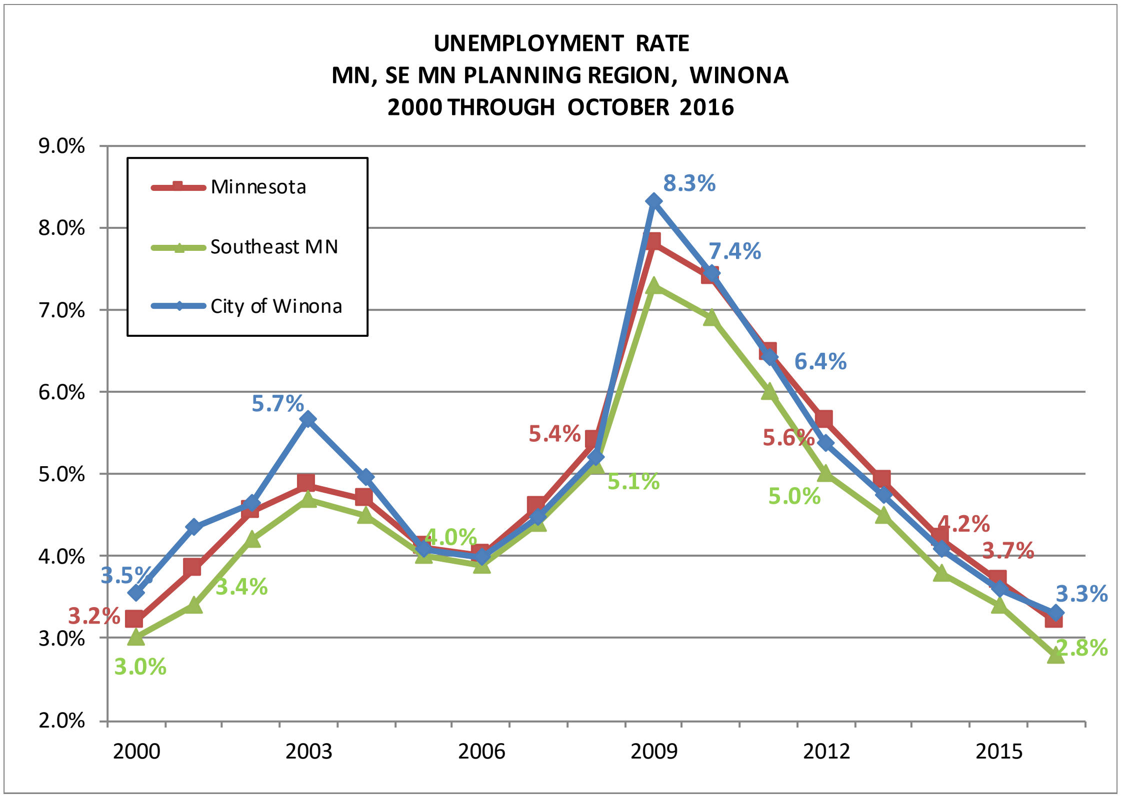
Resident Employment

- Resident employment (number of employed persons) in Winona increased by approximately 439 people between 2000 and October 2016 (+3.0%) and the unemployment rate decreased from 3.5% (2000) to 3.3% (October 2016). By comparison, Minnesota's unemployment rate was at 3.2% and the U.S. was at 4.7% as of end of October 2016.

- Between 2000 and October 2016, Winona's labor force and number employed was at its highest in 2012 at 16,409 and 15,527, respectively. The City's labor force was the lowest in 2004 at 14,855 and the number employed was the lowest in 2009 at 13,943.

- Winona's unemployment rate has stayed fairly consistent with Minnesota's unemployment rate, but slightly higher since 2011. The greatest yearly difference being 0.2% higher than the State in 2012 and in 2016.

- The unemployment rate in Winona increased to a high of 8.3% (2009) which was the peak of the recession. However, as of October 2016, the unemployment rate has fallen to 3.3%, which is considered to be below equilibrium (5.0%).



- Winona has remained stable in its labor force and employed persons since 2000 (increases of 419 and 439, respectively).

- From August 2015 through October 2016, the labor force in Winona County and Minnesota is showing a decrease (-1.9% and -1.2% respectively) while the U.S. is showing an increase (1.7%). Overall, these measures are showing little movement for a little over a year.

TABLE E-2
ANNUAL AVERAGE RESIDENT EMPLOYMENT
CITY OF WINONA
2000 to 2016 [1]

Year	Labor Force	Employed	Unemployed	Rate
CITY OF WINONA				
2000	15,346	14,802	544	3.5%
2001	15,292	14,628	664	4.3%
2002	15,199	14,492	707	4.7%
2003	14,978	14,130	848	5.7%
2004	14,855	14,120	735	4.9%
2005	14,944	14,335	609	4.1%
2006	15,029	14,431	598	4.0%
2007	15,016	14,344	672	4.5%
2008	15,217	14,425	792	5.2%
2009	15,207	13,943	1,264	8.3%
2010	15,919	14,735	1,184	7.4%
2011	16,067	15,037	1,030	6.4%
2012	16,409	15,527	882	5.4%
2013	16,213	15,444	769	4.7%
2014	16,006	15,354	652	4.1%
2015	16,079	15,499	580	3.6%
2016 [1]	15,765	15,241	524	3.3%
Change 2000-2016 [1]				
Number	419	439	-20	--
Percent	2.8%	3.0%	-3.7%	--
WINONA COUNTY				
2010	29,217	27,196	2,021	6.9%
2015	29,598	28,616	982	3.3%
2016 [1]	29,042	28,140	902	3.1%
MINNESOTA				
2010	2,938,795	2,721,194	217,601	7.4%
2015	3,010,366	2,898,863	111,503	3.7%
2016 [1]	2,974,717	2,879,207	95,510	3.2%
U.S. [2]				
2010	153,889	139,878	14,011	9.6%
2015	157,130	148,833	8,297	5.3%
2016 [1]	159,783	152,335	7,448	4.7%

[1] Through October 2016
[2] In Thousands
not seasonally adjusted

Sources: U.S. Department of Labor, MN Workforce Center, Maxfield Research and Consulting LLC

TABLE E-3
COVERED EMPLOYMENT TRENDS
WINONA, PRIMARY MARKET AREA, WINONA COUNTY
2000, 2005, 2010, 2016 (Q1)
North American Industrial Classification System (NAICS)

Winona					Change					
Average Number of Employees					2005 - 2016 Q1		% of Total			
Industry	2000	2005	2010	2016 Q1	No.	Pct.	2000	2005	2010	2016 Q1
Natural Resources & Mining	41	66	72	53	-13	-19.7	0.2%	0.3%	0.4%	0.3%
Construction	534	491	443	412	-79	-16.1	2.6%	2.4%	2.4%	2.1%
Manufacturing	6,118	5,160	3,413	4,059	-1,101	-21.3	29.3%	24.8%	18.5%	20.7%
Trade, Transportation, and Utilities	4,127	3,987	3,386	3,396	-591	-14.8	19.8%	19.2%	18.3%	17.3%
Information	na	na	507	544	na	na	na	na	2.7%	2.8%
Financial Services	544	609	593	550	-59	-9.7	2.6%	2.9%	3.2%	2.8%
Professional and Business Services	791	1,642	1,702	1,933	291	17.7	3.8%	7.9%	9.2%	9.8%
Education and Health Services	4,684	5,025	5,318	5,572	547	10.9	22.4%	24.2%	28.8%	28.4%
Leisure and Hospitality	1,942	1,874	1,725	1,922	48	2.6	9.3%	9.0%	9.3%	9.8%
Other Services	534	na	515	535	na	na	2.6%	na	2.8%	2.7%
Public Administration	773	756	782	646	-110	-14.6	3.7%	3.6%	4.2%	3.3%
Totals	**20,883**	**20,796**	**18,459**	**19,625**	**-1,171**	**-5.6**				

Primary Market Area					Change					
Average Number of Employees					2005 - 2016 Q1		% of Total			
Industry	2000	2005	2010	2016 Q1	No.	Pct.	2000	2005	2010	2016 Q1
Natural Resources & Mining	41	93	72	53	-40	-43.0	0.2%	0.4%	0.3%	0.2%
Construction	557	538	491	433	-105	-19.5	2.5%	2.5%	2.4%	2.0%
Manufacturing	6,118	5,160	5,000	4,059	-1,101	-21.3	27.9%	23.7%	24.0%	18.7%
Trade, Transportation, and Utilities	4,271	4,120	3,559	3,623	-497	-12.1	19.5%	18.9%	17.1%	16.7%
Information	na	na	507	544	na	na	na	na	2.4%	2.5%
Financial Services	544	609	606	561	-48	-7.9	2.5%	2.8%	2.9%	2.6%
Professional and Business Services	791	1,642	1,702	1,933	291	17.7	3.6%	7.5%	8.2%	8.9%
Education and Health Services	4,684	5,025	5,318	5,572	547	10.9	21.3%	23.1%	25.5%	25.7%
Leisure and Hospitality	1,963	1,899	1,738	1,945	46	2.4	8.9%	8.7%	8.3%	9.0%
Other Services	558	467	519	535	69	14.7	2.5%	2.1%	2.5%	2.5%
Public Administration	808	792	821	682	-110	-13.9	3.7%	3.6%	3.9%	3.1%
Totals	**21,940**	**21,769**	**20,832**	**21,657**	**-112**	**-0.5**				

Winona County					Change					
Average Number of Employees					2005 - 2016 Q1		% of Total			
Industry	2000	2005	2010	2016 Q1	No.	Pct.	2000	2005	2010	2016 Q1
Natural Resources & Mining	279	380	385	476	96	25.3	1.1%	1.5%	1.6%	1.9%
Construction	719	674	591	533	-141	-20.9	2.9%	2.7%	2.5%	2.2%
Manufacturing	7,241	6,086	5,573	6,056	-30	-0.5	28.9%	24.8%	23.8%	24.8%
Trade, Transportation, and Utilities	5,009	4,747	4,231	4,333	-414	-8.7	20.0%	19.3%	18.1%	17.7%
Information	795	742	na	563	-179	-24.1	3.2%	3.0%	na	2.3%
Financial Services	646	706	697	652	-54	-7.6	2.6%	2.9%	3.0%	2.7%
Professional and Business Services	1,355	2,013	1,912	2,038	25	1.2	5.4%	8.2%	8.2%	8.3%
Education and Health Services	5,130	5,571	5,869	6,198	627	11.3	20.5%	22.7%	25.1%	25.3%
Leisure and Hospitality	2,299	2,186	2,042	2,178	-8	-0.4	9.2%	8.9%	8.7%	8.9%
Other Services	624	542	606	610	69	12.7	2.5%	2.2%	2.6%	2.5%
Public Administration	961	909	951	814	-95	-10.5	3.8%	3.7%	4.1%	3.3%
Totals	**25,060**	**24,575**	**23,411**	**24,454**	**-121**	**-0.5**				

Source: Minnesota Workforce Center, Maxfield Research and Consulting LLC

Covered Employment by Industry

- Between 2005 and first quarter 2016, the number of jobs decreased in Winona by -1,171, a -5.6% decrease in the City. Education and Health Services and Professional and Business Services gained the greatest number of jobs (+547, +291, jobs respectively) between 2005 and Q1 2016. Manufacturing and Trade, Transportation, and Utilities reduced the most number of jobs (-1,101, -591 jobs, respectively) between 2005 and Q1 2016.

- Within the Market Area between 2005 and first quarter 2016, the number of jobs decreased by -112 (a -0.5% decrease in the PMA. The greatest increases and decreases in the PMA are similar to those in Winona.

- The Education and Health Services Sector accounted for 25.7% of the PMA's jobs in Q1 2016, followed by Manufacturing jobs (18.7%).

Employment and Wages

Table E-4 displays information on the employment and wage situation in Winona compared to Winona County and the State of Minnesota. The Quarterly Census of Employment and Wages (QCEW) data is sourced from Minnesota DEED for 2014 and 2015, the most recent annual data available. All establishments covered under the Unemployment Insurance (UI) Program are required to report wage and employment statistics quarterly to DEED. Federal government establishments are also covered by the QCEW program.

It should be noted that certain industries in the table may not display any information which means that there is either no reported economic activity for that industry or the data has been suppressed to protect the confidentiality of cooperating employers. This generally occurs when there are too few employers or one employer comprises too much of the employment in that geography.

As reported by the QCEW for 2015:

- There are approximately 765 businesses with 19,761 employees in the City of Winona.

- Trade, Transportation, Utilities have the highest number of establishments (183 businesses) in Winona with a total of 3,494 employees. Leisure and Hospitality has the second largest industry type (97 businesses), and has 1,967 employees.

- Education and Health Services has the largest number of employees (5,435) which accounts for 28% of the total employees in Winona. These employees would be working in colleges, the Winona Area Public School District, private schools, senior housing and care facilities, and any other medical or health service businesses.

- At $748, the average weekly wage across all industries in the City of Winona and Winona County is 37.5% lower than the State average ($1,029). Average wages are lower in Winona than in the State in all industry sectors.

- As of 2015, Manufacturing has the highest weekly wage in Winona at $1,000), but is 21.6% lower than in the State ($1,216 Minnesota).

TABLE E-4
QUARTERLY CENSUS OF EMPLOYMENT AND WAGES
CITY OF WINONA, WINONA COUNTY, MINNESOTA

Industry	2014			2015			Change 2014 - 2015			
	Establish-ments	Employ-ment	Weekly Wage	Establish-ments	Employ-ment	Weekly Wage	Employment #	Employment %	Wage #	Wage %
CITY OF WINONA										
Total, All Industries	777	19,684	$722	765	19,761	$748	77	0.4%	$26	3.6%
Natural Resources & Mining	8	57	$635	8	56	$737	-1	-1.8%	$102	16.1%
Construction	77	467	$837	75	451	$911	-16	-3.4%	$74	8.8%
Manufacturing	65	3,839	$989	67	4,044	$1,000	205	5.3%	$11	1.1%
Trade, Transportation, Utilities	192	3,505	$617	183	3,494	$632	-11	-0.3%	$15	2.4%
Information	14	531	$666	13	532	$661	1	0.2%	($5)	-0.8%
Financial Activities	75	568	$878	76	562	$917	-6	-1.1%	$39	4.4%
Professional & Business Services	88	1,965	$739	92	1,958	$832	-7	-0.4%	$93	12.6%
Education & Health Services	72	5,493	$780	69	5,435	$798	-58	-1.1%	$18	2.3%
Leisure & Hospitality	98	1,999	$207	97	1,967	$222	-32	-1.6%	$15	7.2%
Other Services	73	548	$361	70	560	$352	12	2.2%	($9)	-2.5%
Public Administration	17	711	$888	17	701	$903	-10	-1.4%	$15	1.7%
WINONA COUNTY										
Total, All Industries	1,163	24,781	$724	1,140	24,849	$748	68	0.3%	$24	3.3%
Natural Resources & Mining	48	435	$537	51	501	$561	66	15.2%	$24	4.5%
Construction	128	589	$801	122	579	$859	-10	-1.7%	$58	7.2%
Manufacturing	97	5,983	$987	100	6,142	$1,000	159	2.7%	$13	1.3%
Trade, Transportation, Utilities	297	4,496	$623	277	4,467	$638	-29	-0.6%	$15	2.4%
Information	16	553	$673	15	554	$667	1	0.2%	($6)	-0.9%
Financial Activities	97	670	$869	102	662	$908	-8	-1.2%	$39	4.5%
Professional & Business Services	112	2,087	$734	115	2,076	$824	-11	-0.5%	$90	12.3%
Education & Health Services	95	6,089	$758	94	6,038	$775	-51	-0.8%	$17	2.2%
Leisure & Hospitality	135	2,331	$209	130	2,298	$224	-33	-1.4%	$15	7.2%
Other Services	100	655	$348	96	639	$352	-16	-2.4%	$4	1.1%
Public Administration	39	893	$803	39	891	$812	-2	-0.2%	$9	1.1%
MINNESOTA										
Total, All Industries	163,802	2,729,615	$992	160,980	2,774,715	$1,029	45,100	1.7%	$37	3.7%
Natural Resources & Mining	2,811	27,041	$887	2,833	27,557	$876	516	1.9%	($11)	-1.2%
Construction	16,073	114,181	$1,130	15,627	121,765	$1,177	7,584	6.6%	$47	4.2%
Manufacturing	7,901	311,824	$1,174	7,981	317,181	$1,216	5,357	1.7%	$42	3.6%
Trade, Transportation, Utilities	38,240	531,566	$871	37,134	539,049	$897	7,483	1.4%	$26	3.0%
Information	3,472	56,351	$1,303	3,427	55,374	$1,353	-977	-1.7%	$50	3.8%
Financial Activities	15,163	176,009	$1,627	14,896	178,989	$1,705	2,980	1.7%	$78	4.8%
Professional & Business Services	28,953	356,002	$1,381	28,515	359,884	$1,436	3,882	1.1%	$55	4.0%
Education & Health Services	17,997	673,475	$892	17,934	684,808	$922	11,333	1.7%	$30	3.4%
Leisure & Hospitality	14,291	269,444	$367	14,057	273,504	$391	4,060	1.5%	$24	6.5%
Other Services	15,606	87,387	$576	15,279	88,490	$598	1,103	1.3%	$22	3.8%
Public Administration	3,298	126,335	$985	3,299	128,112	$1,023	1,777	1.4%	$38	3.9%

Sources: Minnesota Department of Employment and Economic Development; Maxfield Research and Consulting LLC

Commuting Patterns

Proximity to employment is often a primary consideration when choosing where to live, since transportation costs often account for a large proportion of households' budgets. Table E-5 highlights the commuting patterns of workers in the PMA in 2014 (the most recent data available), based on Employer-Household Dynamics data from the U.S. Census Bureau.

The left-hand side of the table shows where workers that are employed in the PMA live. The right side of the table shows where Winona PMA residents are employed. The PMA includes the Cities of Winona, Goodview, Minnesota city, Stockton and Rollingstone and the Townships of Hillsdale, Rollingstone, Homer, Wilson and Warren.

TABLE E-5
COMMUTING PATTERNS
PMA
2014

Home Destination			Work Destination		
Place of Residence	**Count**	**Share**	**Place of Employment**	**Count**	**Share**
Winona city, MN	8,217	34.7%	Winona city, MN	9,685	55.2%
Goodview city, MN	1,445	6.1%	Goodview city, MN	976	5.6%
Rochester city, MN	660	2.8%	Rochester city, MN	838	4.8%
La Crosse city, WI	335	1.4%	La Crosse city, WI	669	3.8%
Lewiston city, MN	277	1.2%	Lewiston city, MN	253	1.4%
Stockton city, MN	221	0.9%	Minneapolis city, MN	155	0.9%
Rollingstone city, MN	219	0.9%	Whitehall city, WI	148	0.8%
Rushford city, MN	216	0.9%	St. Paul city, MN	120	0.7%
Buffalo City city, WI	182	0.8%	Bloomington city, MN	95	0.5%
St. Charles city, MN	172	0.7%	Red Wing city, MN	92	0.5%
All Other Locations	11,757	49.6%	All Other Locations	4,519	25.7%
Total All Jobs	23,701		Total All Jobs	17,550	

Home Destination = Where workers live who are employed in the PMA
Work Destination = Where workers are employed who live in the PMA

Sources: US Census Bureau Local Employment Dynamics; Maxfield Research and Consulting LLC

- As shown in Table E-5, 34.7% of PMA residents commute to jobs in Winona, 6.1% commute to jobs in Goodview (1,445 employees), 2.8% commute to jobs in Rochester (660 employees), and 1.4% commute to jobs in La Crosse (335 employees).

- Of the workers who work in the PMA, 55.2% live in Winona. The remaining 44.8% of workers commute from Goodview (5.6%), Rochester (4.8%), and La Crosse (3.8%) in the highest proportions. Approximately 27.6% of PMA workers commute over 25 miles to their place of employment.

- These figures are somewhat different when considering Winona city alone. Winona city employs the largest number of workers in the PMA and in Winona County. A review of commuting patterns only for Winona city shows that 58.0% of Winona city workers work in Winona while the remaining 42% work outside the City of Winona. The highest proportions of those working outside of the City work in Goodview, Rochester and LaCrosse (another 13.0%).

- An estimated 35.5% of workers live in Winona while another 64.5% live outside of Winona, but work in the City. Goodview provides another 5.9% of workers to Winona while 1.8% of workers in Winona live in Rochester.

- According to the 2014 estimates from the LEHD data published by the US Census, 58% of Winona workers commute more than 15 miles to their place of employment while 27% of workers in Winona city commute more than 25 miles. Of the 27%, two-thirds or 66%, commute a distance of greater than 50 miles to their place of employment. This data indicates a potential need for additional housing in Winona to serve workers that would prefer to live in closer proximity to their place of employment.

Inflow/Outflow

Table E-6 provides a summary of the inflow and outflow of workers in the City of Winona and the Winona PMA. Outflow reflects the number of workers living in the City of Winona but employed outside of the city while inflow measures the number of workers that are employed in the City of Winona but live outside. Interior flow reflects the number of workers that both live and work in the City of Winona.

- The City of Winona can be considered an importer of workers, as the number of residents coming into the City (inflow) for employment was more than the number of residents leaving the City for work (outflow). Approximately 12,624 workers came into the City of Winona for work while 5,025 workers left, for a net difference of 7,599.

- The Winona PMA can also be considered an importer of workers, as the number of residents coming into the PMA (inflow) for employment was more than the number of residents leaving the PMA for work (outflow). Approximately 12,117 workers came into the PMA for work while 5,966 workers left, for a net difference of 6,151.

TABLE E-6
COMMUTING INFLOW/OUTFLOW
PMA
2014

	Winona	
	Num.	**Pct.**
Employed in the Selection Area	19,567	100%
Employed in the Selection Area but Living Outside	12,624	64.5%
Employed and Living in the Selection Area	6,943	35.5%
Living in the Selection Area	11,968	100%
Living in the Selection Area but Employed Outside	5,025	42.0%
Living and Employed in the Selection Area	6,943	58.0%
	PMA	
	Num.	**Pct.**
Employed in the Selection Area	23,701	100%
Employed in the Selection Area but Living Outside	12,117	51.1%
Employed and Living in the Selection Area	11,584	48.9%
Living in the Selection Area	17,550	100%
Living in the Selection Area but Employed Outside	5,966	34.0%
Living and Employed in the Selection Area	11,584	66.0%

Sources: Longitudinal Employer-Household Dynamics; Maxfield Research and Consulting LLC

Sources: Longitudinal Employer-Household Dynamics

Major Employers

Table E-7 shows the major employers in Winona based on data provided by the City of Winona 2015 Comprehensive Annual Financial Report. Please note that the table is not a comprehensive list of all employers and presents a selected list of employers and their employees as identified by the City of Winona. The following are key points from the major employers table.

- Fastenal Company is the largest identified employer with approximately 1,670 employees. Winona State University employs approximately 1,200 employees. Another major employer in Winona is the Winona Health System with approximately 1,100 employees.
- The list of major employers represents several industry sectors, but the highest concentrations of large employers are in the Commercial/Industrial and Education sectors.
- The top three employers account for approximately 20% of the employment in the City of Winona.
- There are approximately 15 businesses in the area that may employ up to 250 full time employees or greater. Based on the 2015 Quarterly Census of Employment and Wages data, the average the number of employees across all industries in the City is 15 workers per business not including the top 15 businesses with over 250 employees each.
- Winona has a strong manufacturing sector and this has historically been the case. Growth of 5.3% among manufacturing employment is good and is generally a higher rate than some that we have seen elsewhere. In order to sustain manufacturing employment growth, it is necessary to attract a skilled workforce, which also requires adequate housing availability.

TABLE E-7
MAJOR EMPLOYERS
WINONA
2015

Name	Industry/Product/Service	Approximate Employee Size
	Big Lake	
Fastenal Company	Commercial/Industrial	1,670
Winona State University	Post-secondary education	1,200
Winona Health	Hospital/Clinic/Health Care	1,100
Independent School District No. 861	K-12 education	683
Saun Mary's University	Post-secondary education	600
Wincraft	Promotional materials	500
TRW Automotive Electronics	Industrial	400
RTP Company	Industrial	400
Wal-Mart	Commercial	300
Winona County	County Government	287

Source: City of Winona 2015 Comprehensive Annual Financial Report; Maxfield Research and Consulting LLC

Economic Development Survey

Maxfield Research and Consulting LLC was provided area business development information from economic development representatives for the Winona Market Area. The Economic Development questions covered topics such as recent trends in job growth, economic growth, employment generation, recent business expansions and major building expansions. The following summarizes key points provided:

- The City of Winona Community Development identified that the following business expansions were recently accomplished:

- Miller Ingenuity (Miller Felpax) has completed a 16,500 square foot addition.

- RTP obtained a permit to construct an additional 40,000 square feet of manufacturing space.

- Behrens is investing in a 23,000 square foot addition.

- CHS is building a storage facility.

- CD Corporation is building a 32,000 square foot storage building.

- Cytec Engineered Materials announced the relocation of a recently acquired California company to Winona. The company will invest $14.5 million into the project and create between 70 and 85 jobs.
- TRW: A major supplier to the automotive industry has announced an expansion in Winona that will add 125 to 150 new jobs to its current workforce of around 260.

- The City of Winona identified that there have been commercial expansions as well with a new Subway, Kwik Trip, Sugar Loaf Ford, a dental office and renovation of office space downtown.

- The Winona Area Industrial Development Association (WAIDA) report for the City of Winona identified the following information:

- City property values continued to increase in 2015 through the issuance of 777 building permits totaling $39,326,299. These permits are up from just under $32 million in 2014 and $21 million in 2013, a 46% increase in permit activity since 2013.

- Unemployment in the City in November of 2015 was 2.5%. The last time unemployment was this low in Winona was during the economic boom of the late ‘90’s. We acknowledge that companies in Winona continue to struggle to find qualified workers to fill available positions. The City has been actively working with a group called SE MN Together looking at workforce availability as a regional issue.

- The City remains financially strong. Recently, the bond rating company Moody's stated, "The City has maintained its status as a regional center with a diversified tax base, a strong manufacturing sector and a good mix of educational and health care opportunities." They went on to praise the City for the way in which it manages its assets, spends conservatively and consistently maintains a strong financial position.

- Rivers Edge completed the build-out of their condominium units along the riverfront.

- Cotter High School completed work on a $1.375 million new gymnasium and lobby addition.

- Winona State University made improvements to Lourdes, Phelps and Sheehan Halls while the Education Village initiative continues to pick up steam.

- The City made improvements to their West Broadway fire station.

- Dahl Automotive continued with $3.5 million in improvements to their newly renovated Toyota store.

- A new $1.25 million Goodwill store is being constructed along Gilmore Avenue.

- Hiawatha Mental Health is constructing 20 one-bedroom apartment units at a value of almost $2.4 million.

- St. Mary's University has begun construction on their new science building.

- Morningside Terrace has been issued a $2.5 million permit to begin a much needed renovation to renovate 54 apartment units.

- Fifteen apartment units were constructed at the intersection of Broadway and Franklin.

- Abramson Properties has tackled multiple projects along Third Street in Downtown.

- There is continued investment in Downtown Winona.

- The Winona Area Industrial Development Association (WAIDA) report for the Port Authority of Winona identified the following information:

- Opportunity Winona, kicked off in November of 2015, as a public private partnership that is targeting investment designed to bring new growth into an energized Downtown Winona.

The effort promised to create new jobs, encourage retail development, and provide additional living options in our downtown area.

- WinCraft moved into its new state-of-the-art 125,000 square foot manufacturing, warehouse and distribution center. The WinCraft facility allows the long-time Winona manufacturer to consolidate facilities and greatly increase operational efficiency. The Winona Port Authority sold the property to WinCraft and worked with the City to create a tax increment financing district to help fund the development. WinCraft also completed an extensive remodel of the 960 Mark Street facility.

- In 2015, the Winona Port Staff has worked with Illinois-based Beneficial Reuse Management to develop a facility that will manufacture Gypsoil blendable pelletized gypsum. The Port and Gypsoil worked closely with the Minnesota Department of Employment and Economic Development, the Minnesota Pollution Control Agency, the Southeast Minnesota Initiative Foundation and Goodhue County Economic Development to make the project a reality. The new facility was operational in 2016, and is expected to have a workforce of 20.

- Douglas Machine worked with Winona County and the Port of Winona to purchase the machine shop at 1726 Wilke Drive in order to double its size. Douglas Machine became operational in Winona in the 4th quarter of 2015.

- In 2015, the Port approved funding to help Enlightened Equipment find a new location in order to increase manufacturing production. Enlightened Equipment is currently working on its “due diligence.”

- Legacies LLC provides trained, supported and energetic staff to people with mental illness, developmental disabilities and related conditions. In 2015, the Port provided funding to help with the acquisition of the property at 51 West Fourth Street to expand their operations.

- Throughout 2015, the City and Port staffs worked extensively with Morningside Terrace to provide funding for a much-needed remodel. The project will result in extensive updates to each rental unit.

- The Port worked with the City of Winona to construct a 120-foot excursion and recreation dock designed to accommodate the Mississippi Explorer excursion boat. The dock also has additional space designed to serve the boating public and visitors to Winona.

- Opportunity Winona, which is providing continued investment in the vitality of Downtown Winona, will remain very high on the Port’s priority list for the foreseeable future. The Port believes a healthy downtown is critical to boost community pride and make Winona a highly desirable place to live and work and the Port will continue to invest and make improvements to its commercial harbor.

Introduction

The variety and condition of the housing stock in a community provides the basis for an attractive living environment. Housing functions as a building block for neighborhoods and goods and services. We initially examined the characteristics of the housing supply in Winona by reviewing data on the age of the existing housing stock; examining residential building trends since 2000; and reviewing housing data from the American Community Survey that relates to the Market Area.

Residential Construction Trends 2000 through 2015

Maxfield Research obtained data from the U.S. Census Bureau on the number of building permits issued for new housing units in Winona from 2000 through 2015. Table HC-1 displays permits issued for single-family and multifamily dwellings. Multifamily units usually include both for-sale (condominium, twin homes, and townhomes) and rental projects. The following are key points about housing development since 2000.

- The City of Winona issued 491 permits for the construction of 986 new residential units from 2000 through 2015. That equates to an average of 62 permits annually over the 16-year period.

- Between 2000 and 2006, the City of Winona issued 370 residential permits for 648 units. That equates to about 53 permits and 93 units annually between 2000 and 2006. There were 299 multifamily and 349 single-family units permitted between 2000 and 2006.

- In 2007, most U.S. communities' housing permits declined and recessionary effects on Winona's building permit activity and buyers can be identified in 2007. Beginning in 2007, building permits declined and from 2007 through 2015 the City 37 units per year with an average of 11 single-family units per year.

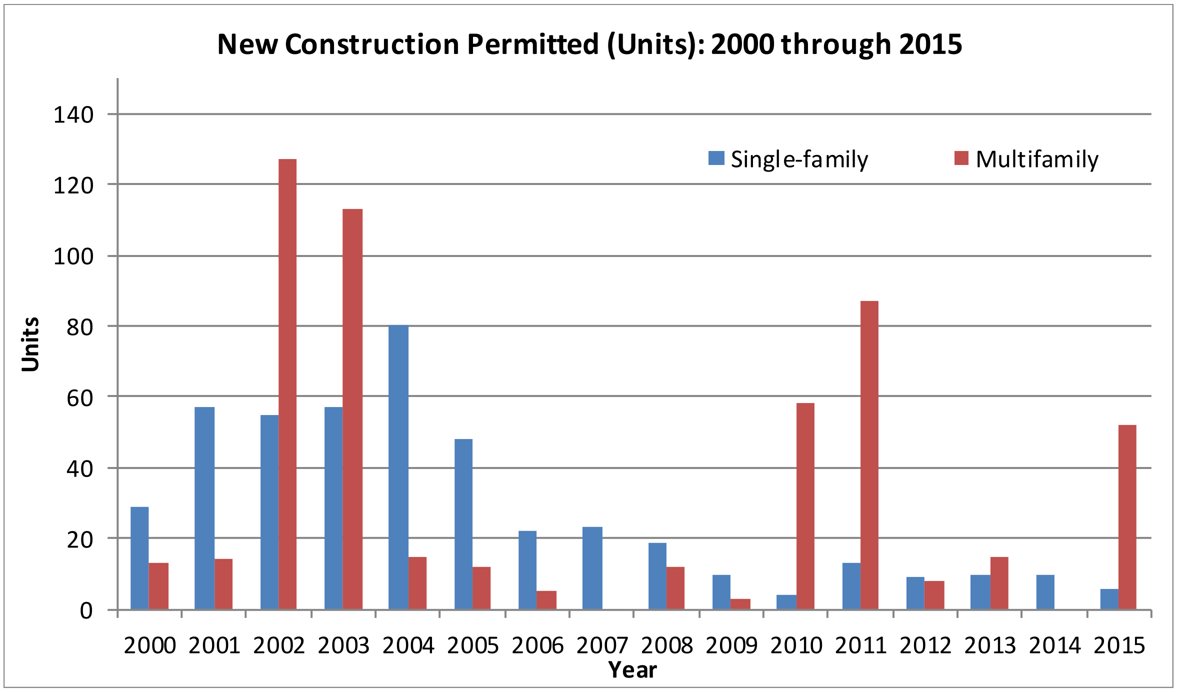
- Multifamily building permits also decreased since 2007. Since 2007, there have been fewer permits issued for multifamily permits than in the period between 2000 and 2006.

- Construction activity is on the rise however with the economic recovery. The current housing shortage in Winona for multifamily units and the lack of recent construction signals that new housing units are needed to satisfy employment and household growth in the community.

HC-1
RESIDENTIAL CONSTRUCTION BUILDING PERMITS ISSUED
CITY OF WINONA
2000 to 2015

	Units Permitted			
Year	**Single-Family**	**Multifamily**	**Total Units**	**Total New Residential Building Permits**
2000	29	13	42	30
2001	57	14	71	57
2002	55	127	182	58
2003	57	113	170	66
2004	80	15	95	81
2005	48	12	58	49
2006	22	5	27	24
2007	23	0	23	23
2008	19	12	31	20
2009	10	3	13	11
2010	4	58	62	6
2011	13	87	100	16
2012	9	8	17	10
2013	10	15	25	15
2014	10	0	10	10
2015	6	52	58	15
Total	**452**	**534**	**984**	

Sources: U.S. Census; Maxfield Research and Consulting LLC



Residential Remodels

Table HC-1A shows the number of residential remodeling permits and their valuation issued by the City of Winona from 2000 through November 2016. This information reflects on the overall age of the housing stock and the number of units that have been remodeled and/or upgraded. In the absence of new construction, remodeling serves to maintain the existing housing stock and reduce the amount of physical and functional obsolescence that typically occurs with age.

Since 2000, the City of Winona has issued more than 13,000 permits for residential remodeling projects for a total permit value of $97.7 million dollars. Remodeling permit totals were highest for years 2002 and then 2010 through 2012, during the Recession when there was no new construction and homeowners made decisions to remain in their current homes and upgrade.

The highest one-year remodeling total was in 2011 when permits were issued for a total of $9.25 million in remodeling value.

The City has also administered its own funding programs for residential rehab. From 2008 to the present, the City has administered funds for 134 owner-occupied homes with a value of $2.4 million. From 1991 through 2007, the City administered funds for the rehab of 188 owned units for a total value of $3.1 million. SEMCAC also has administered a total of 259 owned weatherization projects and 44 owned rehab projects from 2008 to the present and Habitat for Humanity has also been active with 28 owner occupied units utilizing funds of $44,933.

TABLE HC-1A WINONA RESIDENTIAL REMODELS CITY OF WINONA November 2016		
Year	No. of Permits	Dollar Value
2000	786	$3,828,487
2001	993	$5,537,824
2002	1,206	$6,736,905
2003	977	$5,147,268
2004	920	$5,116,955
2005	894	$5,528,303
2006	n/a	$5,400,000
2007	n/a	$4,900,000
2008	787	$6,043,447
2009	910	$6,317,706
2010	1,077	$6,707,037
2011	1,297	$9,255,776
2012	1,005	$6,852,541
2013	751	$5,134,565
2014	721	$5,904,971
2015	570	$5,260,510
YTD 2016	455	$3,981,727
Total	13,349	$97,654,022

* 2016 through November

Source: City of Winona

American Community Survey

The American Community Survey ("ACS") is an ongoing statistical survey administered by the U.S. Census Bureau that is sent to approximately 3 million addresses annually. The survey gathers data previously contained only in the long form of the Decennial Census. As a result, the survey is ongoing and provides a more "up-to-date" portrait of demographic, economic, social, and household characteristics every year, not just every ten years. The most recent ACS highlights data collected between 2010 and 2014. Tables HC-2 to HC-6 show key data for Winona and the Market Area. Adjustments have been made to the ACS data using information on residential construction and assessor's value data for Winona and Winona County.

Age of Housing Stock

The following graph shows the estimated age distribution of the housing stock in 2016 based on data from the U.S. Census Bureau (2000 as a baseline) and data on residential construction in Winona and Winona County from the Census Bureau and City of Winona. Table HC-2 includes the number of housing units built in the Market Area, prior to 1940 and during each decade since.

- As of 2016, the Market Area is estimated to have 15,381 housing units, of which roughly 65% were owner-occupied and 35% were renter-occupied. In Winona County, approximately 71% were owner-occupied while in Minnesota 72% of the housing stock was owner-occupied.

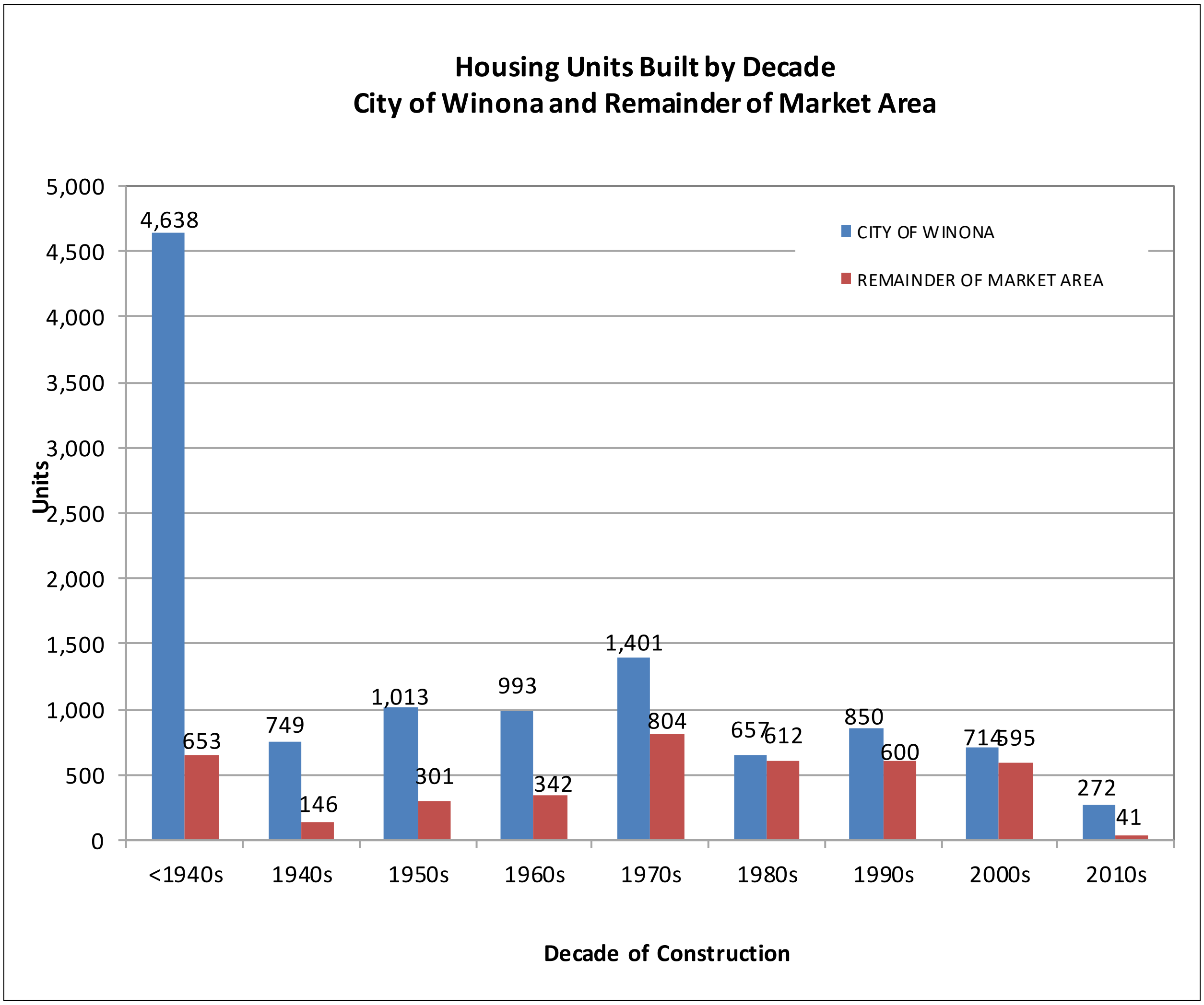


TABLE HC-2
AGE OF HOUSING STOCK
PRIMARY MARKET AREA
2016

	Total	Med. Yr.	Year Unit Built																	
			<1940		1940s		1950s		1960s		1970s		1980s		1990s		2000s		2010 - 2016	
	Units	Built	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
CITY OF WINONA																				
Owner-Occupied	6,800	1948	3,245	47.7	494	7.3	608	8.9	453	6.7	658	9.7	384	5.6	443	6.5	463	6.8	52	0.8
Renter-Occupied	4,487	1964	1,393	31.0	255	5.7	405	9.0	540	12.0	743	16.6	273	6.1	407	9.1	251	5.6	220	4.9
Total	**11,287**	**1954**	**4,638**	**41.1**	**749**	**6.6**	**1,013**	**9.0**	**993**	**8.8**	**1,401**	**12.4**	**657**	**5.8**	**850**	**7.5**	**714**	**6.3**	**272**	**2.4**
REMAINDER OF MARKET AREA																				
Owner-Occupied	3,268	1976	564	17.3	136	4.2	274	8.4	313	9.6	582	17.8	460	14.1	509	15.6	405	12.4	25	0.8
Renter-Occupied	826	1981	89	10.8	10	1.2	27	3.3	29	3.5	222	26.9	152	18.4	91	11.0	190	23.0	16	1.9
Total	**4,094**	**1979**	**653**	**16.0**	**146**	**3.6**	**301**	**7.4**	**342**	**8.4**	**804**	**19.6**	**612**	**14.9**	**600**	**14.7**	**595**	**14.5**	**41**	**1.0**
MARKET AREA TOTAL																				
Owner-Occupied	10,068	1958	3,809	37.8	630	6.3	882	8.8	766	7.6	1,240	12.3	844	8.4	952	9.5	868	8.6	77	0.8
Renter-Occupied	5,313	1967	1,482	27.9	265	5.0	432	8.1	569	10.7	965	18.2	425	8.0	498	9.4	441	8.3	236	4.4
Total	**15,381**	**1959**	**5,291**	**34.4**	**895**	**5.8**	**1,314**	**8.5**	**1,335**	**8.7**	**2,205**	**14.3**	**1,269**	**8.3**	**1,450**	**9.4**	**1,309**	**8.5**	**313**	**2.0**
Winona County																				
Owner-Occupied	15,097	1964	5,064	33.5	758	5.0	1,141	7.6	1,151	7.6	2,086	13.8	1,311	8.7	1,799	11.9	1,497	9.9	290	1.9
Renter-Occupied	6,092	1969	1,771	29.1	318	5.2	506	8.3	617	10.1	1,029	16.9	486	8.0	707	11.6	422	6.9	236	3.9
Total	**21,189**	**1967**	**6,835**	**32.3**	**1,076**	**5.1**	**1,647**	**7.8**	**1,768**	**8.3**	**3,115**	**14.7**	**1,797**	**8.5**	**2,506**	**11.8**	**1,919**	**9.1**	**526**	**2.5**
Minnesota																				
Owner-Occupied	1,525,201	1976	258,123	16.9	74,584	4.9	171,731	11.3	136,390	8.9	216,064	14.2	193,138	12.7	226,751	14.9	236,186	15.5	12,234	0.8
Renter-Occupied	590,136	1974	101,849	17.3	25,396	4.3	47,768	8.1	68,717	11.6	115,633	19.6	86,262	14.6	66,264	11.2	72,582	12.3	5,665	1.0
Total	**2,115,337**	**1975**	**359,972**	**17.0**	**99,980**	**4.7**	**219,499**	**10.4**	**205,107**	**9.7**	**331,697**	**15.7**	**279,400**	**13.2**	**293,015**	**13.9**	**308,768**	**14.6**	**17,899**	**0.8**

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research and Consulting LLC

- Homes in Winona are older than homes in the Market Area. The highest number of homes in Winona was constructed prior to 1940. Overall, roughly 41% of housing units were built prior to 1940. As a comparison, the highest number of homes in the Remainder of the Market Area was built in the 1970's (19.7%). About 32% of the Market Area's housing stock was built prior to 1940.

- Compared to Winona County and Minnesota, 8.7% of Winona's housing stock has been built since 2000 compared to 11.5% of Winona County, and 15.4% in Minnesota.

Housing Units by Structure and Occupancy or (Housing Stock by Structure Type)

Table HC-4 shows the housing stock in the Market Area by type of structure and tenure as of 2014.

- The dominant housing type in the Market Area is the single-family detached home, representing an estimated 89% of all owner-occupied housing units and 18% of renter-occupied housing units as of 2014.

- Most owner-occupied housing units are single-family detached homes representing 91.6% of all owner-occupied housing in Winona.

TABLE HC-3
HOUSING UNITS BY STRUCTURE & TENURE
PRIMARY MARKET AREA
2016

	WINONA				REMAINDER				MARKET AREA TOTAL			
Units in Structure	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.
1, detached	6,042	88.9%	697	15.5%	2,718	83.2%	168	20%	8,760	87.0%	865	16.3%
1, attached	271	4.0%	72	1.6%	90	2.8%	58	7%	361	3.6%	130	2.4%
2	233	3.4%	531	11.8%	10	0.3%	32	4%	243	2.4%	563	10.6%
3 to 4	156	2.3%	1,085	24.2%	0	0.0%	83	10%	156	1.5%	1,168	22.0%
5 to 9	0	0.0%	248	5.5%	0	0.0%	179	22%	0	0.0%	427	8.0%
10 to 19	0	0.0%	608	13.6%	13	0.4%	190	23%	13	0.1%	798	15.0%
20 to 49	25	0.4%	634	14.1%	0	0.0%	0	0%	25	0.2%	634	11.9%
50 or more	8	0.1%	597	13.3%	27	0.8%	0	0%	35	0.3%	597	11.2%
Mobile home	65	1.0%	15	0.3%	410	12.5%	116	14%	475	4.7%	131	2.5%
Boat, RV, van, etc.	0	0.0%	0	0.0%	0	0.0%	0	0%	0	0.0%	0	0.0%
Total	**6,800**	**100%**	**4,487**	**100%**	**3,268**	**100%**	**826**	**100%**	**10,068**	**100%**	**5,313**	**100%**

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research and Consulting LLC

- Over 15% of the renter-occupied housing units are single-family detached homes in Winona.

- Most of the housing units with three or more units are renter-occupied. Most renter-occupied housing units in the Market Area with three or more units are located in Winona.

- As of 2016, data estimates identified that mobile homes account for 3.9% of all housing units in the Market Area. The mobile homes identified by the U.S. Census are primarily located outside of Winona.

- Housing professionals commented that current Winona rental housing regulation has limited the number of homes that can be rented. These individuals stated that this has affected housing resales by lowering the price of homes being sold in the Downtown Winona area closer to Winona State University. The constrained supply of rental homes in the Downtown area has increased pricing for rental property. As seen in the windshield survey, some single-family housing closer to the Downtown area of Winona has not been well-maintained.

Housing Condition Assessment Photos






Housing Condition Assessment Photos

Housing Condition Assessment Photos

Owner-Occupied Housing Units by Mortgage Status

Table HC-4 shows mortgage status and average values based on census estimates from the American Community Survey and updated for 2016. Mortgage status provides information on the cost of homeownership when analyzed in conjunction with mortgage payment data. A mortgage refers to all forms of debt where the property is pledged as security for repayment of debt. A first mortgage has priority claim over any other mortgage or if it is the only mortgage. A second (and sometimes third) mortgage is called a "junior mortgage," a home equity line of credit (HELOC) would also fall into this category. Finally, a housing unit without a mortgage is owned free and clear and is debt free.

- Approximately 64% of Winona homeowners and 59% of homeowners in the Remainder of the Market Area have a mortgage. About 14% of homeowners with mortgages in Winona also have a second mortgage and/or home equity loan. These numbers are lower compared to Minnesota where approximately 70% of homeowners have a mortgage. The median value for homes with a mortgage for the City of Winona homeowners is estimated at $140,400. By comparison, the Remainder of the Market Area is estimated at $177,491.

- Of Winona owner-occupied households, 35.8% do not have a mortgage while 37.6% do not have a mortgage in the Market Area as a whole. Within Winona County and Minnesota, respectively, 37.4% and 31.2% of owner-occupied households do not have a mortgage.

TABLE HC-4
OWNER-OCCUPIED HOUSING UNITS BY MORTGAGE STATUS
PRIMARY MARKET AREA
2016

	WINONA		REMAINDER		MARKET AREA	
Mortgage Status	**No.**	**Pct.**	**No.**	**Pct.**	**Pct.**	**Pct.**
Housing units without a mortgage	2,436	35.8	1,346	41.2	3,782	37.6
Housing units with a mortgage/debt	4,364	64.2	1,922	58.8	6,286	62.4
Second mortgage only	*193*	*2.8*	73	*2.2*	266	*2.6*
Home equity loan only	*681*	*10.0*	328	*10.0*	1,009	*10.0*
Both second mortgage and equity loan	*36*	*0.5*	19	*0.6*	55	*0.5*
No second mortgage or equity loan	*3,454*	*50.8*	1,502	*46.0*	4,956	*49.2*
Total	**6,800**	**100.0**	**3,268**	**100.0**	**10,068**	**100.0**
Median Value by Mortgage Status						
Housing units with a mortgage	$140,400		$177,491		$152,201	
Housing units without a mortgage	$133,300		$152,599		$140,644	

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research and Consulting LLC

Owner-Occupied Housing Units by Value

Table HC-5 presents data on housing values summarized in nine price ranges. Housing value refers to the estimated price point the property would sell at if it were for-sale. For single-family and townhome properties, value includes both the land and the structure. For condominium units, value refers to only the unit.

- The majority of the owner-occupied housing stock in the City of Winona is estimated to be valued between $100,000 and $149,999 (33.6%). Approximately 25% is valued between $50,000 and $99,999, 18% is between $150,000 and $199,999, 8% is between $200,000 and $250,000, and 15% is over $250,000.

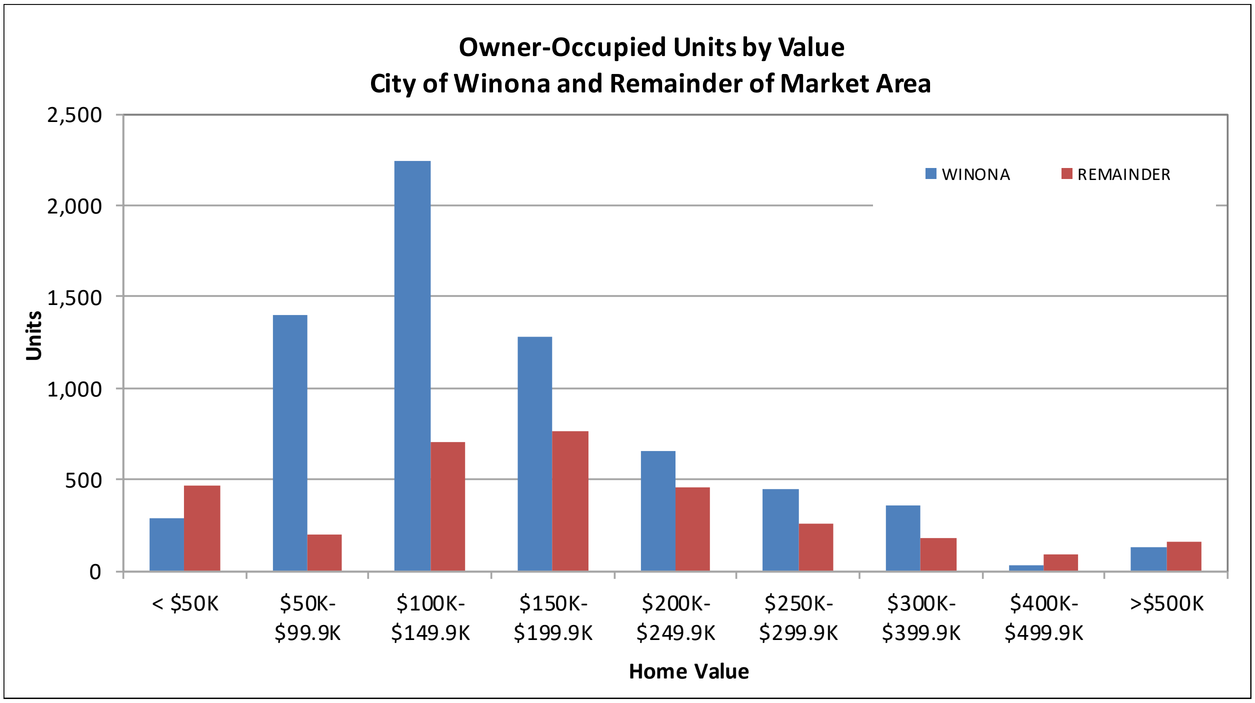
- The median owner-occupied home value in Winona is $138,000 or $19,537 less than the Remainder of the Market Area median home value ($157,537). There is a greater percentage of higher valued homes in the Remainder of the Market Area ($200,000 or greater) than in the City of Winona. Approximately 23% of homes in Winona are valued at $200,000 or greater compared to 35% in the Remainder of the Market Area. A percentage of these in the Remainder of the Market Area are located on lakes or farmsteads.

- According to Winona County Tax records, there are 8,189 parcels coded with a residential Tax Class (4D 4 or more units, res 1-3 units, res 4 or more units, res 4+ owners value, res duplex/triplex, res/ag, residential, or agricultural not actively farming) parcels. There are 7,725 residential parcels with a taxable structure on the property and 6,269 of those are fully homesteaded. The Winona County Tax records identify that the residential parcels with a taxable structure have an average market value of $154,186 with a minimum market value of $6,600 and the maximum of $14,659,600.

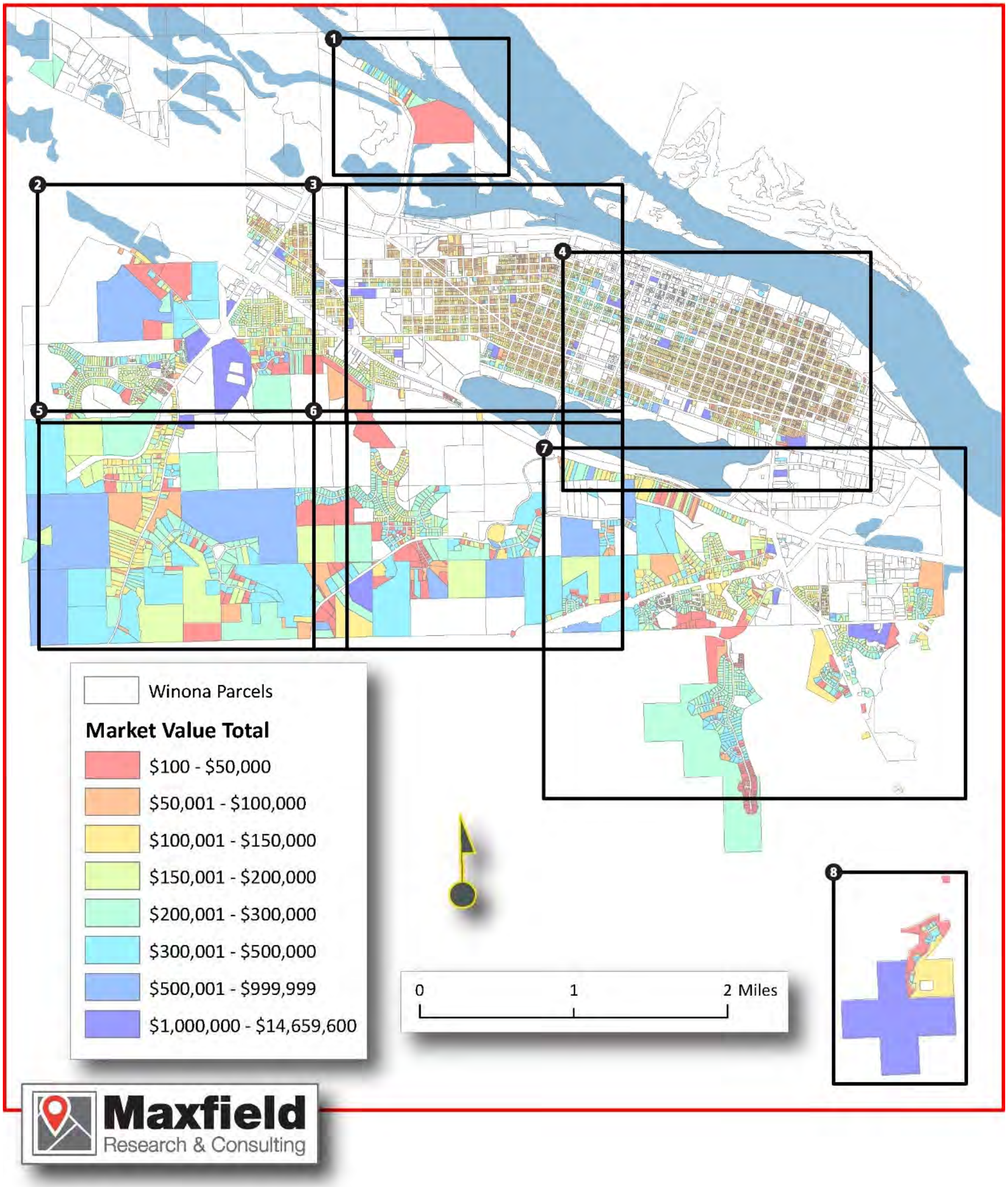
TABLE HC-5
OWNER-OCCUPIED UNITS BY VALUE
PRIMARY MARKET AREA
2016

	WINONA		REMAINDER		MARKET AREA		WINONA COUNTY	
Home Value	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**
Less than $50,000	283	4.2	469	14.4	752	7.5	1,072	7.1
$50,000-$99,999	1,394	20.5	197	6.0	1,591	15.8	1,981	13.1
$100,000-$149,999	2,245	33.0	701	21.5	2,946	29.3	3,730	24.7
$150,000-$199,999	1,276	18.8	760	23.3	2,036	20.2	2,838	18.8
$200,000-$249,999	653	9.6	461	14.1	1,114	11.1	2,772	18.4
$250,000-$299,999	442	6.5	255	7.8	697	6.9	867	5.7
$300,000-$399,999	356	5.2	174	5.3	530	5.3	943	6.2
$400,000-$499,999	26	0.4	91	2.8	117	1.2	285	1.9
Greater than $500,000	125	1.8	160	4.9	285	2.8	609	4.0
Total	**6,800**	**100.0**	**3,268**	**100.0**	**10,068**	**100.0**	**15,097**	**100.0**
Median Home Value	$140,400		$157,537		$146,682		$188,600	

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research and Consulting LLC


Owner-Occupied Units by Value
City of Winona and Remainder of Market Area
WINONA
REMAINDER
Units
2,500
2,000
1,500
1,000
500
0
< $50K
$50K-$99.9K
$100K-$149.9K
$150K-$199.9K
$200K-$249.9K
$250K-$299.9K
$300K-$399.9K
$400K-$499.9K
>$500K
Home Value

Market Values of Winona Minnesota Residential Parcels

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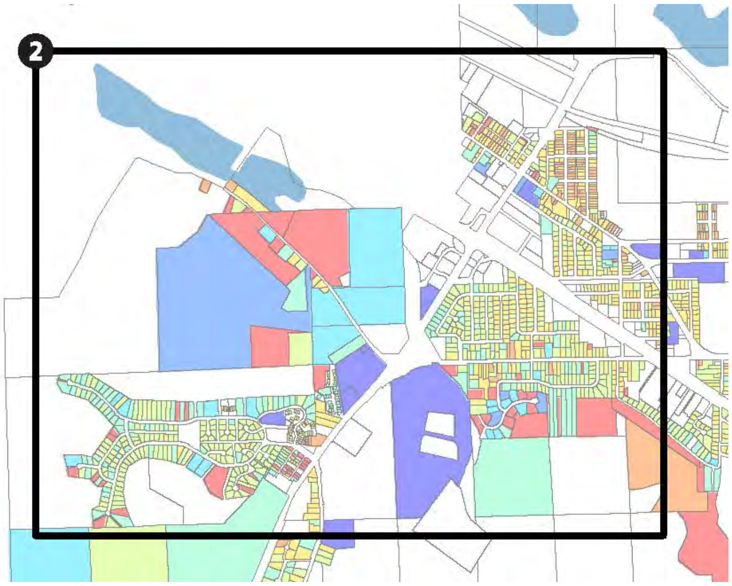
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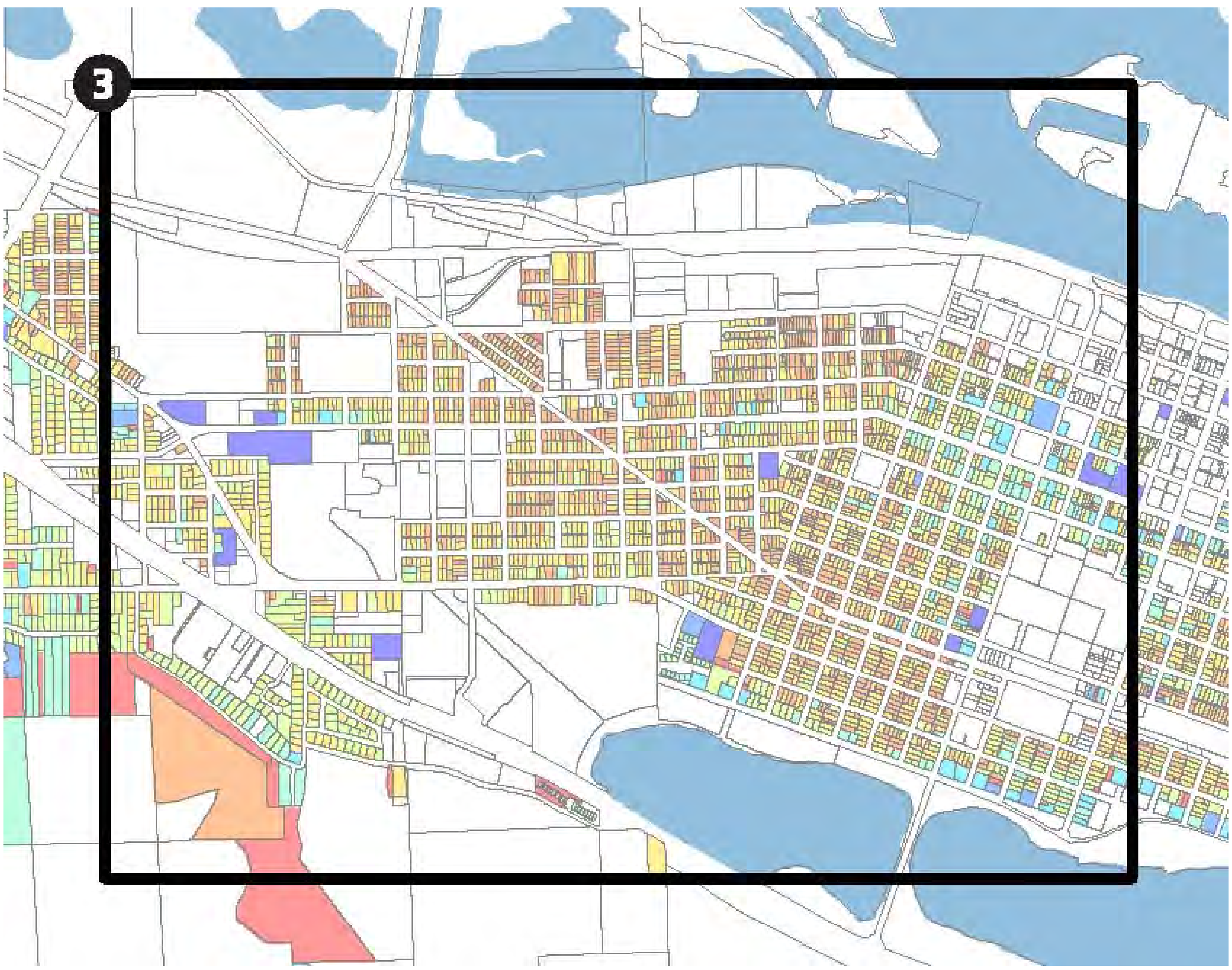
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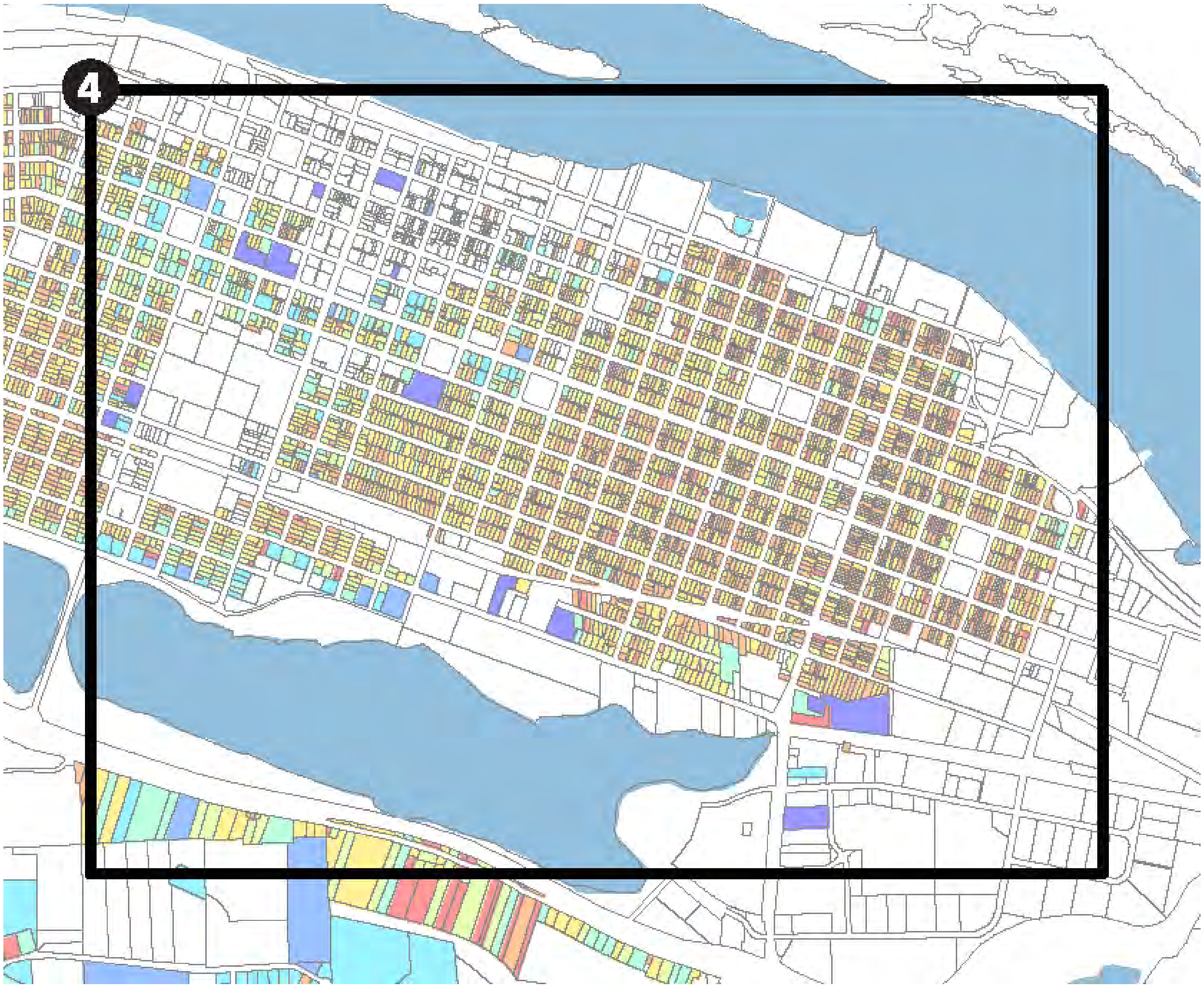
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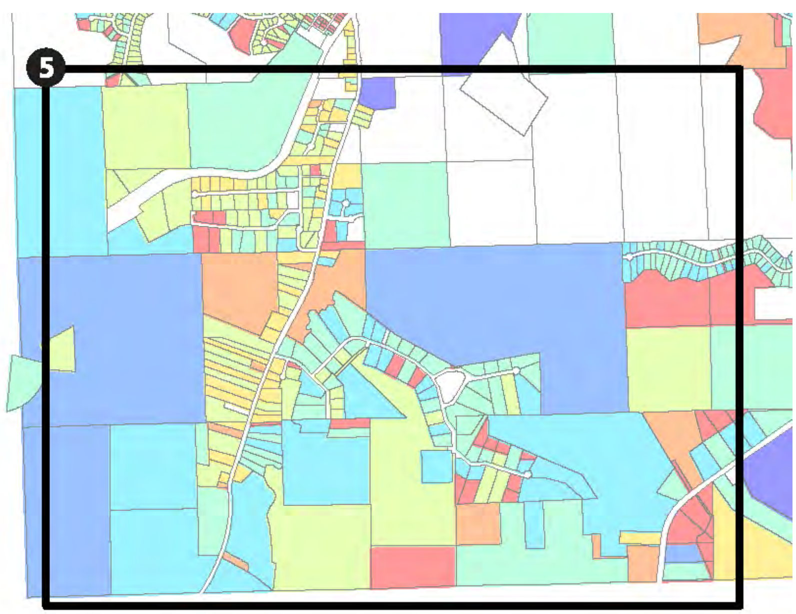
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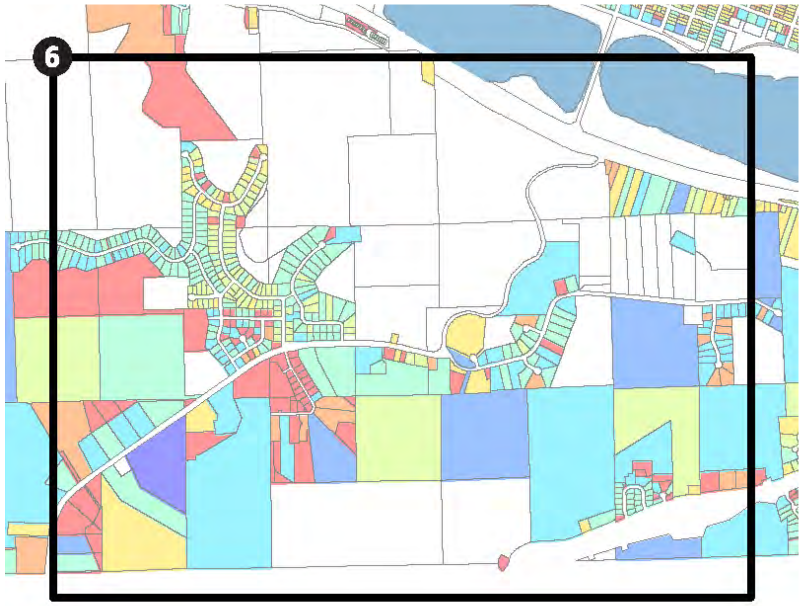
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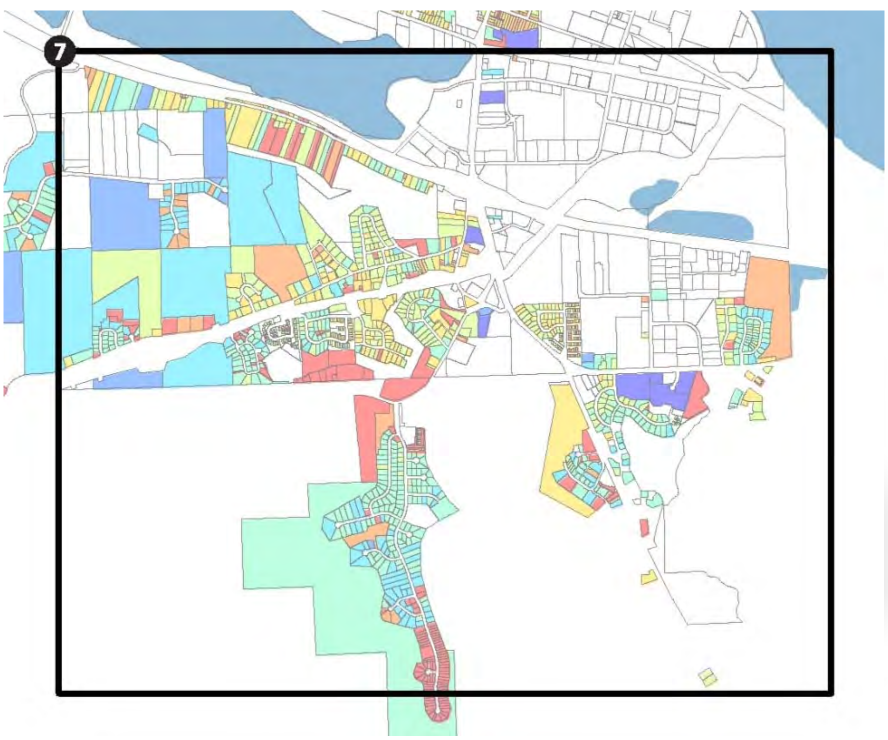
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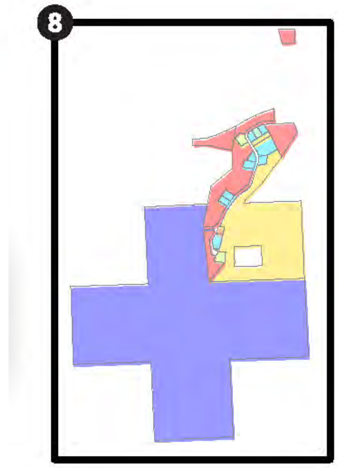
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Renter-Occupied Units by Contract Rent

Table HC-6 presents information on the monthly housing costs for renters called contract rent (also known as asking rent). Contract rent is the monthly rent agreed to regardless of any utilities, furnishings, fees, or services that may be included. Contract rents include all types of rental properties including single-family homes, duplex units, mother-in-law apartments in addition to traditional rental buildings. Units may be rented to individual students or to a household.

- The median contract rent in Winona and the Remainder of the Market Area was $572 and $548, respectively. Based on a 30% allocation of income to housing, a household in Winona would need an estimated income of $22,880 to afford an average monthly rent of $572. The median rent reflects what is typically being paid by a household renting an apartment unit or bedroom. Because Winona has a substantial number of students that rent off-campus, the median contract rent in Winona is generally lower than what would be paid in other communities that do not have a high proportion of student rentals.

- Approximately 55% of Winona renters paying cash have monthly rents over $500 with 35.3% of renters paying between $500 and $749, 10.3% of renters paying between $750 and $999, and 7.2% paying over $1,000. Roughly 43% of renters have monthly rents of less than $500 in Winona with 34.8% paying between $250 and $499 and 8.2% paying less than $249.

- Within Minnesota, most renters (23.6%) paid a contract rent between $750 to $999.

TABLE HC-6
RENTER-OCCUPIED UNITS BY CONTRACT RENT
PRIMARY MARKET AREA
2016

	WINONA		REMAINDER		MARKET AREA		WINONA COUNTY	
Contract Rent	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**
No Cash Rent	105	2.3	55	6.7	160	3.0	310	5.1
Cash Rent	4,382	97.7	771	93.3	5,153	97.0	5,782	94.9
$0 to $249	*369*	*8.2*	34	*4.1*	403	*7.6*	445	7.3
$250-$499	*1,562*	*34.8*	151	*18.3*	1,713	*32.2*	1,915	31.4
$500-$749	*1,663*	*37.1*	429	*51.9*	2,092	*39.4*	2,453	40.3
$750-$999	*464*	*10.3*	134	*16.2*	598	*11.3*	610	10.0
$1,000+	*324*	*7.2*	23	*2.8*	347	*6.5*	359	5.9
Total	**4,487**	**100.0**	**826**	**100.0**	**5,313**	**100.0**	**6,092**	**100.0**
Median Contract Rent	$572		$548		$544		$827	

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research and Consulting LLC

Planned and Proposed Housing Projects

Maxfield Research reviewed building permits and interviewed community staff members in the Winona Market Area in order to identify housing developments under construction, planned, or pending.

Single-level twinhomes with accessible garages are currently being developed in the Valley Oaks Subdivision. The developer, Mike Rivers is expected to be staging these properties to be sold for between $275,000 and $350,000. The layout is for 35-homes, 70-units with construction beginning 4th quarter 2016. Although these units will be targeted to empty-nesters, they are not age-restricted.

The City of Winona believes that the Site at 602 Mankato Avenue would be an ideal location for a multifamily site. This location is within the R-2 zoning district and is 1.8 acres.

The City of Goodview has a couple of residential rental property homes for sale, but has not identified new pending or proposed property developments.

The Port Authority of Winona is seeking proposals for the Opportunity Winona Lot 7 Redevelopment located at 60 Main Street in downtown Winona. The preferred concept calls for a combination of residential units (four one-bedrooms, 24 two-bedrooms, four three-bedrooms) and 66 hotel rooms. The Site currently consists of surface-level parking that overlooks the Mississippi River.

No other housing projects are planned or proposed at this time.

Introduction

Maxfield Research and Consulting LLC analyzed the for-sale housing market in Winona by analyzing data on single-family and multifamily home sales and active listings, identifying active subdivisions and developments and conducting interviews with local real estate professionals.

Overview of For-Sale Housing Market Conditions

Table FS-1 presents resale data for single-family homes in Winona from 2005 through October 2016 and Market Area Cities from 2010 to October 2016. The Southeast Minnesota Association of Realtors MLS is used in tracking and advertising property listings in the Winona area. The data shows the annual number of sales and median and average pricing. The following are key points observed from the analysis of the data.

- Over the past four years, the median sales price for single family homes in the City of Winona and the PMA has been recovering since the recession. The median and average sales price is expected to be the highest in 2016 over the past ten years. Over a ten-year period in the City of Winona, the average ($145,758) and median sales prices ($129,290) were highest in 2006, which was generally the peak sales year in the real estate market during the last decade.

- Median and average single family sales prices bottomed-out in 2012. In 2012, the average sales price was $138,468 in the City of Winona and $137,477 in the PMA. The 2012 median sales price was 7.8% lower than the 2006 median sales price in Winona.

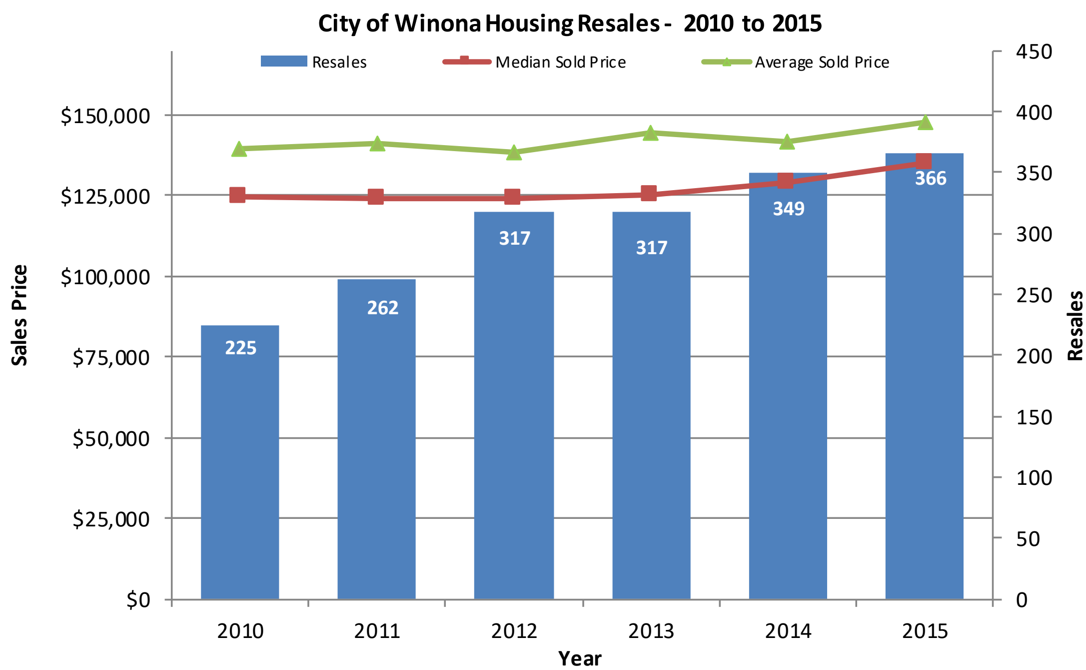


TABLE FS-1
SINGLE AND MULTI FAMILY RESIDENTIAL RESALES
CITY OF WINONA AND MARKET AREA
2010 through 2016 [1]

Year	Number of Sales	Median Sales Price	% Chg.	Average Sales Price	% Chg.
City of Winona					
Single Family					
2005	352	$134,500	--	$153,877	--
2006	343	$139,000	3.3%	$152,093	-1.2%
2007	326	$133,050	-4.3%	$152,320	0.1%
2008	267	$135,000	1.5%	$156,275	2.6%
2009	231	$124,500	-7.8%	$144,450	-7.6%
2010	225	$124,450	0.0%	$139,591	-3.4%
2011	262	$124,000	-0.4%	$140,858	0.9%
2012	317	$124,000	0.0%	$138,468	-1.7%
2013	317	$124,900	0.7%	$144,186	4.1%
2014	349	$129,000	3.3%	$141,528	-1.8%
2015	366	$135,000	4.7%	$147,815	4.4%
2016 [1]	327	$143,000	5.9%	$166,900	12.9%
Pct. Change					
10' - 15'		8.5%		1.4%	
Average	306	$126,892		$140,926	
Multi-Family **					
2010	13	$95,000	--	$108,196	--
2011	8	$126,250	-22.3%	$154,184	42.5%
2012	11	$113,900	-9.8%	$137,477	-10.8%
2013	18	$117,000	2.7%	$167,583	21.9%
2014	10	$123,050	5.2%	$483,250	188.4%
2015	6	$126,150	2.5%	$147,467	-69.5%
2016 [1]	8	$127,500	3.6%	$139,766	-71.1%
Pct. Change					
10' - 15'		32.8%		36.3%	
Average	11	$118,407		$191,132	
Market Area Cities including Winona					
Single Family					
2010	244	$120,780	--	$125,057	--
2011	277	$142,225	17.8%	$158,206	26.5%
2012	336	$133,825	-5.9%	$139,460	-11.8%
2013	338	$149,975	12.1%	$159,788	14.6%
2014	375	$152,150	1.5%	$155,132	-2.9%
2015	395	$166,333	9.3%	$178,094	14.8%
2016 [1]	327	$171,300	3.0%	$181,456	1.9%
Pct. Change					
10' - 15'	61.9%	37.7%		42.4%	

[1] January 2016 to October 2016

** Multifamily includes duplex and higher units , there were limited multifamily property sales identified in the Market Area outside of Winona.

Source: RMLS; Maxfield Research and Consulting LLC

- Between 2010 and 2015, the number resales of single family homes in Winona averaged 306 transactions per year. Since 2010, resales were lowest in 2010 (225) and highest in 2015 (366).

- Approximately 94% of all Market Area single-family resales occurred in Winona since 2010. Resale pricing among all Market Area cities as a whole is higher than resale pricing in Winona proper.

- Single-family housing types accounted for the majority of resales in the Remainder of the Market Area between 2010 and October 2016. One multifamily resale was identified in Stockton during this time period. This is consistent with most townships and rural areas as they are usually dominated by single-family homes.

- The Market Area median sales price is expected to be the highest for multifamily properties in 2016. As of October 2016, the median sales price was $127,500. As of October 2016, there are six multifamily properties available for sale in Winona.

- Since 2010, the median and average multifamily sales prices were lowest in 2010. In 2010, the median sales price was $95,000 and the average sales price was $108,196.

- Between 2010 and 2015, the number of multifamily Winona resales has averaged 11 transactions per year. During this period, resales were lowest in 2015 (six transactions) and highest in 2013 (18 transactions).

Current Supply of Homes on the Market

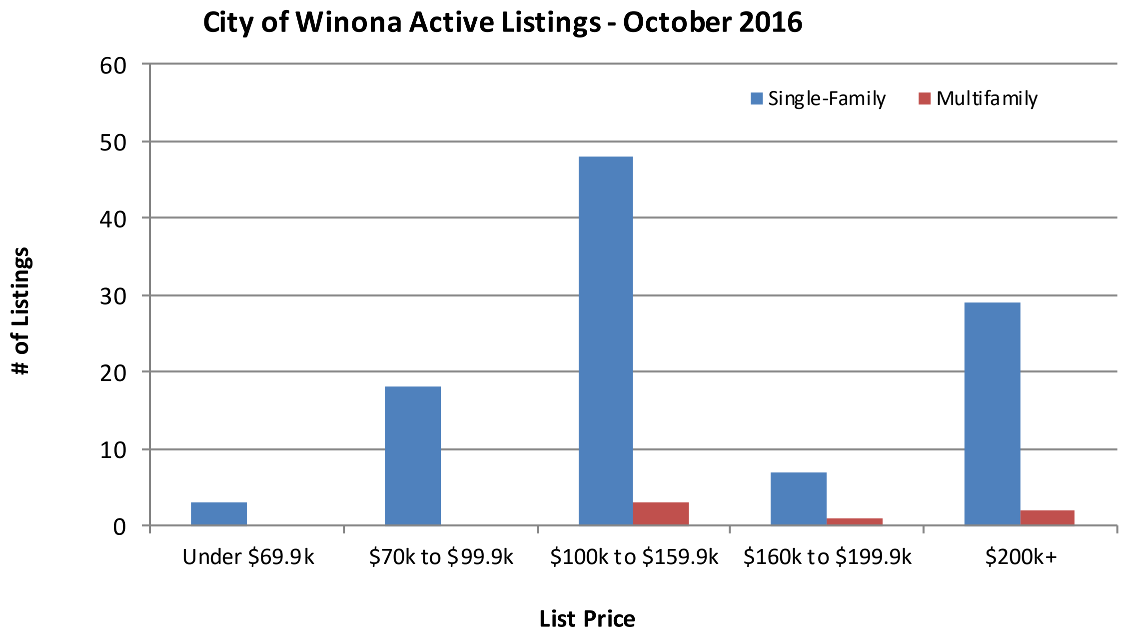
To more closely examine the current market for available owner-occupied housing in the Winona Market Area, we reviewed the current supply of homes on the market (listed for sale). Table FS-2 shows homes currently listed for sale in the Winona PMA in eight price ranges. The data was provided by the Regional Multiple Listing Services of Minnesota and is based on active listings in October 2016. MLS listings generally account for the vast majority of all residential sale listings in a given area. Table FS-2 shows listings by property type and pricing.

- As of October 2016, there were 105 homes listed for sale in Winona and six homes listed in the remainder cities in the Market Area. There were six listings for multifamily properties in Winona and no multifamily listings in the remainder cities.

- The median list price in Winona for a single-family home is $134,900 and $191,054 in the remainder PMA cities. The median sale price is generally a more accurate indicator of housing values in a community than the average sale price. Average sale prices can be easily skewed by a few very high-priced or low-priced home sales in any given year, whereas the median sale price better represents the pricing of a majority of homes in a given market.

- Based on a median list price of $134,900, the income required to afford a home at this price would range from an estimated $40,470 to $47,215, based on the standard of 3.0 to 3.5 times the median income (and assuming these households do not have a high level of debt). A household with significantly more equity (in an existing home and/or savings) could afford a higher priced home. About 57% of Winona PMA households have annual incomes at or above $40,000.

- About 55% of homes for sale in the City of Winona are priced under $140,000 and 20% are priced under $100,000.



- Homes prices between $100,000 and $159,900 account for 45.7% of the listings. Homes priced at $160,000 or more account for 34.4% of the listings.

- As of October 2016, single-family homes comprise an estimated 98% of active listings in the PMA.

- Three-bedroom homes account for 42% of all single-family homes recently sold in the PMA. These single-family homes had an average sales price of $147,252, and a median age of 1951.

- Out of 425 recent single-family home sales in the PMA, the average sales price was $199,451 or $101 per square foot. On average, the number of bathrooms is a little over two per home and the median year built of single-family homes is 1938.

- Townhomes/Twin homes account for 4.4% of recently sold homes. The average sales price of all townhomes/twin homes is $180,308 with an average price per square foot of $78 and a median year built of 1988.

- Most townhome/twin homes recently sold (75%) have two-bedrooms with an average sales price of $156,700 or $93 per square foot. The median year built of two-bedroom townhomes/twin homes is 1987.

- Condominiums account for 3.1% of recently sold homes. All of these transactions occurred at the Rivers Edge Condominiums at 2 Washington St. in Winona. The average sales price of these condominiums was $300,579 with an average price per square foot of $207.

- Condominiums have the highest price per square foot ($207) among all homes recently sold in the PMA, while the lowest price per square foot is $67 for three-bedroom townhome/twin homes.

TABLE FS-2
ACTIVE LISTINGS BY HOUSING TYPE
October 2016

Property Type	Listings	Pct.
Single-family	113	98.3%
Townhome/Twinhome	2	1.7%
Condominium	0	0.0%
Total	**115**	**100.0%**

Sources: RMLS; Maxfield Research and Consulting LLC

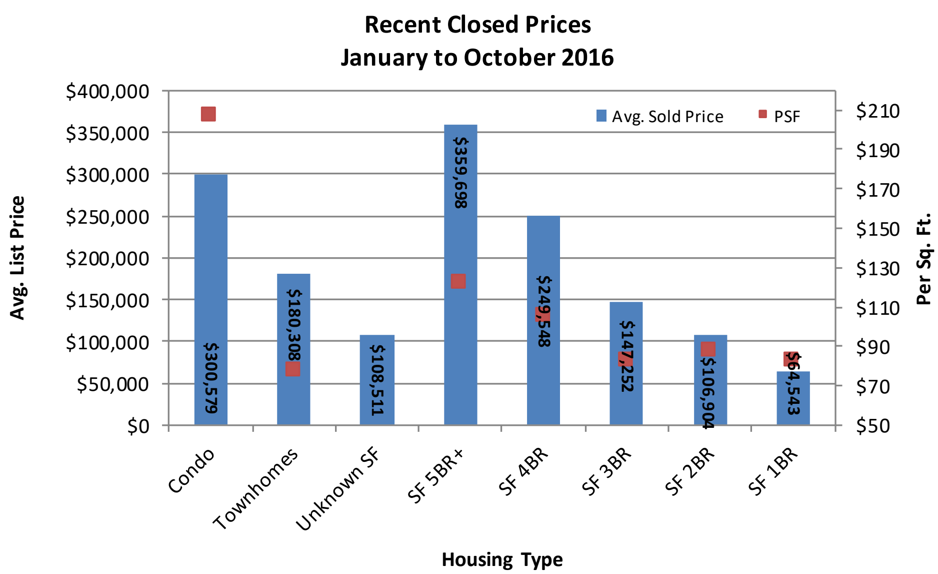


TABLE FS-3
HOMES CURRENTLY LISTED FOR-SALE
WINONA MARKET AREA
October 2016

	City of Winona Single-Family		City of Winona Multifamily		Remainder PMA Cities Single-Family		Remainder PMA Cities Multifamily		Market Area Total Single-Family		Market Area Total Multifamily	
Price Range	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**
< $69,999	3	2.9%	0	0.0%	0	0.0%	0	0.0%	3	2.7%	0	0.0%
$70,000 to $99,999	18	17.1%	0	0.0%	1	16.7%	0	0.0%	19	17.1%	0	0.0%
$100,000 to $139,999	37	35.2%	2	33.3%	1	16.7%	0	0.0%	38	34.2%	2	33.3%
$140,000 to $159,999	11	10.5%	1	16.7%	0	0.0%	0	0.0%	11	9.9%	1	16.7%
$160,000 to $179,999	5	4.8%	0	0.0%	2	33.3%	0	0.0%	7	6.3%	0	0.0%
$180,000 to $199,999	2	1.9%	1	16.7%	1	16.7%	0	0.0%	3	2.7%	1	16.7%
$200,000 to $249,999	7	6.7%	0	0.0%	0	0.0%	0	0.0%	7	6.3%	0	0.0%
$250,000 and Over	22	21.0%	2	33.3%	1	16.7%	0	0.0%	23	20.7%	2	33.3%
Subtotal	105	100%	6	100%	6	100%	0	100%	111	100%	6	100%
Median	$134,900		$142,700		$191,054		n/a		$162,977		$142,700	
Average	$200,772		$200,820		$193,325		n/a		$197,049		$200,820	

Sources: RMLS; Maxfield Research and Consulting LLC

TABLE FS-4
RECENT CLOSED BY HOUSING TYPE, PMA CITIES
January - October 2016

Property Type	Sold-Exp	Pct.	Avg. Sold Price	Avg. Size (Sq. Ft.)	Avg. Sold Price Per Sq. Ft.	Avg. Bathrooms	Median Age of Home
Single-Family							
1BR	7	1.6%	$64,543	780	$83	1.0	1890
2BR	105	24.7%	$106,904	1,222	$87	1.3	1910
3BR	177	41.6%	$147,252	1,773	$83	1.9	1951
4BR	100	23.5%	$249,548	2,371	$105	2.4	1950
5BR	26	6.1%	$396,396	2,812	$141	2.8	1953
6BR	1	0.2%	$323,000	3,098	$104	4.0	1974
Unknown	9	2.1%	$108,511	na	na	na	na
Total	**425**	**100.0%**	**$199,451**	**2,009**	**$101**	**2.2**	**1938**
Townhomes/Twinhomes							
2BR	15	75.0%	$156,700	1,680	$93	1.8	1987
3BR	4	20.0%	$159,225	2,373	$67	2.4	1977
4BR	1	5.0%	$225,000	3,090	$73	3.0	2001
Total	**20**	**100.0%**	**$180,308**	**2,381**	**$78**	**2.4**	**1988**
Condominiums							
Condominiums - 2BR Avg	14	100.0%	$300,579	1,450	$207	2.0	2016
Total	**14**	**100.0%**	**$300,579**	**1,450**	**$207**	**2.0**	**2016**

Source: Regional Multiple Listing Service of MN; Maxfield Research and Consulting, LLC

Months of Active Supply

Table FS-4 illustrates the historic supply of actively marketing properties in the City of Winona and Winona County from 2005 to October 2016. The table depicts the number of residential homes for sale over the course of the year and the months of supply. The months of supply metric calculates the number of months it would take for all the current homes for sale to sell given the monthly sales absorption. Generally, a balanced supply is considered four to six months. The higher the months of supply indicates there are more sellers than buyers; and the lower the months of supply indicates there are more buyers than sellers. Key findings from Table FS-5 follow.

- The number of homes for-sale in Winona peaked in 2010 at 248 homes. The month's supply dropped after 2010 (from 12.5 to 3.4). Overall since 2010, this indicates a tighter housing supply in the Winona market with fewer homes on the market and greater market demand. The supply was highest in Winona County in 2010. The City of Winona and Winona County generally follow similar trends with regards to the active supply of homes on the market.

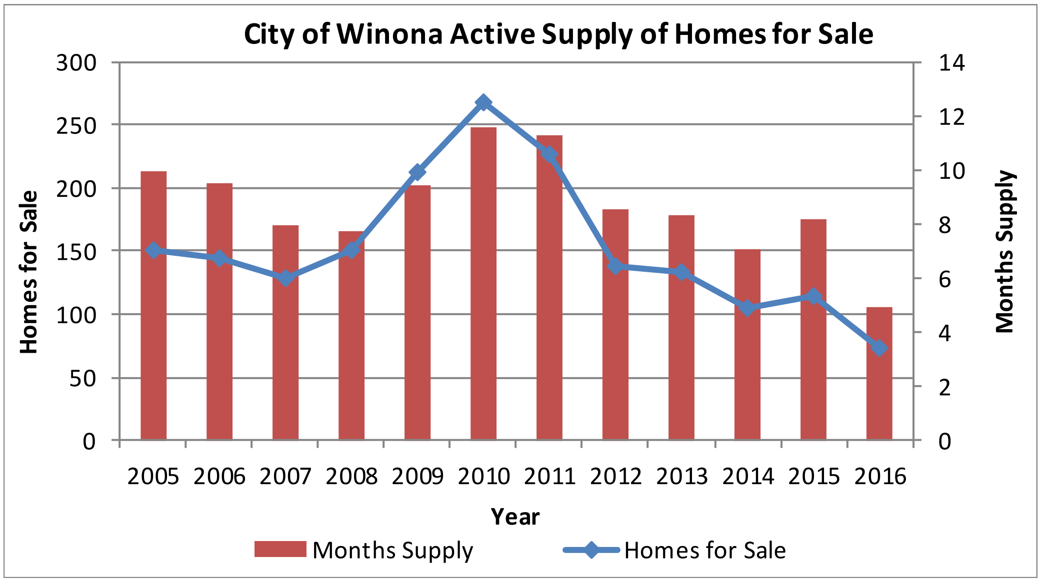
- Most years since 2005, the City of Winona has accounted for over 70% of all homes for sale in Winona County. As of October 2016, the City of Winona currently accounts for 58% of all homes for sale in Winona County which is the lowest the City has observed during the evaluated time period.

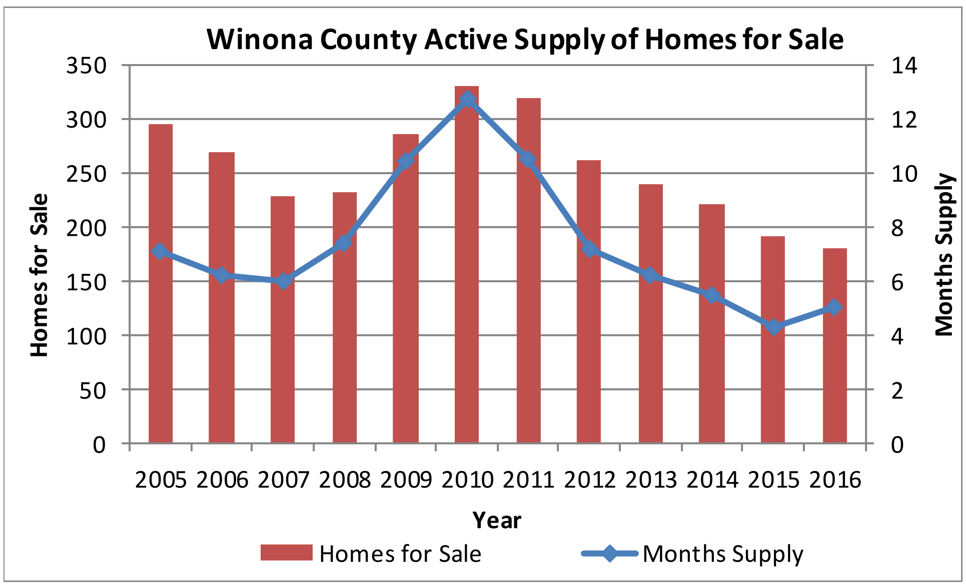
TABLE FS-5
ACTIVE SUPPLY OF RESIDENTIAL HOMES FOR SALE
CITY OF WINONA AND WINONA COUNTY
2005 to 2016[1]

	Months Supply		Active Listings	
Year	Winona	Winona County	Winona	Winona County
2005	7.0	7.1	213	295
2006	6.7	6.2	204	269
2007	6.0	6.0	170	229
2008	7.0	7.4	166	231
2009	9.9	10.4	202	285
2010	12.5	12.7	248	330
2011	10.6	10.5	242	318
2012	6.4	7.2	183	261
2013	6.2	6.2	178	240
2014	4.9	5.5	152	220
2015	5.3	4.3	175	191
2016	3.4	5.0	105	181

[1] October 2015 though October 2016

Source: RMLS, Maxfield Research and Consulting LLC





Single Family New Construction and Lot Supply

Maxfield Research reviewed 14 subdivisions in Winona with lots available. Please note; this does not include scattered, infill lots.

- There are roughly 123 lots in Winona subdivisions available for new construction.

- Lot sizes vary, the smallest lot is approximately 0.03 acres and the largest 11.83 acres. The average lot size is 0.80 acres.

TABLE FS-6
LOT SUPPLY WITHIN SELECT SUBDIVISIONS WITH LOTS AVAILABLE
As of October 2016

Subdivision/location	No. of Lots	Vacant Lots	Typical Lot Size (Acres)	Lot Size Range (Acres)	Lot Costs (Avg.) Assessed	Home Price (Avg.) Assessed
Bluffview	28	4	0.27	0.19 - 0.73	$44,182	$200,020
Cobblestone Creek	13	2	0.58	0.32 - 1.83	$102,169	$247,500
Creekwood	50	9	0.04	0.03 - 0.05	$36,782	$145,895
Crestview	46	17	0.32	0.25 - 0.63	$50,424	$258,382
Knopp Valley	268	12	0.32	0.04 - 3.32	$37,182	$152,296
Lake Boulevard	23	11	1.74	0.11 - 7.01	$39,843	$136,200
Sahaptin Woods	10	2	3.52	3.02 - 4.31	$56,270	$270,600
Scharmer Estates	39	6	0.35	0.07 - 1.18	$35,551	$207,935
Scharmer Heights	19	7	0.62	0.28 - 1.27	$46,500	$330,433
Severson	8	8	0.93	0.13 - 3.41	na	na
The Meadows	23	20	1.29	0.24 - 11.83	$55,322	$299,400
Treetops	28	7	0.43	0.12 - 1.44	$37,446	$221,290
Valley Oaks	193	13	0.43	0.04 - 4.41	$43,497	$222,363
Valley Oaks Twinhomes	70	56	0.22	-----	n/a	$312,500
Wincrest	152	5	0.36	0.19 - 0.82	$43,344	$164,511
Total	970	179				

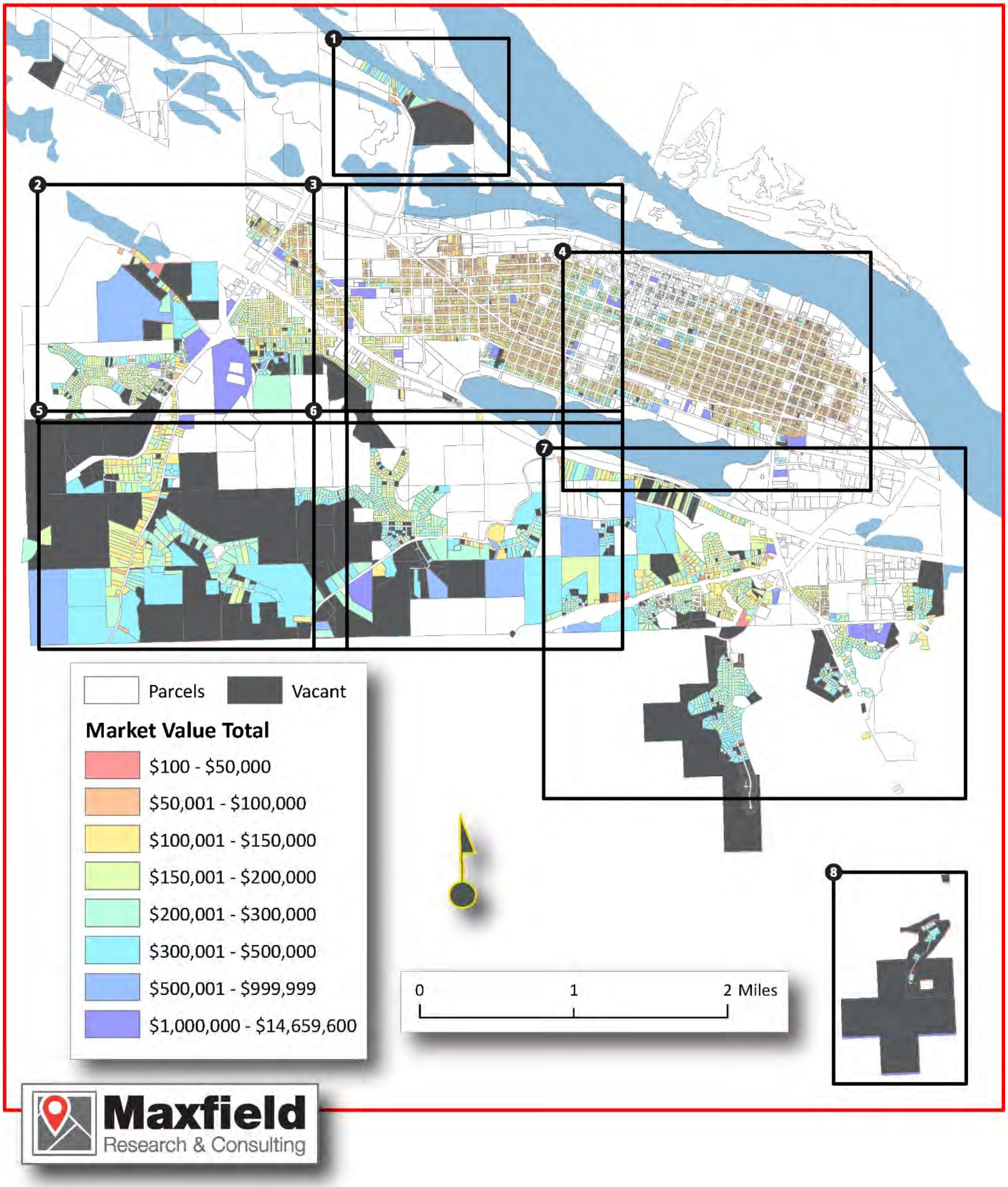
Source: Winona County GIS, Maxfield Research and Consulting LLC

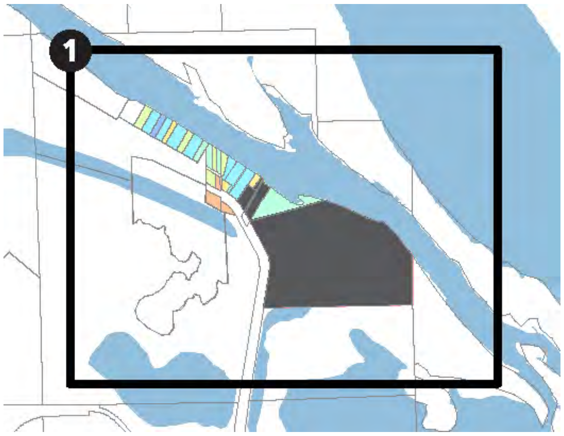
- New for-sale construction activity in Winona averaged 28 homes built per year from 2000 through 2015. New for-sale construction activity was, on average, nine homes built per year from 2009 through 2015. As the economy continues to recover, we would anticipate new housing construction activity to increase. However, there is less new housing being constructed and almost no builders developing spec homes.

- Most subdivision lots being marketed in Winona are approximately 0.5 acres and most are priced at about $40,000. Pricing varies based on size of lot, views, and styles of subdivision homes currently in place. Of the actively marketing subdivisions, Wincrest is marketing lots for around $35,000 and are usually 0.5 acres; Treetops is marketing lots for around $40,000 and are about 0.55 acres; Valley Oaks is marketing 0.28 acre lots for around $59,900; The Meadows is marketing lots for between $24,000 and $43,000.

- Popular new construction product types are single-level or bi-level ranch style homes that have over 1,700 square feet of finished space. Most new home construction is price at around $155 to $175 per square foot, depending on upgrades which could increase construction costs. Common new single-family home construction features in the area are: main level master bedroom; master walk-in showers; larger kitchens with islands; vaulted ceilings; three-car garages; open floor concept; main floor laundry; and extra storage spaces.

Winonona Minnesota Residential Land Supply
Residential Parcels with No Assessed Building Value

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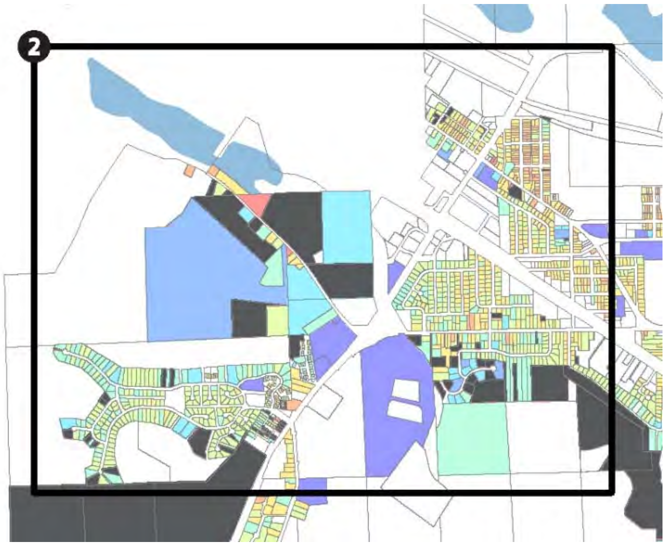
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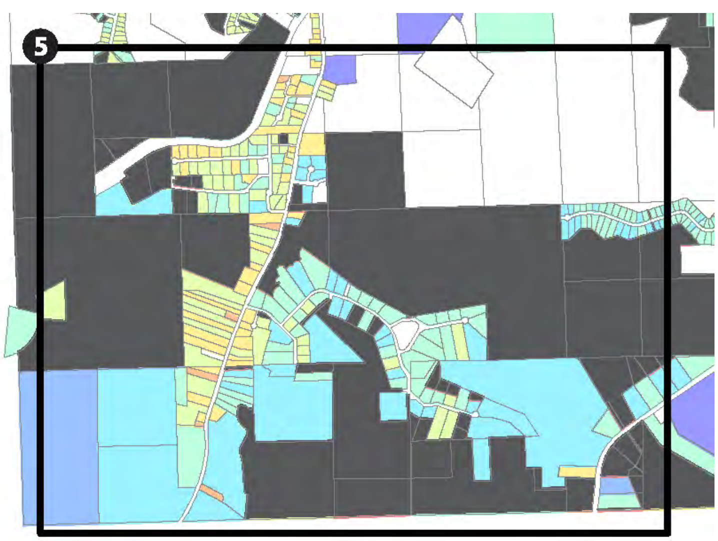
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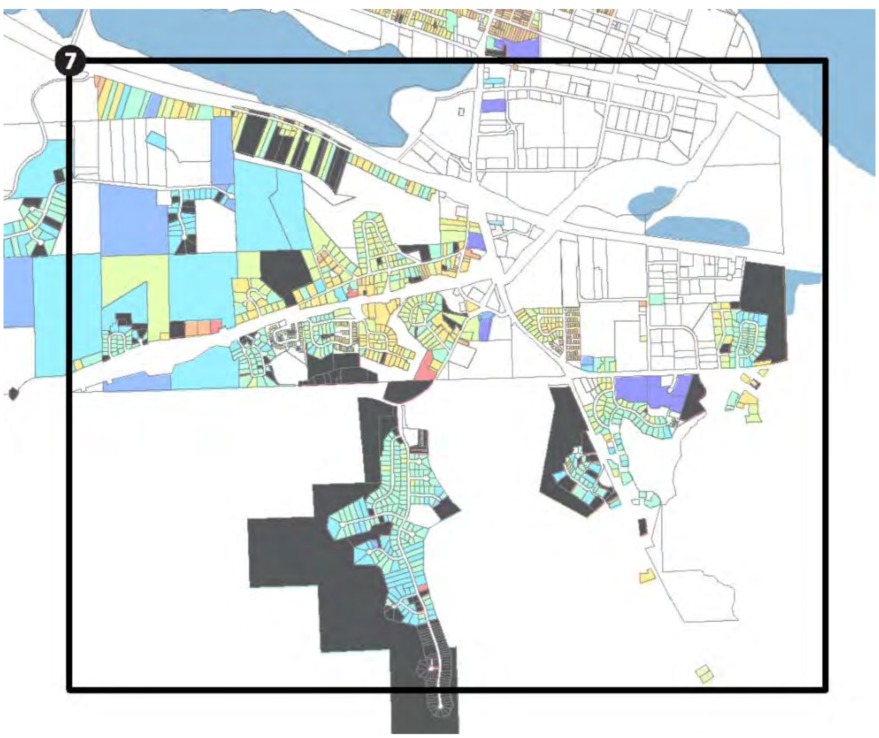
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Mobile Home Parks

Maxfield Research identified five mobile home parks in the PMA.

- There are approximately 690 pads in the PMA with vacancy at the parks interviewed at between 3.2% and 8.8%.

- Mobile home parks in the area experience a good mix of tenants of varying ages.

- At some locations, tenants provide their own manufactured housing and the park leases the pads.

- Lake Village charges $368 per pad and provides trash, water and sewer with a $1,500 bonus to move in.

- Country Valley Manufactured Home Park in Stockton charges between $575 and $1,000 for home rentals. This rent includes garbage, water, sewer, and lawn care.

Real Estate Agent Interviews

Maxfield Research and Consulting LLC interviewed real estate agents and other professionals familiar with Winona's owner-occupied market to solicit their impressions of the for-sale housing market in the community. Key points are summarized by topic as follows.

- Real estate agents and builder expressed the sentiment that most buyers seek single-family homes and townhomes, but there is a market for all housing product types and price ranges. There is a strong demand for townhomes in the area.

- Many home buyers seek lower priced homes in the $150,000 to $200,000 range and there is insufficient product in this price range to sell.

- It is more difficult to find buyers for homes priced over $300,000 in the area.

- Very few buyers are looking for condominiums.

- The amenities that buyers want depend on the price range of the home. First-time home buyers seek smaller lots up to 0.5 acres, smaller home sizes (square footage) and are excited to purchase their first home. Move-up buyers seek larger home sizes and larger yards. Buyers seeking executive level homes want new construction, larger garage space and/or more stalls, more home amenities and flooring options such as wood, tile, etc.

- Realtors have found that properties priced appropriately for the market sell quickly. If properties are not priced appropriate to the market, they are hard to sell and often stay on the market for 90 days or more. The current days on market is 102 days for residential properties.

- Although many of today's sellers could easily sell their home in today's market, many sellers have few options to buy when purchasing their next home. Many sellers are seeking one-level living and maintenance free options and there are few for-sale products available with these preferences. Furthermore, many sellers downsizing do not want to spend more to purchase another home than the sales price of the home they currently own.

- Buyer confidence continues to improve as buyers have been able to take advantage of historically low mortgage rates and home prices that are relatively affordable compared to the peak of the market in the mid-2000s.

- Lender-mediated property sales remain low and most real estate agents expect that trend to continue. As long as these properties remain low, this should assist in maintaining a stable housing market with positive appreciation.

- Lot costs can be found to range from $30,000 up to $50,000 or greater if they are inclusive. Lots foreclosures have decreased significantly in recent years.

- Winona housing costs are generally defined as follows:

    - Entry-level: less than $100,000
    - Move-up: $150,000 to $250,000
    - Executive: $350k+

- Real estate agents commented that additional maintenance-free products (new, rambler, and townhomes) would be desirable.

Introduction

Maxfield Research and Consulting LLC identified and surveyed larger rental properties of 16 or more units in the Winona Market Area. In addition, interviews were conducted with real estate agents, developers, rental housing management firms, and others in the community familiar with Winona's' rental housing stock.

For purposes of our analysis, rental properties are classified rental projects into two groups, general occupancy and senior (age-restricted). All senior properties are included in the *Senior Housing Market Analysis* section of this report. The general occupancy rental properties are divided into three groups: market rate (those without income restrictions); work force or shallow-subsidy housing (those receiving tax credits or another type of shallow-subsidy and where there is a quoted rent for the unit and a maximum income that cannot be exceeded by the tenant); and deep-subsidy properties (those with income restrictions at 50% or less of AMI where rental rates are based on 30% of their gross adjusted income.

Overview of Rental Market Conditions

Maxfield Research utilized data from the American Community Survey (ACS) to summarize rental market conditions in the Winona Market Area. The ACS is an ongoing survey conducted by the United States Census Bureau that provides data every year rather than every ten years as presented by the Decennial Census. This data is used because these figures are not available from the Decennial Census. Please note that the ACS data includes all rental units, regardless of structure size.

Table R-1 presents a breakdown of median gross rent and monthly gross rent ranges by number of bedrooms in renter-occupied housing units from the 2010-2014 ACS in the Winona Market Area, in comparison to Minnesota. Gross rent is defined as the amount of the contract rent plus the estimated average monthly cost of utilities (electricity, gas, and water and sewer) and fuels (oil, coal, wood, etc.) if these are paid by the renter.

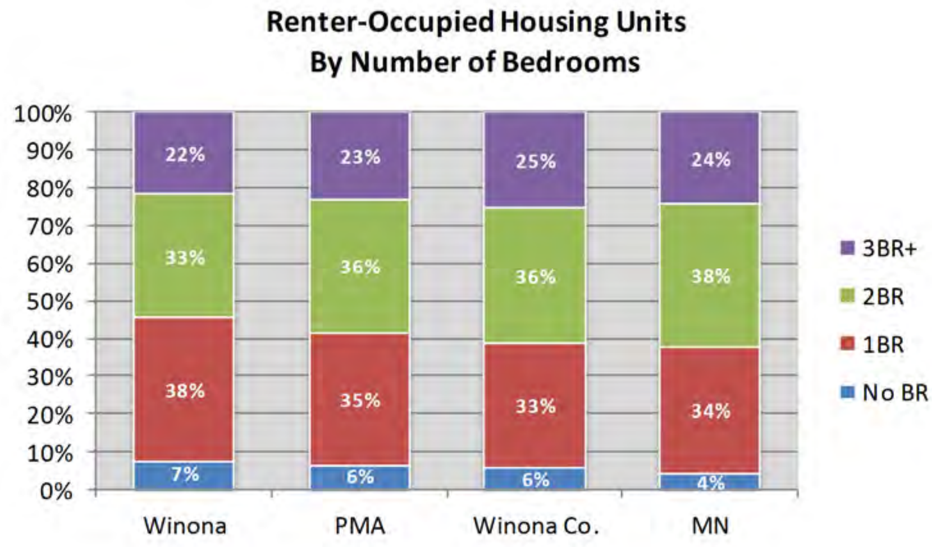
- The Winona Market Area has lower rents when compared to Minnesota. The median gross rent is $739 in the Market Area and $705 in Winona. Winona is 15.6% lower than the median rent of $835 in Minnesota. The lower rents in Winona and the Market Area compared to Minnesota, generally reflect lower average wages for Winona and the significantly older age of many rental properties (30+ years).

- One-bedroom units are the most common unit type in Winona, representing 38% of all occupied rental units in the Market Area. In Minnesota, two-bedroom units are the most common rental unit type (38%).

R-1
BEDROOMS BY GROSS RENT, RENTER-OCCUPIED HOUSING UNITS
MARKET AREA
2016

	Winona		PMA		Winona Co.		*MN*
	#	% of Total	#	% of Total	#	% of Total	*% of Total*
Total:	**4,487**	**100%**	**5,313**	**100%**	**6,092**	**100%**	***100%***
Median Gross Rent	**$705**		**$739**		**$629**		***$835***
No Bedroom	**336**	**7%**	**336**	**6%**	**366**	**6%**	***4%***
Less than $200	0	0%	0	0%	0	0%	*0%*
$200 to $299	43	1%	43	1%	43	1%	*0%*
$300 to $499	196	4%	196	4%	162	3%	*1%*
$500 to $749	82	2%	82	2%	143	2%	*2%*
$750 to $999	0	0%	0	0%	0	0%	*1%*
$1,000 or more	0	0%	0	0%	0	0%	*1%*
No cash rent	15	0%	15	0%	18	0%	*0%*
1 Bedroom	**1,704**	**38%**	**1,875**	**35%**	**1,983**	**33%**	***34%***
Less than $200	98	2%	84	2%	90	1%	*1%*
$200 to $299	282	6%	281	5%	269	4%	*3%*
$300 to $499	536	12%	571	11%	605	10%	*4%*
$500 to $749	621	14%	761	14%	817	13%	*10%*
$750 to $999	72	2%	83	2%	82	1%	*9%*
$1,000 or more	79	2%	79	1%	81	1%	*5%*
No cash rent	16	0%	16	0%	39	1%	*0%*
2 Bedrooms	**1,478**	**33%**	**1,887**	**36%**	**2,209**	**36%**	***38%***
Less than $200	59	1%	58	1%	55	1%	*1%*
$200 to $299	79	2%	93	2%	90	1%	*1%*
$300 to $499	115	3%	193	4%	281	5%	*2%*
$500 to $749	669	15%	821	15%	1,022	17%	*7%*
$750 to $999	493	11%	576	11%	583	10%	*12%*
$1,000 or more	48	1%	121	2%	115	2%	*13%*
No cash rent	15	0%	25	0%	63	1%	*1%*
3 or More Bedrooms	**969**	**22%**	**1,215**	**23%**	**1,534**	**25%**	***24%***
Less than $200	10	0%	11	0%	10	0%	*0%*
$200 to $299	3	0%	0	0%	12	0%	*0%*
$300 to $499	267	6%	236	4%	282	5%	*1%*
$500 to $749	142	3%	184	3%	259	4%	*3%*
$750 to $999	191	4%	247	5%	371	6%	*4%*
$1,000 or more	292	7%	430	8%	404	7%	*13%*
No cash rent	64	1%	107	2%	196	3%	*3%*

Sources: 2010-2014 American Community Survey;
Maxfield Research and Consulting, LLC



- Two bedroom units comprise 33% of Winona's renter-occupied housing supply and 7% have no bedroom (i.e. studio units). By comparison, roughly 34% of Minnesota's renter-occupied housing units have one bedroom and 4% have no bedroom. Most one-bedroom units in Winona (14%) rent for between $500 and $749 per month.

- In Winona, most of the two-bedroom units (15%) have gross monthly rents ranging from $500 to $749 and most units with three or more bedrooms (7%) rent for $1,000 or more per month.

- Roughly 11% of the units in the Market Area have rents of more than $1,000.

General-Occupancy Rental Properties

Our research of Winona's general occupancy rental market included a survey of 23 market rate, workforce (shallow-subsidy), and deep-subsidy apartment properties (16 units and larger) in September 2016. These properties represent a combined total of 1,300 units, including 1,019 market rate units, 88 workforce (shallow-subsidy) and 193 deep-subsidy units.

Although we were able to contact and obtain up-to-date information on the majority of rental properties, there are properties in the Winona Market Area that have fewer than 16 units and/or are primarily student housing units. These properties are excluded in the average rent and vacancy rate calculations. Many of these properties are converted single-family homes or smaller multi-family properties that are identified within ACS. There are approximately 3,435 rental units located in single-family structures, duplexes, triplexes or multi-use structures in Winona with fewer than 16 units as referenced though ACS tables.

At the time of our survey, 14 market rate units were vacant, resulting in an overall vacancy rate of 1.4% for all units. The combined overall vacancy rate is below the industry standard of 5% vacancy for a stabilized rental market rate which promotes competitive rates, ensures adequate choice, and allows for sufficient unit turnover.

Table R-2 summarizes information on market rate, work force (shallow-subsidy), and deep-subsidy general occupancy projects including features and amenities. Table R-3 summarizes available unit types and rents among all general-occupancy housing developments.

Market Rate

- Most of Winona's larger market rate general occupancy rental housing was built or had major renovations after the 1980's.

- The newest market rate general occupancy rental housing project with more than 16 units in Winona is the Winona West Apartments, which was built in 2016.

- A total of 14 vacancies were found in market rate rental projects, resulting in a vacancy rate of 1.4% as of September 2016. Market rate rental vacancy stabilized equilibrium is considered to be 5% to allow for unit turnover and property choice for renters.

- Sizes for market rate units ranged from 320 square feet for a studio apartment at the Randall Street Key Apartments to 2,000 square feet for a three-bedroom apartment at Hillview Apartments. The average size of all market rate apartments in Winona is 1,092 square feet.

- Rents range from $370 for a studio apartment at the Randall Street Key Apartments to $1,350 for a three-bedroom apartment at Hillview Apartments. The weighted average monthly rent of all market rate apartments in Winona is $609.

Workforce (Shallow-Subsidy) / LIHTC

- Shallow-subsidy housing is typically provided through the Low-Income Housing Tax Credit Program (LIHTC) or Section 42 (HUD) or historic tax credits (federal program) whereby developers may utilize 4% or 9% tax credits to assist in reducing their development costs and passing that savings onto households in the form of lower rents. Some of the larger cities and counties in Minnesota are their own tax credit allocators. All others apply through Minnesota Housing for tax credits. The LIHTC funding program in Minnesota has become very competitive and properties do not always qualify for a tax credit award on the first submission. MN Housing publishes maximum income and rent limits for all tax credit properties depending on the date placed into service. This housing is intended to serve households with incomes between 45% and 60% of the area median family household income as determined by family size. Households that receive Section 8 vouchers may be eligible to use those vouchers at a tax credit property if the Fair Market Rents fall within the allocated range based on bedroom size.

- There are two general occupancy shallow-subsidy tax credit properties in Winona with 88 total units. There were no vacant units as of September 2016. Typically, tax credit rental properties should be able to maintain vacancy rates of 3% or less in most housing markets. The lack of vacancies for tax credit housing units indicates a need for additional housing of this type.

Deep-Subsidy

- Deep-subsidy housing typically includes public housing or federal government funding programs such as HUD Section 202, Section 811, or Section 8. Because most of the federal programs that supported this type of housing in the past have experienced funding cuts, this type of housing is very difficult to develop and waiting lists at most properties are generally lengthy. Some funds are still being allocated through the HOME program and the Housing Choice Voucher program, but these have also been restricted due to funding availability. Households are able to qualify with an adjusted gross income that is at or less than 50% of the area median family household income as determined by family size. Tables with income limits are compiled and published annually by HUD.

- There are four income-restricted properties in Winona with 193 total units. There was one vacant unit as of September 2016. Typically, deep-subsidy rental properties should be able to maintain vacancy rates of 3% or less in most housing markets. The vacancy rate of 0.5% for these units indicates a need for more of this housing.

R-2
SELECT GENERAL OCCUPANCY RENTAL PROJECTS
PRIMARY MARKET AREA
September 2016

Project Name/Location Contact Information	Year Built / Remodeled	No. of Units	Total Vacant	Unit Description Type	 No.	 Vac.	 Size	Monthly Rent Min	 Max	Rent/sq. ft. Min	 Max
MARKET RATE RENTAL PROJECTS											
5151 West 6th St Apartments	2013 - 2014	25	0	1BR	25	0	na	Owner refusal		na	
5151 W 6th St.	vacancy rate:		0.0%								
Goodview											
	Notes / Resident profile: Owner did not want to share monthly rent. Maximum of 2 tenants per apartment. Tenants pay electric. Garage rental available.										
Hillview Apartments	2008	47	0	2BR	25	0	1,000	$749	$799	0.75	$0.80
4986 Service Dr.	vacancy rate:		0.0%	3BR	22	0	1,200 - 2,000	$849	$1,350	0.71	$1.13
Goodview											
	Notes / Resident profile: Elevators to every floor, large closets, private deck/patio area, on-site washer and dryer per each floor, off street parking or garages for rent $75 or $150 for two-car garages. Rent includes water and trash. Tenant responsible for other utilities.										
Lakeside Manor Apartments	1996, 2014	157	3	1BR	50	0	820	$550	$705	0.67	$0.86
Townhomes & Duplexes	vacancy rate:		1.9%	2BR	43	3	1,080	$650	$865	0.60	$0.80
515 9th St.				2BR TH	60	0	1,199	$750	$1,000	0.63	$0.83
Goodview				3BR	4	0	1,097	$760	$900	0.69	$0.82
	Notes / Resident profile: Townhomes and duplexes have in-unit washer and dryer hook ups. Gareges with units. Apartments have on-site laundryWater, sewer, trash, are included in the rent all other utilities are tenants responsibility.										
West 7th St Apartments	1985	36	0	2BR	36	0	na	Owner refusal		na	
5120, 5125, 5140 W. 7th St.	vacancy rate:		0.0%								
Goodview											
	Notes / Resident profile: Owner did not want to share monthly rent. Family with maximum of four tenants per apartment. Tenants pay electric. Storage units and garages available.										
CreeksEdge Apartments	2002 / 2015	47	0	1BR	15	0	na	$595	$695	na	
530 Cottonwood Dr	vacancy rate:		0.0%	2BR	31	0	na	$695		na	
Winona				3BR	1	0	na	$795		na	
	Notes / Resident profile: Water and trash are included in rent. Tenant pays for electric heat and all other expenses. AC, in-unit laundry, private entry, community garden.										
East Manor Apartments	1989 - 1990	103	1	EFF	3	0	503	$475		$0.94	
853 E. Belleview St.	vacancy rate:		1.0%	1BR	36	0	756 - 780	$605	$620	0.80	$0.82
Winona				2BR	63	1	780 - 1,008	$630	$695	0.81	$0.89
				3BR	1	0					
	Notes / Resident profile: Primarily family's. Water, sewer and trash are included with rent. AC, large closets, garage, off-street parking, on-site laundry.										
Edgewater Apartments	1960	55	0	1BR	33	0	na	$415	$525	na	
653 W. Sarnia St.	vacancy rate:		0.0%	2BR	22	0	na	$535	$615	na	
Winona											
	Notes / Resident profile: Rent covers heat, water, sewer, trash. Tenant pays electricity. Laundry facility, detached garages, Mix of tenants.										
Fairway Woods Apartments	1975 / 2007	111	1	EFF	3	0	680	$529		0.78	$0.00
1555 Homer Rd.	vacancy rate:		0.9%	1BR	36	0	770	$649		0.84	$0.00
Winona				2BR	54	1	956 - 1,060	$759	$779	0.79	$0.81
				3BR	18	0	1,130	$889		0.79	$0.00
	Notes / Resident profile: Varied tenant mix, adding new elevators and replacing decks. Does not maintain a wait list. Heat, water, sewer and trash are included. Laundry in each building, off street parking, swimming pool, community room.										

Continued

R-2 *Continued*
SELECT GENERAL OCCUPANCY RENTAL PROJECTS
PRIMARY MARKET AREA
September 2016

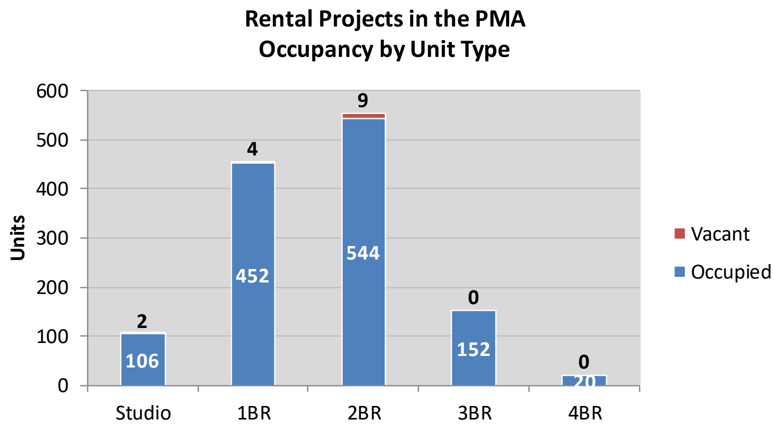
Project Name/Location Contact Information	Year Built / Remodeled	No. of Units	Total Vacant	Unit Description Type	No.	Vac.	Size	Monthly Rent Min	Max	Rent/sq. ft. Min	Max
MARKET RATE RENTAL PROJECTS											
Golfview Crossing Apartments	1965	46	2	1BR	23	2	600	$619		$1.03	
1515 W 5th St.		vacancy rate:	4.3%	2BR	23	0	700	$699		$1.00	
Winona											
	Notes / Resident profile: On site laundry, garages, ac. Heat, water, sewer, and garbage are included in the rent.										
Hillcrest Apartments	2003	20	0	2BR	12	0	1,050	$710		$0.68	
1621 Homer Rd.		vacancy rate:	0.0%	3BR	8	0	1,200	$810		$0.68	
Winona											
	Notes / Resident profile: Garages are $50 per month, on-site laundry, private balcony or patio.rent includes water and trash all other charges are tenants responsibility.										
Key Apartments *(Broadway St.)*	1971, 1973	92	1	1BR	92	1	600	$460	$490	$0.77	
1752 W. Broadway		vacancy rate:	1.1%								
Winona											
	Notes / Resident profile: Mix of tenants, tenants are responsible for electricity, heat is electric. There is on-site laundry, off-street parking.										
Key Apartments (*Randall St.)*	1972	64	2	EFF	63	2	320	$370		$1.16	
1258 Randall St.		vacancy rate:	3.1%	1BR	1	0					
Winona											
	Notes / Resident profile: Tenants responsible for phone and cable, all other costs covered by owner. There is on-site laundry, off-street parking, AC.										
Lake View Manor Apartments	1967	50	1	EFF	14	0	na	$400		na	
456 E. Sarnia St.		vacancy rate:	2.0%	1BR	18	0	na	$545	$555	na	
Winona				2BR	18	1	na	$680	$720	na	
	Notes / Resident profile: Living Space: 2BR 12x17, 1BR 12x12, EFF 10x11. Heat, Water, Trash is included in rent, tenants pay for electric. In unit AC										
Maceman Street Apartments	1976	36	na	1BR	21	na	700	na		na	
528 Maceman St.		vacancy rate:	na	2BR	15	na	900 - 1,000	na		na	
Winona											
	Notes / Resident profile: A/C, dishwasher, on-site laundry, balcony, extra storage, limited availability detached garages. Tenants pay electric. Heat is included in rent.										
Sugar Loaf Apartments	1967	40	2	1BR	16	1	600	$525		$0.88	
358 E. Sarnia St.		vacancy rate:	5.0%	2BR	24	1	720	$640		$0.89	
Winona											
	Notes / Resident profile: Occupancy fluctuates. Owner pays heat, water, and trash. Tenant is responsible for water and electric.										
Valley Manor Apartments	1993 - 1994	45	1	1BR	30	0	810	$565		$0.70	
52 Links Ln.		vacancy rate:	2.2%	2BR	15	1	952	$645		$0.68	
Winona											
	Notes / Resident profile: Primarily family. Water, sewer and trash are included with rent. Overlooks golf course, ac, storage, large closets, on-site laundry.										
Washington Crossing	2004 - 2005	20	0	1BR	22	0	800 - 900	$755		0.94	
166 W Broadway St.		vacancy rate:	0.0%	2BR	40	0	900 - 1,115	$870		0.97	
Winona											
	Notes / Resident profile: Offers 20 Market Rate and 42 tax credit Apartments. Historical rehab in 2004. Water, Trash, and Sewer are covered by rent. Tenants are responsible for electricity and heat. Off-street parking, community room, elevator, community laundry.										
Winona West Apartments	2016	25	0	1BR	25	0	na	Owner refusal		na	
1719, 1721 W 5th St		vacancy rate:	0.0%								
Winona											
	Notes / Resident profile: Owner did not want to share monthly rent. Maximum of two tenants per apartment. Tenants pay electric. Garage rental available.										

Continued

R-2 *Continued*
SELECT GENERAL OCCUPANCY RENTAL PROJECTS
PRIMARY MARKET AREA
September 2016

Project Name/Location Contact Information	Year Built / Remodeled	No. of Units	Total Vacant	Unit Description Type	No.	Vac.	Size	Monthly Rent Min	Max	Rent/sq. ft. Min	Max
SHALLOW-SUBSIDY HOUSING RENTAL PROJECTS											
Pleasant Valley Apartments	1995	46	0	3BR TH	46	0	1,200	$626		0.52	- $0.00
55 Links Ln.	vacancy rate:		0.0%								
Winona											
	Notes / Resident profile: Accepts Section 8 Vouchers, tax credit property. Units filled off of a waiting list. Some units have a garage, those units are an additional $40. Sewer, water, trash are included. Units have washer and dryer hookups, central air.										
Washington Crossing	2004 - 2005	42	0	1BR	22	0	800 - 900	$580		0.73	
166 W Broadway St.	vacancy rate:		0.0%	2BR	40	0	900 - 1,115	$680		0.76	
Winona											
	Notes / Resident profile: Offers 20 Market Rate and 42 tax credit Apartments. Historical rehab in 2004. Water, Trash, and Sewer are covered by rent. Tenants are responsible for electricity and heat. Off-street parking, community room, elevator, community laundry.										
DEEP-SUBSIDY RENTAL PROJECTS											
Belleview East	1983	40	0	2BR TH	28	0	na	30% of	- $471	na	
715, 720, 730, 735, 755, 765, 775	vacancy rate:		0.0%	3BR TH	8	0	na	Monthly	- $543	na	
E. Belleview St.				4BR TH	4	0	na	Income	- $606	na	
Winona											
	Notes / Resident profile: Family development, new playground, basketball court. In-unit washer and dryer hookups, AC. Tenant responsible for all utilities except water and sewer. Maintain a waitlist for units.										
Morningside Terrace /	1972	54	0	1BR	39	0	539	30% of	- $592		$1.10
Bluff View Flats	vacancy rate:		0.0%	2BR	15	0	932	Monthly	- $690		$0.74
1116 Sugar Loaf Rd.								Income			
Winona											
	Notes / Resident profile: Rehab on entire building, Section 8 tax credit on all units. Utilities included in rent. Laundry on each floor. On-Site Playground, In-unit washer and dryer, off street parking.										
Maplewood Townhomes	1954 / 2004	91	0	2BR TH	31	0	1,000	30% of	- $582		$0.58
1756 Kraemer Dr.	vacancy rate:		0.0%	3BR TH	44	0	1,200	Monthly	- $795		$0.66
Winona				4BR TH	16	0	1,400	Income	- $798		$0.57
	Notes / Resident profile: Mainain a 98% occupancy and availability is filled from a wait list with tenants on waitlist for 3 months to 6 months. No additional ammenities. Tenants pay gas and electric.										
Norstone Apartments	1981	8	1	1BR	4	0	700	30% of	- $392		$0.56
146 Main St.	vacancy rate:		12.5%	2BR	4	1	900	Monthly	- $471		$0.52
Rollingstone								Income			
	Notes / Resident profile: 16 units total, apartment services senior, handicap, disabled, and families. Approximately 8 units are general occupancy and 8 units senior. They do maintain a waitlist, not many are on it and most people are on it less than 3 months. Garbage and sewer are included in the rent. There is on-site laundry.										
Total		**1,300**	**15**	**1.2% vacant**							

Source: Maxfield Research and Consulting, LLC



R-3
SURVEYED UNIT TYPE SUMMARY
GENERAL OCCUPANCY RENTAL DEVELOPMENTS
September 2016

Market Rate						Monthly Rents		
Unit Type	Total Units	% of Total	Vacant Units [1]	% Vacant	Avg. Size	Range Low - High	Avg. Rent	Avg. Rent/ Sq. Ft.
Studio	108	11%	2	0.0%	344	$370	$510	$0.96
1BR	401	40%	4	1.0%	714	$415 - $755	$590	$0.84
2BR	445	44%	8	1.8%	994	$535 - $1,000	$708	$0.78
3BR	54	5%	0	0.0%	2,318	$760 - $1,350	$885	$0.73
Total:	**1,008**	**100%**	**12**	**3.8%**	**1,092**	**$370 - $1,350**	**$609**	**$0.83**
Shallow-Subsidy						**Monthly Rents**		
Unit Type	Total Units	% of Total	Vacant Units [1]	% Vacant	Avg. Size	Range Low - High	Avg. Rent	Avg. Rent/ Sq. Ft.
1BR	12	14%	0	0.0%	850	$580	$580	$0.68
2BR	30	34%	0	0.0%	1,008	$680	$680	$0.67
3BR	46	52%	0	0.0%	1,200	$626	$626	$0.52
Total:	**88**	**100%**	**0**	**0.0%**	**1,104**	**$580 - $680**	**$638**	**$0.63**
Deep-Subsidy						**Monthly Rents**		
Unit Type	Total Units	% of Total	Vacant Units [1]	% Vacant	Avg. Size	Range Low - High	Avg. Rent	Avg. Rent/ Sq. Ft.
1BR	43	22%	0	0.0%	554	30% Monthly Income - $592	$492	$0.83
2BR	78	40%	1	1.3%	972	- $690	$554	$0.62
3BR	52	27%	0	0.0%	1,200	- $795	$669	$0.66
4BR	20	10%	0	0.0%	1,400	- $798	$702	$0.57
Total:	**193**	**100%**	**1**	**0.3%**	**1,191**	**- $798**	**$635**	**$0.67**

[1] Vacant units are calculated only from properties where information was provided by property management. Overall monthly rents are a weighted average.

Source: Maxfield Research and Consulting, LLC

Select General Occupancy Rental Photos


5151 West 6th St. Apartments

Hillview Apartments


Lakeside Manor Apartment, Townhomes & Duplexes


Lakeside Manor Apartment, Townhomes & Duplexes


Lakeside Manor Apartment, Townhomes & Duplexes


West 7th St. Apartments

Select General Occupancy Rental Photos


CreeksEdge Apartments


East Manor Apartments


Edgewater Apartments

Fairway Woods Apartments


Fairway Woods Apartments


Golfview Crossing Apartments

Select General Occupancy Rental Photos


Hillcrest Apartments


Key Apartments (Broadway St.)


Key Apartments (Randall St.)


Lake View Manor Apartments


Maceman Street Apartments

Sugar Loaf Apartments

Select General Occupancy Rental Photos

Valley Manor Apartments

Washington Crossing


Winona West Apartments

Pleasant Valley Apartments

Belleview East

Morningside Terrace / Bluff View Flats

Select General Occupancy Rental Photos

Maplewood Townhomes

Nor-Stone Apartments

Off-Campus Student Focused Rentals

Winona State University publishes an off-campus housing list for use by students at the University to find rental apartments for the school year. Most apartment leases for the off-campus units are 12-month leases running from June through May. Pre-leasing for the 2017-2018 school year is currently underway and these listings are posted.

Number of residents to reside in a unit typically ranges from two to three people with a few units accommodate four to five residents. Some units are semi-furnished and some are fully furnished.

Rent rates are typically charged by the person and may include utilities. Most properties require the tenant to pay the electricity. Some also require the tenant to pay heat. Lease rates range from a low of $275 per person to $415 per person. A four-bedroom (five-person) unfurnished apartment three blocks from campus rents for $320 per person or $1,600 per month total. At $415 per month per person, a five-bedroom house would have a total rent of $2,075 per month. Because these rents are charged per person, the total rent level is much higher than the standard rental rates being charged at most of the traditional rental buildings in Winona.

Other Traditional Rentals in Winona

Maxfield Research reviewed apartment listings in the Winona area on websites such as Trulia.com, Rent.com, and others to search for rental offerings that are located in smaller size buildings such as above downtown retail, small duplex units or in buildings smaller than five units.

Several apartment units were found that are located in the Downtown area which were recently listed as available. Information on these units is provided below.

1BR/1BA apartment – 600 square feet; rents for $670 per month (Wabasha Street);
2BR/1BA apartment – 850 square feet; rents for $778 per month (Wabasha Street);
5BR/2BA apartment – 1,414 square feet; rents for $1,500 per month (Howard Street);
1BR/1BA apartment – 800 square feet; rents for $700 per month (Kansas Street);
3BR/1BA apartment – 1,000 square feet; rents for $350/person or $1,050 per month; (Dtwn)
3BR/1BA apartment – 1,000 square feet; rents for $400/person or $1,200 per month; (Dtwn)
3BR/1BA apartment – 1,100 square feet; rents for $1,000 per month;
1BR/1BA apartment – 700 square feet; rents for $725 per month; (Downtown)
4BR/1BA apartment – 1,300 square feet; rents for $1,500 per month; (Downtown)
Std./1BA apartment – 750 square feet; $900 per month; (Downtown)
1BR/1BA apartment – 800 square feet; $800 per month; (Downtown)

This data shows that rents for apartment units in the Downtown are higher than what is currently being charged at many of the older rental properties in Winona. Most of the Downtown units have updated features and amenities and were recently built.

Senior Housing Defined

The term "senior housing" refers to any housing development that is restricted to people age 55 or older. Today, senior housing includes an entire spectrum of housing alternatives, which occasionally overlap, thus making the differences somewhat ambiguous. However, the level of support services offered best distinguishes them. Maxfield Research and Consulting LLC classifies senior housing projects into five categories based on the level of support services offered:

Adult/Few Services; where few, if any, support services are provided, and rents tend to be modest;

Congregate/Optional-Services; where support services such as meals and light housekeeping are available for an additional fee;

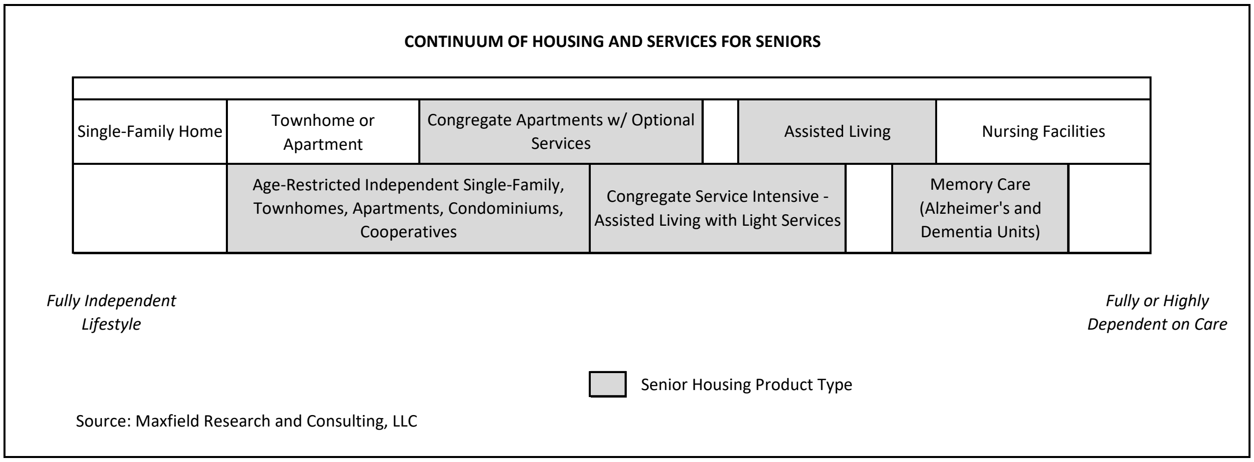
Congregate/Service-Intensive; where support services such as meals and light housekeeping are included in the monthly rents;

Assisted Living; where two or three daily meals as well as basic support services such as transportation, housekeeping and/or linen changes are included in the fees. Personal care services such as assistance with bathing, grooming and dressing is included in the fees or is available either for an additional fee.

Memory Care; where more rigorous and service-intensive personal care is required for people with dementia and Alzheimer's disease. Typically, support services and meal plans are similar to those found at assisted living facilities, but the heightened levels of personalized care demand more staffing and higher rental fees.

These five senior housing products tend to share several characteristics. First, they usually offer individual living apartments with living areas, bathrooms, and kitchens or kitchenettes. Second, they generally have an emergency response system with pull-cords or pendants to promote security. Third, they often have a community room and other common space to encourage socialization. Finally, they are age-restricted and offer conveniences desired by seniors, although assisted living projects sometimes serve non-elderly people with special health considerations.

The five senior housing products offered today form a continuum of care (see the graphic on the following page), from a low level to a fairly intensive one; often the service offerings at one type overlap with those at another. In general, however, adult/few services projects tend to attract younger, more independent seniors, while assisted living and memory care projects tend to attract older, frailer seniors.



Senior Housing in Winona and the Market Area

As of September 2016, Maxfield Research identified 16 senior housing developments including skilled nursing care in the Winona Market Area. These properties contain a total of 773 units with 27 vacancies resulting in an overall vacancy rate of 3.4% senior housing developments. There are three skilled nursing facilities with 305 beds and a vacancy rate over 5.2%.

Table S-1 provides information on the market rate and properties with public assistance. Information in the table includes year built, number of units, unit mix, number of vacant units, rents, and general comments about each project.

The following are key points from our survey of the senior housing supply.

Market Rate Active Adult

- The Willow Brook Cooperative of Winona is the only active adult ownership project in the Market Area. As of September 2016, there were no vacancies. There are 38 units in this 62+ cooperative community. Tenants purchase their own one-bedroom or two-bedroom unit. Typical units range in price from $75,000 to $115,000 with monthly fees from $56 to $86 determined by unit size.

- There are two active adult projects that offer market rate rental units. As of September 2016, there were no vacancies. Rents range from $595 for a one-bedroom unit at the Kensington Senior Apartments to $895 for a two-bedroom apartment at Burns Valley Apartments.

Deep-Subsidy Active Adult

- Deep-Subsidy active adult senior housing offers affordable rents to qualified low income seniors and handicapped/disabled persons. Typically, incomes are restricted to 50% of the area median income adjusted for household size. For those households meeting the age and income qualifications, deep-subsidy senior housing is usually the most affordable rental option available. Shallow-subsidy projects are typically tax-credit projects that are limited to households earning less than 60% of Winona County's area median income.

- There are six deep-subsidy and shallow-subsidy active adult developments in the Market Area. As of September 2016, there were 13 vacancies in deep and shallow-subsidy projects with a vacancy rate of 3.2%. which indicates there is stabilized demand for subsidized senior rental units. Equilibrium for senior subsidized housing projects is usually around 3%, allowing for optimal housing availability for potential residents. Unit sizes at these senior properties are often smaller than many of the market rate senior rental projects. Some of these senior apartments also maintain waiting lists for units.

Assisted Living

- There are four facilities offering assisted living services in the Market Area. As of September 2016, there were 14 vacancies, for a vacancy rate of 6.3%.

- Market rate basic service rents range from $2,598 for an efficiency apartment at Saint Anne of Winona – Callista Court to $3,700 for a two-bedroom apartment also at Callista Court. Additional cost is based on service level needed. Some common features include kitchenettes, private bathrooms, meals, laundry, and light housekeeping.

Memory Care

- There are three facilities offering memory care services in the Market Area. As of September 2016, there were no vacant memory care units at any of the facilities.

- Market rate rents range from a basic rent of $1,785 at the Winona Health Adith Miller and Roger Metz Manors to $5,000 at Sugar Loaf Courte. There is additional cost based on service level needed. Some features include daily exercise and programs, dining, and common areas for recreation.

Skilled Nursing Care

- There are three facilities offering skilled nursing care services in the Market Area. As of September 2016, there were 16 identified vacancies for skilled nursing care with a vacancy rate over 5.2%. Short term stay vacancies fluctuate daily and daily rates range from $252 at Sauer Health Care to $271 at Winona Health Lake Winona Manor.

TABLE S-1
SELECT SENIOR OCCUPANCY HOUSING
PRIMARY MARKET AREA
September 2016

Project Name/Location	Year Built	No. of Units	Total Vacant	Unit Description Type	Unit Description No.	Unit Description Size (Sq. Ft.)	Monthly Rent Min	Monthly Rent Max	Price Per Sq. Ft Min	Price Per Sq. Ft Max
FOR-SALE ACTIVE ADULT										
Willow Brook Cooperative of Winona	2011	38	0	1BR	16	900 - 1,050	* Tenants Purchase their own units			
1420 East Burns Valley Rd.				2BR	22	1,100 - 1,400				
Winona										
	Notes: 62+, Have 21 on their waitlist. Tenants generally buy-in at 40% of value with typical units ranging from $140k to $220k. Some units that contain a substantial number of upgrades would have prices that are higher than what is quoted, more than $240K. Monthly fees range from $56 to $86 per month by unit sq ft. Tenants pay electric, phone, and HO insurance for their own space.									
Total For-Sale Active Adult		**38**	**0**	**0.0% vacant**						
MARKET RATE ACTIVE ADULT										
Burns Valley Apartments	2003 - 2005	45	0	1BR	6	900	$695		$0.77	
1320 E. Burns Valley Rd.		vacancy rate	0.0%	2BR	39	1,000 - 1,200	$795	$895	$0.80	$0.75
Winona										
	Notes: Tenants age 50+. Water, sewer, trash are included with rent. There is access to the community room, off-street parking and at least one garage is available for each unit, some have two. Mix of attached and detached garages.									
Kensington Senior Apartments	1986	48	0	1BR	29	na	$595		na	
157 W. 3rd St.		vacancy rate	0.0%	2BR	19	na	$850		na	
Winona										
	Notes: Maintain a wait list, usually only have a turnover of one to two apartments per year and those are immediately filled. A nurse call is included along with security and sprinkler system. Free transporation for medical appointments and grocery shopping. Supports services such as beauty salon, cafe, investments, income tax service and hearing aid service. A community health block nurse visits once a month.									
Total Market Active Adult		**93**	**0**	**0.0% vacant**						

Continued

TABLE S-1 *Continued*
SELECT SENIOR OCCUPANCY HOUSING
PRIMARY MARKET AREA
September 2016

Project Name/Location	Year Built	No. of Units	Total Vacant	Unit Description Type	Unit Description No.	Unit Description Size (Sq. Ft.)	Monthly Rent Min	Monthly Rent Max	Price Per Sq. Ft Min	Price Per Sq. Ft Max
DEEP AND SHALLOW SUBSIDY ACTIVE ADULT										
Norstone Apartments	1981	8	1	1BR	4	700	At or	- $392		- $0.56
146 Main St.		vacancy rate:	12.5%	2BR	4	900	below 30%	- $471		- $0.52
Rollingstone							AMI			
	Notes: 16 units total, apartment services senior, handicap, disabled, and families. Approximately 8 units are general occupancy and 8 units senior. They do maintain a waitlist, not many are on it and most people are on it less than 3 months. Garbage and sewer are included in the rent. There is on-site laundry.									
Schaffner Homes	1962	39	0	EFF TH	12	na	At or	- $366		na
1749 W. 6th St.		vacancy rate:	0.0%	1BR TH	27	na	below 30%	- $392		na
Winona							AMI			
	Notes: Preference for 52+ and disabled. Maintains a 98% occupancy and availability is filled from a wait list with tenants on waitlist for 6 months to 1 year. In unit washer and dryer and AC.									
Valley View Tower	1969	130	0	EFF	5	na	At or	- $366		na
165 E 4th St.		vacancy rate:	0.0%	1BR	120	na	below 30%	- $392		na
Winona				2BR	5	na	AMI	- $471		na
	Notes: Preference for 52+ and disabled. Mainain a 98% occupancy and availability is filled from a wait list with tenants on waitlist for 6 months to 1 year. On-site laundry, meal program, ac and all utilities covered. Tenant pays for phone and cable.									
Winona Arms	1985	49	1	1BR	48	400	At or	- $392		- $0.98
150 Pleasant Hills Dr.		vacancy rate:	2.0%	2BR	1		below 30%	- $471		
Winona							AMI			
	Notes: Tenants are 62+ or disabled. Updating properties, since 2008 a new roof has been added, new appliances, new flooring.									
Winhaven Court Apartments	1979, 1994	118	11	1BR	118	652	At or	- $784		- $1.20
104 Main Street		vacancy rate:	9.3%				below 60%			
Winona							AMI			
	Notes: Shallow Subsidy, LIHTC Senior, Over ten units are currently available for rent. Cosmetic renovations since 2008, tenants are 62+ or have a disability. Trash and water are covered by owner, tenant pays all other charges. Roughly 30 parking spots available for tenants. Location nearby to area services.									
Wapasa Apartments	1989	14	0	1BR	8	na	At or			na
1790 W. Broadway		vacancy rate:	0.0%	2BR	6	na	below 30%			na
Winona							AMI			
	Notes: Expected to have a 2BR vacancy in November. Good sized apartments, business downstairs, Tenants are 55+ or disabled. Water, Sewer, Trash, heat are covered by rent. They maintain a waitlist, but often find other options before being filled. Vacancy is always low and are occupied quickly.									
Total Deep and Shallow Subsidy Active Adult		**358**	**13**	**3.6% vacant**						
Total Deep Subsidy		**240**	**2**	**0.8% vacant**						
Total Shallow Subsidy		**118**	**11**	**9.3% vacant**						

Continued

TABLE S-1 *Continued*
SELECT SENIOR OCCUPANCY HOUSING
PRIMARY MARKET AREA
September 2016

Project Name/Location	Year Built	No. of Units	Total Vacant	Unit Description Type	No.	Size (Sq. Ft.)	Monthly Rent Min	Max	Price Per Sq. Ft Min	Max
ASSISTED LIVING										
Senior Living at Watkins	2001	59	12	EFF	29	420	$2,700		$6.43	
175 E. Wabasha St.		vacancy rate:	20.3%	1BR	30	420	$2,700		$6.43	
Winona										
	Notes: $2,700 average cost assisted living for seniors age 55+, 3 meals, housekeeping, utilities, cable, phone included. Additional cost dependent upon services needed. 1BR rooms with kitchenettes and private bathrooms. EFF BR do not have kitchenettes. County Assistance residents pay $891 or less.									
Brookdale Winona	1997	20	0	EFF	20	259 - 296	$2,700	- $2,900	$10.42	$11.20
835 East Belleview St.		vacancy rate:	0.0%							
Winona										
	Notes: Will have an opening soon, no major renovations since 1997. The basic service package is approximately $2,700 to $2,900, but is dependent upon levels of care needed. Units have private bath and small kitchenettes. Meals laundry and housekeeping included.									
Saint Anne of Winona - Callista Court	2011	85	2	EFF	54	450 - 510	$2,598		$5.09	- $5.77
1455 W. Broadway		vacancy rate:	2.4%	1BR	13	675	$3,700		$5.48	
Winona				2BR	18	885	$3,700		$4.18	
	Notes: Basic rates range on room size and depends upon service level ($2,598 to $3,700). Additional fee of a security deposit, returned when tenant moves out.									
Sugar Loaf Senior Living	2012	59	0	EFF		400	$3,100		$7.75	
765 Menard Road		vacancy rate:	0.0%	1BR		1,200	$3,100		$2.58	
Winona										
	Notes: 55+ community, Assisted living base rate is $3,100 plus service charges from nursing assessment. Assisted Living wait list is longer than memory care. Includes elevator, coffee shop, outdoor patio, chapel, library, salon, wellness room, great room, private dining room, whirlpool and spa, limited number of garages.									
Total Assisted Living		223	14	6.3% vacant						
MEMORY CARE										
Winona Health	1993, 1997	20	0	1BR	20	300	$1,785		$5.95	
Adith Miller and Roger Metz Manors		vacancy rate:	0.0%							
885 Mankato Ave.										
Winona										
	Notes: Basic rent is $1,785 for a private room all inclusive, costs additional to services needed and individualized care planning; house setting, wait list is not consistent. Secured entrances, daily exercise, enclosed garden, two living rooms, furnished bedrooms.									
Sugar Loaf Courte	2012	21	0	EFF	21	400	$5,000		$12.50	
765 Menard Road		vacancy rate:	0.0%							
Winona										
	Notes: 55+ community, Memory Care base rate is $5,000 plus service charges from nursing assessment. Assisted Living wait list is longer than memory care. Includes elevator, coffee shop, outdoor patio, chapel, library, salon, wellness room, great room, private dining room, whirlpool and spa, limited number of garages.									
Saint Anne of Winona - Callista Court	2011	20	0	EFF	18	426 - 437	$2,598		$5.95	- $6.10
1455 W. Broadway		vacancy rate:	0.0%	1BR	2	691	$3,700		$5.35	
Winona										
	Notes: Basic rates range on room size and depends upon service level ($2,598 to $3,700). Additional fee of a security deposit, returned when tenant moves out. Common area for dining and recreation. Screened porch, library/theater room, family/hobby room.									
Total Memory Care		61	0	0.0% vacant						

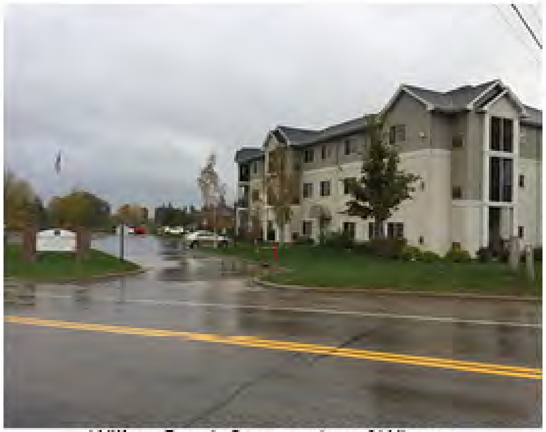
Continued

TABLE S-1 *Continued*
SELECT SENIOR OCCUPANCY HOUSING
PRIMARY MARKET AREA
September 2016

Project Name/Location	Year Built	No. of Units	Total Vacant	Unit Description: Type	Unit Description: No.	Unit Description: Size (Sq. Ft.)	Monthly Rent: Min	Monthly Rent: Max	Price Per Sq. Ft: Min	Price Per Sq. Ft: Max
SKILLED NURSING CARE										
Winona Health	na	125	na	Beds	125		$270.58	DDF		
Lake Winona Manor								Daily Rate		
865 Mankato Ave.										
Winona										
	Notes: Additional Rate of $27.50 per day for private room. Associated with Winona Health offering varied senior housing options.									
Saint Anne of Winona -	1962	109	8	Beds	109		$257.16	DDF		
Extended Healthcare		vacancy rate:	7.3%					Daily Rate		
1347 W. Broadway										
Winona										
	Notes: Additional Rate of $50.00 per day for private room. Due to short term stays vacancies fluctuate daily.									
Sauer Health Care	1966	71	8	Beds	71		$251.76	DDF		
1635 W. Service Dr.		vacancy rate:	11.3%					Daily Rate		
Winona										
	Notes: Additional Rate of $27.00 per day for private room. Maintain a 85 to 90% occupancy rate. It is rare for them to have a waiting list.									
Total Skilled Nursing		**305**	**16**	**Over**	**5.2%**	**Vacant**				

Source: Maxfield Research and Consulting, LLC

Select Senior Housing Photos


Willow Brook Cooperative of Winona

Burns Valley Apartments


Kensington Senior Apartments


Schaffner Homes


Valley View Tower

Winona Arms

Select Senior Housing Photos


Winhaven Court Apartments

Wapasa Apartments


Senior Living at Watkins


Brookdale Winona


Saint Anne of Winona - Callista Court


Sugar Loaf Senior Living

Persons with Disabilities

Data on the number of people in the Winona PMA with disabilities was obtained from the 2014 US Census American Community Survey. The Census Bureau defines a disability as a long-lasting physical, mental, or emotional condition lasting six months or more.

Table SN-1 shows the number of people by age group who are classified as having one of four types of disabilities: hearing, vision, cognitive (difficulty with various types of mental tasks) and ambulatory (difficulty moving from place to place without aid). It should be noted that a person can have more than one disability.

The following are key points from Table SN-1.

- Overall, 21.5% of the County's non-institutionalized population has some form of disability. This percentage is higher than the State's (18.7%).

- When comparing disabilities by age, 8.2% of the County's age 5 to 17 population had a disability, as did about 13.6% of the age 18 to 64 population and 79.3% of the age 65 and over population.

- Cognitive disability is the most prevalent type of disability among children (64.8%) and ages 18 to 64 (27.2%). Among seniors, the most common disability is ambulatory (27.6%). Hearing disabilities are also common among seniors as well (21.8%).

TABLE SN-1
TYPE OF DISABILITY BY AGE OF NON-INSTITUTIONALIZED PERSON
PMA
2014

	Total Number	Percent with a Disability
Age 5 to 17 years		
Hearing disability	36	0.8%
Vision disability	29	0.6%
Cognitive disability	241	5.3%
Ambulatory disability	36	0.8%
Total	**372**	**8.2%**
Self-care disability	*30*	0.7%
Age 18 to 64 years		
Hearing disability	429	1.6%
Vision disability	165	0.6%
Cognitive disability	977	3.7%
Ambulatory disability	901	3.4%
Total	**3,591**	**13.6%**
Self-care disability	372	1.4%
Independent Living Disability	747	2.8%
Age 65 years and over		
Hearing disability	902	17.3%
Vision disability	426	8.2%
Cognitive disability	482	9.2%
Ambulatory disability	1,141	21.9%
Total	**4,135**	**79.3%**
Self-care disability	450	8.6%
Independent Living Disability	734	14.1%
Total disabilities (all ages):	**8,098**	**21.5%**

Sources: Census 2014 ACS; Maxfield Research and Consulting LLC

People with Limitations/Disabilities

The 2000 Census provided a strong dataset on the number of people with disabilities. Disability categories were expanded in the 2000 Census and included several categories. This data gathering was not available for the 2010 Census and information obtained through the American Community Survey provides only limited information for selected larger communities. HUD Consolidated Planning division has compiled specific tabulations of households with various types of disabilities to address this issue. The special tabulations were developed using information specifically provided to HUD by the Census Bureau using an average of three years between 2009 and 2013.

Table SN-2 and SN-3 summarizes the number of households in Winona County and the City of Winona that have identified some physical or mental limitation or none of the above limitations. Disabilities represented on the table include: hearing or vision impairment, ambulatory limitation (a condition that substantially limits one or more basic physical activities, such as walking, climbing stairs, reaching lifting, or carrying), cognitive (difficulty learning, remembering, or concentrating) and self-care or independent living limitation (household requires assistance with activities of daily living such as bathing, dressing, grooming). A household may have more than one member with these limitations and an individual may have more than one limitation.

TABLE SN-2
ESTIMATES OF DISABILITY BY INCOME LEVEL
WINONA COUNTY
2009-2013 (Three Year Average)

	Total HHs		Owner HHs		Renter HHs	
Type of Limitation and Income Category	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**
Households w/Incomes at or less than 30% AMI						
With a hearing or vision impairment	430	1.9%	160	1.0%	270	4.3%
With an ambulatory limitation	485	2.2%	155	1.0%	330	5.2%
With a cognitive limitation	485	2.2%	255	1.6%	230	3.6%
With a self-care or independent living limitation	365	1.6%	115	0.7%	250	4.0%
With none of the above limitations	2,120	9.6%	485	3.1%	1,635	25.9%
Households w/Incomes greater than 30% but 50% or less of AMI						
With a hearing or vision impairment	485	2.2%	345	2.2%	140	2.2%
With an ambulatory limitation	560	2.5%	400	2.5%	160	2.5%
With a cognitive limitation	310	1.4%	205	1.3%	105	1.7%
With a self-care or independent living limitation	385	1.7%	295	1.9%	90	1.4%
With none of the above limitations	1,695	7.7%	750	4.7%	945	15.0%
Households w/Incomes greater than 50% but 80% or less of AMI						
With a hearing or vision impairment	265	1.2%	220	1.4%	45	0.7%
With an ambulatory limitation	450	2.0%	380	2.4%	70	1.1%
With a cognitive limitation	220	1.0%	135	0.9%	85	1.3%
With a self-care or independent living limitation	235	1.1%	180	1.1%	55	0.9%
With none of the above limitations	2,560	11.6%	1,760	11.1%	800	12.7%
Households w/Incomes greater than 80% of AMI						
With a hearing or vision impairment	815	3.7%	765	4.8%	50	0.8%
With an ambulatory limitation	685	3.1%	615	3.9%	70	1.1%
With a cognitive limitation	470	2.1%	430	2.7%	40	0.6%
With a self-care or independent living limitation	535	2.4%	485	3.1%	50	0.8%
With none of the above limitations	8,585	38.8%	7,700	48.6%	885	14.0%
Total	22,140	100.0%	15,835	100.0%	6,305	100.0%
Proportion Owner vs. Renter			**71.5%**		**28.5%**	

Source: HUD CHAS 2008-2010 (Three-year average); Maxfield Research and Consulting, LLC

TABLE SN-3
ESTIMATES OF DISABILITY BY INCOME LEVEL
CITY OF WINONA
2009-2013 (Three Year Average)

	Total HHs		Owner HHs		Renter HHs	
Type of Limitation and Income Category	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**
Households w/Incomes at or less than 30% AMI						
With a hearing or vision impairment	310	2.6%	100	1.3%	210	4.8%
With an ambulatory limitation	305	2.6%	55	0.7%	250	5.7%
With a cognitive limitation	250	2.1%	50	0.7%	200	4.6%
With a self-care or independent living limitation	220	1.9%	40	0.5%	180	4.1%
With none of the above limitations	1,640	13.9%	240	3.2%	1,400	32.2%
Households w/Incomes greater than 30% but 50% or less of AMI						
With a hearing or vision impairment	250	2.1%	200	2.7%	50	1.1%
With an ambulatory limitation	400	3.4%	285	3.8%	115	2.6%
With a cognitive limitation	205	1.7%	140	1.9%	65	1.5%
With a self-care or independent living limitation	260	2.2%	210	2.8%	50	1.1%
With none of the above limitations	990	8.4%	415	5.6%	575	13.2%
Households w/Incomes greater than 50% but 80% or less of AMI						
With a hearing or vision impairment	85	0.7%	75	1.0%	10	0.2%
With an ambulatory limitation	240	2.0%	195	2.6%	45	1.0%
With a cognitive limitation	120	1.0%	75	1.0%	45	1.0%
With a self-care or independent living limitation	110	0.9%	85	1.1%	25	0.6%
With none of the above limitations	1,380	11.7%	865	11.6%	515	11.8%
Households w/Incomes greater than 80% of AMI						
With a hearing or vision impairment	320	2.7%	295	4.0%	25	0.6%
With an ambulatory limitation	255	2.2%	200	2.7%	55	1.3%
With a cognitive limitation	220	1.9%	200	2.7%	20	0.5%
With a self-care or independent living limitation	175	1.5%	165	2.2%	10	0.2%
With none of the above limitations	4,070	34.5%	3,565	47.8%	505	11.6%
Total	11,805	100.0%	7,455	100.0%	4,350	100.0%
Proportion Owner vs. Renter			**63.2%**		**36.8%**	

Source: HUD CHAS 2008-2010 (Three-year average); Maxfield Research and Consulting, LLC

The following are key points from Table SN-2 and SN-3.

- Winona County renter households (1,080 households) or 39.8% of all renter households in the County with incomes of 30% or less of AMI indicated some type of limitation either vision/hearing, ambulatory, cognitive, or self-care.

- The City of Winona had 840 renter households (37.5%) of all renter households in the City with incomes of 30% or less AMI indicated some type of limitation either vision/hearing, ambulatory, cognitive, or self-care.

- As incomes increase, the number of owner households also increases. As identified in Winona County, approximately 2,295 owner households with disabilities have incomes of 80% or higher of the AMI. The City of Winona has approximately 860 owner households with disabilities that have incomes of 80% or higher AMI.

- Owner households with limitations are more likely to have higher incomes than are renter households with limitations. The data does not however, identify the severity of the limitation other than the disability or limitation must last six months or more.

Cognitive, Physical Limitations, Homeless, and Transitional Housing

The City of Winona has 10 active facilities that serve persons with disabilities licensed with the Minnesota Department of Human Services in 2015 to include Adult Day Care, Adult Foster Care, Mental Health Clinic, and Residential Facilities for Adults with Mental Illness. Adult foster care provides the greatest amount of housing for persons with disabilities in the City of Winona.

As of September 2016, Winona has nine facilities/programs that provide housing services for cognitive, physical limitation, homeless, or transitional housing. These facilities are summarized in Table SN-4 by the type of program. The table also provides a program description.

The following are key points from Table SN-4.

- There are seven Semi-Independent Living Services buildings/programs within the City and only two Residential Services facilities for homeless or transitional housing.

- There is no availability for special needs or supportive housing except at the Family and Children's Center Hiawatha Hall where there is availability for 5 participants. These participants must be 18 or older, eligible for medical assistance, and have a mental illness or substance abuse challenges.

- Most facilities maintain a wait list, provide support and residential services, and assist individuals find housing options if there is not availability at their facility

Homelessness

HUD defines homeless as an individual that meets the following criteria:

- Individuals and families who lack a fixed, regular, and adequate nighttime residence and includes a subset for an individual that resided in an emergency shelter or a place not meant for human habitation and who is exiting a residence where they temporarily resided.

- Individuals and families who imminently lose their primary nighttime residence.

- Unaccompanied youth and families with children and youth who are defined as homeless under other federal statutes who do not otherwise qualify as homeless under this definition.

- Individuals and families who are fleeing or who are attempting to flee domestic violence, dating violence, sexual assault, stalking or other dangerous or life-threatening conditions that relate to violence against a family member.

SN-4
SPECIAL NEEDS / SUPPORTIVE HOUSING
WINONA
September 2016

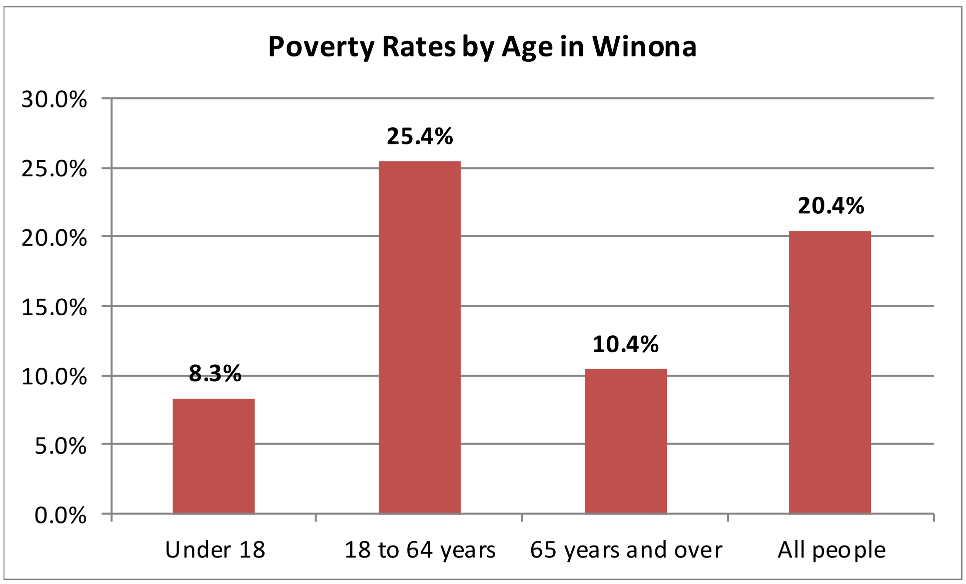
Project Name/Location	Total Facility	Occ. Rate	Program Description
			COGNITIVE / PHYSICAL LIMITATION HOUSING
Bluffview Board and Lodge 252 W Wabasha St. Winona	10 vacancy rate	0 0.0%	<u>**Notes:**</u> A fully staffed 10-bed facility serving adult men and women who have been diagnosed with a serious mental illness and are unable to live independently. Tend to be consistently full, with a waiting list of 3 or 4. Referrals are screened depending on stability and legal issues. If turned away individuals may consider other board and lodges, but resources are limited. Residents must be diagnosed with a Mental Illness and able to confirm this disability.
Family and Childrens Center **Hiawatha Hall** 428 West Broadway St. Winona	9 vacancy rate	5 55.6%	<u>**Notes**</u>: Started in 1982, offers one-bedroom units. Family and Childrens Center provides support and residential services to youth with serious emotional disturbance, adults with serious mental illness, persons with mental health and substance abuse disorders, and persons with post-traumatic stress disorder. Hiawatha Hall is a staffed residential facility, on-site nursing 24 hours a week and psychiatry consults. The average participant's stay is 90 days. To be eligible the person must be 18 or older, eligible for Medical Assistance, mental illness or substance abuse challenges. They maintain a wait list if needed. They do not turn away if services are needed and help persons find appropriate local area providers. They have ARMS workers that assist people in shuttling to appointmens and in home skills development.
Gheel House Board and Lodge	8 vacancy rate	0 0.0%	<u>**Notes:**</u> An 8-bed facility serving adult men and women who have been diagnosed with a serious mental illness and are unable to live independently. Some, may have a substance abuse diagnosis as well. Staff are scheduled part-time on weekdays.
Home and Community Options, Inc. 66 E Third St. Winona	19 vacancy rate	0 0.0%	<u>**Notes:**</u> Corporate foster care, state licensed programs and referrals though Winona County Case Management. Individuals must qualify for services based on disability assessed by Winona Case Management. Provides support and residential services to persons with developmental disabilities of all ages. Waiting list is controlled by Winona County Human Services.
Iverson Court 273 Orrin St. Winona	24 vacancy rate	0 0.0%	<u>**Notes:**</u> Opened in 1984, housing costs are at or below 30% AMI up to $548 for a one-bedroom or $720 for a two-bedroom. There are 22 one-bedrooms and 2 two-bedrooms on site. Housing for low-income adults with developmental disabilities. Maintain a wait list with 4 to 8 individuals at any given time. Believe that there is more demand than they are able to serve. In order to be eligible must meet HUD requirements and be diagnosed with a developmental disability. Offer on-site laundry.
Parkview Board and Lodge 73 W Broadway St. Winona	10 vacancy rate	0 0.0%	<u>**Notes:**</u> A fully staffed 10-bed facility serving adult men and women who have been diagnosed with a serious mental illness and are unable to live independently. Tend to be consistently full, with a waiting list of 3 or 4. Referrals are screened depending on stability and legal issues. If turned away individuals may consider other board and lodges, but resources are limited. Residents must be diagnosed with a Mental Illness and able to confirm this disability.
Winona Hall Board and Lodge	10 vacancy rate	0 0.0%	<u>**Notes:**</u> A fully staffed 10-bed facility serving adult men and women who have been diagnosed with a serious mental illness and are unable to live independently. Tend to be consistently full, with a waiting list of 3 or 4. Referrals are screened depending on stability and legal issues. If turned away individuals may consider other board and lodges, but resources are limited. Residents must be diagnosed with a Mental Illness and able to confirm this disability.
			HOMELESS / TRANSITIONAL HOUSING
Dan Corcoran House / Bethany Hous 802 W. Broadway Winona	4 vacancy rate	0 0.0%	<u>**Notes:**</u> Homeless/Transitional Housing for single women. The Bethany house offers meals only. The Dan Corcoran House is always full. They do not maintain a wait list and ask people to continue to call for availability. They direct people that do not meet their criteria or if a room is unavailable to find housing assistance with The Salvation Army in La Crosse or the Dorothy Day House in Rochester. Volunteer Services offer bus tickets and over night vouchers at a local motel. Winona Police offer limited over night vouchers at a local motel. The Dan Corcoran House assists by having a community car, proved rides, access to the bus system, and groceries. The typical stay is around two months. Most people are seeking low income and section 8 housing that they are unable to find in the Winona area.
Hiawatha Bluffs Service Dr. Winona	21 vacancy rate	0 0.0%	<u>**Notes:**</u> Opened in 2016, offers 21 one-bedroom apartments. Rooms are at or below 30% AMI up to $691 and $200 Supportive Servicing fee in addtion to rent. Provides support and residential services to adults with mental health illness and at risk for homelessness. 24/7 staff supervision.

Source: Maxfield Research and Consulting, LLC

Poverty

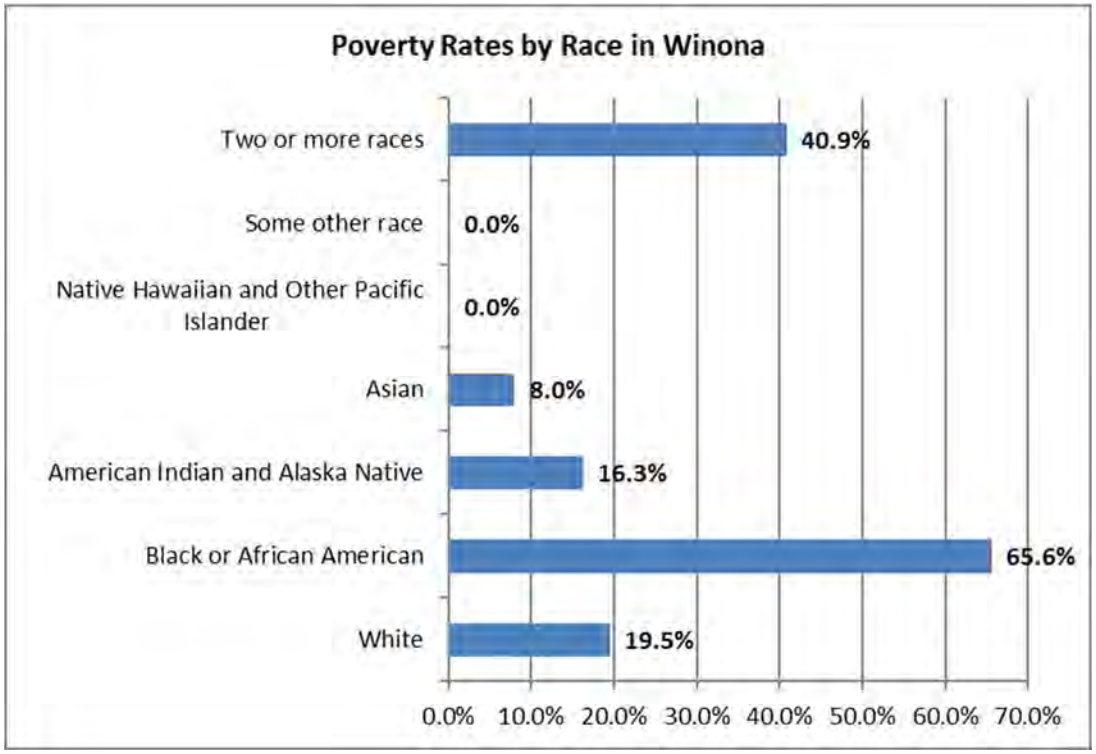
As stated in the US Census Bureau's American Community Survey 2014, City of Winona had an estimated 4,802 persons below poverty level in the past 12 months. People who fall below the poverty level have these demographic features:

- 20.4% of City of Winona population is below poverty level
- 8.3% are under the age of 18
- 20.8% are female
- 65.6% are Black or African American
- 14.8% have less than a high school education



The unemployment rate for those who fall under the poverty level is more than double the overall population's rate. This can be largely attributed to many not working full-time year-round in the past 12 months. According to American Community Survey, only 2.3% worked full-time, year-round. In addition, about 44% worked less than full-time year-round and 16.4% did not work at all.

In City of Winona, poverty rates are lowest among Native Hawaiian and Other Pacific residents and Some other race categories. Poverty rates were highest among Black and African Americans or persons who are two or more races.


Poverty Rates by Race in Winona
Two or more races
40.9%
Some other race
0.0%
Native Hawaiian and Other Pacific Islander
0.0%
Asian
8.0%
American Indian and Alaska Native
16.3%
Black or African American
65.6%
White
19.5%
0.0%
10.0%
20.0%
30.0%
40.0%
50.0%
60.0%
70.0%

Introduction

Previous sections of this study analyzed the existing housing supply and the growth and demographic characteristics of the population and household base in Winona and the Winona Market Area. This section of the report presents our estimates of housing demand in Winona and the Market Area from 2016 through 2031.

Demographic Profile and Housing Demand

The demographic profile of a community affects housing demand and the types of housing that are needed. The housing life-cycle stages are:

1. *Entry-level householders*
    - Often prefer to rent basic, inexpensive apartments
    - Usually singles or couples in their early 20's without children
    - Will often "double-up" with roommates in apartment setting

2. *First-time homebuyers and move-up renters*
    - Often prefer to purchase modestly-priced single-family homes or rent more upscale apartments
    - Usually married or cohabiting couples, in their mid-20's or 30's, some with children, but most are without children

3. *Move-up homebuyers*
    - Typically prefer to purchase newer, larger, and therefore more expensive single-family homes
    - Typically, families with children where householders are in their late 30's to 40's

4. *Empty-nesters (persons whose children have grown and left home) and never-nesters (persons who never have children)*
    - Prefer owning but will consider renting their housing
    - Some will move to alternative lower-maintenance housing products
    - Generally, couples in their 50's or 60's

5. *Younger independent seniors*
    - Prefer owning but will consider renting their housing
    - Will often move (at least part of the year) to retirement havens in the Sunbelt and desire to reduce their responsibilities for upkeep and maintenance
    - Generally, in their late 60's or 70's

6. *Older seniors*
   - May need to move out of their single-family home due to physical and/or health constraints or a desire to reduce their responsibilities for upkeep and maintenance
   - Generally single females (widows) in their mid-70's or older

Demand for housing can come from several sources including: household growth, changes in housing preferences, and replacement need. Household growth necessitates building new housing unless there is enough desirable vacant housing available to absorb the increase in households. Demand is also affected by shifting demographic factors such as the aging of the population, which dictates the type of housing preferred. New housing to meet replacement need is required, even in the absence of household growth, when existing units no longer meet the needs of the population and when renovation is not feasible because the structure is physically or functionally obsolete.

Rural areas tend to have higher proportions of younger households that own their housing than in the larger growth centers or metropolitan areas. In addition, senior households tend to move to alternative housing at an older age. These conditions are a result of housing market dynamics, which typically provide more affordable single-family housing for young households and a scarcity of senior housing alternatives for older households.

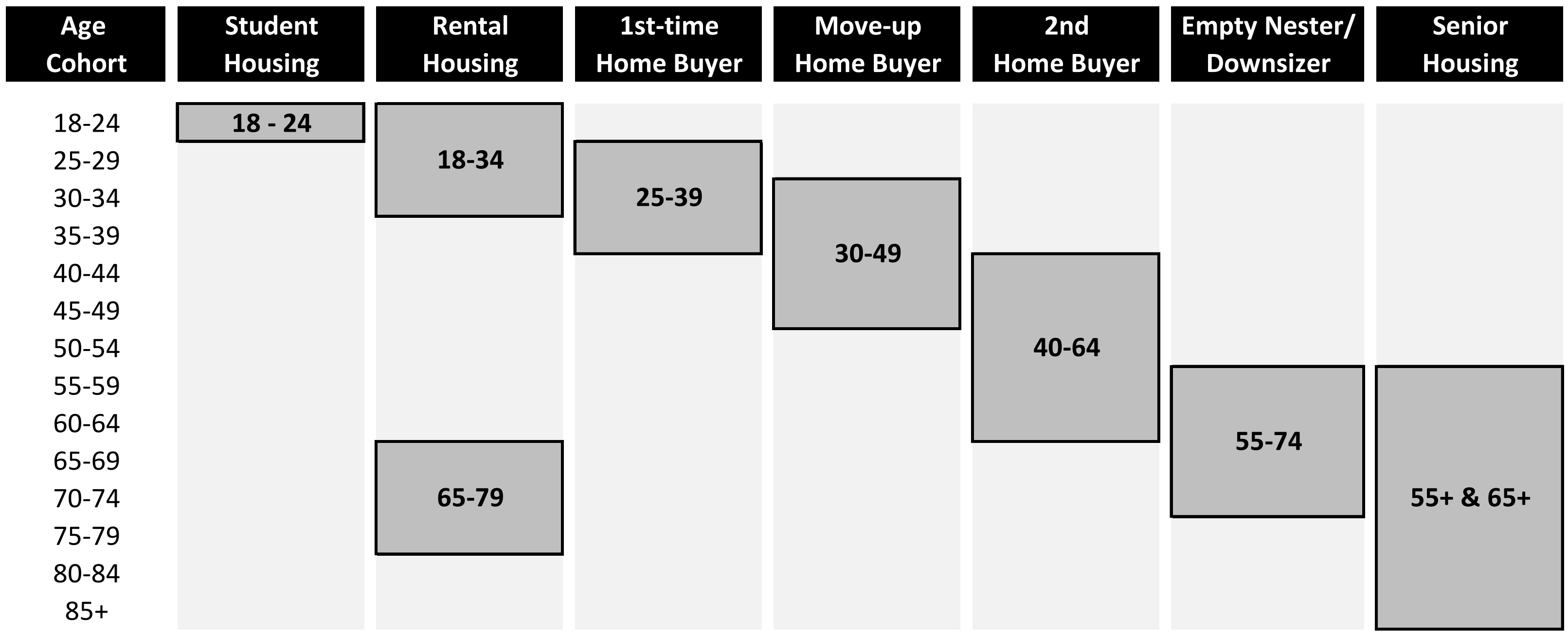
The graphic on the following page provides greater detail of various housing types supported within each housing life cycle. Information on square footage, average bedrooms/bathrooms, and lot size is provided on the subsequent graphic.

Housing Demand Overview

The previous sections of this assessment focused on demographic and economic factors driving demand for housing in the Winona Market Area. In this section, we utilize findings from the economic and demographic analysis to calculate demand for new general occupancy housing units in Winona.

Housing markets are driven by a range of supply and demand factors that vary by location and submarket. The following points outline several of the key variables driving housing demand.

DEMOGRAPHICS & HOUSING DEMAND



Source: Maxfield Research & Consulting, LLC

TYPICAL HOUSING TYPE CHARACTERISTICS

	Housing Types	Target Market/ Demographic	Unit/Home Characteristics	Lot Sizes/ Units Per Acre[1]
For-Sale Housing	Entry-level single-family	First-time buyers: Families, couples w/no children, some singles	1,200 to 2,200 sq. ft. 2-4 BR | 2 BA	80'+ wide lot 2.5-3.0 DU/Acre
For-Sale Housing	Move-up single-family	Step-up buyers: Families, couples w/no children	2,000 sq. ft.+ 3-4 BR | 2-3 BA	80'+ wide lot 2.5-3.0 DU/Acre
For-Sale Housing	Executive single-family	Step-up buyers: Families, couples w/no children	2,500 sq. ft.+ 3-4 BR | 2-3 BA	100'+ wide lot 1.5-2.0 DU/Acre
For-Sale Housing	Small-lot single-family	First-time & move-down buyers: Families, couples w/no children, empty nesters, retirees	1,700 to 2,500 sq. ft. 3-4 BR | 2-3 BA	40' to 60' wide lot 5.0-8.0 DU/Acre
For-Sale Housing	Entry-level townhomes	First-time buyers: Singles, couples w/no children	1,200 to 1,600 sq. ft. 2-3 BR | 1.5BA+	6.0-12.0 DU/Acre
For-Sale Housing	Move-up townhomes	First-time & step-up buyers: Singles, couples, some families, empty-nesters	1,400 to 2,000 sq. ft. 2-3 BR | 2BA+	6.0-8.0. DU/Acre
For-Sale Housing	Executive townhomes/twinhomes	Step-up buyers: Empty-nesters, retirees	2,000+ sq. ft. 3 BR+ | 2BA+	4.0-6.0 DU/Acre
For-Sale Housing	Detached Townhome	Step-up buyers: Empty-nesters, retirees, some families	2,000+ sq. ft. 3 BR+ | 2BA+	4.0-6.0 DU/Acre
For-Sale Housing	Condominums	First-time & step-up buyers: Singles, couples, empty-nesters, retirees	800 to 1,700 sq. ft. 1-2 BR | 1-2 BA	Low-rise: 18.0-24.0 DU/Acre Mid-rise: 25.0+ DU/Acre Hi-rise: 75.0+ DU/Acre
Rental Housing	Apartment-style rental housing	Singles, couples, single-parents, some families, seniors	675 to 1,250 sq. ft. 1-3 BR | 1-2 BA	Low-rise: 18.0-24.0 DU/Acre Mid-rise: 25.0+ DU/Acre Hi-rise: 75.0+ DU/Acre
Rental Housing	Townhome-style rental housing	Single-parents, families w/children, empty nesters	900 to 1,700 sq. ft. 2-4 BR | 2BA	8.0-12.0 DU/Acre
Rental Housing	Student rental housing	College students, mostly undergraduates	550 to 1,400 sq. ft. 1-4BR | 1-2 BA	Low-rise: 18.0-24.0 DU/Acre Mid-rise: 25.0+ DU/Acre Hi-rise: 50.0+ DU/Acre
Both	Senior housing	Retirees, Seniors	550 to 1,500 sq. ft. Suites - 2BR | 1-2 BA	Varies considerably based on senior product type

[1] Dwelling units(DU) per acre expressed in net acreage (minus right-of-way)

Source: Maxfield Research & Consulting, LLC

Demographics

Demographics are major influences that drive housing demand. Household growth and formations are critical (natural growth, immigration, etc.), as well as household types, size, age of householders, incomes, etc.

Economy & Job Growth

The economy and housing market are intertwined; the health of the housing market affects the broader economy and vice versa. Housing market growth depends on job growth (or the prospect of); jobs generate income growth which results in the formation of more households and can stimulate household turnover. Historically low unemployment rates have driven both existing home purchases and new-home purchases. Lack of job growth leads to slow or diminishing household growth, which in-turn relates to reduced housing demand. Additionally, low income growth results in fewer move-up buyers which results in diminished housing turnover across all income brackets.

Consumer Choice/Preferences

A variety of factors contribute to consumer choice and preferences. Many times a change in family status is the primary factor for a change in housing type (i.e. growing families, empty-nest families, etc.). However, housing demand is also generated from the turnover of existing households who decide to move for a range of reasons. Some households may want to move-up, downsize, change their tenure status (i.e. owner to renter or vice versa), or simply move to a new location.

Supply (Existing Housing Stock)

The stock of existing housing plays a crucial component in the demand for new housing. There are a variety of unique household types and styles, not all of which are desirable to today's consumers. The age of the housing stock is an important component for housing demand, as communities with aging housing stocks have higher demand for remodeling services, replacement new construction, or new home construction as the current inventory does not provide the supply that consumers seek.

Pent-up demand may also exist if supply is unavailable as householders postpone a move until new housing product becomes available.

Housing Finance

Household income is the fundamental measure that dictates what a householder can afford to pay for housing costs. According to the U.S. Department of Housing and Urban Development (HUD), the definition of affordability is for a household to pay no more than 30% of its annual income on housing (including utilities). Families who pay more than 30% of their income for housing (either rent or mortgage) are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care.

The ability of buyers to obtain mortgage financing has recently become easier as lenders have eased restrictions that had been in place after the Great Recession. As a result, many borrowers have been taking the opportunity to seek for-sale housing within their means or home refinancing their current residence.

Mobility

It is important to note that demand is somewhat fluid between other southeast Minnesota communities and will be impacted by development activity in nearby areas, including other communities outside Winona.

Estimated Demand for For-Sale Housing

Table HD-1 presents our demand calculations for general occupancy for-sale housing in the Winona Market Area between 2016 and 2031.

The 65 and older cohort is typically not a target market for new general occupancy for-sale housing, therefore, we limit demand from household growth to only those households under the age of 65. According to our projections, the Winona Market Area is expected to add 579 new households. We estimate that 62% have the propensity to own, which produces demand for 359 new general occupancy for-sale housing units between 2016 and 2031.

Demand is also forecast to emerge from existing Market Area householders through turnover. An estimated 6,829 owner-occupied households under age 65 are located in the Winona Market Area in 2016. Based on mobility data from the Census Bureau, an estimated 50% of owner households will turnover in a ten-year period, resulting in 3,431 existing households projected to turnover. Finally, we estimate 7% of the existing owner households will seek new for-sale housing, resulting in demand for 240 for-sale units through 2031.

Next, we estimate that 20% of the total demand for new for-sale units in the Winona Market Area will come from people currently living outside of the Market Area. A portion of this market will be former residents of the area, such as "snow-birds" heading south for the winters. Adding demand from outside the Winona Market Area to the existing demand potential, results in a total estimated demand for 749 for-sale housing units by 2031.

Based on land available, building trends, and demographic shifts (increasing older adult population), we project 70% of the for-sale owners will prefer traditional single-family product types while the remaining 30% will prefer a maintenance-free multi-family product (i.e. twin homes, townhomes, or condominiums).

We then subtract the current identified platted lots that are under construction or approved. After subtracting the current lot supply in subdivisions (123 total single-family lots and 70 multi-family) we find total demand through 2031 resulting in 401 single-family lots and 155 multifamily lots.

Finally, we estimate that 65% of the excess single family demand and 85% of the excess multifamily demand from the Winona Market Area demand could be captured in Winona.

Therefore, total for-sale demand in Winona through 2031 is 261 new single-family lots and 131 multifamily units.

TABLE HD-1
FOR-SALE HOUSING DEMAND
WINONA MARKET AREA
2016 to 2031

Demand from Projected Household Growth			
Projected HH growth under age 65 in the Market Area 2016 to 2031[1]		579	
(times) % propensity to own[2]	x	62%	
(equals) Projected demand from new HH growth	=	**359**	
Demand from Existing Owner Households			
Number of owner households (age 64 and younger) in the Market Area (2016)[3]		6,829	
(times) Estimated percent of owner turnover[4]	x	50%	
(equals) Total existing households projected to turnover	=	3,431	
(times) Estimated percent desiring new housing	x	7%	
(equals) Demand from existing households		240	
(equals) Total demand from HH growth and existing HHs 2016 to 2031	**=**	**599**	
(times) Demand from outside the Market Area		20%	
(equals) Total demand potential for ownership housing, 2016 to 2031		**749**	
		Single Family	**Multi-Family***
(times) Percent desiring for-sale single-famiy vs. multifamily[5]	x	70%	30%
(equals) Total demand potential for new single-family & multifamily for-sale housing	=	524	225
(minus) Units under construction or approved platted lots (undeveloped and developed lots)[6]	-	123	70
(equals) Excess demand for new general occupancy for-sale housing	**=**	**401**	**155**
(times) Percent of Market Area demand capturable by Winona	**x**	65%	85%
(equals) number of units supportable by the City of Winona		**261**	**131**

[1] Estimated household growth based on projections as adjusted by Maxfield Research and Consulting LLC
[2] Pct. of owner households under the age of 65 (U.S. Census - 2010, ESRI, Maxfield Research and Consulting LLC).
[3] Estimate based on 2010 owner households and new owner household growth 2010 to 2016 (under age 65)
[4] Based on on turnover from 2010 American Community Survey for households moving over a 15-year period.
[5] Based on preference for housing type and land availability
[6] Approved platted lot data does not account for the scattered lot supply which includes individual lots and lots in older non-marketing subdivisions.
[*] Multi-family demand includes demand for townhomes, twinhomes, and condominium units.

Source: Maxfield Research and Consulting LLC

Estimated Demand for General-Occupancy Rental Housing

Table HD-2 presents our calculation of general-occupancy rental housing demand in the Winona Market Area. This analysis identifies potential demand for rental housing that is generated from both new households and turnover households. A portion of the demand will be drawn from existing households in Winona that want to upgrade their housing situations.

The 65 and older cohort is typically not a target market for new general occupancy rental housing, therefore, we limit demand from household growth to only those households under the age of 65. According to our projections, the Winona Market Area is expected to add 579 new households between 2016 and 2031. We estimate that 38% will be renting their housing, which produces demand for 220 new general occupancy rental housing units between 2016 and 2031.

Demand is also forecast to emerge from existing Market Area householders through turnover. An estimated 4,180 renter-occupied households under age 65 are located in the Winona Market Area in 2016. Based on mobility data from the Census Bureau, an estimated 99% of renter households will turnover in a fifteen-year period, resulting in 4,119 existing households projected to turnover. Finally, we estimate 10% of the existing renter households will seek new rental housing, resulting in demand for 412 rental units through 2031.

Next, we estimate that 20% of the total demand for new rental units in the Winona Market Area will come from people currently living outside of the Market Area. Adding demand from outside the Winona Market Area to the existing demand potential, results in a total estimated demand for 790 rental housing units by 2031.

Based on a review of rental household incomes and sizes and monthly rents at existing projects, we estimate that approximately 20% of the total demand will be for deep subsidy housing (less than 50% AMI), 20% will be for shallow subsidy housing (50% to 80% AMI), and 60% will be for market rate housing (non-income restricted).

Next we subtract housing projects that are under construction or pending, since these projects will satisfy some of the calculated demand for general occupancy rental housing. Subtracting out 30 market rate apartment units at a 95% occupancy rate equals excess demand for 158 deep-subsidy, 158 shallow-subsidy, and 444 market rate general occupancy rental housing units.

Finally, we estimate that Winona can capture 90% of the total deep-subsidy, 85% shallow-subsidy, and 75% of the total market rate Market Area demand, resulting in demand for 142 deep-subsidy units, 134 shallow-subsidy units, and 333 market rate units in Winona.

TABLE HD-2
RENTAL HOUSING DEMAND
WINONA MARKET AREA
2016 to 2031

Demand from Projected Household Growth				
Projected HH growth under age 65 in the Market Area 2016 to 2031[1]			579	
(times) Estimated % to be renting their housing[2]	x		38%	
(equals) Projected demand from new HH growth	=		**220**	
Demand from Existing Renter Households				
Number of renter HHs (age 64 and younger) in the Market Area (2016)[3]			4,180	
(times) Estimated percent of renter turnover[4]	x		99%	
(equals) Total existing households projected to turnover	=		4,119	
(times) Estimated percent desiring new rental housing	x		10%	
(equals) Demand from existing households			412	
(equals) Total demand from HH growth and existing HHs 2016 to 2031	**=**		**632**	
(times) Demand from outside the Market Area			20%	
(equals) Total demand potential for rental housing, 2016 to 2031			**790**	
		Deep Subsidy **Less 50% AMI**	**Shallow Subsidy** **50-80% AMI**	**Market Rate Rate** **80% of AMI**
(times) Percent of rental demand by product type[5]	x	20%	20%	60%
(equals) Total demand potential for general-occupancy rental housing units	=	158	158	474
(minus) Units under construction or pending[6]	-	0	0	30
(equals) Excess demand for new general occupancy rental housing	**=**	**158**	**158**	**444**
(times) Percent of Market Area demand capturable by the City of Winona	**x**	90%	85%	75%
(equals) number of units supportable by the City of Winona		**142**	**134**	**333**

[1] Estimated household growth based on projections as adjusted by Maxfield Research and Consulting LLC
[2] Pct. of renter households under the age of 65 (U.S. Census - 2010, ESRI, Maxfield Research and Consulting LLC).
[3] Estimate based on 2010 renter households and new renter household growth 2010 to 2016 (under age 65)
[4] Based on on turnover from 2010 American Community Survey for households moving over 15-year period.
[5] Based on the combination of current rental product and household incomes of area renters (non-senior households)
[6] Pending/proposed/under construction at 95% occupancy.

Source: Maxfield Research and Consulting LLC

It should be noted demand could be higher to account for pent-up housing demand. With pent-up demand (a shortage of units), people who would normally form their own rental households instead room with other persons in a housing unit, live with their parents, live in single-family rentals, or live in housing outside of the area and commute to jobs. A healthy rental market is expected to have a vacancy rate of about 5% to allow for sufficient consumer choice and unit turnover. According to Table R-3, the current general-occupancy rental market had 1.0% vacancy rate, indicating pent-up demand for rental housing units.

Estimated Demand for Special Needs / Transitional Housing

Table HD-3 presents our demand calculations for additional special needs and transitional housing in the Winona Market Area. The calculation accounts for the projected growth for people in need of supportive housing. The improvement in economic conditions, reduction in home foreclosures, and a lower unemployment along with providing housing for long term homeless are helping to achieve the objective of ending homelessness and providing for supportive housing in Minnesota and southeast Minnesota. The demand calculation identifies the number of targeted supportive units that have been developed to date and compares the projected rise in people needing supportive housing.

TABLE HD-3 ESTIMATED DEMAND FOR HOUSING FOR SPECIAL NEEDS / TRANSITIONAL HOUSING WINONA MARKET AREA 2016 to 2031		
Demand for Special Needs / Supportive Housing		
Projected growth of people in need of special needs or supportive housing, 2016 to 2031 in the Winona MA		4
Demand from Existing persons in need of special need / transitional housing		
Estimated number of people in temporary housing or unsheltered in Southeast Minnesota, 2015[1]	=	571
(times) Estimated percent of population captured in Winona MA	-	8%
(equals) Remaining demand from shelters, transitional housing without permanent housing in Winona MA	=	46
(minus) Existing supportive housing in Winona MA	-	25
(equals) Demand for Special Needs / Supportive Housing in Winona MA in 2016	=	21
(minus) Pending developments to serve supportive housing in Winona MA	-	0
(equals) Excess demand for Special Needs / Supportive Housing units in Winona MA 2016 - 2031	**=**	**25**
[1] Estimated % of households that may be homeless and needing transitional housing in 2015		
Sources: Wilder Foundation; Maxfield Research and Consulting, LLC		

From 2012 and 2015 Wilder Survey homeless figures, we estimate that the current number of homeless and people needing transitional housing in SE Minnesota would be about 571.

We estimate that that roughly 8% of the Southeast Minnesota population needing transitional housing could be captured in the Winona Market Area. This equates to 46 units of demand targeting the population that does not have permanent housing.

There are currently 25 existing supportive housing units in the Winona Market Area which leaves demand for 21 units needed to target transitional housing in 2016.

Including the projected growth of supportive housing needed through 2031, the resulting demand would be for 25 units of transitional housing units.

Estimated Demand for Active Adult Senior Housing

Table HD-4 presents our demand calculations for market rate active adult senior housing in Winona in 2016 and 2031.

In order to determine demand for independent senior housing, the potential market is reduced to those households that are both age and income qualified. The age-qualified market is defined as seniors age 55 and older, although independent living projects will primarily attract seniors age 65 and older.

We calculate that the minimum income needed to afford monthly rents is $35,000 or more plus homeowner households with incomes between $25,000 and $34,999 who would be able to supplement their incomes with the proceeds from a home sale. We estimate the number of age/income-qualified senior households in the Winona Market Area in 2016 to be 4,549 households.

Adjusting to include appropriate long-term capture rates for each age cohort (0.5% of households age 55 to 64, about 5.5% of households age 65 to 74, and 16.5% of households age 75 and over) results in a market rate demand potential for 236 independent senior rental units in 2016.

Some additional demand will come from outside the Winona Market Area. We estimate that 20% of the long-term demand for independent senior housing will be generated by seniors currently residing outside the Winona Market Area. This demand will consist primarily of parents of adult children living in the Winona area, individuals who live just outside of the Winona Market Area and have an orientation to the area, as well as former residents who desire to return. Together, the demand from Winona Market Area seniors and demand from seniors who would relocate to Winona results in a demand for 295 active adult units in 2016.

Independent demand in Winona is apportioned between ownership and rental housing. Based on the age distribution, homeownership rates and current product available in Winona, we project that 30% of Winona's demand will be for adult ownership housing (89 units) and 70% will be for rental housing (207 units).

Next, we subtract existing competitive market rate units (minus a vacancy factor of 5% to allow for sufficient consumer choice and turnover) from the owner and rental demand. Subtracting the existing competitive market rate units results in total demand potential for 53 adult owner-occupied units and 114 adult rental units in 2016.

TABLE HD-4
MARKET RATE ACTIVE ADULT HOUSING DEMAND
WINONA MARKET AREA
2016 and 2031

	2016				2031			
		Age of Householder				Age of Householder		
		55-64	**65-74**	**75+**		**55-64**	**65-74**	**75+**
# of Households w/ Incomes of >$35,000[1]		2,036	1,208	652		2,051	1,377	672
# of Households w/ Incomes of $25,000 to $34,999[1]	+	206	277	330	+	170	266	287
(times) Homeownership Rate	x	91%	85%	70%	x	91%	85%	70%
(equals) Total Potential Market Base	=	2,223	1,443	883	=	2,205	1,603	873
(times) Potential Capture Rate	x	0.5%	5.5%	16.5%	x	0.5%	5.5%	16.5%
(equals) Demand Potential	=	11	79	146	=	11	88	144
Potential Demand from Residents		=	**236**			=	**243**	
(plus) Demand from Outside the Market Area (20%)		+	59			+	61	
(equals) Total Demand Potential		=	**295**			=	**304**	
		Owner-Occupied		**Renter-Occupied**		**Owner-Occupied**		**Renter-Occupied**
(times) % by Product Type	x	30%	x	70%	x	30%	x	70%
(equals) Demand Potential by Product Type	=	89	=	207	=	91	=	213
(minus) Existing and Pending MR Active Adult Units[2]	-	36	-	93	-	36	-	93
(equals) Excess Demand for MR Active Adult Units	=	**53**	=	**114**	=	**55**	=	**120**
(times) Percent that could be captured in the City of Winona	x		80%				80%	
(equals) Excess market rate active adult demand in Winona	=	**42**		**91**		**44**		**96**

[1] 2031 calculations define income-qualified households as all households with incomes greater than $40,000 and homeowner households with incomes between $30,000 and $39,999.
[2] Existing and pending are deducted at market equilibrium (95% occupancy).

Source: Maxfield Research and Consulting LLC

No one community, including Winona, would be able to capture 100% of the demand. Since Winona is a primary service center, we believe that it can capture 80% of the demand for ownership projects and rental projects. This results in total demand for 42 adult owner-occupied units and 91 adult rental units in Winona in 2016.

Adjusting for inflation, we have estimated that households with incomes of $40,000 or more and homeowners with incomes of $30,000 to $39,999 would income qualify for market rate independent senior housing in 2031. Considering the growth in the older adult base and the income distribution of the older adult population in 2031 the methodology projected that demand will be 44 adult owner-occupied units and 96 adult rental units in the City of Winona by 2031.

Estimated Demand for Deep and Shallow Subsidy Independent Senior Housing

Table HD-5 presents demand calculations for deep and shallow subsidy independent senior housing in the City of Winona in 2016 and 2031.

In order to arrive at the potential age and income qualified base for low deep subsidy and shallow subsidy housing, we include all senior (65+) households with incomes less than $40,000. We exclude homeowner households with incomes between $35,000 and $39,999, as these households would have additional equity that could be converted to monthly income following the sales of their single-family homes.

Households in a need-based situation (either requiring services or financial assistance) more readily move to housing alternatives than those in non-need based situations. Hence, the capture rate among each age group is higher than for market rate housing. Capture rates are employed at 2.0% for households age 55 to 64, 10.0% for households age 65 to 74 and 20.0% for households age 75 and older.

Seniors in need-based situations are less selective when securing housing than those in non-need based situations. We estimate that a high-quality site would capture a greater proportion of total demand for financially-assisted housing than for market rate housing.

Using the methodology described above results in a demand potential for 323 deep subsidy units and 81 shallow subsidy units.

Next we subtract existing competitive units from the overall demand. There are 276 existing deep subsidy independent units in the Market Area (minus a vacancy factor of 3% to allow for sufficient consumer choice and turnover). There are 71 existing shallow subsidy independent units in the Market Area (minus a vacancy factor of 3%). After we subtract the existing units, there is demand for 47 deep-subsidy and 10 shallow subsidy independent units in 2016.

No single site can capture all of the demand in the Winona Market Area. We estimate that a Site in Winona could capture approximately 80% of the Market Area excess demand for 38 deep subsidy units and 8 shallow subsidy units in 2016.

Adjusting for inflation, we estimate that households with incomes up to $45,000 would be candidates for financially-assisted independent housing in 2031. We reduce the potential market by homeowner households earning between $35,000 and $44,999 that would exceed income-restrictions once equity from their home sales is converted to monthly income.

Following the same methodology, we project demand in Winona for 79 deep subsidy units and an 18 shallow subsidy units in 2031.

TABLE HD-5
DEEP-SUBSIDY/SHALLOW SUBSIDY INDEPENDENT HOUSING DEMAND
WINONA MARKET AREA
2016 and 2031

		2016				2031		
		Age of Householder				Age of Householder		
		55-64	65-74	75+		55-64	65-74	75+
# of Households w/ Incomes of <$40,000[1]		849	866	1,239		825	1,070	1,490
Less Households w/ Incomes of $35,000 to $39,999[1]	-	107	124	105	-	147	209	182
(times) Homeownership Rate	x	93%	86%	73%	x	93%	86%	73%
(equals) Total Potential Market Base	=	749	760	1,162	=	688	892	1,357
(times) Potential Capture Rate	x	2.0%	10.0%	20.0%	x	2.0%	10.0%	20.0%
(equals) Demand Potential	=	15	76	232	=	14	89	271
(equals) Potential Demand from Residents		=	**323**				**374**	
(plus) Demand from the Market Area (20%)		+	81			+	94	
(equals) Total Demand Potential		=	**404**			=	**468**	
		Deep-Subsidy		**Shallow-Subsidy**		**Deep-Subsidy**		**Shallow-Subsidy**
(times) % by Product Type	x	80%	x	20%	x	80%	x	20%
(equals) Demand Potential by Product Type	=	323	=	81	=	374	=	94
(minus) Existing and Pending Independent Units[2]	-	276	-	71	-	276	-	71
(equals) Excess Demand for Aff/Sub Units	=	**47**	=	**10**	=	**98**	=	**23**
(times) Percent that could be captured in the City of Winona	x		80%				80%	
(equals) Excess deep/shallow independent demand in Winona	=	**38**		**8**		**79**		**18**

[1] 2031 calculations define income-qualified households as all households with incomes less than $45,000. Homeowner households with incomes between $35,000 and $44,999 are excluded from the market potential for financially-assisted housing.
[2] Existing units are deducted at market equilibrium, or 97% occupancy.

Source: Maxfield Research and Consulting LLC

Estimated Demand for Congregate Senior Housing

Table HD-6 presents our demand calculations for congregate housing in Winona in 2016 and 2031.

The potential age- and income-qualified base for congregate senior housing includes all senior (65+) households with incomes of $35,000 as well as homeowner households with incomes between $30,000 and $34,999 who would qualify with the proceeds from the sales of their homes. The proportion of eligible homeowners is based on the 2010 Census homeownership rates of the Winona Market Area seniors. The number of age, income, and asset-qualified households in Winona is estimated to be 2,093 households in 2016.

Demand for congregate housing is need-drive, which reduces the qualified market to only the portion of seniors who need some assistance. Adjusting to include appropriate capture rates for each age cohort (1.5% of households age 65 to 74 and 13.0% of households age 75 and older) results in a local demand potential for 120 congregate units in 2016.

We estimate that seniors currently residing outside of the Winona area will generate 20% of the demand for congregate senior housing. Together, the demand from Winona Market Area seniors and demand from seniors who are willing to locate to the Winona Market Area totals 150 congregate units in 2016.

There are no existing competitive units to subtract from the overall demand.

No single site can capture all of the demand in the Winona Market Area. We estimate that a Site in Winona could capture approximately 80% of the Market Area excess demand for a total of 120 congregate units through 2016.

Adjusting for inflation, we estimate that households with incomes of $40,000 or more and senior homeowners with incomes between $35,000 and $39,999 would qualify for congregate housing in 2031. Following the same methodology, demand is calculated to be 118 units through 2031.

TABLE HD-6
MARKET RATE CONGREGATE RENTAL HOUSING DEMAND
WINONA MARKET AREA
2016 and 2031

	2016		**2031**	
	Age of Householder		Age of Householder	
	65-74	75+	65-74	75+
# of Households w/ Incomes of >$35,000[1]	1,208	652	1,377	672
# of Households w/ Incomes of $30,000 to $34,999[1]	+ 138	165	+ 104	91
(times) Homeownership Rate	x 85%	70%	x 85%	70%
(equals) Total Potential Market Base	= 1,326	767	= 1,465	736
(times) Potential Capture Rate[2]	x 1.5%	13.0%	x 1.5%	13.0%
(equals) Potential Demand	= 20	+ 100	= 22	+ 96
Potential Demand from PMA Residents	= **120**		= **118**	
(plus) Demand from Outside Market Area (20%)	+ 30		+ 29	
(equals) Total Demand Potential	= **150**		= **147**	
(minus) Existing and Pending Congregate Units[3]	- 0		- 0	
(equals) Total Congregate Demand Potential	= 150		= 147	
(times) Percent that could be captured in the City of Winona	x 80%		80%	
(equals) Excess market rate congregate demand in Winona	= **120**		**118**	

[1] 2031 calculations define income-qualified households as all households with incomes greater than $40,000 and homeowner households with incomes between $35,000 and $39,999.
[2] The potential capture rate is derived from data from the Summary Health Statistics for the U.S. Population: National Health Interview Survey, 2008 by the U.S. Department of Health and Human Services. The capture rate used is the percentage of seniors needing assistance with IADLs, but not ADLs (seniors needing assistance with ADLs typcially need assistance with multiple IADLs and are primary candidates for service-intensive assisted living).
[3] Competitive units include congregate units at 95% occupancy (market equilibrium).

Source: Maxfield Research and Consulting LLC

Estimated Demand for Assisted Living Housing

Table HD-7 presents our demand calculations for assisted living senior housing in Winona in 2016 and 2031. This analysis focuses on the potential *private pay/market rate* demand for assisted living units.

The availability of more intensive support services such as meals, housekeeping and personal care at assisted living facilities usually attracts older, frailer seniors. According to the 2009 Overview of Assisted Living (which is a collaborative research project by the American Association of Homes and Services for the Aging, the American Seniors Housing Association, National Center for Assisted Living, and National Investment Center for the Seniors Housing and Care Industry), the average age of residents in freestanding assisted living facilities was 87 years in 2008. Hence, the age-qualified market for assisted living is defined as seniors ages 75 and over, as we estimate that of the half of demand from seniors under age 87, almost all would be from seniors over age 75. In 2016, there were 2,730 seniors age 75 and older in the Winona Market Area.

Demand for assisted living housing is need-driven, which reduces the qualified market to only the portion of seniors who need assistance. According to a study completed by the U.S. Census Bureau (1999 panels of the Survey of Income and Program Participation (SIPP) files), 30% of seniors needed assistance with everyday activities (from 25.5% of 75-to-79-year-olds, to 33.6% of 80-to-84-year-olds and 51.6% of 85+ year olds). Applying these percentages to the senior population yields a potential assisted living market of 1,012 seniors in the Winona Market Area.

Due to the supportive nature of assisted living housing, most daily essentials are included in monthly rental fees, which allow seniors to spend a higher proportion of their incomes on housing with basic services. Therefore, the second step in determining the potential demand for assisted living housing in the Winona Market Area is to identify the income-qualified market based on a senior's ability to pay the monthly rent. We consider seniors in households with incomes of $40,000 or greater to be income-qualified for assisted living senior housing in the Winona Market Area. Households with incomes of $40,000 could afford monthly assisted living fees of $3,000 by allocating 90% of their income toward the fees.

According to the 2009 Overview of Assisted Living, the average arrival income of assisted living residents in 2008 was $27,260, while the average annual assisted living fee was $37,281 ($3,107/month). This data highlights that seniors are spending down assets to live in assisted living and avoid institutional care. Thus, in addition to households with incomes of $40,000 or greater, there is a substantial base of senior households with lower incomes who income-qualify based on assets – their homes, in particular.

Seventy percent of the age 75+ households in the Winona Market Area are homeowners, and the median resale price of homes through October 2016 in Winona was $143,000. Seniors selling their homes for the median resale price would generate about $134,420 in proceeds after selling costs. With an average monthly fee of $3,000, these proceeds would last about 45 months in an assisted living facility, which is higher than the average length of stay in assisted living (27 months according to the 2009 Overview of Assisted Living). For each age group in Table HD-7, we estimate the income-qualified percentage to be all seniors in households with incomes above $40,000 (who could afford monthly rents of $3,000+ per month) plus 40% of the estimated seniors in homeowner households with incomes below $40,000 (who will spend down assets, including home-equity, in order to live in assisted living housing). This results in a total potential market of 506 units from the Winona Market Area in 2016.

Because the vast majority of assisted living residents are single (88% according to the 2009 Overview of Assisted Living), our demand methodology multiplies the total potential market by the percentage of seniors age 75+ in the Winona Market Area living alone. Based on 2010 Census data, 56% of age 75+ households in Winona lived alone. Applying this percentage results in a total base of 283 age/income-qualified singles. The 2009 Overview of Assisted Living found that 12% of residents in assisted living were couples. There are a total of 322 age/income-qualified seniors needing assistance in the Winona Market Area including both couples and singles.

We estimate that roughly 60% of the qualified market needing significant assistance with Activities of Daily Living (“ADLs”) would either remain in their homes or less service-intensive senior housing with the assistance of a family member or home health care, or would need greater care provided in a skilled care facility. The remaining 40% could be served by assisted living housing. Applying this potential market penetration rate of 40% results in demand for 129 assisted living units in 2016.

We estimate that a portion of demand for assisted living units (20%) will come from outside of the Winona Market Area. Applying this figure results in total potential demand for 161 market rate assisted living units in the Winona Market Area.

There are a total of 223 assisted living units in the Winona Market Area. After deducting these competitive units (minus a 93% occupancy rate) from the total demand potential, we calculate that there is no demand for assisted living units in the Winona Market Area in 2016.

The same calculations are applied to the age/income-qualified base in 2031 and demand increased to 13 units in the Winona Market Area

No single site can capture all of the demand in the Winona Market Area. We estimate that a Site in Winona could capture approximately 80% of the Market Area excess demand for a total of 10 assisted living units through 2031.

TABLE HD-7
MARKET RATE ASSISTED LIVING DEMAND
WINONA MARKET AREA
2016 and 2031

		2016				2031	
Age group		People	Percent Needing Assistance[1]	Number Needing Assistance[1]	People	Percent Needing Assistance[1]	Number Needing Assistance[1]
75 - 79		1,029	25.5%	**262**	1,281	25.5%	**327**
80 - 84		712	33.6%	**239**	868	33.6%	**292**
85+		989	51.6%	**510**	1,033	51.6%	**533**
Total		2,730		**1,012**	3,182		**1,151**
Percent Income-Qualified[2]				**50%**			**60%**
Total potential market				506			691
(times) Percent living alone	x			56%			56%
(equals) Age/income-qualified singles needing assistance	=			283			387
(plus) Proportion of demand from couples (12%)[3]	+			39			53
(equals) Total age/income-qualified market needing assistance	=			322			440
(times) Potential penetration rate[4]	x			40%			40%
(equals) Potential demand from PMA residents	=			129			176
(plus) Proportion from outside the PMA (20%)	+			32			44
(equals) Total potential assisted living demand	=			161			220
(minus) Existing market rate assisted living units[5]	-			207			207
(equals) Total excess market rate assisted living demand	**=**			**0**			**13**
(times) Percent that could be captured in the City of Winona	x			80%			80%
(equals) Excess market rate assisted living demand in Winona	**=**			**0**			**10**

[1] The percentage of seniors unable to perform or having difficulting with ADLs, based on the publication Health, United States, 1999 Health and Aging Chartbook, conducted by the Centers for Disease Control and Prevention and the National Center for Health Statistics.

[2] Includes households with incomes of $40,000 or more (who could afford monthly rents of $3,000+ per month) plus 40% of estimated owner households with incomes below $40,000 (who will spend down assets, including home-equity, in order to live in assisted living housing).

[3] The 2009 Overview of Assisted Living (a collaborative project of AAHSA, ASHA, ALFA, NCAL & NIC) found that 12% of assisted living residents are couples.

[4] We estimate that 60% of the qualified market needing assistance with ADLs could either remain in their homes or reside at less advanced senior housing with the assistance of a family member or home health care, or would need greater care provided in a skilled care facility.

[5] Existing and pending units at 93% occupancy.

Source: Maxfield Research and Consulting LLC

Additional demand could come from seniors that will need to receive supplemental income in order to afford assisted living or memory care housing. While some of these seniors will receive income from the sales of their homes, others will need to rely on other sources of public aid. The Elderly Waiver program has provided public funding for seniors who wish to receive “alternative” care that allows them to stay in the community as opposed to receiving similar care at a nursing home.

Most assisted living developments require residents to have lived in their facility for a certain amount of time before they can use a waiver, and many try to limit the amount of waivers accepted within the community to around roughly 10% to 20%. Some facilities accept higher amounts of residents on waivers and many newer facilities do not accept any waivers.

Estimated Demand for Memory Care Housing

Table HD-8 presents our demand calculations for market rate memory care senior housing in Winona in 2016 and 2031.

Demand is calculated by starting with the estimated Winona Market Area senior (age 65+) population in 2016 and multiplying by the incidence rate of Alzheimer’s/dementia among these population’s age cohorts. According to the Alzheimer’s Association (Alzheimer’s Disease Facts and Figures, 2007), 2% of seniors ages 65 to 74, 19% of seniors ages 75 to 84, and 42% of seniors ages 85+ are inflicted with Alzheimer’s Disease. This yields a potential market of 783 seniors in the Winona Market Area in 2016.

Because of the staff-intensive nature of dementia care, typical monthly fees for this type of housing are at least $4,000 and range upwards of $5,000 when including service packages. Based on our review of senior household incomes in the Winona Market Area, homeownership rates and home sale data, we estimate that 53% of seniors in the Winona Market Area would have incomes and/or assets to sufficiently cover the costs of memory care housing. This figure takes into account married couple households where one spouse may have memory care needs and allows for a sufficient income for the other spouse to live independently. Multiplying the number of seniors with Alzheimer’s/dementia (783 seniors) by the income-qualified percentage results in a total of 415 age/income-qualified seniors in the Winona Market Area in 2016.

According to data from the National Institute of Aging, about 25% of all individuals with memory care impairments comprise the market for memory care housing units. This figure considers that seniors in the early stages of dementia will be able to live independently with the care of a spouse or other family member, while those in the later stages of dementia will require intensive medical care that would only be available in skilled care facilities. Applying this figure to the estimated population with memory impairments yields a potential market of about 104 seniors in the Winona Market Area.

We estimate that 20% of the overall demand for memory care housing would come from outside of the Winona Market Area. Together, demand totals 130 memory care units in 2016.

TABLE HD-8
MARKET RATE MEMORY CARE DEMAND
WINONA MARKET AREA
2016 and 2031

		2016		2031
65 to 74 Population		3,143		3,958
(times) Dementia Incidence Rate[1]	x	2%	x	2%
(equals) Estimated Age 65 to 74 Pop. with Dementia	=	63	=	79
75 to 84 Population		1,699		2,165
(times) Dementia Incidence Rate[1]	x	19%	x	19%
(equals) Estimated Age 75 to 84 Pop. with Dementia	=	323	=	411
85+ Population		946		1,038
(times) Dementia Incidence Rate[1]	x	42%	x	42%
(equals) Estimated Age 85+ Pop. with Dementia	=	397	=	436
(equals) Total Senior Population with Dementia	**=**	**783**	**=**	**926**
(times) Percent Income/Asset-Qualified[2]	x	53%	x	55%
(equals) Total Income-Qualified Market Base	=	415	=	510
(times) Percent Needing Specialized Memory Care Assistance	x	25%	x	25%
(equals) Total Need for Dementia Care	=	104	=	127
(plus) Demand from Outside the PMA (20%)	+	26	+	32
Total Demand for Memory Care Units	=	130		159
(minus) Existing and Pending Memory Care Units[3]	-	57	-	57
(equals) Excess PMA Demand Potential	=	73	=	102
(times) Estimated Percent Capturable in the City of Winona	x	80%		80%
(equals) Memory Care Demand Capturable in Winona	**=**	**58**		**82**

[1] Alzheimer's Association: Alzheimer's Disease Facts & Figures (2007)
[2] Includes seniors with income at $60,000 or above ($65,000 in 2025) plus 40% of homeowners with incomes below this threshold (who will spend down assets, including home-equity, in order to live in memory care housing.
[3] Existing memory care units at 7% vacancy rate. We exclude 20% of units to account for seniors utilizing public subsidy.
Source: Maxfield Research and Consulting LLC

We reduce the demand potential by accounting for the existing memory care product in the Winona Market Area. There are a total of 61 units; however, we reduce the competitive units to include memory care units at a 7% vacancy rate. Subtracting these competitive units results in a demand for 73 units.

No single site can capture all of the demand in the Winona Market Area. We estimate that a Site in Winona could capture approximately 80% of the Winona Market Area excess demand for a total of 58 memory care units in 2016.

The same calculations are applied to the age/income-qualified base in 2031. Following the same methodology, potential demand for market rate memory care units is expected to increase to 82 units in Winona through 2031.

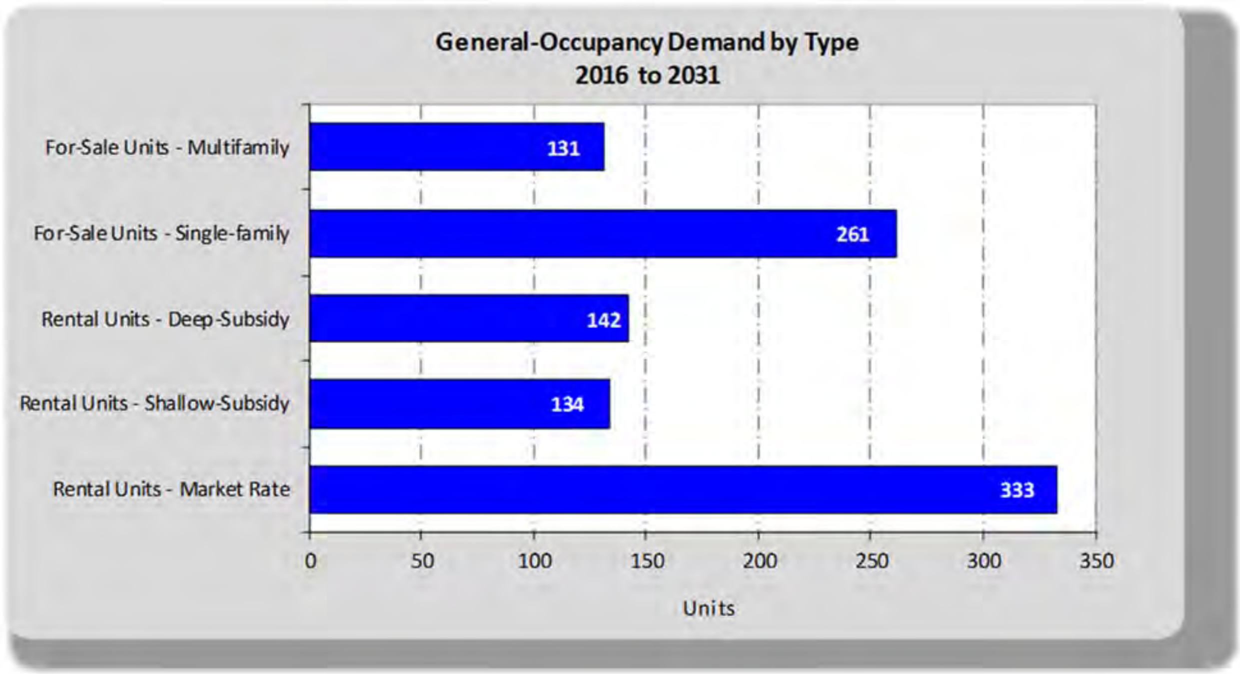
Introduction/Overall Housing Recommendations

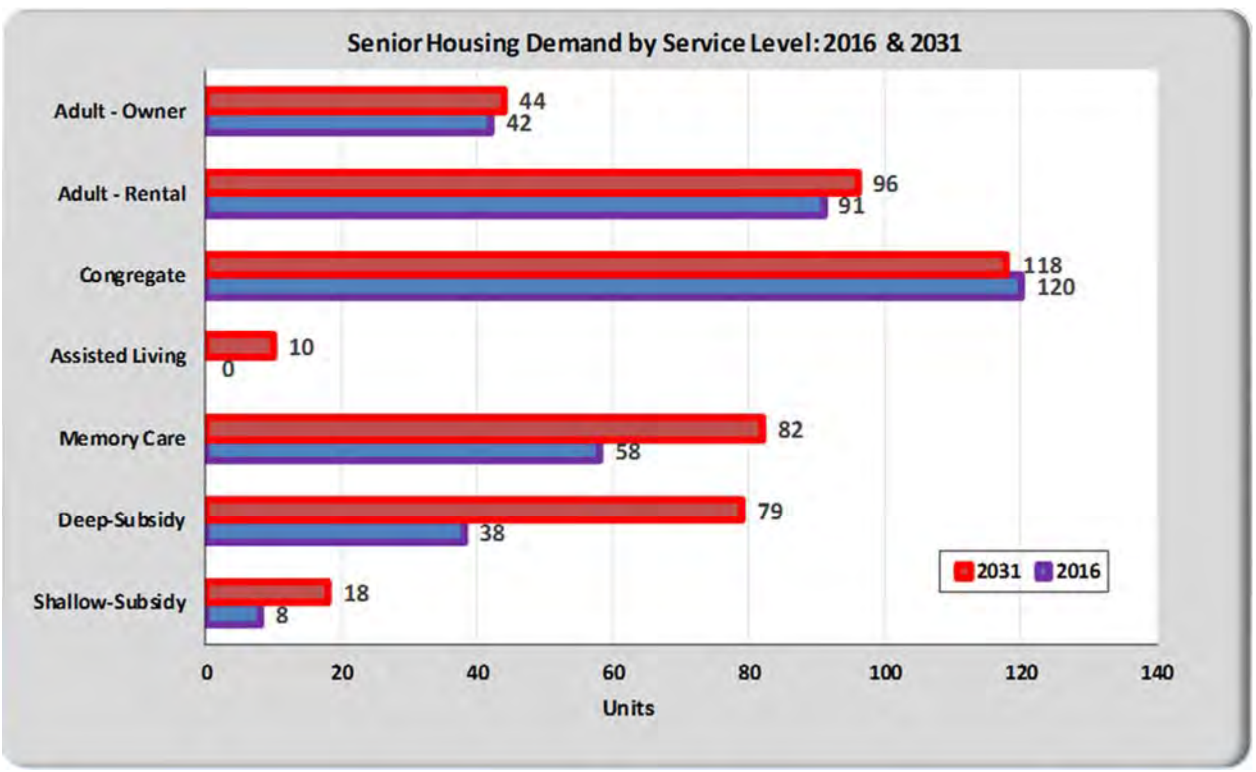
This section summarizes demand calculated for specific housing products in Winona and recommends development concepts to meet the housing needs forecast for the City. All recommendations are based on findings of the *Comprehensive Housing Needs Assessment*. The following table and charts illustrate calculated demand by product type. It is important to recognize that housing demand is contingent on projected household growth. Household growth is generally tied to employment growth as jobs tend to drive housing demand. A shortage of housing of various product types could affect the ability of employers to hire the workers that they need to fill available positions.

TABLE CR-1
SUMMARY OF HOUSING DEMAND
CITY OF WINONA
November 2016

Type of Use	2016-2031	
General-Occupancy		
Rental Units - Market Rate	333	
Rental Units - Shallow-Subsidy	134	
Rental Units - Deep-Subsidy	142	
For-Sale Units - Single-family	261	
For-Sale Units - Multifamily	131	
Total General Occupancy Supportable	***1,001***	
	2016	**2031**
Age-Restricted (Senior)		
Market Rate		
Adult Few Services (Active Adult)	133	140
Ownership	*42*	*44*
Rental	*91*	*96*
Congregate	120	118
Assisted Living	0	10
Memory Care	58	82
Total Market Rate Senior Supportable	***311***	***350***
Shallow-Subsidy/Deep-Subsidy		
Active Adult - Shallow-Subsidy	8	18
Active Adult - Deep-Subsidy	38	79
Total Shallow/Deep-Subsidy Senior Supportable	***46***	***97***
Special Needs / Transitional Housing		
With supportive services	***25***	
Total Special Needs/Transitional Housing	**25**	

Source: Maxfield Research & Consulting, LLC





Based on the finding of the analysis and demand calculations, Table CR-2 presents a summary of the recommended development concepts by product type for the City of Winona. These proposed concepts are intended to act as a development guide to most effectively meet the needs of existing and future households in Winona. The recommended development types do not directly coincide with total demand as illustrated in Table CR-1, but offer recommendations for implementation of concepts to satisfy short-term needs from 2016 to 2026.

TABLE CR-2
RECOMMENDED HOUSING DEVELOPMENT
CITY OF WINONA
2016 TO 2026

	Purchase Price/ Monthly Rent Range[1]	No. of Units	Pct. of Total	Development Timing
Owner-Occupied Homes				
Single Family [2]				
Entry-level	<$220,000	50 - 80	46%	2017+
Move-up	$220,000 - $280,000	50 - 75	45%	2018+
Executive	$280,000+	10 - 15	9%	2017+
Total		**110 - 170**	**100%**	
Townhomes/Detached Townhomes/Twinhomes [2]				
Entry-level	<$180,000	20 - 25	33%	2018+
Move-up	$200,000+	40 - 50	67%	2017+
Total		**60 - 75**	**100%**	
Total Owner-Occupied		**170 - 245**		
General Occupancy Rental Housing				
Market Rate Rental Housing				
Apartment-style	$850-1BR, $1,050 2BR	60 - 80	64%	2017+
Townhomes	$1,150 2BR, $1,300-3BR	30 - 50	36%	2017+
Total		**90 - 130**	**100%**	
Shallow-Subsidy Rental Housing				
Apartment-style	Moderate Income[3]	40 - 50	56%	2017+
Townhomes	Moderate Income[3]	30 - 40	44%	2016+
Total		**70 - 90**	**100%**	
Special Needs/Transitional Housing				
Apartment-style	Income-based	**25 - 25**	**100%**	2017+
Total Renter-Occupied		**185 - 245**		
Senior Housing (i.e. Age Restricted)				
Active Adult Shallow-Subsidy Rental	Moderate Income[3]	25 - 30	18%	2018+
Active Adult Market Rate Rental[4]	$900/1BR - $1,200/2BR+	50 - 60	36%	2018+
Independent Living (Congregate)	$1,750/1BR - $1,950/2BR	60 - 80	45%	2017+
Assisted Living	$2,750/EFF - $4,000/2BR	0 - 0	0%	2025+
Memory Care	$3,500/EFF-$4,500/1BR	26 - 28	18%	2018+
Total		**144 - 164**	**100%**	
Total - All Units		**499 - 654**		

[1] Pricing in 2016 dollars. Pricing can be adjusted to account for inflation.
[2] Recommendations include the absorption of some existing previously platted lots.
[3] Affordablity subject to income guidelines per MHFA. See Table for Winona County Income limits.
[4] Alternative development concept is to combine active adult shallow-subsidy and market rate active adult into a mixed-income community

Note - Recommended development does not coincide with total demand. Winona may not be able to accommodate all recommended housing types based on a variety of factors (i.e. development constraints, land availability, etc.)

Source: Maxfield Research & Consulting, LLC

Recommended Housing Product Types

For-Sale Housing

Single-Family Housing

Table HD-1 identified demand for 524 single-family housing units in Winona to 2031. We account for existing 123 vacant single-family lots in Winona (see Table FS-6) and therefore, demand is reduced to 401 new lots in Winona to 2031. Based on recent construction activity from 2012 through 2015, there has been an average of 9 new single-family units per year in Winona, which is down substantially from the first half of the 2000s when an average of 55 single-family homes were constructed during that period.

The lot supply benchmark for growing communities is a three- to five-year lot supply, which ensures adequate consumer choice without excessively prolonging developer-carrying costs. Given the number of existing vacant developed lots in Winona and the number of homes constructed annually, the current lot supply would be able to meet demand for approximately 12 years if the average annual construction rate remains at 9 units. However, we anticipate that making land available for new single-family homes along with reasonable employment growth will accelerate the annual demand for new homes. This will result in existing lots being absorbed at a more rapid pace and/or new platted lots absorbing more rapidly than in the past. While it is preferable to absorb existing lots prior to developing new lots, lot pricing and location are also important in considering how rapidly existing lots may develop. Because of the generally high lot costs, most of the new single-family homes have been targeted to move-up buyers. Real estate sales agents also stated that companies have a difficult time recruiting senior level management because of a lack of executive housing.

Due to the age and price of the existing housing stock in Winona, the existing older housing stock has been split between entry-level buyers looking for less expensive homes and investors seeking opportunities to create off-campus student housing for WSU student by converting older single-family homes to rentals. Once a conversion takes place, the value of the older homes rises to a commercial level. This reduces the number of homes that would traditionally have been available to first-time homebuyers. In other communities with similar situations to Winona, it is prohibitively expensive to convert these homes back to traditional single-family and even if that could be done, the conversion of an area over to primarily rental creates a disruption to the neighborhood fabric and a disconnect of the traditional patterns of appreciation in values. Buyers are wary of entering a neighborhood that may appear to them as potentially unstable from a pricing and investment perspective.

As mentioned in the previous paragraph, existing entry-level homes, which we generally classify as homes priced under $150,000, typically serve as the primary base for entry-level buyers as move-up buyers purchase housing in the next higher price category. The current median home sales price in Winona as of year-to-date 2016 is $143,000. Of all active home listings in Winona, 98% were single-family and 46% were priced between $100,000 to $159,999. Some sellers of entry-level homes may elect to purchase a multifamily ownership product such as a twinhome or detached villa, or may instead elect to relocate to general occupancy rental or senior housing. A move-up buyer or step-up buyer is typically one who is selling one house and purchasing another one, usually a larger and more expensive home. Usually the move is desired because of a lifestyle change, such as a new job or a growing family. Based on our interviews with Winona Area Realtors, move-up homes are generally priced from $250,000 to $350,000. Executive-level homes are loosely defined as homes priced above $350,000. Most of these homes would be build-to-suit new construction and may be located in one of the city's newer subdivisions or may be on a larger lot in the township areas surrounding Winona.

Lot prices for actively marketing subdivisions range from a lot of about $35,000 for a 0.35-acre lot to a high of $102,000 for a 0.5-acre lot in Cobblestone Creek. Generally, lot prices are higher is the lot is larger, but the location of the lot is also a factor in the pricing. The average base price of new single-family homes in Winona based on actively marketing subdivisions is approximately $220,000, which equates to roughly $88 per square foot for an average size of 2,500 square feet. There is demand for homes priced at under $160,000, but constructing these homes new without some type of additional assistance is likely not feasible due to land costs, construction costs and material pricing. Home prices overall in Winona seem high for a community of its size, most likely bid up by limited amount of traditional product available and the number of older properties that are marketed as investments. Based on land and building costs, it is very difficult to build new single-family homes for less than $200,000.

At this time, we do not recommend increasing the developed lot supply in Winona unless it is a specific development that would be targeted to meet the needs of first-time homebuyers on smaller size lots with home pricing of less than $200,000. Instead, we recommend working to create a larger variety of ownership and rental products so that a variety of current homeowners may be able to sell their existing older single-family homes and relocate to a product that better suits their lifestyle needs. In addition, smaller single-family lot sizes for entry-level homes could bring down infrastructure costs somewhat.

<u>For-Sale Multifamily Housing</u>

According to interviews with real estate sales agents in Winona, they are receiving more inquiries and requests for multifamily owned products, that would enable the homeowner to reduce or eliminate the burden of exterior maintenance, but yet still provide a comfortable and attractive living environment. While empty-nesters and independent seniors are, in growing numbers, seeking more flexible living arrangements, development of these types of housing units dropped off considerably during the recession and many builders have been reluctant to move back into this product. As market pressures for these products increase, it is likely that more builders will see an opportunity to satisfy a portion of this demand. Product types such as townhomes, detached townhomes, and twinhomes along with condominiums fit into this category. Recent building code changes (i.e. sprinklered townhome units) have increased the construction costs of these products and the potential of future homeowner litigation against developers has also increased the risk to the contractor and the developer to construct these products. This situation has, in some communities stifled what was an active new construction townhome market.

In addition to empty nesters and young seniors (65 to 74 years) who are the primary target market for twinhomes and detached villas), mid-age professionals, particularly singles and couples without children, will seek townhomes if they prefer not to have the maintenance responsibilities of a single-family home. In some housing markets, younger households also find purchasing an owned row home or townhome to be more affordable than purchasing a new single-family home.

Over the past six years (2010 through 2015), multifamily resales have averaged only 3% of total resales in Winona and the median sales price has been 11% lower than that for single-family homes.

Based on changing demographics over the next ten to 15 years and a growing demand for alternative housing products, demand was calculated for 225 new multifamily for-sale units in Winona to 2031. Given the aging of the population and the high growth rate in the 55+ population (especially 65-74 age cohorts), Winona would benefit from a more diverse owner-occupied housing stock. As we understand, the current Valley Oaks subdivision of 70 single-level twinhomes is targeted to empty-nester and young senior buyers.

These attached units could be developed as twin homes, detached townhomes or villas, townhomes/row homes, or any combination thereof. Because the primary target market is empty-nesters and young seniors, the majority of townhomes should be single-level, or at least have a master suite on the main level if a unit has two stories.

The following provides greater detail into townhome and twinhome-style housing.

- *Twinhomes*– By definition, a twin home is two units with a shared wall with each owner owning half of the lot. Some single-level living units are designed in three-, four-, or even six-unit buildings in a variety of configurations, but these are less usual. The swell of support for twinhome and single-level living units is generated by the aging baby boomer generation, which is increasing the numbers of older adults and seniors who desire low-maintenance housing alternatives to their single-family homes but are not ready to move to independent rental housing or service-enhanced properties (i.e. downsizing or right sizing).

  Traditionally most twin home developments have been designed with the garage being the prominent feature of the home; Today's newer twin homes have much more architectural detail. Many higher-end twin home developments feature designs where one garage faces the street and the other to the side yard. This design helps reduce the prominence of the garage domination with two separate entrances. Housing products designed to meet the needs of the aging Winona residents, many of whom desire to stay in their current community if housing is available to meet their needs, will be needed into the foreseeable future.

Twinhomes are also a preferred for-sale product by builders in today's market as units can be developed as demand warrants. Because twinhomes bring higher density and economies of scale to the construction process, the price point can be lower than stand-alone single-family homes, but are usually more expensive than rowhomes which are built in multi-unit buildings (4, 6, or 8-unit structures). Twin homes are anticipated to be in demand for quite some time as older adults and seniors will move to this housing product with substantial equity in their existing single-family home and will be willing to purchase a maintenance-free home that is priced similar to their existing single-family home. Move-up twin homes have especially been popular in the Twin Cities Metro Area over the past few years, but we are seeing this product being developed in Duluth, St. Cloud, Rochester, Moorhead and other mid-size and smaller size communities in Minnesota.

Twinhome Examples

Standard Twinhome – garage on end

Standard Twinhome – garage in middle

Executive Twinhome with alternate garages

Executive-style Twinhome – front facing garage

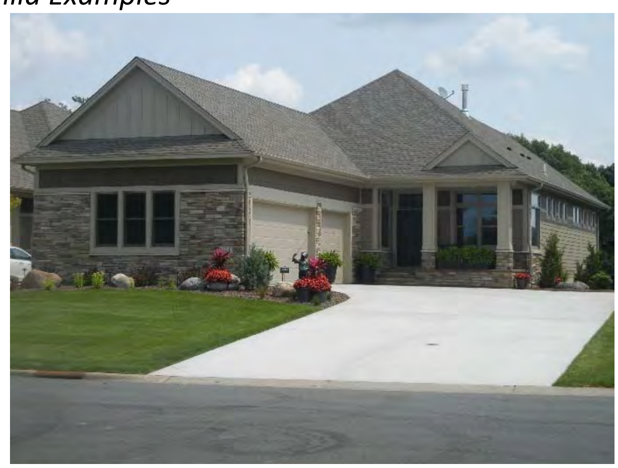
- *Detached Townhomes/Villas* – A recent modern alternative to the twinhome is the single-level villa product and/or rambler. This product also appeals mainly to baby boomers and empty nesters seeking a product similar to a single-family home on a smaller scale while receiving the benefits of maintenance-free living. Many of these units are designed with a walk-out or lookout lower level if the topography warrants. We recommend lot widths ranging from 45 to 55 feet with main-level living areas between 1,600 and 1,800 square feet. The main level living area usually features a master bedroom, great room, dining room, kitchen, and laundry room while offering a "flex room" that could be another bedroom, office, media room, or exercise room. Owners should also be able to purchase the home with the option to finish the lower level (i.e. additional bedrooms, game room, storage, den/study, etc.) and some owners may want a slab-on-grade product for affordability reasons. Finally, builders could also provide the option to build a two-story detached product that could be mixed with the single-level villa product.

  Pricing for a detached townhome/villa is traditionally more expensive than twinhomes because of the larger lot sizes. Villa-style homes may often be priced equal to single-family homes in some communities where buyers prefer the lifestyle of the villa rather than a single-family home, but do not want to reduce the level of amenities in the unit.

  Base pricing of single-level villas should start at no more than $250,000, but will fluctuate based on custom finishes, upgrades, etc.

Detached Townhome/Villa Examples

Cottage-style (alley-loaded garage)



Executive-style – side garage entrance

Villa – Garage in front

2-story tuck-under

- *Side-by-Side and Back-to-Back Townhomes* – This housing product is designed with three or four or more separate living units in one building and can be built in a variety of configurations. With the relative affordability of these units and multi-level living, side-by-side and back-to-back townhomes have the greatest appeal among entry-level households without children, young families and singles and/or roommates across the age span. However, two-story townhomes would also be attractive to middle-market, move-up, and empty-nester buyers. Many of these buyers want to downsize from a single-family home into maintenance-free housing; empty-nester and young senior households often have substantial equity from the sale of their single-family homes to dedicate toward the purchase of a new residence.

Townhome Examples

3-Plex (one-level living w/basement)

Tuck-under garage

Row-house style

Back-to-back style (6-Plex)

In general, side-by-side townhomes were slow to recover from the recession in terms of pricing. Many townhome developments throughout Minnesota had a substantial portion of foreclosures and lender-mediated sales and were, therefore, attractive for real estate investors who purchase the units and then rented them out. There have been a few new townhome developments in the Twin Cities, which have sold out rapidly now that the housing market is in recovery and where single-family home prices have priced many buyers out of the market. New construction townhomes in Winona should be considered as a viable owner-occupied product, but we recommend an initial focus on twinhomes for the empty-nester and young senior market segment.

General Occupancy Rental Housing

The competitive survey of rental housing in Winona identified that the vacancy rates for all types of general occupancy rental product are below market equilibrium and indicates that pent-up demand exists for rental housing. The few new products that have entered the market in the past few years have all performed well. A modern one-bedroom loft apartment in Downtown Winona was advertised at $850 per month including water/sewer, but excluding gas and electric. The unit has 17 ft. ceilings and a skylight with 850 square feet of space. Another Downtown Winona loft features 16 ft. ceilings and rents for $1,200 per month with 1,200 square feet or $1.00 per square foot. Off-street parking is usually available in a surface lot behind the building. Kitchen appliances are stainless steel and there are three bedrooms and one bathroom. Two other apartments were listed as available in Downtown Winona and were advertised to rent for $350 per month per person for a three-bedroom unit and the other to rent for $400 per month for a three-bedroom unit. These rents equate to $1,050 per month and $1,200 per month for these units and the units were listed as new 2016 construction.

Vacancy rates for each segment of general occupancy rentals from the market survey were:

3.8% for market rate units
0.0% for shallow-subsidy units
0.3% for deep-subsidy units

Older rental product (built prior to 1980) typically have the lowest rental rates (less than $600 per month). Newer properties, those built after 2000 tend to have the highest rental rates and often have a higher level of in-unit and common area amenities. A number of these properties have rents that are at or below the current maximum income limits for shallow-subsidy housing, which satisfies some of the demand from households that would otherwise qualify for financially-assisted housing. Companies in Winona have indicated that the lack of rental housing in the community, shallow-subsidy and market rate, is constraining employers' abilities to hire employees to fill some positions or is hindering some companies' abilities to expand in Winona. In looking at advertised rental units, it is clear that a number of properties are targeting a student clientele with lease rates that are per person. Although ownership housing of older homes in Winona is affordable for first-time home buyers, the very low supply of homes on the market and the high cost of constructing new homes at an affordable first-time homebuyer rate these some are choosing to rent due to fears of past housing market performance.

Maxfield Research and Consulting LLC calculated demand for 333 market rate, 134 shallow-subsidy and 142 deep-subsidy rental housing units in Winona between 2016 and 2031. The City has a demand for new general-occupancy rental housing (market rate and shallow-subsidy). Although demand exists for deep-subsidy rental housing, a portion of that demand can be satisfied through the development of a shallow-subsidy properties (LIHTC) properties. The low vacancy rates across all product types support the demand for new rental units.

- *Market Rate Rental* – The existing market rate rental supply in Winona has a broad mix of ages and household types represented. A new rental property will also likely to have a diverse resident profile, including young to mid-age professionals as well as singles and couples across the age span.

Because there is demand for 333 units; new market rate product will likely be developed across multiple buildings and developments. We recommend new middle-market to upper-middle market rental project(s) with roughly that will continue to attract a diverse resident profile; including young to mid-age professionals as well as singles and couples across all ages. To appeal to wide target market, we suggest a market rate apartment project with a unit mix consisting of one-bedroom units, one-bedroom plus den units, two-bedroom units, and a few two-bedroom plus den or three-bedroom units.

Monthly rents (in 2016 dollars) for one-bedroom units at market rate properties currently range from a low of $370 per month to a high of $750 per month; two-bedroom units at market rate properties range from a low of $640 to a high of $870 per month. Some larger size units (three-bedroom units) in Downtown Winona rent for more than these figures, up to $1,200 per month with per person rents). Average rent per square foot in Winona for market rate units was $0.83 per square foot however, we identified Downtown loft properties leasing units for $1.00 per square foot per month. New market rate units would could be split between renovated units in existing buildings (i.e. Downtown properties) and/or new construction. Depending on the building and location, new construction rents, whether in an historic renovation or brand new would likely have to charge rents of at least $1.10 per square foot or higher. Thus far, most newer properties tend to have unit sizes that are quite spacious. In order to maintain rental rates at lower levels, we suggest sizing down the units to achieve better economies of scale. Rents will undoubtedly be the highest in the market, but the gap may be narrowed through an efficient development concept. It is more difficult sometimes to achieve efficiencies in a renovation due to existing wall placements than building entirely new. We estimate at this time that monthly rents could be up by 1.5% annually prior to occupancy to account for inflation depending on overall market conditions.

New market rate rental units should be designed with contemporary in-unit and common area amenities that include open floor plans, high ceilings (minimum of 9 ft), in-unit washer and dryer, full appliance package, central air-conditioning, and garage parking. If garage parking is not feasible, then we recommend an adjacent surface lot where stalls would be reserved for residents.

Downtown Winona currently has some spaces that have converted over to residential use. We recommend that consideration be given as to how units will lay out within a building and whether the features of interior layouts present an effective and attractive floorplate for residential apartments. Often existing older buildings may have floorplates that are very deep and therefore, create units that have limited natural light. New construction units can compensate for this in their building envelope, but may be more expensive to build and the developer cannot take advantage of historic tax credits.

- *Market Rate General Occupancy Rental Townhomes*– In addition to the recommended traditional multi-story apartment structures, we find demand exists for rental townhome units that may be targeted to empty-nesters/young seniors, families or couples without children - including those who are new to the community and want to rent until they find a home for purchase. We recommend 25 to 30 rental townhome units could be supported in Winona between now and 2021. We recommend a property with rents starting at an estimated $1,150 for two-bedroom units to $1,300 for three-bedroom units. Units should feature contemporary amenities (i.e. in-unit washer/dryer, high ceilings, etc.) and an attached two-car garage.

- *Shallow-Subsidy General Occupancy Multifamily Housing*– There were two shallow-subsidy properties identified in the apartment survey in Winona; one was built in the mid-1990s and the other in the mid-2000s. These developments are fully occupied, indicating that additional pent-up demand exists for shallow-subsidy rentals in Winona. Unlike the market rate supply, existing shallow-subsidy properties are typically dominated by families with children who find it more difficult to afford to own or to pay market rate rents. These properties have rents that range from $580 for a one-bedroom unit to $626 for a three-bedroom townhome.

These properties would restrict incomes to those established by MN Housing for Winona County and would target households with incomes between 50% to 60% of area median income; some units however, may have lease rates up to 80% of AMI.

As shallow-subsidy properties currently have a 0% vacancy rate and deep-subsidy properties have a 0.3% vacancy rate, we recommend that the City continue to allocate funds toward maintaining and improving the existing shallow-subsidy and deep-subsidy units and consider ways to attract new shallow-subsidy rental development to the community.

Demand calculations identified a potential for 134 affordable units to 2031. Rental units with shallow-subsidies usually attract households that cannot afford market rate units (newer) but do not income-qualify for deep subsidy housing. These shallow-subsidy properties attract a broad base of tenants depending on the unit type. One-bedroom units target singles and couples, whereas two- and three-bedroom units typically target families. Some seniors may also be attracted to units that are single-level in either a traditional elevator-style building or in a single-level townhome. We recommend a shallow-subsidy concept that would target residents with incomes at or less than 60% AMI. In order to achieve the maximum number of potential income-qualified residents, rent levels should be set at 50% of AMI with an income qualification of up to 60% AMI.

- *Shallow-Subsidy General Occupancy Rental Townhomes*– Rental townhomes affordable to moderate-income households (60% or less of AMI) would also be in high demand in Winona. Pleasant Valley offers three-bedroom townhome units and is fully-occupied with a waiting list. The property also accepts Section 8 vouchers which allows residents to reside there and as such, satisfies some demand for deep-subsidy rental units. Rental townhome products with income-restricted rents have been very popular throughout many communities. As with the elevator-style buildings, this product would have income restrictions established most likely via MN Housing through the Low-Income Housing Tax Credit Program (LIHTC). We recommend a modest number of initial units with two and three bedrooms and a total size of 25 units. Units should feature central air, full appliance package, in-unit washer/dryer and an attached one-/two-car garage. Such developments are popular with families that cannot afford housing options in the for-sale market or market rate rentals.

Senior Housing

As illustrated in Table CR-1, demand exists for almost all types of senior housing products in Winona. Over the course of five years, there is demand for an estimated 300 new senior units to 2021 and then another roughly xxx units from 2021 to 2031. The development of additional senior housing serves a two-fold purpose in meeting the housing needs in Winona: older adult and senior residents are able to relocate to new age-restricted housing in Winona and existing homes and rental units that were occupied by seniors become available to other new households. Therefore, the development of additional senior housing does not mean the housing needs of younger households are neglected; it simply means that a greater percentage of housing need is satisfied by housing unit turnover. The types of housing products needed to accommodate the aging population base are discussed individually in the following section.

- *Active Adult Rental* – Demand was projected for an estimated 91 market rate active adult rental units in Winona as of 2016, taking into account the age and income-qualified base along with the existing supply. If no new active adult senior units are placed into the market, demand would remain essentially the same between now and 2031, increasing by only 5 units. The demand calculations identified 98 active adult rental units in Winona at this time.

  Development of this product could be in stand-alone facility, in a mixed-income building or as part of a larger continuum of care development. We believe a mixed-income building would be an ideal development concept to create the most dynamic, inclusive community for active seniors and to temper stigmas and potential neighborhood opposition of a shallow-subsidy housing development.

  We recommend a new property of between 40 and 60 units over the next five years. Market rents would start at $900 per month for one-bedroom units and from $1,175 per month or more for two-bedroom units. The property should offer transportation, activities, and optional services for housekeeping, etc.

- *Shallow-Subsidy and Deep-Subsidy Adult/Few Services Rental* – Winona demand for shallow-subsidy/deep-subsidy age-restricted (55+) housing was calculated at 8 units as of 2016. The limited amount of demand results from a narrow income band from which to draw age and income-qualified residents. Demand for shallow-subsidy rental housing often overlaps demand for market rate active adult senior housing for households with incomes at the low end of the range for market rate units as well as a portion of households with incomes under 50% of the area AMI who could qualify to reside at the property if they sold a home. According to statistics published by MN Housing, a portion of units at all LIHTC properties in Minnesota have tenants residing in units and utilizing a Section 8 voucher. Although this product would be well-received by seniors in and near the Winona area; future tax credit awards for this product type are likely to be very challenging to obtain within the point pool.

- *Independent Living/Congregate* – There are no designated congregate units (meal program and limited support services) in Winona. Demand was calculated for 120 units as of 2016 and would essentially remain stable if no product of this type is built to 2031. Based on this demand, we recommend 60 to 80 congregate units with a mix of studio, one-bedroom, one-bedroom plus den, and two-bedroom units. Monthly rents should range from $1,650 per month for studio units to $2,300 per month for two-bedroom units. The monthly fees should include all utilities (except telephone and basic cable/satellite television) and the following services:

- I'm OK program;
- Daily noon meal;
- Regularly scheduled van transportation;
- Optional services such as housekeeping and medication reminders;
- Social, health, wellness and educational programs;
- 24-hour emergency call system; and
- Complimentary use of laundry facilities.

Additional meals and other support and personal care services could be made available to residents of the congregate building on a fee-for-service basis, such as personal laundry, linen changes, housekeeping, etc. As care needs increase, residents may also have the option of receiving assisted living services in a bundled package or a la carte in their existing units.

New independent housing could be developed adjacent to an existing senior campus or in a stand-alone development.

- *Assisted Living and Memory Care Senior Housing* – Demand calculations identified demand for no additional assisted living units and 58 memory care units in Winona as of 2016. Based on an analysis of existing senior properties, it appears that a portion of seniors may be residing in assisted living properties when they may be able to reside in a congregate setting.

  We recommend memory care units include primarily studio units with a very small number of one-bedroom units. Monthly base rents could be charged beginning at $3,800 for meals, housekeeping, laundry, linens, two baths per week, transportation and activity programming. Additional charges would apply for additional personal care services and medication administration, among other services. Memory care units should be located in a secured, self-contained wing located on the first floor of a building and should feature its own dining and common area amenities including a secured outdoor patio and wandering area.

  The base monthly fees should include all utilities (except telephone and basic cable/satellite television) and the following services:

  - Three meals per day;
  - Weekly housekeeping and linen service;
  - Two loads of laundry per week;
  - Weekly health and wellness clinics;
  - Meal assistance;

- Regularly scheduled transportation;
- Professional activity programs and scheduled outings;
- Nursing care management;
- I'm OK program;
- 24-hour on site staffing;
- Personal alert pendant with emergency response; and
- Nurse visit every other month.

Additional personal care packages should also be available for an extra monthly charge above the required base care package. A care needs assessment is recommended to be conducted to determine the appropriate level of services for prospective residents.

Challenges and Opportunities

Table CR-2 identified and recommended housing types that would satisfy the housing needs in Winona over the next ten years. The following were identified as the greatest challenges and opportunities for developing the recommended housing types (in no particular order - alphabetically).

- **Affordability.** Based on current home prices, about 75% of Winona's householders could afford to purchase an entry-level home given today's pricing (see table on the following page). Likewise, most householders (85%) can also afford the average market rate rent existing market rate properties in Winona. However, many of the existing rentals are marketed to and targeted to students who are willing to pay higher monthly rents because of financial support from their parents. This reduces the available supply of rental units to the traditional market and constrains the ability of existing employers to fill some positions because of a lack of reasonably priced housing located within a reasonable commute distance of Winona. The following chart compares the costs of homeownership to rentals given today's housing costs based on a 30% allocation of income to housing. Not all householders however will have the credit scores and down payment funds that would qualify them to purchase for-sale housing.

TABLE CR-4
WINONA MARKET AREA HOUSING AFFORDABILITY - BASED ON HOUSEHOLD INCOME

For-Sale (Assumes 10% down payment and good credit)	Single-Family			Townhome/Twinhome		
	Entry-Level	Move-Up	Executive	Entry-Level	Move-Up	Executive
Price of House	$100,000	$160,000	$250,000	$100,000	$150,000	$180,000
Pct. Down Payment	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Total Down Payment Amt.	$10,000	$16,000	$25,000	$10,000	$15,000	$18,000
Estimated Closing Costs (rolled into mortgage)	$3,000	$4,800	$7,500	$3,000	$4,500	$5,400
Cost of Loan	$93,000	$148,800	$232,500	$93,000	$139,500	$167,400
Interest Rate	3.470%	3.470%	3.470%	3.470%	3.470%	3.470%
Number of Pmts.	360	360	360	360	360	360
Monthly Payment (P & I)	-$416	-$666	-$1,040	-$416	-$624	-$749
(plus) Prop. Tax	-$125	-$200	-$313	-$125	-$188	-$225
(plus) HO Insurance/Assoc. Fee for TH	-$33	-$53	-$83	-$100	-$100	-$100
(plus) PMI/MIP (less than 20%)	-$40	-$64	-$101	-$40	-$60	-$73
Subtotal monthly costs	-$615	-$984	-$1,537	-$681	-$972	-$1,146
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	$24,588	$39,340	$61,469	$27,254	$38,881	$45,858
Pct. of ALL Winona HHDS who can afford1	**68.9%**	**46.9%**	**34.8%**	**67.5%**	**52.8%**	**46.9%**
No. of Winona HHDS who can afford1	**7,176**	**4,902**	**3,644**	**7,064**	**5,527**	**4,902**
Pct. of Winona owner HHDs who can afford2	**62.6%**	**44.5%**	**35.0%**	**67.9%**	**50.4%**	**35.0%**
No. of Winona owner HHDs who can afford2	**5,317**	**4,345**	**2,995**	**5,154**	**4,034**	**4,013**
No. of Winona owner HHDS who cannot afford2	**1,415**	**2,387**	**3,737**	**1,578**	**2,698**	**2,719**

Rental (Market Rate)	Existing Rental			New Rental		
	1BR	2BR	3BR	1BR	2BR	3BR
Monthly Rent	$590	$708	$885	$850	$1,000	$1,250
Annual Rent	$7,080	$8,496	$10,620	$10,200	$12,000	$15,000
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	$23,600	$28,320	$35,400	$34,000	$40,000	$50,000
Pct. of ALL Winona HHDS who can afford1	**69.9%**	**64.0%**	**56.2%**	**56.6%**	**51.8%**	**43.2%**
No. of Winona HHDS who can afford1	**7,310**	**6,698**	**5,881**	**5,918**	**5,419**	**4,521**
Pct. of Winona renter HHDs who can afford2	**27.5%**	**22.1%**	**38.5%**	**22.1%**	**14.4%**	**11.3%**
No. of Winona renter HHDs who can afford2	**2,264**	**1,370**	**1,022**	**1,033**	**842**	**493**
No. of Winona renter HHDS who cannot afford2	**1,645**	**2,539**	**2,887**	**2,876**	**3,067**	**3,416**

[1] Based on 2016 household income for ALL households
[2] Based on 2014 ACS household income by tenure (i.e. owner and renter incomes. Owner incomes = $57,189 vs. renter incomes = $18,850)
Source: Maxfield Research & Consulting, LLC

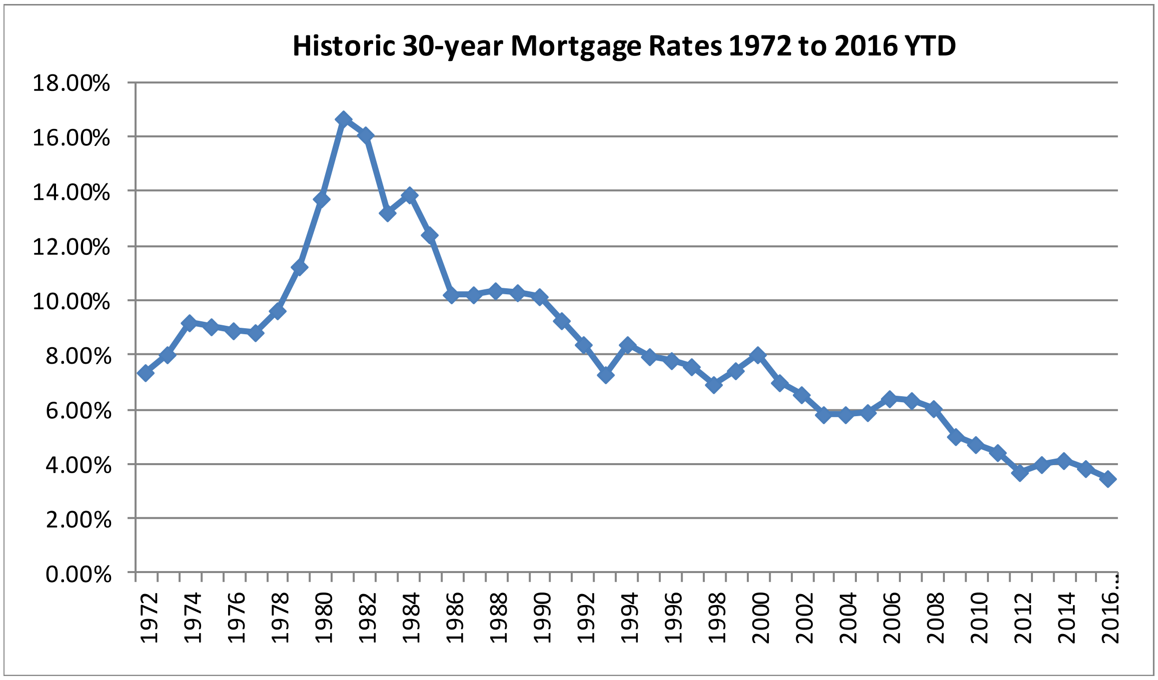
- **New Construction Pricing/Rents.** Housing surveys completed for this analysis identified that rental rates in the community are generally quite low. New product has been able to place units into the market for as little as $0.60 per square foot. We are concerned that with new construction rents for a one-bedroom unit as low as $595 per month, excluding utility costs, that this would be difficult to achieve even in a renovated building in the Downtown. Downtown loft properties are charging higher rents than this, but the units that we found were three-bedroom units targeted to students, with each paying $350 to $400 per month for a total monthly rent for a three-bedroom unit of $1,050 to $1,200. In order to achieve rent levels that the market is willing to pay, (generally at or below $850 per month for a one-bedroom unit), some public assistance may be necessary at the onset.

  Similarly, there is demand for entry-level single-family homes in Winona, but the cost of land and infrastructure is likely to result in pricing that is above the level of the first-time homebuyer. The City may want to consider some alternate strategies for the development of owner-occupied for-sale housing such as land cost write-downs, TIF financing or a land trust. Given the tight market for entry level homes in the City, we recommend the City's continued commitment to allocate funds toward maintaining and improving the entry-level housing stock.

- **Lot Supply.** Table FS-6 identified active subdivisions with available lots. Based on our research there are 123 finished vacant single-family lots, not including scattered lots throughout the City. Most of these lots and the home package are priced at a move-up level and it appears from absorption that there is a sufficient amount of move-up single-family lots currently available. According to recent construction trends, the current finished lot inventory is high relatively to recent construction and there is more than a five-year lot supply of lots. However, lot pricing based on incomes and home values appears to be somewhat high in Winona, likely due to the costs of infrastructure development and a scarcity of land. There is a sufficient supply of lots for move-up homes, but essentially very little entry-level housing and existing months of supply for resales is low.

- **Mortgage Rates.** Mortgage rates play a crucial part in housing affordability. Lower mortgage rates result in a lower monthly mortgage payment and buyers receiving more home for their dollar. Rising interest rates often require homebuyers to raise their down payment in order to maintain the same housing costs. Mortgage rates have remained at historic lows over the past several years coming out of the Great Recession. The current 30-year fixed rate mortgage according to Freddie Mac is at 3.57% for qualified buyers. This is an exceptionally low rate. Although the Federal Reserve has indicated they may begin raising the Federal Funds Rate by the end of 2016, there is also some speculation that the economy has not progressed far enough along the recovery continuum to support an interest rate hike. In addition, inflation also remains at historic low levels and the global economy is also fragile in several sectors. While anticipation of rate hikes has spurred some buyer activity, we believe this has recently slacked off somewhat. The anticipated increases are projected to be small however, for those that are wanting to buy, now is the time. Most often, first time homebuyers have been moved out of the market by too short supply and home prices that are escalating rapidly.

The following chart illustrates historical mortgage rate averages as compiled by Freddie Mac. The Freddie Mac Market Survey (PMMS) has been tracking mortgage rates since 1971 and is the most relied upon benchmark for evaluating mortgage interest market conditions. The Freddie Mac survey is based on 30-year mortgages with a loan-to-value of 80%.



APPENDIX

Definitions

Absorption Period – The period of time necessary for newly constructed or renovated properties to achieve the stabilized level of occupancy. The absorption period begins when the first certificate of occupancy is issued and ends when the last unit to reach the stabilized level of occupancy has signed a lease.

Absorption Rate – The average number of units rented each month during the absorption period.

Active adult (or independent living without services available) – Active Adult properties are similar to a general-occupancy apartment building, in that they offer virtually no services but have age-restrictions (typically 55 or 62 or older). Organized activities and occasionally a transportation program are usually all that are available at these properties. Because of the lack of services, active adult properties typically do not command the rent premiums of more service-enriched senior housing.

Adjusted Gross Income "AGI" – Income from taxable sources (including wages, interest, capital gains, income from retirement accounts, etc.) adjusted to account for specific deductions (i.e. contributions to retirement accounts, unreimbursed business and medical expenses, alimony, etc.).

Affordable housing – Housing that is income-restricted to households earning at or below 80% AMI, though individual properties can have income-restrictions set at 40%, 50%, 60% or 80% AMI. Rent is not based on income but instead is a contract amount that is affordable to households within the specific income restriction segment. It is essentially housing affordable to low or very low-income tenants.

Amenity – Tangible or intangible benefits offered to a tenant in the form of common area amenities or in-unit amenities. Typical in-unit amenities include dishwashers, washer/dryers, walk-in showers and closets and upgraded kitchen finishes. Typical common area amenities include detached or attached garage parking, community room, fitness center and an outdoor patio or grill/picnic area.

Area Median Income "AMI" – AMI is the midpoint in the income distribution within a specific geographic area. By definition, 50% of households earn less than the median income and 50% earn more. The U.S. Department of Housing and Urban Development (HUD) calculates AMI annually and adjustments are made for family size.

Assisted Living – Assisted Living properties come in a variety of forms, but the target market for most is generally the same: very frail seniors, typically age 80 or older (but can be much younger, depending on their particular health situation), who are in need of extensive support services and personal care assistance. Absent an assisted living option, these seniors would otherwise need to move to a nursing facility. At a minimum, assisted living properties include two meals per day and weekly housekeeping in the monthly fee, with the availability of a third meal and personal care (either included in the monthly fee or for an additional cost). Assisted living properties also have either staff on duty 24 hours per day or at least 24-hour emergency response.

Building Permit – Building permits track housing starts and the number of housing units authorized to be built by the local governing authority. Most jurisdictions require building permits for new construction, major renovations, as well as other building improvements. Building permits ensure that all the work meets applicable building and safety rules and is typically required to be completed by a licensed professional. Once the building is complete and meets the inspector's satisfaction, the jurisdiction will issue a "CO" or "Certificate of Occupancy." Building permits are a key barometer for the health of the housing market and are often a leading indicator in the rest of the economy as it has a major impact on consumer spending.

Capture Rate – The percentage of age, size, and income-qualified renter households in a given area or "Market Area" that the property must capture to fill the units. The capture rate is calculated by dividing the total number of units at the property by the total number of age, size and income-qualified renter households in the designated area.

Comparable Property – A property that is representative of the rental housing choices of the designated area or "Market Area" that is similar in construction, size, amenities, location and/or age.

Concession – Discount or incentives given to a prospective tenant to induce signature of a lease. Concessions typically are in the form of reduced rent or free rent for a specific lease term, or free amenities, which are normally charged separately, such as parking.

Congregate (or independent living with services available) – Congregate properties offer support services such as meals and/or housekeeping, either on an optional basis or a limited amount included in the rents. These properties typically dedicate a larger share of the overall building area to common areas, in part, because the units are smaller than in adult housing and in part to encourage socialization among residents. Congregate properties attract a slightly older target market than adult housing, typically seniors age 75 or older. Rents are also above those of the active adult buildings, even excluding the services.

Contract Rent – The actual monthly rent payable by the tenant, including any rent subsidy paid on behalf of the tenant, to the owner, inclusive of all terms of the lease.

Demand – The total number of households that would potentially move into a proposed new or renovated housing project. These households must be of appropriate age, income, tenure and size for a specific proposed development. Components vary and can include, but are not limited to: turnover, people living in substandard conditions, rent over-burdened households, income-qualified households and age of householder. Demand is project specific.

Density – Number of units in a given area. Density is typically measured in dwelling units (DU) per acre – the larger the number of units permitted per acre the higher the density; the fewer units permitted results in lower density. Density is often presented in a gross and net format:

- Gross Density – The number of dwelling units per acre based on the gross site acreage. *Gross Density = Total residential units/total development area*
- Net Density - The number of dwelling units per acre located on the site, but excludes public right-of-ways (ROW) such as streets, alleys, easements, open spaces, etc. *Net Density = Total residential units/total residential land area (excluding ROWs)*

Detached housing – a freestanding dwelling unit, most often single-family homes, situated on its own lot.

Effective Rents – Contract rent less applicable concessions.

Elderly or Senior Housing – Housing where all the units in the property are restricted for occupancy by persons age 62 years or better, or at least 80% of the units in each building are restricted for occupancy by households where at least one household member is 55 years of age or better and the housing is designed with amenities, facilities and services to meet the needs of senior citizens.

Extremely low-income – person or household with incomes below 30% of Area Median Income, adjusted for respective household size.

Fair Market Rent – Estimates established by HUD of the Gross Rents needed to obtain modest rental units in acceptable conditions in a specific geographic area. The amount of rental income a given property would command if it were open for leasing at any given moment and/or the amount derived based on market conditions that is needed to pay gross monthly rent at modest rental housing in a given area. This figure is used as a basis for determining the payment standard amount used to calculate the maximum monthly subsidy for families on at financially assisted housing.

Fair Market Rent – Winona County 2017

	Fair Market Rent				
	EFF	1BR	2BR	3BR	4BR
Fair Market Rent	$453	$537	$714	$942	$1,047

Floor Area Ratio (FAR) Ratio of the floor area of a building to area of the lot on which the building is located.

Foreclosure – A legal process in which a lender or financial institute attempts to recover the balance of a loan from a borrower who has stopped making payments to the lender by using the sale of the house as collateral for the loan.

Gross Rent – The monthly housing cost to a tenant which equals the Contract Rent provided for in the lease, plus the estimated cost of all utilities paid by tenants. Maximum Gross Rents for Sherburne County in 2015 are as follows:

Gross Rent
Winona County – 2016

MAXIMUM GROSS RENT
WINONA COUNTY - 2016

	Maximum Gross Rent				
	EFF	1BR	2BR	3BR	4BR
30% of Median	$366	$392	$471	$543	$606
50% of Median	$610	$653	$785	$906	$1,011
60% of Median	$732	$784	$942	$1,087	$1,213
80% of Median	$976	$1,028	$1,115	$1,394	$1,506

Household – All persons who occupy a housing unit, including occupants of a single-family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Household Trends – Changes in the number of households for any particular areas over a measurable period of time, which is a function of new household formations, changes in average household size, and met migration.

Housing Choice Voucher Program – The federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. A family that is issued a housing voucher is responsible for finding a suitable housing unit of the family's choice where the owner agrees to rent under the program. Housing choice vouchers are administered locally by public housing agencies. They receive federal funds from the U.S. Department of Housing and Urban Development (HUD) to administer the voucher program. A housing subsidy is paid to the landlord directly by the public housing agency on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program.

Housing unit – House, apartment, mobile home, or group of rooms used as a separate living quarters by a single household.

HUD Project-Based Section 8 – A federal government program that provides rental housing for very low-income families, the elderly, and the disabled in privately owned and managed rental units. The owner reserves some or all of the units in a building in return for a Federal government guarantee to make up the difference between the tenant's contribution and the rent. A tenant who leaves a subsidized project will lose access to the project-based subsidy.

HUD Section 202 Program – Federal program that provides direct capital assistance and operating or rental assistance to finance housing designed for occupancy by elder household who have incomes not exceeding 50% of Area Median Income.

HUD Section 811 Program – Federal program that provides direct capital assistance and operating or rental assistance to finance housing designed for occupancy of persons with disabilities who have incomes not exceeding 50% Area Median Income.

HUD Section 236 Program – Federal program that provides interest reduction payments for loans which finance housing targeted to households with income not exceeding 80% Area Median Income who pay rent equal to the greater or market rate or 30% of their adjusted income.

Income limits – Maximum households income by a designed geographic area, adjusted for household size and expressed as a percentage of the Area Median Income, for the purpose of establishing an upper limit for eligibility for a specific housing program.

Inflow/Outflow – The Inflow/Outflow Analysis generates results showing the count and characteristics of worker flows in to, out of, and within the defined geographic area.

Low-Income – Person or household with gross household incomes below 80% of Area Median Income, adjusted for household size.

Low-Income Housing Tax Credit – A program aimed to generate equity for investment in affordable rental housing authorized pursuant to Section 42 of the Internal Revenue Code. The program requires that a certain percentage of units built be restricted for occupancy to households earning 60% or less of Area Median Income, and rents on these units be restricted accordingly.

Market analysis – The study of real estate market conditions for a specific type of property, geographic area or proposed (re)development.

Market rent – The rent that an apartment, without rent or income restrictions or rent subsidies, would command in a given area or "Market Area" considering its location, features and amenities.

Market study – A comprehensive study of a specific proposal including a review of the housing market in a defined market or geography. Project specific market studies are often used by developers, property managers or government entities to determine the appropriateness of a proposed development, whereas market specific market studies are used to determine what house needs, if any, existing within a specific geography.

Market rate rental housing – Housing that does not have any income-restrictions. Some properties will have income guidelines, which are minimum annual incomes required in order to reside at the property.

Memory Care – Memory Care properties, designed specifically for persons suffering from Alzheimer's disease or other dementias, is one of the newest trends in senior housing. Properties consist mostly of suite-style or studio units or occasionally one-bedroom apartment-style units, and large amounts of communal areas for activities and programming. In addition, staff typically undergoes specialized training in the care of this population. Because of the greater amount of individualized personal care required by residents, staffing ratios are much higher than traditional assisted living and thus, the costs of care are also higher. Unlike conventional assisted living, however, which deals almost exclusively with widows or widowers, a higher proportion of persons afflicted with Alzheimer's disease are in two-person households. That means the decision to move a spouse into a memory care facility involves the caregiver's concern of incurring the costs of health care at a special facility while continuing to maintain their home.

Migration – The movement of households and/or people into or out of an area.

Mixed-income property – An apartment property contained either both income-restricted and unrestricted units or units restricted at two or more income limits.

Mobility – The ease at which people move from one location to another.

Moderate Income – Person or household with gross household income between 80% and 120% of the Area Median Income, adjusted for household size.

Multifamily – Properties and structures that contain more than two housing units.
Naturally Occurring Affordable Housing – Although affordable housing is typically associated with an income-restricted property, there are other housing units in communities that indirectly provide affordable housing. Housing units that were not developed or designated with income guidelines (i.e. assisted) yet are more affordable than other units in a community are considered "naturally-occurring" or "unsubsidized affordable" units. This rental supply is available through the private market, versus assisted housing programs through various governmental agencies. Property values on these units are lower based on a combination of factors, such as: age of structure/housing stock, location, condition, size, functionally obsolete, school district, etc.

Net Income – Income earned after payroll withholdings such as state and federal income taxes, social security, as well as retirement savings and health insurance.

Net Worth – The difference between assets and liabilities, or the total value of assets after the debt is subtracted.

Pent-up demand – A market in which there is a scarcity of supply and as such, vacancy rates are very low or non-existent.

Population – All people living in a geographic area.

Population Density – The population of an area divided by the number of square miles of land area.

Population Trends – Changes in population levels for a particular geographic area over a specific period of time – a function of the level of births, deaths, and in/out migration.

Project-Based rent assistance – Rental assistance from any source that is allocated to the property or a specific number of units in the property and is available to each income eligible tenant of the property or an assisted unit.

Redevelopment – The redesign, rehabilitation or expansion of existing properties.

Rent burden – gross rent divided by adjusted monthly household income.

Restricted rent – The rent charged under the restriction of a specific housing program or subsidy.

Saturation – The point at which there is no longer demand to support additional market rate, affordable/subsidized, rental, for-sale, or senior housing units. Saturation usually refers to a particular segment of a specific market.

Senior Housing – The term "senior housing" refers to any housing development that is restricted to people age 55 or older. Today, senior housing includes an entire spectrum of housing alternatives. Maxfield Research Inc. classifies senior housing into four categories based on the level of support services. The four categories are: Active Adult, Congregate, Assisted Living and Memory Care.

Short Sale – A sale of real estate in which the net proceeds from selling the property do not cover the sellers' mortgage obligations. The difference is forgiven by the lender, or other arrangements are made with the lender to settle the remainder of the debt.

Single-family home – A dwelling unit, either attached or detached, designed for use by one household and with direct street access. It does not share heating facilities or other essential electrical, mechanical or building facilities with another dwelling.

Stabilized level of occupancy – The underwritten or actual number of occupied units that a property is expected to maintain after the initial lease-up period.

Subsidized housing – Housing that is income-restricted to households earning at or below 30% AMI. Rent is generally based on income, with the household contributing 30% of their adjusted gross income toward rent. Also referred to as extremely low income housing.

Subsidy – Monthly income received by a tenant or by an owner on behalf of a tenant to pay the difference between the apartment's contract/market rate rent and the amount paid by the tenant toward rent.

Substandard conditions – Housing conditions that are conventionally considered unacceptable and can be defined in terms of lacking plumbing facilities, one or more major mechanical or electrical system malfunctions, or overcrowded conditions.

Target population – The market segment or segments of the given population a development would appeal or cater to.

Tenant – One who rents real property from another individual or rental company.

Tenant-paid utilities – The cost of utilities, excluding cable, telephone, or internet necessary for the habitation of a dwelling unit, which are paid by said tenant.

Tenure – The distinction between owner-occupied and renter-occupied housing units.

Turnover – A measure of movement of residents into and out of a geographic location.

Turnover period – An estimate of the number of housing units in a geographic location as a percentage of the total house units that will likely change occupants in any one year.

Unrestricted units – Units that are not subject to any income or rent restrictions.

Vacancy period – The amount of time an apartment remains vacant and is available on the market for rent.

Workforce housing – Housing that is income-restricted to households earning between 80% and 120% AMI. Also referred to as moderate-income housing.

Zoning – Classification and regulation of land use by local governments according to use categories (zones); often also includes density designations and limitations.