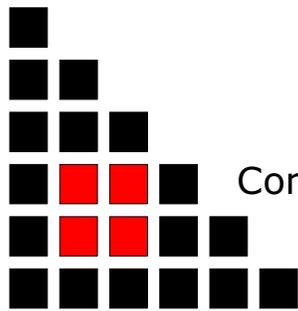


Swift County Housing Study

Benson

An Analysis of Housing Needs
in the Cities of Swift County

January 2015



Community Partners Research, Inc.

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Demographic Data Overview

Sources of Data

The following pages contain demographic data obtained from a variety of local, state and national sources. Both the U.S. Census Bureau and the Minnesota State Demographer's Office have released basic demographic estimates for the year 2013. However, these annual estimates are generally limited to basic counts, such as population and household levels.

For more detailed demographic variables, the 2010 Census is viewed as the most reliable data source. While the last Census is an accurate benchmark for demographic data, it was more limited in scope than in the past. As a result, some of the demographic variables, such as income and housing cost information, are not available. To supplement the decennial Census, the Census Bureau has created the American Community Survey, an annual sampling of households.

The American Community Survey does provide detailed demographic characteristics. However, because the American Survey is an estimate, based on sampling data, there is a margin of error that exists for each estimate. The following tables incorporate the 2010 Census data, when available, or the American Community Survey data, when it is viewed as reliable.

The frequency of American Community Survey estimates vary depending on the size of the jurisdiction. For the City of Benson and Swift County, the 2013 estimates were the most current at the time of this Study. They were derived from sampling that was done over a five-year period, between 2009 and 2013.

One final data source that was reviewed for Benson was ESRI, Inc., a private data reporting service. ESRI estimates were available for 2014, with projections to 2019.

Market Area Definitions

In addition to demographic data for Benson, we have provided information for all of Swift County. As the largest city and the county seat, Benson serves all of Swift County for certain services and amenities. Comparison to demographic information for all of Swift County also places the City into a larger regional context.

Population Data and Trends

Both the Minnesota State Demographer and the U.S. Census Bureau have released population estimates for the year 2013. The following table includes the 2013 estimates from the State Demographer. The 2013 Census Bureau estimates are contained in the text that follows.

Table 1 Population Trends - 1990 to 2013						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2013 Estimate
Benson	3,235	3,376	4.4%	3,240	-4.0%	3,184
Swift County	10,724	11,956	11.5%	9,783	-18.2%	9,551

Source: U.S. Census Bureau; MN State Demographer

According to the 2010 Census, Benson had a population loss of 136 residents between 2000 and 2010, for a percentage decrease of 4%. The City had added 141 residents in the 1990s, but after 2000, these patterns changed and population losses followed. As result, the City’s population level in 2010 was only five people higher than in 1990.

After 2010, both the Census Bureau and the State Demographer show some population loss continuing to occur in Benson. According to the State Demographer, the City lost 56 people between 2010 and 2013. According to the Census Bureau’s 2013 population estimate, the City has lost 90 people since 2010.

Population trends for all of Swift County have shown much greater swings, but this is primarily the result of the addition and then subtraction of group quarter’s residents living in correctional facilities. In the year 1990, before a prison was opened in the City of Appleton, Swift County had 212 group quarter’s residents countywide. By the year 2000, the County’s group quarter’s population had increased to 1,538 people. By 2010, when the prison was no longer operational, the County group quarter’s total had dropped to 150 people.

If all group quarter’s residents are removed, the permanent resident population living in independent households has gone from 10,512 people in 1990, to 10,418 people in 2000, to 9,633 people in 2010. Over the 20-year time period, the County’s population living in households has decreased by 879 people, or 8.4%.

The 2013 estimate from the State Demographer shows the countywide population has continued to grow smaller, with 9,399 people in households and 152 people living in group quarters.

The 2013 estimate from the Census Bureau shows the County losing 237 residents between 2010 and 2013. This includes group quarter's residents, which are not specifically identified in the Census Bureau's annual estimates.

The Census Bureau does define other components of population change. For Swift County, the population loss since 2010 is largely attributed to domestic out-migration, as more people moved out of the County than moved in so far this decade. There was relative stability in other factors, as the number of births in the County was nearly identical to the number of deaths.

ESRI Estimates

ESRI, a private data reporting service, has generated population estimates for 2014. Their estimates for Benson and Swift County have been obtained.

For Benson, the ESRI estimate shows 3,111 people in 2014, lower than the 2013 estimates from either the State Demographer or the Census Bureau. However, since the ESRI estimate is for 2014, it would reflect possible population loss that occurred between 2013 and 2014.

For Swift County, the ESRI estimate shows 9,505 people in 2014. This estimate is generally similar to the 2013 estimates from the State Demographer and the Census Bureau, when allowing for the one year difference in the effective dates.

Population by Race and Ethnicity

Benson's population is primarily White and non-Hispanic/Latino, according to the 2010 Census. At the time of the 2010 Census, nearly 97% of the City's residents identified themselves as White for race, and less than 4% of City residents identified themselves as Hispanic/Latino for ethnicity.

Group Quarters Population

In 2010, the Census counted 89 group quarters residents in the City. Approximately 70% were people in skilled nursing facilities, 21% were in noninstitutionalized facilities, largely believed to be group homes, and the remaining 9% were in adult correctional facilities. The 2013 estimate from the State Demographer shows the group quarters population growing by 2 people.

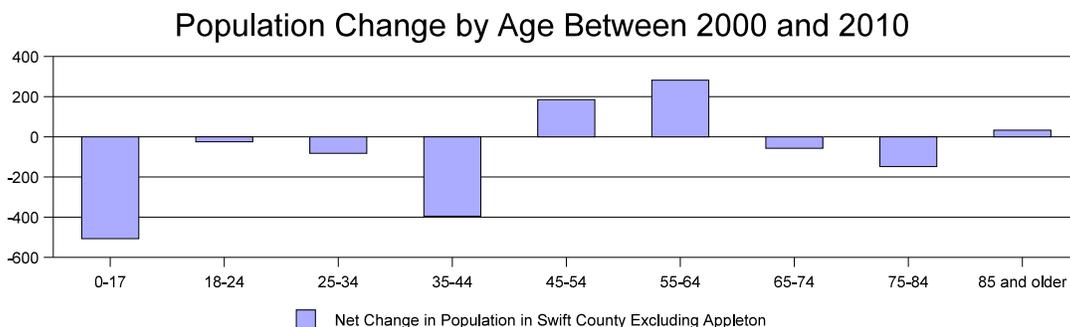
Population by Age Trends: 2000 to 2010

The demographic information from the 2010 Census allows for some analysis of the area’s changing age patterns. The following table compares population by age in 2000 and 2010, along with the numeric changes. Age changes are examined for the City of Benson only. Population data for all of Swift County would be directly impacted by the large prison population that existed in the City of Appleton in 2000, but was not present in 2010. To adjust for this group quarters total, the Swift County columns reflect all jurisdictions in the County excluding Appleton.

Table 2 Population by Age - 2000 to 2010						
Age	Benson			Swift County (Minus Appleton*)		
	2000	2010	Change	2000	2010	Change
0-17	794	708	-86	2,407	1,900	-507
18-24	259	231	-28	608	583	-25
25-34	380	370	-10	960	878	-82
35-44	392	360	-32	1,348	953	-395
45-54	444	414	-30	1,167	1,352	+185
55-64	284	427	+143	845	1,127	+282
65-74	284	262	-22	770	713	-57
75-84	371	276	-95	713	565	-148
85+	168	192	+24	267	300	+33
Total	3,376	3,240	-136	9,085	8,371	-714

Source: U.S. Census

* At the time of the 2000 Census there were more than 1,300 group quarter’s residents in a correctional facility in Appleton. Age distribution patterns would be directly impacted by this prison population, and Appleton has been removed from the table.

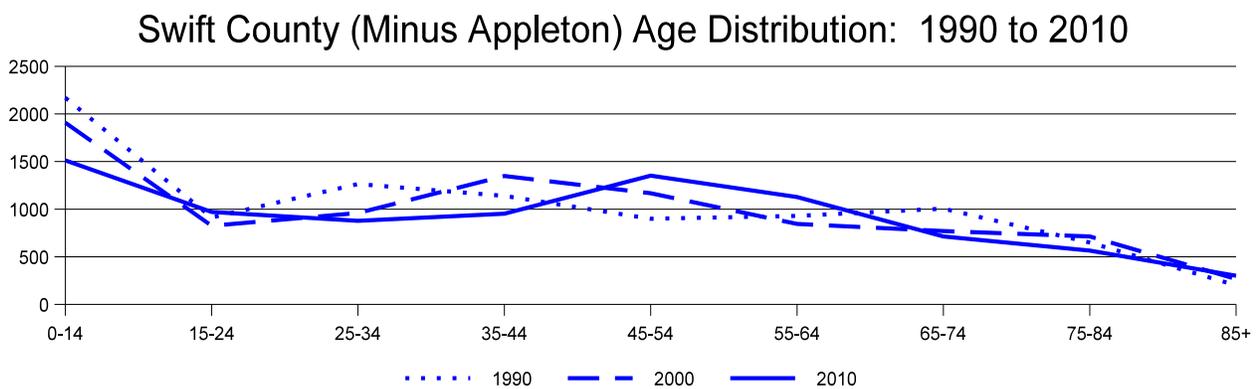


For many years, demographic analysts have been talking about the impact that is occurring as the large “baby boom” generation moves through the aging cycle. This trend has been very evident in Benson and Swift County. By the year 2010, nearly all of the baby boomers were in the age ranges between 45 and 64 years old. These age ranges increased in size over the past decade.

Due to both the advancing baby boomers and a reduced number of children, there was an overall reduction in the population in the younger age groups. From 2000 to 2010, there was a net reduction of more than 150 people age 44 and younger in the City of Benson. In Swift County (minus Appleton), the reduction in the younger population groups was even larger, with a net decrease of more than 1,000 people age 44 and younger.

Age progression patterns for Benson were generally similar to those in Swift County. Some of the most noticeable differences were in the 35 to 54 year old ranges. Benson had a relatively stable number of people within each of these 10-year age cohorts, while the changes were more extreme for the remainder of the County. Also, while Benson did have a reduction in the number of children age 17 and younger, there was a much larger reduction in the remainder of the County.

The aging trends present in Swift County can be traced back over the previous decades to see the movement of the baby boom generation. One notable trend that is evident in Swift County is the ‘wave’ created by the baby boom age ranges with each successive decade.



Population Projections

The following table presents population projections using different sources. The first set of projections has been generated by Community Partners Research, Inc., using short-term trends in population change, and calculating these trends forward. The second projection is based on data from the Minnesota State Demographer's Office, which has generated population projections for individual jurisdictions and counties in the State. Projections are provided to the year 2020.

The State Demographer's Office has actually generated two sets of county-level projections following the release of the 2010 Census. In the opinion of Community Partners Research, the first projection release better reflects the growth patterns made evident in the 2010 Census. However, original projections were then replaced to reconcile individual counties with statewide patterns. These are less reliable for rural counties. As a result, the original projections for Swift County are included in the table below.

Table 3 Population Projections Through 2020					
	2010 Census	Community Partners Research Projection		State Demographer Projection	
		2020	Change from 2010	2020	Change from 2010
Benson	3,240	3,090	-150	3,101	-139
Swift County	9,783	9,050	-733	9,359	-424

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

The Community Partners Research projection expects moderate population losses to continue for Benson through the year 2020. Since this projection is based on past trends, it continues the pattern that has been evident in recent years, as the City has been gradually losing residents since the year 2000.

The projection produced by the State Demographer's Office is very similar for Benson. If used to form a probable range, the projected annual loss for the City of Benson from 2010 to 2020 would be approximately 14 to 15 people in an average year.

There is slightly greater variation for all of Swift County. The Demographer's projection would expect an average annual loss of approximately 42 people per year countywide, while the Community Partners Research forecast would expect an average loss of approximately 73 people per year.

ESRI Projections

Community Partners Research also reviewed projections obtained from ESRI. ESRI's population projections are for a 5-year time period between 2014 and 2019, a slightly different increment than the other projections provided. However, the annual average change can be compared to other sources.

For Benson, ESRI projects a loss of 102 people over the five-year period, or an annual average loss of 20 people per year, slightly higher than the other projection sources.

For all of Swift County, ESRI projects a loss of 235 people over the five-year period, or an annual average loss of 47 people per year, generally similar to the incremental loss of population as projected by the State Demographer's Office.

Household Data and Trends

The Minnesota State Demographer's Office has released 2013 household estimates for individual jurisdictions, which are displayed in the following table, along with totals from previous decennial Censuses.

Table 4 Household Trends - 1990 to 2013						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2013 Estimate
Benson	1,382	1,451	5.0%	1,469	1.2%	1,459
Swift Co.	4,268	4,353	2.0%	4,236	-2.7%	4,191

Source: U.S. Census; MN State Demographer

According to the 2010 Census, Benson added 18 households between 2000 and 2010. This represented a household growth of 1.2% for the decade. The City experienced a loss of population, despite adding some households, as an aging population and fewer children resulted in smaller average household sizes.

The City has sustained some household growth over recent decades, adding 69 households in the 1990s, followed by 18 households in the 2000s. However, the most recent estimate from the State Demographer's Office shows that this pattern may have reversed, as the City may have lost 10 households from 2010 to 2013.

All of Swift County has experienced a somewhat similar pattern of change. However, after adding households in the 1990s, the County had a net loss of households from 2000 to 2010, despite the minor growth in Benson. After 2010, household losses have continued countywide, according to the most recent estimate. Based on this estimate, the County has been losing 15 households in an average year.

Although the prison population in Appleton skewed the 2000 Census numbers, it did not directly impact households, as prisoners were counted as group quarters residents, and not part of resident households.

The ESRI demographic reports also contained household estimates to the year 2014. The ESRI estimate shows 1,425 households in Benson, 34 households lower than the State Demographer's 2013 estimate. For all of Swift County, the ESRI estimate is 4,162 households, very similar to the Demographer's estimate if a one year time adjustment is applied.

Household by Age Trends: 2000 to 2010

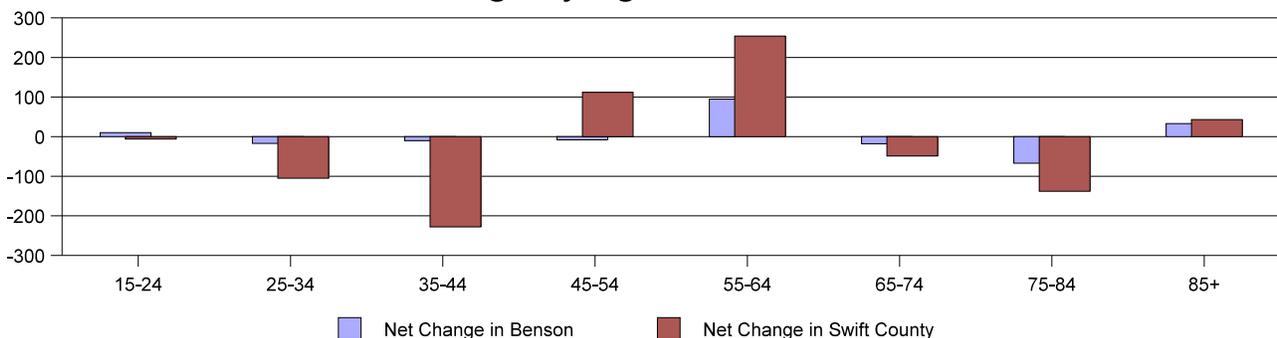
The 2010 Census allows for some analysis of the area’s changing age patterns. The following table compares households by age of householder in 2000 and 2010, along with the numeric changes.

Table 5 Households by Age - 2000 to 2010						
Age	Benson			Swift County		
	2000	2010	Change	2000	2010	Change
15-24	71	81	+10	174	168	-6
25-34	199	182	-17	585	480	-105
35-44	210	200	-10	818	590	-228
45-54	247	239	-8	761	873	+112
55-64	163	258	+95	546	800	+254
65-74	193	175	-18	588	539	-49
75-84	266	199	-67	629	491	-138
85+	102	135	+33	252	295	+43
Total	1,451	1,469	+18	4,353	4,236	-117

Source: U.S. Census

Consistent with the population by age data presented earlier, the household patterns show most of the net change occurring in the baby boomer age groups. For Benson, the largest net growth in households occurred in the 10-year age group between 55 and 64 years old. For all of Swift County the 20-year range between 45 and 64 experienced strong net household growth.

Household Change by Age Between 2000 and 2010

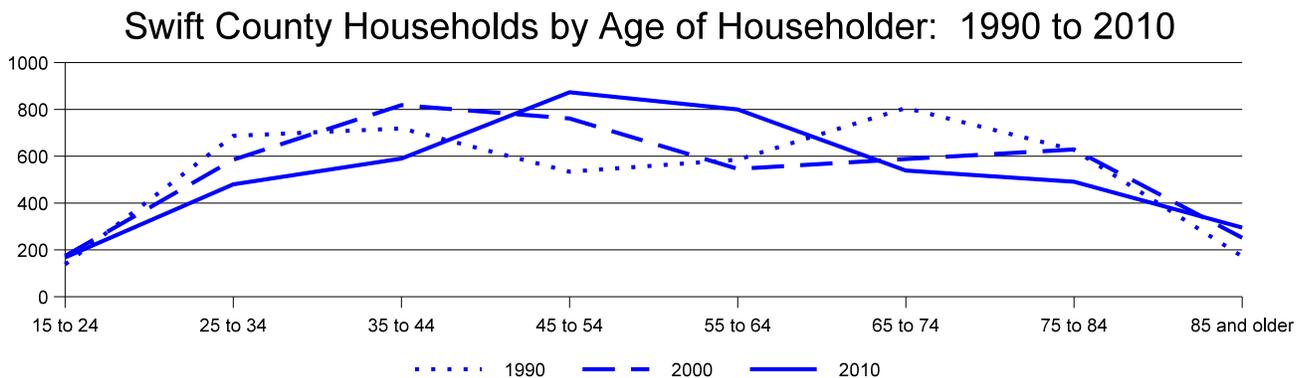


Nearly all of the net gain in households in Benson during the last decade can be attributed to the increase in households age 55 and older. At the same time, the number of younger adult households, age 54 and younger, decreased over the decade. The only younger group that increased in size was the 24 year old and under group, which added only 10 households. For all younger groups combined, there was a net decrease of 25 households age 54 and younger in Benson.

Countywide patterns were generally similar, reflecting the impact of the County’s largest city. However, a net increase occurred countywide among households age 45 to 54 years old, despite the reduction in Benson. Countywide growth was also strong in the 55 to 64 year old group, as the leading edge of the baby boom generation increased substantially in numbers in Swift County.

Overall, Swift County had a net increase of more than 220 households age 45 and older, but a net decrease of nearly 340 households age 44 and younger.

As with the longer-term patterns for population, it is possible to track the progression of the baby boomer households over the past three decennial censuses using information for households by the age of householder.



The trend that is once again evident in this chart is the movement of households in the prime baby boom age groups through the aging cycle.

It is also evident that the County had fewer senior-headed households in 2010 than in the past. A very large number of younger senior households, in the 10-year age range between 65 and 74 years old, had been present in 1990, However, over the succeeding decades, this group has decreased in size.

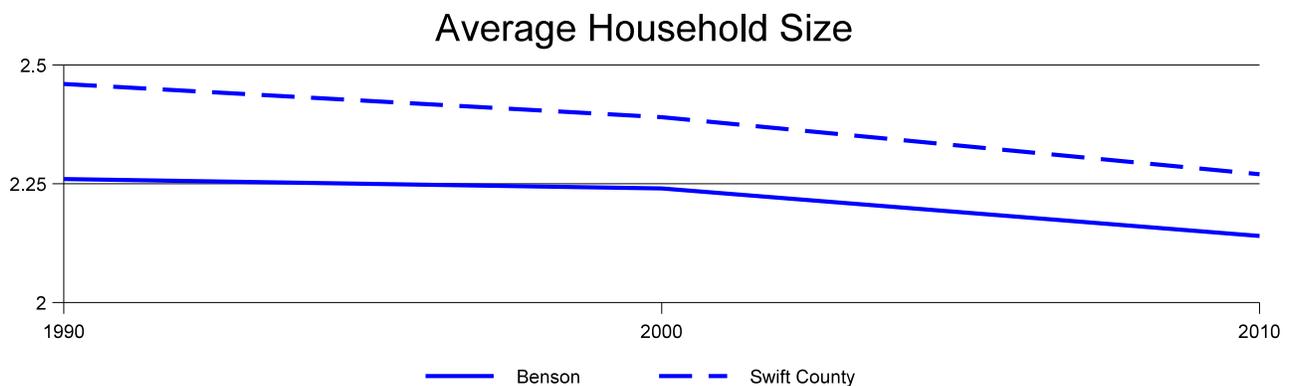
Average Household Size

The following table provides decennial Census information on average household size. Estimates from the State Demographer for 2013 are also included.

Table 6 Average Number of Persons Per Household 1980 to 2013				
	1990 Census	2000 Census	2010 Census	2013 Estimate
Benson	2.26	2.24	2.14	2.12
Swift County	2.46	2.39	2.27	2.24

Source: U.S. Census; MN State Demographer

Household formation has been occurring at a different rate than population change in recent decades due to a steady decrease in average household size. This has been caused by household composition changes, such as more single person and single parent families, fewer children per family, and more senior households due to longer life spans.



The average household size in Benson has remained smaller than the countywide average. Benson has a large share of the County’s rental housing, including specialized housing for seniors.

Household Projections

The following table presents household projections using different sources. As with population projections, Community Partners Research, Inc., has generated projections to the year 2020, by examining recent patterns and trends to predict future changes.

The State Demographer's Office had previously issued household projections at the county level, although these may have since been withdrawn, as they no longer match their most recent population forecasts. The Demographer's original county level household projections are presented. At the city level, it is possible to extrapolate household forecasts from the population projections provided earlier in this section. In converting population to households, it is assumed that group quarter's populations will remain largely unchanged, and that the average household size will gradually decrease in size.

Table 7 Household Projections Through 2020					
	2010 Census	Community Partners Research		State Demographer	
		2020 Projection	Change from 2010	2020 Projection	Change from 2010
Benson	1,469	1,465	-4	1,435	-34
Swift County	4,236	4,110	-136	4,072	-164

Source: State Demographer; Community Partners Research, Inc.

After examining past growth trends, along with the aging patterns for area residents, the projections created by Community Partners Research expect the City of Benson to lose approximately one household every other year through the year 2020. The projections extrapolated from the State Demographer's population forecasts yield more pessimistic numbers, with the possible loss of approximately three to four households per year through the year 2020.

County-level projections show more significant loss potential, with Community Partner's anticipating a reduction of 13 to 14 households in an average year for the remainder of the current decade. The State Demographer's projections expect an average loss of approximately 16 households per year.

ESRI has issued projections for the five-year period from 2014 to 2019. Over this span, ESRI projects that Benson will lose 41 total households, or approximately 8 households in an average year. The Swift County forecast shows an expected loss of 75 households, or 15 in an average year.

Household by Age Projections to 2019

Community Partners Research has obtained age-based household projections from ESRI. They extend to the year 2019. In the following table, ESRI's 2019 projections for Swift County have been compared to the household by age distribution that existed in the year 2010.

Table 8 Swift County Household Projections by Age - 2010 to 2019			
Age Range	2010 Census	ESRI	
		2019 Projection	Change from 2010
15-24	168	129	-39
25-34	480	478	-2
35-44	590	510	-80
45-54	873	672	-201
55-64	800	850	+50
65-74	539	727	+188
75+	786	721	-65
Total	4,236	4,087	-149

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

ESRI expects that Swift County will see continued growth among older adult households, but even greater losses in the younger ranges, resulting in a reduction in the total number of households by the year 2019. Overall, these projections expect a net reduction of more than 320 households in the age ranges 54 and younger. While the number of households age 55 and older should increase by more than 170 households, this growth will not be sufficient to compensate for the reduction in younger adult households.

All of the projected net growth is concentrated in a 20-year range between 55 and 74 years old. Each of the other 10-year age cohorts would be projected to decrease in size over the decade. The largest reduction should occur within the 45 to 54 year old group, as the advancing "baby boomers" are not replaced by the "baby bust" generation that followed.

It is important to note that these projections are based on the past age distribution and retention patterns. It is possible that an increase in in-migration of new residents could alter the traditional age distributions.

Households by Type

The 2010 Census can be compared to statistics from 2000 to examine changes in household composition. The following table looks at household trends within Benson.

Table 9 Benson Household Composition: 2000 to 2010			
	2000 Census	2010 Census	Change
Family Households			
Married Couple with related children	321	235	-86
Single Parent with related children	88	123	+35
Married Couple without related children	426	422	-4
Family Householder without spouse	46	48	+2
Total Families	881	828	-53
Non-Family Households			
Single Person	525	569	+44
Two or more persons	45	72	+27
Total Non-Families	570	641	+71

Source: U.S. Census

Between 2000 and 2010, the City of Benson experienced a decrease in the number of families but an increase in the number of non-family households. The household type with the largest numeric change was married couples with children, a group that decreased by 86 households. There were increases among all other family types, including single parents with children, but not enough to compensate for the reduction of married couples with children.

The increase in non-family households was primarily caused by people living alone. There was also some increase in households with two or more unrelated individuals living together.

These household patterns are consistent with the aging patterns presented earlier, which showed more empty-nester and senior residents, along with fewer younger households and children.

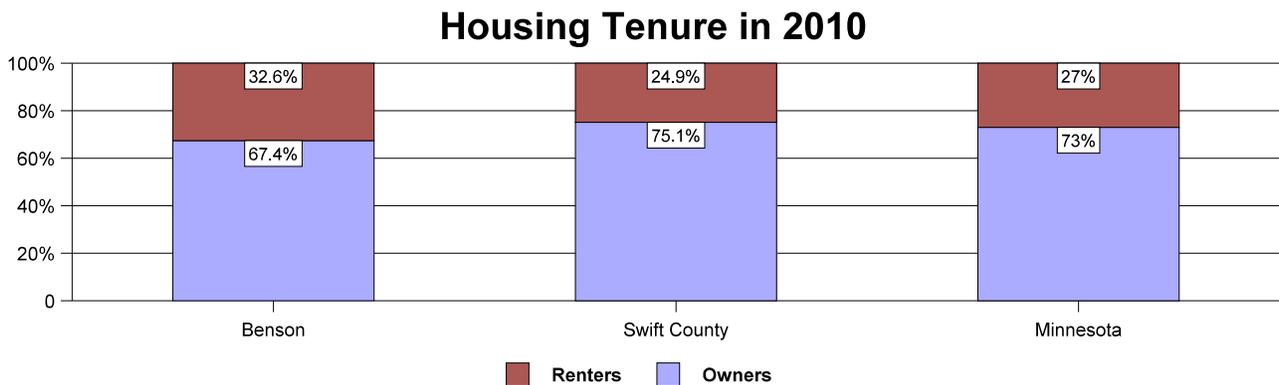
Housing Tenure

The 2010 Census provided an accurate look at housing tenure patterns. The following tables examine number and percentage of owner and renter households, along with the changes that have occurred since 2000.

Table 10 Household Tenure - 2010				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
City of Benson	990	67.4%	479	32.6%
Swift County	3,182	75.1%	1,054	24.9%
State	-	73.0%	-	27.0%

Source: U.S. Census

According to the 2010 Census, the ownership tenure rate in the City of Benson was 67.4%, with the remaining 32.6% of households renting their unit. For all of Swift County, the home ownership rate was high, at 75.1%, and above the Statewide rate of 73% home owners in 2010.



Tenure rates in 2010 can be compared to 2000 to determine the most recent trends in household preference for ownership versus rental housing.

Table 11 Households by Housing Tenure - 2000 to 2010						
Tenure	Benson			Swift County		
	2000	2010	Change	2000	2010	Change
Owners	1,025	990	-35	3,353	3,182	-171
Renters	426	479	+53	1,000	1,054	+54
Total	1,451	1,469	+18	4,353	4,236	-117

Source: U.S. Census

The home ownership tenure rate for Benson decreased over the last decade, from 70.6% owners in 2000 to 67.4% in 2010. Swift County’s tenure patterns moved in a similar direction, although the vast majority of households still owned their unit. In 2000, the Swift County home ownership tenure rate was at 77%. By 2010, it had decreased to 75.1%.

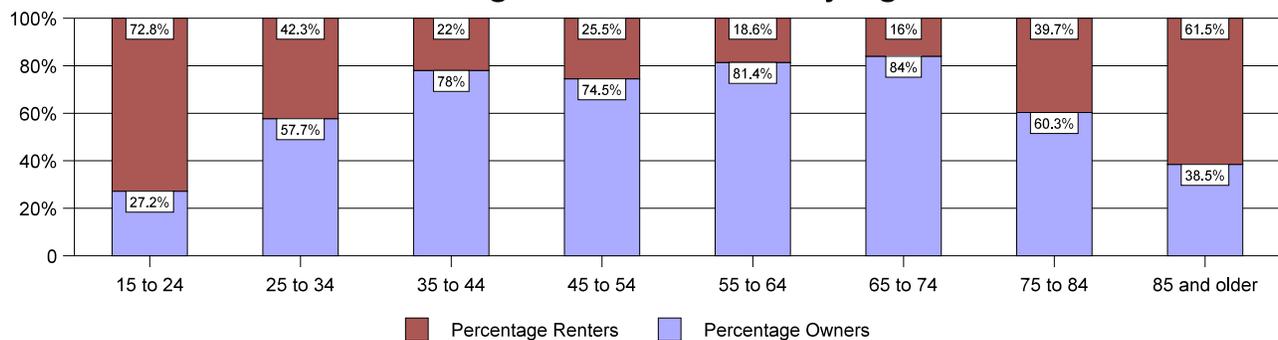
Tenure by Age of Householder

The 2010 Census provided information on the tenure distribution of households within defined age ranges. The following table examines renters and owners in each age group in Benson area.

Table 12 Benson Tenure by Age of Householder - 2010				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	22	27.2%	59	72.8%
25-34	105	57.7%	77	42.3%
35-44	156	78.0%	44	22.0%
45-54	178	74.5%	61	25.5%
55-64	210	81.4%	48	18.6%
65-74	147	84.0%	28	16.0%
75-84	120	60.3%	79	39.7%
85+	52	38.5%	83	61.5%
Total	990	67.4%	479	32.6%

Source: U.S. Census

Benson Housing Tenure Patterns by Age in 2010



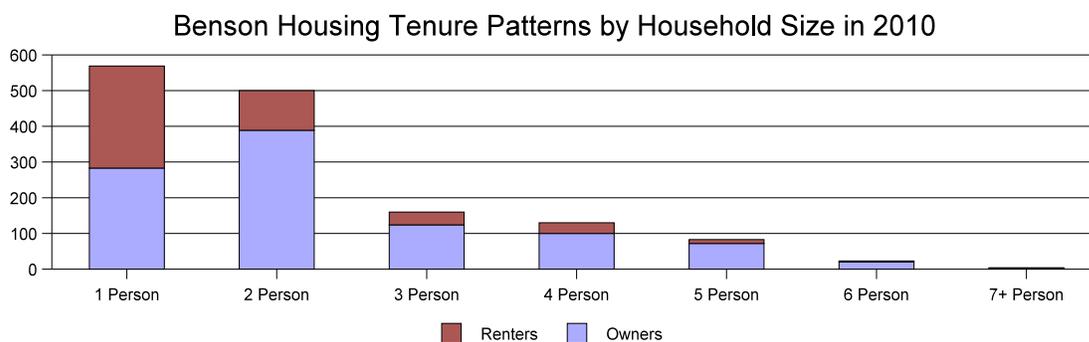
Within the defined age ranges, typical tenure patterns were present, with households at the lowest and highest ends of the age spectrum showing a greater frequency in renting their housing unit, while middle-aged adult households were primarily home owners. The home ownership rates were above 74% for each 10-year age cohort between 35 to 74 years old.

Tenure by Household Size

The 2010 Census also provided information on housing tenure by household size. This can be compared to 2000 Census information to better understand trends for housing unit needs.

Household Size	Owners			Renters		
	2000	2010	Change	2000	2010	Change
1-Person	248	283	+35	277	286	+9
2-Person	386	389	+3	81	111	+30
3-Person	161	124	-37	29	36	+7
4-Person	140	100	-40	19	30	+11
5-Person	67	72	+5	15	11	-4
6-Person	17	20	+3	5	3	-2
7-Persons+	6	2	-4	0	2	+2
Total	1,025	990	-35	426	479	+53

Source: U.S. Census



Over the past decade, there was substantial growth in the number of renter households of most household sizes. Much of the renter growth was due to households with two household members, although the number of renter household with one to four household members all increased. Among home owners, most of the decrease was due to fewer households with three or four members, consistent with a decline in the number of married couples with children. There was reasonably strong growth among owner households with only one person.

2013 Median Income Data

The 2010 Census did not collect information on household income. However, estimates are available at the city, township and county level through the 2013 American Community Survey.

Household income represents all independent households, including people living alone and unrelated individuals together in a housing unit. Families are two or more related individuals living in a household.

Table 14 Median Income - 2000 to 2013			
	2000 Median	2013 Median	% Change
Households			
Benson	\$32,234	\$46,250	43.5%
Swift County	\$34,820	\$48,026	37.9%
Minnesota	\$47,111	\$59,836	27.0%
Families			
Benson	\$44,638	\$66,014	47.9%
Swift County	\$44,208	\$64,250	45.3%
Minnesota	\$56,874	\$74,683	31.3%

Source: U.S. Census; 2013 ACS 5-year survey

Income information contained in the 2013 American Community Survey shows solid income growth within Benson over the prior decade, when the City's median household income level increased by nearly 44%. Although the rate of increase was well above the Statewide rate, the City's actual median household income was still more than \$13,000 lower than the Minnesota median, and more than \$1,500 below the Swift County median. When compared to the County, Benson has a larger number of renter households and a large number of senior citizen households, both of which tend to have lower incomes.

Family household incomes tend to be higher than the overall household median, as families have at least two household members. While the median family income in Benson was higher than the median household income, it was also below the comparable Statewide median for families.

Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in Benson could afford approximately \$1,150 per month for ownership or rental housing in 2013. A family at the median income level for the City could afford approximately \$1,650 for housing costs.

Although households at or near the median levels do have some buying power for housing, the overall medians can be somewhat deceptive. In general, renter households tend to have incomes that are well below the overall median levels, while home owners tend to be above the medians for households or families.

In 2013, the median income level for owner households in Benson was \$61,125. The estimated median household income for renters in 2013 was \$35,467. At 30% of income, a median income renter in the City could apply approximately \$885 to gross rent without experiencing a housing cost burden.

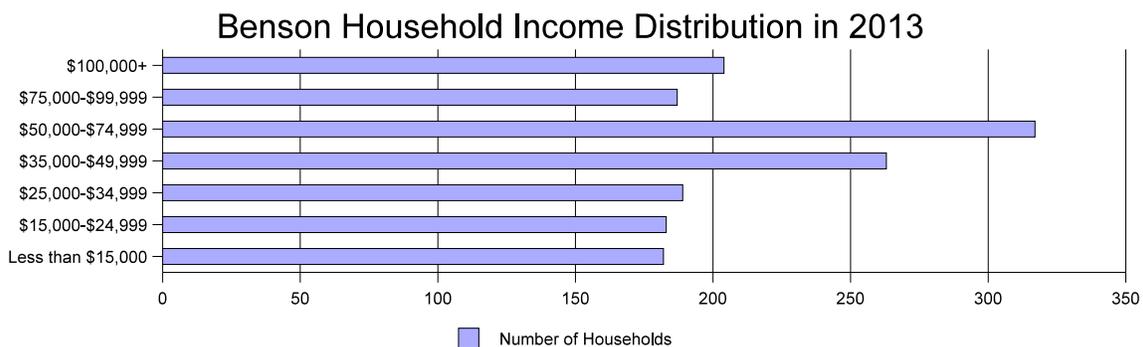
Household Income Distribution

The 2013 American Community Survey household income estimates for Benson can be compared to the same distribution information from the 2000 Census to examine changes that have occurred over the previous 12-year period.

It does appear that the American Community Survey has significantly overestimated the number of households in Benson in its 2013 data. Based on the State Demographer’s estimates, there may have been 50 to 70 fewer households, a difference of approximately 4%. Despite the overestimate, the American Community Survey still provides the best comparative look at household income levels.

Table 15 Household Income Distribution - 2000 to 2013			
Household Income	Number of Households 2000	Number of Households 2013	Numeric Change 2000 to 2013
\$0 - \$14,999	261	182	-79
\$15,000 - \$24,999	266	183	-83
\$25,000 - \$34,999	284	189	-95
\$35,000 - \$49,999	248	263	+15
\$50,000 - \$74,999	289	317	+28
\$75,000 - \$99,999	79	187	+108
\$100,000+	36	204	+168
Total	1,463	1,525	+62

Source: 2013 ACS; 2000 Census



According to income estimates contained in the 2013 American Community Survey, income levels have generally improved for most households in Benson. This is especially true in the higher income ranges. When compared to the 2000 Census (1999 income), the number of households with an income of \$75,000 or more, had increased by more than 275 households. However, since the American Community Survey was high in its estimate of total households, it is also possible that less growth occurred within these higher income ranges.

Although there was a decrease in the number of households in most of the low and moderate income ranges, there were still more than 550 households with an annual income below \$35,000, including more than 180 households with an income below \$15,000.

It is important to recognize that the improvement in household incomes was impacted by the rate of inflation. During this same time period, the Consumer Price Index increased by more than 29%.

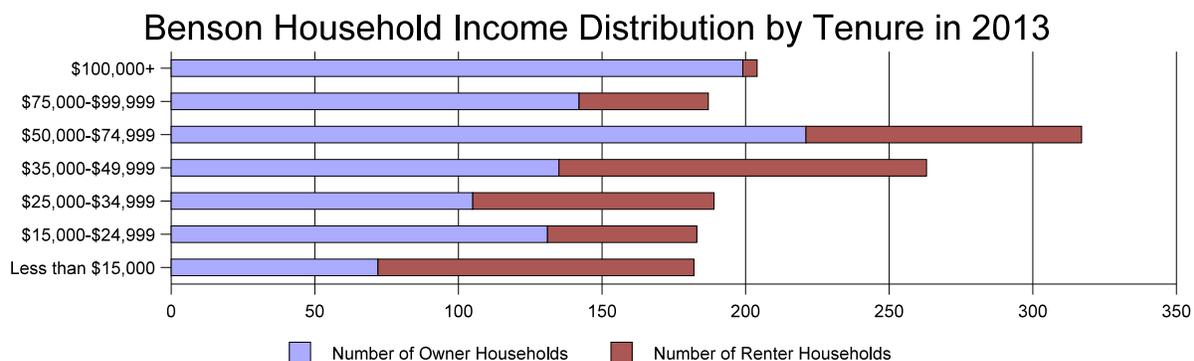
Income Distribution by Housing Tenure

The 2013 American Community Survey provides an estimate by owner and renter status. The following table examines income distribution in Benson.

As stated previously, the American Community Survey is an estimate, based on limited sampling data. Its overall household estimate for Benson appears to be high by as many as 50 to 70 households. This is primarily caused by the estimate for renter-occupants, which is higher than the level counted by the 2010 Census. There is also some difference in the number of owner-occupants, but there is a three-year time difference between the effective dates of the data sources.

Table 16 Benson Income Distribution by Tenure - 2013			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	72	110	182
\$15,000 - \$24,999	131	52	183
\$25,000 - \$34,999	105	84	189
\$35,000 - \$49,999	135	128	263
\$50,000 - \$74,999	221	96	317
\$75,000 - \$99,999	142	45	187
\$100,000+	199	5	204
Total	1,005	520	1,525

Source: 2013 American Community Survey



Household income and housing tenure are often linked for most households, with home owners generally having higher annual income levels, and renters having lower incomes.

In 2013, more than 47% of renter households in Benson had an annual income below \$35,000. At 30% of income, these households would have \$875, or less, that could be applied to monthly housing costs. The median income for all Benson renter households was \$35,467 in 2013.

Conversely, most owner households had a substantially higher income level. Nearly 56% of owner households had an annual income of \$50,000 or more. The estimated median household income for Benson home owners in 2013 was \$61,125.

2013 Estimated Income and Housing Costs - Renters

The American Community Survey also collected information on housing costs. The following table provides data on the number of renter households that are paying different percentages of their gross household income for housing. This information is only for the City of Benson. Percentages are calculated by column.

Table 17 Gross Rent as a Percentage of Household Income - 2013			
Percent of Income for Housing	Households Age 64 and Younger	Households Age 65 and Older	Total
Less than 20%	101 / 36.3%	137 / 56.6%	238 / 45.8%
20% to 29.9%	90 / 32.4%	51 / 21.1%	141 / 27.1%
30% to 34.9%	9 / 3.2%	9 / 3.7%	18 / 3.5%
35% or more	55 / 19.8%	36 / 14.9%	91 / 17.5%
Not Computed	23 / 8.3%	9 / 3.7%	32 / 6.2%
Total	278	242	520

Source: 2013 American Community Survey

According to the American Community Survey, approximately 21% of all renters in Benson were paying 30% or more of their income for rent. The large majority of these households were actually paying 35% or more of their income for housing. Federal standards for rent subsidy programs generally identify 30% of household income as the maximum household contribution. When more than 30% of income is required, this is often called a "rent burden". When more than 35% is required, this can be considered a "severe rent burden".

Although a housing cost burden could be caused by either high housing costs or low household income, in Benson it was primarily due to low income levels for renters. Approximately 72% of the renter households with a housing cost burden had an annual household income below \$20,000. To avoid a cost burden, these lower income households would have needed a unit with a gross monthly rent of \$500 or less.

Households with a rent burden were distributed in different age ranges, but non-senior renters were most likely to report paying a large share of their income for housing. Approximately 23% of renter households age 64 and below reported a cost burden, while nearly 19% of senior citizen renters reported paying 30% or more of their income for rental housing.

2013 Estimated Income and Housing Costs - Owners

The 2013 American Community Survey includes information on housing costs for home owners. The following table examines the percentage of income required by Benson owner households for monthly housing costs. Information is provided for owner households with and without a mortgage on their home. Percentages are calculated for each column.

Table 18 Benson Owner Household Cost Burden - 2013			
Percent of Income for Housing	Households with a Mortgage	Households without a Mortgage	Total
Less than 20%	306 / 54.1%	349 / 79.5%	655 / 65.2%
20% to 29.9%	131 / 23.1%	55 / 12.5%	186 / 18.5%
30% or more	129 / 22.8%	35 / 8.0%	164 / 16.3%
Not Computed	0 / 0%	0 / 0%	0
Total	566	439	1,005

Source: 2013 American Community Survey

Most owner-occupants, which would include both households with and without a mortgage, reported paying less than 30% of their income for housing. Mortgage lending practices generally attempt to keep monthly payments below this level of household income. However, more than 16% of all home owners reported that they paid more than 30% of their income for housing costs.

As would be expected, the majority of cost-burden home owners had a mortgage on their home. However, 8% of home owners without a mortgage did report a cost burden. In these cases, it was generally a low annual income that has caused the cost burden, such as a retiree that lived on a fixed income.

Existing Housing Data

In addition to the demographic data provided earlier, this Study has also collected information about the existing housing stock in the City of Benson. These items include:

- ▶ Housing unit construction
- ▶ Home sales
- ▶ Bank-owned sales
- ▶ Home foreclosure activity
- ▶ Housing condition analysis
- ▶ Residential lots

New Housing Construction Activity

Table 19 Benson Housing Construction Activity: 2001 to 2014				
Year	Single Family Detached	Single Family Attached	Multifamily/ Apartments	Total Units
2014	0	2	0	0
2013	1	0	0	1
2012	0	0	0	0
2011	0	0	0	0
2010	0	0	0	0
2009	1	0	0	1
2008	1	0	0	1
2007	12	0	4	16
2006	8	0	0	8
2005	7	2	4	13
2004	7	0	0	7
2003	6	2	0	8
2002	18	0	0	18
2001	8	0	6	14
TOTAL	69	6	14	89

Source: Census Bureau; City of Benson

Like many communities in Greater Minnesota, Benson experienced a period of strong housing construction activity in the first half of the previous decade. In the seven-year period from 2001 to 2007, building permits were issued for 84 new housing units. While these were primarily in the form of single family detached houses, there were also some twin homes and four-plexes that were built for rental use.

After 2007, construction patterns changed significantly, as a national housing bubble ended, and the country moved into an economic recession. Over the six-year period from 2008 to 2013, only three single family houses were permitted in Benson. Year-to-date activity in 2014 shows that a permit was issued for one twin home in 2014.

Based on building permit reports, there were 18 units constructed in two or four unit configurations since 2001. All of these units are believed to be intended for renter-occupancy. They include publicly-owned rental units in the Swift County HRA's Victory Addition, and privately-owned rental twin homes built by Hawley Construction.

It is possible that the annual building permit summaries undercount the rental units. Victory Addition has 26 total units and Hawley Twin Homes has 12 total rental units. Some of these may also pre-date 2001, the earliest year reviewed. It is also possible that the units in the Hawley Twin Homes were listed as single family housing, as the twin homes were built with the intention of selling the units individually. Units that were slow to sell have since been used as rental housing.

The information on housing construction can be compared to the 2010 Census. Housing units that were permitted between 2000 and 2009 would probably have been available for occupancy when the 2010 Census was completed in April. Within that time period, building permit records would show 56 to 68 single family homes (depending on reporting of Hawley Twin Homes) and 18 to 30 units that were probably built for rental use, plus any units permitted in 2000, which were not reported.

However, between 2000 and 2010, the Census recorded a reduction of 35 home owners in Benson, and an increase of 53 renter-occupancy households. Despite the construction of more than 50 new single family houses, Benson experienced a reduction of home owners. Even with some additional rental units possible in 2000, the growth in renter households greatly exceeded the number of new rental units that were built. This implies that some level of tenure conversion was also taking place, as houses previously used for owner-occupancy were changed to rental use.

Home Sales

The Swift County Assessor's Office maintains residential sales records that date back many years. For the following analysis, sales were reviewed for each County sales ratio year dating back to 2009. The County's sales ratio year starts on October 1st and ends on September 31st of the following year.

For each year, only "qualified" sales were included. Qualified sales are considered to be "arms length" transactions, and exclude certain sales such as sales between relatives, forced sales and foreclosures, and estate transfers that are not available on the open market. The County Assessor's Office makes the determination of qualified sales for their annual sales ratio study.

In any defined year, the number of good sales that occur within the City may vary, and a 12-month sample may not always be a good indicator of the typical home value. However, the annual sample does provide insight into units that become available for purchase.

The County's qualified sales data primarily looks at existing homes. The information maintained by the Assessor is based on the comparison of taxable valuation to actual sales price. Since newly constructed houses do not generally have a prior value, they are not typically included in the sales sample.

The sales records reviewed were for improved residential parcels with less than four units. While it is possible that some structures had more than one living unit, such as a duplex, it is assumed that the large majority of the sales are single family houses.

The actual sale price has been examined. This would not reflect any adjustments made by the Assessor's Office for items, such as personal property or contributions toward closing costs which may have been included in the transaction.

Table 20 Values for Recent Residential Sales - Benson				
Sales Year	Number of Sales	Median Price	Highest Price	Lowest Price
2014	23	\$77,000	\$291,000	\$29,000
2013	28	\$98,750*	\$265,000	\$18,000
2012	17	\$81,000	\$222,000	\$31,000
2011	25	\$67,500	\$250,000	\$15,000
2010	33	\$85,000	\$269,000	\$16,000
2009	19	\$85,000	\$180,000	\$29,000

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

Based on the timing of the report it is possible that some 2014 sales were not yet recorded

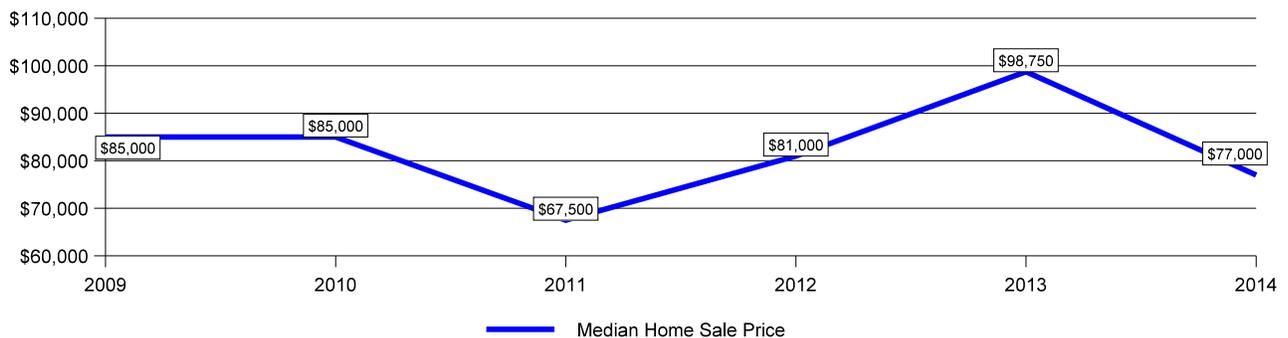
* Calculated median

Since the number of annual home sales has varied from year to year, the median price in certain years may not be an accurate reflection of overall values. For example, in 2010 there were 33 good sales recorded, nearly double the level in 2012.

The median price did go down between 2010 and 2011, but then rebounded over the next two years. However, during the time period reviewed the annual midpoint sale price has remained below \$100,000.

The median sale price in 2014, at \$77,000, is substantially lower than in 2013. However, this may be caused by a limited number of sales. The next sale above the 2014 median was at \$89,000, so the addition or subtraction of only a few sales from the annual total had the potential to significantly alter the midpoint number.

Median Home Sale Prices in Benson: 2009 to 2014



The table above also provided information of the highest and lowest annual sale prices. In all but one of the years reviewed, at least one existing home sale occurred for more than \$200,000. In each of the years at least one sale was recorded for less than \$35,000.

An alternate home value estimate is available from the 2013 American Community Survey. This source places the midpoint owner-occupied home value at \$88,100, lower than the median from 2013 sales activity, which appears to be unusually high, but very similar to the median sale prices that were achieved in 2012 and 2014.

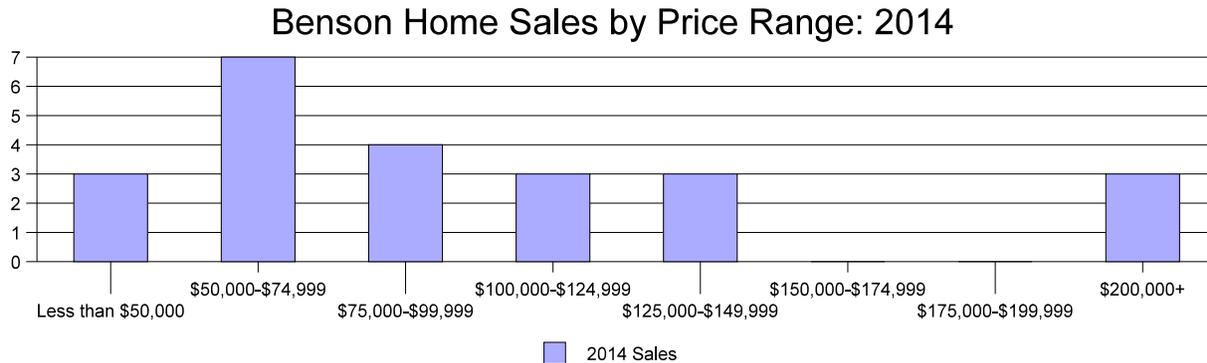
Home Sales by Price Range

The following table looks at single family houses that sold in a recent 12-month period, extending from October 1, 2013 to September 30, 2014. This information is from Swift County's sales records and represents the sales ratio year. The County report was generated in early October and it is possible that some sales from September had not yet been recorded.

Table 21 Benson Home Sales by Price Range: 2014		
Sale Price	Number of Sales	Percent of Sales
Less than \$50,000	3	13.0%
\$50,000 - \$74,999	7	30.4%
\$75,000 - \$99,999	4	17.4%
\$100,000 - \$124,999	3	13.0%
\$125,000 - \$149,999	3	13.0%
\$150,000 - \$174,999	0	0%
\$175,000 - \$199,999	0	0%
\$200,000+	3	13.0%
Total	23	100%

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

A majority of recent residential sales were priced less than \$100,000. Overall nearly 61% of the existing home sales in Benson were in the moderate to lower price ranges. In the 12-month period reviewed, only 13% of all existing home sales were for \$150,000 or more, and each of these were actually above \$200,000.



Active Residential Listings

Multiple Listing Service

The website Realtor.com, maintained by the National Association of Realtors, was used to collect information on active residential real estate listings in Benson and the surrounding area. In late October of 2014, there were 25 single family detached homes and one town home unit that were listed for sale that appeared to be within the city limits of Benson. There were a number of additional properties listed for sale that were in the immediate area but based on address or lot size, appeared to be outside of the City.

It is important to note that the active properties are those included in the Multiple Listing Service (MLS) and would generally be offered through a real estate agent. There are other properties that may be posted for sale in Benson that would not be part of the MLS, including most homes being offered "for sale by owner". The following table examines the MLS listings by listing price.

Table 22 Benson Active MLS Listings by Price Range - Oct. 2014

Asking Price	Number of Listings	Percent of Listings
Less than \$50,000	2	7.7%
\$50,000 - \$74,999	6	23.1%
\$75,000 - \$99,999	8	30.8%
\$100,000 - \$124,999	3	11.5%
\$125,000 - \$149,999	4	15.4%
\$150,000 - \$174,999	1	3.8%
\$175,000 - \$199,999	0	0%
\$200,000+	2	7.7%
Total	26	100%

Source: Realtor.com; Community Partners Research, Inc.

Based on the listings on Realtor.com, most of the houses currently being offered for sale are priced below \$150,000. Overall, more than 88% of the active listings are priced below \$150,000. In the recent 12-month sales period analyzed earlier, most of the existing home sales in Benson in the past year were also for less than \$150,000.

Local Realtors

At the time of the research for this Study, local reports indicated that an above-average number of houses were available for sale in Benson. Many of these were local listings, and not included in the multiple listing service. Local sources indicate that more than 80 houses were available for sale in the early fall of 2014, although this was difficult to accurately verify since no consolidated listing existed.

In December, one local real estate agent estimated that there were 60 or more houses for sale in Benson. He indicated that this was a relatively large volume of homes, based on the typical number that would be available at any point in time. It was possible that even more homes had been for sale in the fall, as some sellers will remove their house for the active listings during the winter months.

Bank-Owned Sales

The sales records from Swift County also provide some information on the reason that some sales were rejected, and viewed as “unqualified” sales. One of the identified rejection codes was for “bank sales”. These would generally reflect sales of distressed properties, where the lender had obtained ownership, such as foreclosures. When the lender then sells these houses back into private ownership, they are not viewed by the County as fair market transactions.

The following table tracks the number of “bank sales” that were listed for each year, along with the median transfer price.

Table 23 Bank-Owned Sales - Benson		
Sales Year	Number of Bank Sales	Median Price
2014	3	\$15,000
2013	9	\$39,900
2012	7	\$29,000
2011	4	\$31,650

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

Bank-owned home sales have been occurring in Benson in recent years, but the year-to-date activity for 2014 is significantly lower than the prior year. In 2013 there were nine bank-owned sales in Benson.

The actual median transfer price for bank sales was well below the median sale price for qualified sales. In 2013, the median sale price was \$39,900 for bank-owned properties, compared to \$98,750 for fair market transactions.

Swift County Home Foreclosure Activity

Starting in 2006, many national reports began to surface about the growing number of home foreclosures. Initially linked to the popularity of adjustable rate mortgages and the expansion of sub-prime lending, as many housing markets cooled and the national economy moved into a period of recession, the foreclosure crisis spread to broader segments of the housing market.

In response to the growth in foreclosures late in the last decade, HousingLink and the Greater Minnesota Housing Fund began tracking mortgage foreclosure activity across the State. They have produced annual foreclosure reports since 2007. Their reports provide details on foreclosure activity at the County level dating back to 2005, as well as a comparison with other Counties in the State.

In addition to collecting information on the number of foreclosures, based on Sheriff's Sale data, HousingLink has also attempted to calculate a rate of foreclosure, by comparing the annual total to the number of residential parcels in each County. While this rate calculation does not yield a perfect number, it does allow for a standardized comparison measure among all of the Counties in the State. The following table presents the actual number of foreclosures, followed by the calculated rate of foreclosure, as calculated by HousingLink.

Table 24 Swift County Home Foreclosures - 2005 to 2013									
Foreclosures	2005	2006	2007	2008	2009	2010	2011	2012	2013
Number	10	16	27	21	24	31	17	23	10
Rate	0.22%	0.35%	0.60%	0.46%	0.53%	0.68%	0.38%	0.51%	0.22%

Source: HousingLink; Community Partners Research

Based on the HousingLink data, Swift County did experience a significant increase in the number of home foreclosures, especially between 2005 and 2010, when the number more than tripled. However, after reaching a peak in 2010, the annual number of foreclosures has been declining, and the total for 2013 was equal to the level in 2005.

HousingLink also attempts to put the rate of foreclosure in perspective, by comparing the number of foreclosures to the total number of residential parcels in the County. The foreclosure rate in Swift County has remained relatively low over this time period.

For comparative purposes, Swift County ranked 76th for the rate of foreclosure among Minnesota's 87 Counties in 2013 (1st being the highest foreclosure rate).

Housing Condition Survey

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of the older existing single family housing stock in Benson. Houses that appeared to contain more than one residential unit and single-wide mobile homes were excluded from the survey.

The City was divided into four segments for the analysis.

Northeast included the portion of the City that was north of Atlantic Avenue and east of 13th Street North.

Northwest included the portion of the City that was north of Atlantic Avenue and west of 13th Street North. A newer subdivision was excluded from this neighborhood.

Southeast included the portion of the City that was south of Pacific and east of Church Street/Highway 29.

Southwest included the portion of the City that was south of Pacific and west of Church Street/Highway 29.

Houses were categorized in one of four levels of physical condition, Sound, Minor Repair, Major Repair, and Dilapidated based on a visual observation of the physical condition of the exterior of each structure, which is assumed to be a reasonable indicator of the structure's interior quality.

Dilapidated was the lowest rating used and indicates that major renovation is needed to become decent, safe and sanitary housing. Some Dilapidated properties may be abandoned and may be candidates for demolition and clearance.

Major Rehabilitation is defined as a house needing multiple major improvements such as roof, windows, sidings, structural/foundation, etc. Houses in this condition category may or may not be economically feasible to rehabilitate.

Minor Repair houses are judged to be generally in good condition and require less extensive repair, such as one major improvement. Houses in this condition category will generally be good candidates for rehabilitation programs because they are generally economically feasible to repair.

Sound houses are judged to be in good, 'move-in' condition. Sound houses may contain minor code violations and still be considered Sound.

Table 25 Windshield Survey Condition Estimate - 2014

	Sound	Minor Repair	Major Repair	Dilapidated	Total
Northeast	115 / 41.7%	121 / 43.8%	36 / 13.0%	4 / 1.4%	276
Northwest*	77 / 40.3%	81 / 42.4%	26 / 13.5%	7 / 3.7%	191
Southeast	137 / 57.8%	85 / 35.9%	15 / 6.3%	0 / 0%	237
Southwest	132 / 39.3%	134 / 39.9%	65 / 19.3%	5 / 1.5%	336
Total	461 / 44.3%	421 / 40.5%	142 / 13.7%	16 / 1.5%	1,040

Source: Community Partners Research, Inc.

* Area north of Denfeld was excluded

The large majority of the houses in Benson were rated within one of the top two condition categories. Citywide, more than 44% of the houses received the highest condition rating. However, more than 15% of the houses need more significant repair. There were 16 houses citywide that were rated in very poor condition, which may be suitable for demolition and clearance.

The largest percentage of houses in poor condition was in the **Southwest** portion of the City, where nearly 21% of all rated houses were in the two lowest condition categories.

In the **Northwest** neighborhood, more than 17% of houses were in the two lowest categories. However, in this neighborhood, a newer subdivision was excluded from the analysis. Had these newer houses been included, the percentage of houses in poor condition would have been lower.

Fewer than 15% of the houses in the **Northeast** neighborhood were in the two lowest categories. However, there were four houses rated as dilapidated in this neighborhood.

The best neighborhood for housing condition was in the **Southeast** portion of the City, where nearly 58% of the houses were in the top condition category, and fewer than 7% of the houses were in generally poor condition.

Residential Lots and Land

There are some residential subdivisions within the City that offer choices for new home construction. No definitive inventory of lots could be identified, but various sources of information were reviewed by the analysts to learn more about the existing inventory of residential lots and land.

Hawleywood is a newer single family residential subdivision in the northwestern portion of the City. Approximately 20 lots remain available for sale in late 2014. A few of these lots may be suitable for twin home construction. Lot prices range from \$38,000 to \$41,000, with all assessments paid. According to the developer, there have been one or two lot sales per year in recent years. This developer has additional vacant land that could be developed, based on demand.

The Olson-Tolitson subdivision in the southwest portion of the City has approximately nine available lots in late 2014. These lots could be used for detached single family or twin home construction. Lot prices range from \$33,500 to \$35,000, with assessments paid. Few lots have been sold in recent years. These have an exclusive builder arrangement with the construction company that owns the lots. Additional unimproved land adjoins this subdivision, which could be used for future subdivisions, based on demand.

There are some single family detached lots that exist in the northeast portion of the City near the Victory neighborhood. The exact number of lots could not be determined. One speculative home is for sale in this area, but has been available for many years. The estimated sale price is between \$200,000 and \$220,000.

There is a 19-lot subdivision that is platted for town homes, and known as Cottage Square. This entire subdivision is listed for sale on the Multiple Listing Service. Based on the purchase of the entire parcel, the average lot price would be just less than \$16,000.

In addition to these newer development areas, there are some remnant lots that may remain in older subdivisions, as well as infill lots around the community.

Rental Housing Inventory

Total Unit Inventory - Census Bureau

According to the 2010 U.S. Census, there were 479 occupied rental units and at least 52 unoccupied rental units in Benson, for a total estimated rental inventory of approximately 531 units. The City's rental tenure rate was at 32.6%, based on renter-occupancy households, well above the Statewide rate in 2010 of 27% rental.

At the time of the 2000 Census, the City had 426 occupied rental housing units and at least 59 vacant rental units, for an estimated inventory of 485 units.

Based on a Census comparison, the City added 53 renter households, and 45 rental units during the previous decade. The net growth of 45 rental units over the decade probably exceeded the level of new rental unit construction during that same time period. The only known rental construction during the decade included the 26-unit Swift County HRA project and 12 units in the Hawley rental twin homes. The remaining net gain in rental housing can probably be attributed to tenure conversion, as housing units that had been owner-occupied in 2000 changed use to rental housing by the year 2010. In most cases, the tenure conversion probably occurred in single family houses that switched from owner to renter occupancy.

Recent Rental Construction

There were no new general occupancy multifamily construction projects identified after the 2010 Census was completed. There has been some discussion of a possible senior project that would offer housing with services, but this project is still in the planning phase.

It is possible that some additional tenure conversion has taken place since 2010. At the time of the research for this Study in 2014, there were a large number of single family houses that were available for sale in Benson. This potentially created opportunities for investors to purchase lower-priced houses for use as rental properties, although this cannot actually be confirmed.

Rental Housing Survey

As part of this housing study, a telephone survey was conducted of multifamily rental buildings in the City. The survey focused on larger rental projects with eight or more units. The survey was conducted in October and November of 2014. Information was tallied separately for different types of rental housing, including market rate units, subsidized housing, and senior housing with services.

The findings of the survey are provided below.

Market Rate Summary

Usable information was obtained on 102 market rate rental units in five rental projects. Attempts were made to contact some other rental properties, including Chateau Apartments and Manor Apartments, but these attempts were unsuccessful. While the number of properties that were surveyed was somewhat limited, the market rate projects that were contacted generally represented the larger multifamily developments in the community. They also represented the newest and most modern rental projects. For the purposes of future new construction, we believe that these rental properties provide the best comparison.

We did obtain some limited information from rental property owners that have single family rental houses and other small rental properties, but this information has not been included in the multifamily analysis that follows. Some general comments have been added concerning this segment of the rental market.

Unit Mix

The following information is the bedroom mix for market rate multifamily units that were successfully contacted in 2014:

- ▶ 10 one-bedroom (9.8%)
- ▶ 63 two-bedroom (61.8%)
- ▶ 29 three-bedroom (28.4%)

Occupancy / Vacancy

We found only six units reported as vacant in the market rate rental survey. These six units represent a vacancy rate of 5.9%.

The vacancy rate for one-bedrooms was 10%, based on one vacancy. The vacancy rate for two-bedrooms was 4.8%, based on three vacancies. The vacancy rate for three-bedrooms was 6.9% based on two vacancies.

Although no formal survey was completed for single family rentals, one property owner with 12 units was contacted. The occupancy rate in these units is generally high, as many renters look for single family living.

Both the 2010 Census and the 2013 American Community Survey reported a number of rental vacancies in Benson. According to the 2010 Census, there were at least 52 unoccupied rental units. The 2013 American Community Survey estimated 30 vacant units. Benson does have a number of older rental properties, including some buildings that were converted to rental use. While this segment was not represented in the 2014 rental survey, it is possible that some of these units are unoccupied.

Although some vacancies do exist in the overall rental market, occupancy rates were very high in the City's newer rental projects. The three newest rental developments in the community, the Swift County HRA Town Homes, the Hawley Six-Plex and the Hawley Twin Homes all reported full occupancy. A waiting list is maintained by the Swift County HRA that had 14 names.

Rental Rates

There is a fairly wide variation in rental rates within the market rate segment in Benson.

Starting in the late-1990s, the newest rental projects that were constructed were in the form of town house-style units, generally with an attached garage. These units also have in-unit laundry, a dishwasher and other modern amenities and features. Gross rents for these newer units are generally well above the rates for older apartments that were often constructed in the 1980s or earlier.

Some of the units include the primary utility payments with the rent, while in other cases, the tenant pays the major utilities in addition to rent. We have attempted to estimate tenant-paid utilities into a gross rent estimate for the

following ranges. The Identified Range column defines the highest and lowest gross rents found in the survey. The Prevailing Range column attempts to define a more narrow range of gross rents that are charged in a majority of the surveyed units.

	<u>Units Type</u>	<u>Identified Range</u>	<u>Prevailing Range</u>
▶	1-bedroom	\$470-\$500	\$475-\$500
▶	2-bedroom	\$525-\$1030	\$550-\$950
▶	3-bedroom	\$675-\$1050	\$750-\$1000

Tax Credit Summary

The federal low income housing tax credit program was created in the mid-1980s as a primary incentive for the production of affordable rental housing. Since that time, Benson has two rental projects that have received federal low income housing tax credits.

Northview Court was constructed in 1996 and had 24 moderate rent tax credit units. However, this project is no longer under the tax credit requirements and is operating as market rate housing. Details of the conversion from income-restricted housing were not available. The project may have gone into default, as it was later sold and the restrictions and requirements of the tax credit program were dropped.

The other rental project to receive tax credits is New Paris Apartments, which had a recent award for renovation. New Paris is an older subsidized project in the USDA Rural Development Program. Although the tax credit award may now require lower income limits than in the past, this project has always operated as Rural Development income-restricted housing and has rent assistance available for most units to serve very low income tenants. New Paris has therefore been included in the subsidized housing analysis that follows.

Subsidized Summary

Benson has four subsidized rental projects providing rental opportunities for lower income households. These four projects have a combined 174 units.

Two of the projects, Parkview Manor and Westwood, are oriented to senior/disabled tenant occupancy. Both projects are HUD Public Housing. While originally constructed for senior/disabled occupancy, a later HUD rule change made these buildings available to income-eligible tenants of any age. However, the Housing Authority can offer an occupancy preference for senior and/or disabled tenants, and most of the current residents of both buildings meet this occupancy preference. Combined, there are 94 units in these projects, nearly all with one bedroom.

The other two projects, Nevada Townhomes and New Paris Apartments, provide general occupancy housing. Combined there are 80 units.

New Paris was originally constructed as senior/disabled occupancy housing, but later changed to general occupancy. New Paris is using an award of tax credits for a renovation project but also continues to operate as Rural Development subsidized housing. Twenty-five of the 40 units in New Paris Apartments have access to project-based rent assistance.

Unit Mix

The subsidized rental projects range in size from 40 units to 55 units. The bedroom mix breakdown is as follows:

- ▶ 97 one-bedroom (55.7%)
- ▶ 57 two-bedroom (32.8%)
- ▶ 20 three-bedroom (11.5%)

In addition to these subsidized projects, Swift County has approximately 69 households being assisted with HUD Housing Choice Vouchers. Voucher assistance is issued to income-eligible households for use in suitable, private market rental housing units. With the assistance, a household pays approximately 30% of their income for their rent, with the program subsidy paying any additional rent amounts.

According to Swift County HRA staff, the Voucher Program has authority to assist more than 80 households, but only 69 households were participating in 2014, including 34 households in Benson. A number of factors impact the actual utilization, including budget limitations and the ability to find a suitable vacant unit that can meet the program standards.

Occupancy / Vacancy

The 2014 survey found no vacancies in the subsidized units oriented to senior/disabled tenants. There was a 12-name shared waiting list of preference holders. Although the occupancy rate is currently very high, there are some non-preference holders in occupancy, indicating that demand has not always been as strong. Parkview Manor has also downsized by six units over time, as smaller units were merged to make larger, more marketable apartments.

There were three vacancies reported in Nevada Square, all in two-bedroom town homes. However, applicants were being processed from an existing waiting list. According to the manager, unit turnover does occur in this project, which can result in periodic vacancies, due in part to the time required to certify prospective tenants.

There were also some unoccupied units in New Paris Apartments, but these were intentional vacancies needed to facilitate rehabilitation activity. The manager reported that some vacancies can occur in the 15 units in New Paris that cannot offer project-based rent assistance. In a two-bedroom apartment without rent assistance, a minimum rent of \$465 would apply.

A waiting list does exist for the tenant-based, Housing Choice Voucher Program. In December 2014, there were 61 households on the waiting list that were had a local occupancy preference by currently living in Swift County or one of the immediately adjoining counties.

Subsidized Unit Gains and Losses

Past research has not identified any subsidized projects that have been lost from the local inventory. Parkview Manor did downsize in the past from 61 units to 55 units, by merging some smaller apartments.

There was one project listed on MHFA's opt-out log in December 2014. New Paris Apartments had indicated its intention to opt-out of the Rural Development subsidy program. However, this project recently received a tax credit award for renovation, and will continue to operate as income-restricted housing for many years.

Senior Housing with Services Summary

A recent analysis of specialized senior housing in the Benson area was completed by View Point Consulting Group. As a result, this segment of the rental market was not included in the analysis completed by Community Partners Research. However, one senior apartment building, Scofield Place, was included in the rental survey.

Scofield Place has 31 apartment units for more independent seniors. Although light services are available, items such as a daily meal are purchased separately. Scofield Place reported full occupancy and a waiting list.

Table 26 Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
<p>Countryside Court Apartments 1940 Countryside Dr 320-235-6136</p>	<p>10 - 1 Bedroom <u>24 - 2 Bedroom</u> 34 Total Units</p>	<p>\$455 \$495 +electric</p>	<p>3 vacant units, 1 - 1 Bdrm 2 - 2 Bdrm</p>	<p>Mix of tenants</p>	<p>Two 3-level walkup apartment buildings constructed in the mid-1970s. Rent includes heat with tenant paying electric. Amenities include garage, dishwasher, AC, balcony and community laundry. One-bedrooms have 630 sq ft and 2-bedrooms have 925 sq ft; all units have 1 bathroom. Three units vacant at time of survey due to turnover and evictions - employment at Case directly impacts demand and recent layoffs resulted in vacancies. Manager says that rents have just been raised - but are back to level that had been charged 8 years ago. A high vacancy rate had resulted in lower rents and they have just returned to former levels. General mix of tenants with some seniors in ground level units, and also working age tenants.</p>
<p>Hawley Twin Homes 320-843-2222</p>	<p><u>12 - 2 Bedroom</u> 12 Total Units</p>	<p>\$775-\$885 +utilities</p>	<p>No vacant units</p>	<p>Mix of tenants</p>	<p>Multiple twin homes constructed over the past 10 years - some additional units have been sold but 12 units currently used as rental housing. One-level living with attached 2 car garage. Amenities include in-unit laundry and dishwashers. Tenants pay all utilities in addition to rent. Units have approx. 1400 sq ft. Mix of seniors and working age tenants. Full occupancy reported but competition exists which suppresses rent levels. No additional units planned unless pre-sold to home owners.</p>

Table 26 Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Hawley Six-plex 309-317 13 th St S 320-843-2222	2 - 2 Bedroom <u>4 - 3 Bedroom</u> 6 Total Units	\$575 \$600-\$650 +utilities	No vacant units	Mix of tenants	Town house-style rental units constructed in 1995. End units are 1-level units with 3 bedrooms, 2 bathrooms and attached 2-car garage. Center units are 2-level with 1.5 bathrooms and a detached garage, and at lower rents listed. Amenities include in-unit laundry and dishwashers. Tenants pay all utilities in addition to rent. Mix of seniors and working age tenants. Units have 1200 to 1300 sq ft. Full occupancy reported but competition exists which suppresses rent levels. No additional units planned unless pre-sold to home owners.
Northview Court Town Homes 1021 13 th St N 320-843-4440	12 - 2 Bedroom <u>12 - 3 Bedroom</u> 24 Total Units	\$640 \$700-\$720 +electric	3 vacant units, 1 - 2 Bdrm 2 - 3 Bdrm	Mix of tenants	Town house rental project constructed in 1996 using tax credits - but project was sold and no longer operates under tax credit regulations. Amenities include town house unit with an attached garage, in-unit laundry hookup, dishwasher, AC and pets accepted. Rent includes heat but tenant pays electric. Some tenants use Vouchers. Units are 2-level. Two-bedrooms have 964 sq ft and 1.5 bathrooms, 8 3-bedrooms have 1060 sq ft and 1.5 bathrooms with all bedrooms on upper level. Four 3-bedrooms have 1100 sq ft, 2 bathrooms and 1 bedroom on main floor and are popular with seniors. Three units vacant at time of survey - rent increase in 2014 resulted in turnover and some vacancies.

Table 26 Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Victory Addition Ada Ave 320-843-4676	6 - 2 Bdrm/1 Car 7 - 2 Bdrm/2 Car 3 - 3 Bdrm/1 Car <u>10 - 3 Bdrm/2 Car</u> 26 Total Units	\$657-\$761 \$750-\$841 \$722 \$803-\$870 +utilities	No vacant units, waiting list	Mostly seniors	Rental town houses in six 4-plex configurations plus one twin home constructed in 3 phases from 2001 to 2005. Amenities include in-unit laundry, attached garage (some 2-car) and 1 or 1 3/4 bathrooms. Tenants pay all utilities in addition to rent. Project is available for general occupancy but most tenants are retired people. Units range in size depending on construction phase, but 2-bedrooms have 1156 to 1355 sq ft, and 3-bedrooms are up to 1520 sq ft. Full occupancy and 14 name waiting list. Most popular units have 2-car garage, shower and end unit location - most of these would also be in later phases and have larger sq ft.
Chateau Apartments 320-314-8078	1 - 1 Bedroom <u>11 - 2 Bedroom</u> 12 Total Units	N/A	N/A	N/A	Unable to contact - information presented is from prior survey.
Manor Apartments 320-314-8078	1 - 1 Bedroom <u>17 - 2 Bedroom</u> 18 Total Units	N/A	N/A	N/A	Unable to contact - information presented is from prior survey.

Table 26 Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized					
Nevada Square Townhouses 1706 Nevada Ave 320-842-4578	20 - 2 Bedroom <u>20 - 3 Bedroom</u> 40 Total Units	\$610 \$647 30% of income	3 vacant units, 3 - 2 Bdrm	General occupancy	MHFA/Section 8 subsidized project constructed in 1979. All units have access to rent assistance and tenants pay rent based on 30% of income up to maximum rents listed. Amenities include 3-level town house unit with private entry, basement laundry hookup, central AC, and playground. Units sizes not available but large units with 2 levels and basement; 2-bedrooms have 1 bathroom and 3-bedrooms have 2 bathrooms. Three units vacant at time of survey but 2 applications being processed. Waiting list exists and is used when turnover occurs - manager reports that units do turn over.
New Paris Apartments 1901 Countryside Dr 320-843-4344	5 - 1 Bedroom <u>35 - 2 Bedroom</u> 40 Total Units	\$435-\$535 \$465-\$555 30% of income	8 intentionally vacant units for renovation	General occupancy	Rural Development subsidized project constructed in mid-1970s and undergoing major renovation project with recent tax credit award. All units will serve households at or below 50% of median income. Originally built for senior/disabled occupancy but later changed to general occupancy. Five 2-level walkup buildings. Twenty-five units have access to rent assistance that allows rent based on 30% of income; remaining tenants pay 30% of income but not less than basic or more than market rents listed. Eight units have been intentionally vacant to facilitate rehab, but by late Nov. all work will be completed. It can be difficult to lease units without rent assistance.

Table 26 Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized					
Parkview Manor 320-842-8481	54 - 1 Bedroom <u>1 - 2 Bedroom</u> 55 Total Units	\$442-\$723 30% of income	No vacant units, 12 name shared waiting list	Senior/ disabled occupancy preference	HUD Low Rent Public Housing hi-rise constructed for senior/disabled occupancy but later HUD rule change made it open to general occupancy - preference given to senior/disabled tenants and nearly all meet preference. Project has been remodeled over time to merge small units - originally 61 apartments but now 55 total units. One-bedrooms range in size from 420, 620 or 840 sq ft. All tenants pay rent based on 30% of income up to flat rents which range from \$442 to \$723 depending on unit size. Full occupancy reported and 12 name shared waiting list with Westwood for preference holders. Assisted living option offered with office provided that has 24-hour staffing - approximately 12 tenants currently receive services through this office.
Westwood 320-842-8481	38 - 1 Bedroom <u>1 - 2 Bedroom</u> 39 Total Units	\$471 30% of income	No vacant units, 12 name shared waiting list	Senior/ disabled occupancy preference	HUD Low Rent Public Housing in a 3-level elevator building. Originally constructed for senior/disabled occupancy but HUD rule change made building general occupancy - preference given to senior/disabled tenants and nearly all meet preference. All tenants pay rent based on 30% of income up to flat rent listed. Full occupancy reported and 12 name shared waiting list with Parkview Manor for preference holders. Assisted living option offered with office provided that has 10-hour/day staffing - approximately 8 tenants currently receive services through this office.

Table 26 Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Senior Housing with Services					
Scofield Place 1725 Wisconsin Ave 320-843-4728	1 Bedroom 2 Bedroom 31 Total Units	\$648 \$896	No vacant units, waiting list	Senior housing	Senior housing for independent living constructed in 1997 and lined to hospital. Units have full kitchen. Rent includes all utilities, light housekeeping and emergency call system. Noon meal available for purchase, and other meal options for purchase. Amenities include hair stylist, community rooms and laundry on each floor. Manager reports full occupancy and waiting list.

Source: Community Partners Research, Inc.

Employment and Economy

While many factors influence the need for housing, employment opportunities represent a predominant demand-generator. Without jobs and corresponding wages, the means to afford housing is limited. Employment opportunities are provided by a broad range of private and public business sectors. The type of employment, wage level, and working conditions will each influence the kind of housing that is needed and at what level of affordability.

Employment and Wages by Industry

The following table shows the annual employment and average annual wages by major employment sector in 2013. It is important to note that the major employment sectors listed do not represent all employment in the County. Some groups, including self-employment, are not represented. This information is for all of Swift County.

Table 27 Swift County Average Annual Wages by Industry - 2013		
Industry	2013 Employment	2013 Average Annual Wage
Total All Industry	3,528	\$34,268
Natural Resources and Mining	105	\$40,508
Construction	152	\$32,760
Manufacturing	584	\$48,516
Trade, Transportation, Utilities	853	\$37,596
Information	44	\$26,988
Financial Activities	149	\$32,552
Professional and Business Services	145	\$28,860
Education and Health Services	843	\$30,264
Leisure and Hospitality	237	\$9,828
Other Services	98	\$22,152
Public Administration	316	\$34,436

Source: MN Department of Employment and Economic Development

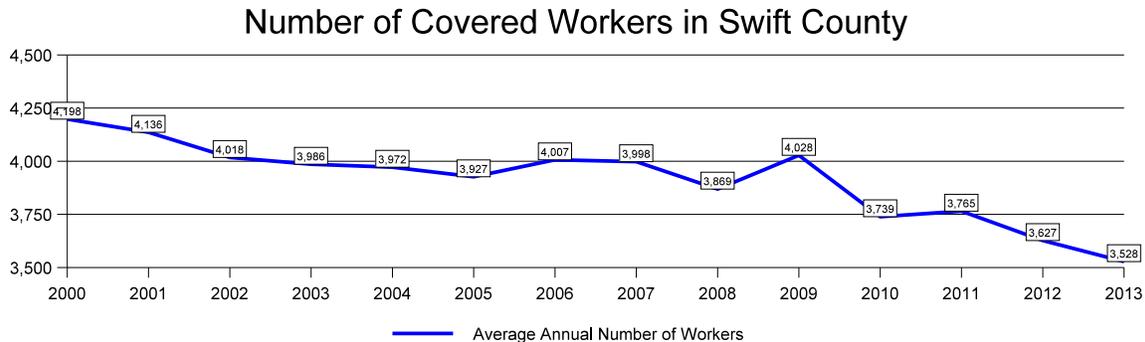
The average annual wage for all industry in calendar year 2013 was \$34,268. This assumes full-time employment at the average weekly wage rate. The highest paying wage sector was Manufacturing, at \$48,516. Manufacturing was also the third large employment sector. The lowest paying wage sector was Leisure and Hospitality, with an average annual wage below \$10,000.

Annual Covered Employment

Since the Quarterly Census of Covered Workers (QCEW) tracks employees covered by unemployment insurance by location of the worker, it is possible to examine longer-term patterns. The following table displays the total number of workers reported in Swift County from 2000 to 2013, the last full year of data.

Table 28 County Average Annual Employment: 2000 to 2013			
Year	Total Covered Employment	Year	Total Covered Employment
2000	4,198	2007	3,998
2001	4,136	2008	3,869
2002	4,018	2009	4,028
2003	3,986	2010	3,739
2004	3,972	2011	3,765
2005	3,927	2012	3,627
2006	4,007	2013	3,528

Source: QCEW - MN Department of Employment and Economic Development



When viewed over a longer-term period, there has been a decline in the number of employees covered by unemployment insurance that are working in Swift County. The number of workers had remained relatively stable from 2002 to 2009. However, after 2009 the number of covered workers began to drop, and reached the lowest level in 2013. If 2013 is compared to 2000, there were 670 fewer workers covered by unemployment insurance, or a decrease of 16%.

The decrease can be attributed to the two largest cities in the County. In Benson, there was a decrease of 540 covered workers from 2000 to 2013, and in Appleton there was a decrease of 438 covered workers, presumably due to the closing of the prison. During this same time, the remainder of the County had some increase in covered employment.

Labor Force, Work Force and Unemployment

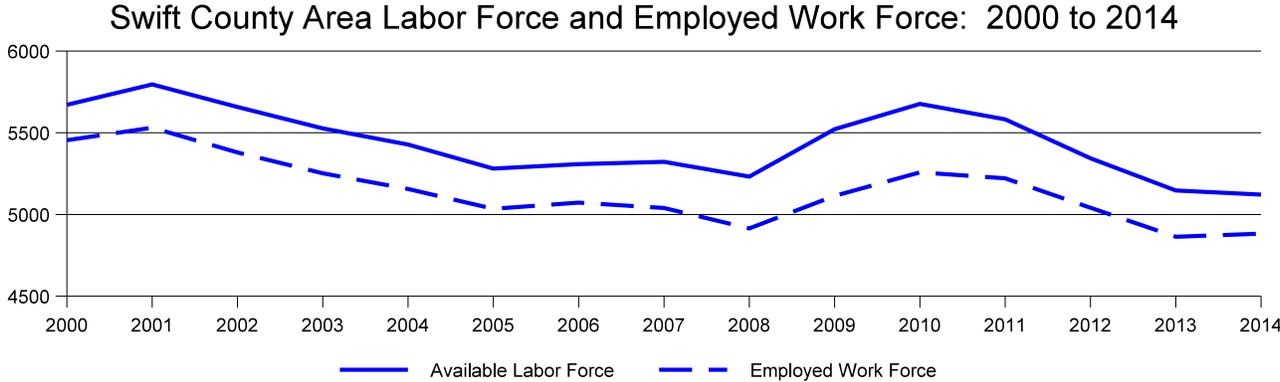
The Minnesota Department of Employment and Economic Development provides employment information at the county level only. The following table looks at statistics since 2000 for all of Swift County.

Table 29 County Labor Force and Employment: 2000 to 2014						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - MN	Unemployment Rate - US
2000	5,671	5,455	216	3.8%	3.1%	4.0%
2001	5,796	5,531	265	4.6%	3.8%	4.7%
2002	5,658	5,380	278	4.9%	4.5%	5.8%
2003	5,527	5,252	275	5.0%	4.9%	6.0%
2004	5,428	5,156	272	5.0%	4.6%	5.6%
2005	5,281	5,035	246	4.7%	4.2%	5.1%
2006	5,308	5,073	235	4.4%	4.1%	4.6%
2007	5,322	5,040	282	5.3%	4.7%	4.6%
2008	5,232	4,915	317	6.1%	5.4%	5.8%
2009	5,522	5,114	408	7.4%	8.0%	9.3%
2010	5,677	5,258	419	7.4%	7.4%	9.6%
2011	5,582	5,221	361	6.5%	6.5%	8.9%
2012	5,344	5,041	303	5.7%	5.6%	8.1%
2013	5,147	4,864	283	5.5%	5.1%	7.4%
2014	5,122	4,883	239	4.7%	4.3%	6.2%

Source: MN Department of Employment and Economic Development

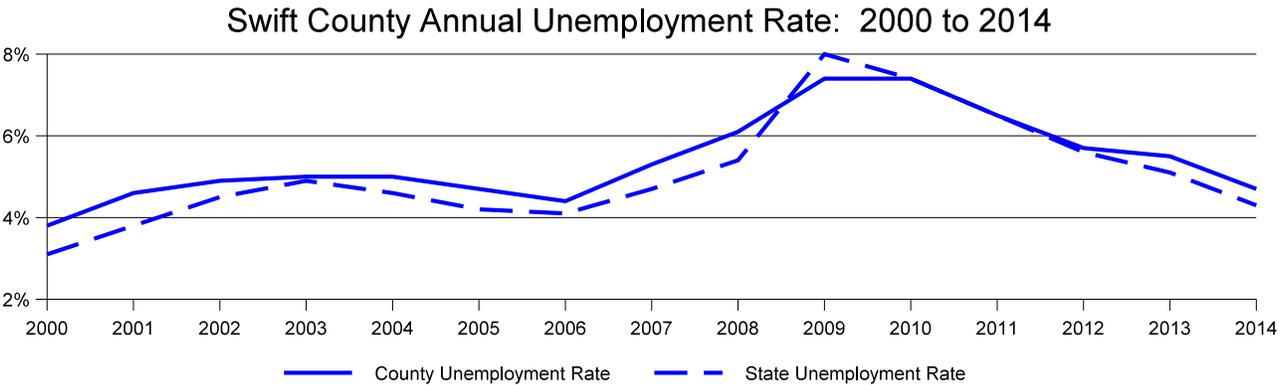
The Local Area Unemployment Statistics data (LAUS) tracks employment by place of residence. It shows how many residents are actively in the labor force, and their employment status, regardless of where they actually work.

There has been a long-term reduction in the size of the County’s available labor force. When comparing 2000 to 2014 the total labor force has decreased by 549 people, or 9.7%.



Although the long-term pattern has been a declining labor and work force, there has been some up and down movement over time. Between 2008 and 2010, both the overall labor force and the number of employed County residents increased in size. But after 2010, reductions occurred once again.

The County’s unemployment rate has fluctuated from year to year, with the lowest rate achieved in the year 2000 at 3.8%. The highest rate was then reached in 2009 and 2010, at 7.4%. Since 2010 the unemployment rate has been gradually decreasing, and dropped below 5% in 2014. However, the drop in the unemployment rate has largely been due to a smaller available labor force during this time, as there has also been a drop in the number of employed County residents over this time period.



Commuting Patterns of Area Workers

Information is available on area workers that commute for employment. The best information is from the Census Bureau’s 2013 American Community Survey. Travel time information has been examined for the City of Benson, the largest city in Swift County. The first table only examines people living in Benson that traveled to work and excludes people that work at home.

Table 30 Travel Times for Benson Residents - 2013		
Travel Time	Number	Percent
Less than 10 minutes	874	57.3%
10 to 19 minutes	272	17.8%
20 to 29 minutes	86	5.6%
30 minutes or more	294	19.3%
Total	1,526	100%

Source: 2013 American Community Survey 5-year estimates

A large majority of Benson residents were commuting less than 20 minutes to work in 2013. Presumably, most residents commuting fewer than 10 minutes were working in the City or just outside the City limits. Overall, more than 75% of Benson residents commuted less than 20 minutes to work.

Travel time information is also available by location of employment. For people that worked in Benson, the following travel times were identified.

Table 31 Commuting Times for Benson-based Employees - 2013		
Travel Time	Number	Percent
Less than 10 minutes	1,014	46.4%
10 to 19 minutes	544	24.9%
20 to 29 minutes	289	13.2%
30 minutes +	340	15.5%
Total	2,187	100%

Source: 2013 American Community Survey 5-year estimates

For people that worked in Benson, fewer than 16% traveled 30 minutes or more. Overall, more than 71% of City-based employees traveled less than 20 minutes to work and either lived within the city or in a nearby jurisdiction.

Census On the Map

City-level Data

The Census Bureau also produces commuter reports through its Center for Economic Studies division. This information is based on reports for the year 2011, but provides a further breakdown of worker movement patterns. Information is provided for Benson and Appleton, the two largest cities in Swift County.

According to the report for Benson, there were 1,761 people that were employed within the city limits in 2011. Of the Benson-based employees, 774 also lived within the City. The remaining 987 employees lived outside the city limits and commuted for employment. The percentage of city-based workers that were also residents was 44%.

According to the report for Appleton, there were 468 people that were employed within the city limits in 2011. Of the Appleton-based employees, 159 also lived within the City. The remaining 309 employees lived outside the city limits and commuted for employment. The percentage of city-based workers that were also residents was 34%.

The **On the Map** reporting service can be used to make comparisons between communities in the region. The following table presents worker inflow information for other communities including Granite Falls, Montevideo and Morris. It looks at the percentage of people in each community that both lived and worked in their home city in 2011, as well as the percentage of workers that come from outside of each city.

Table 32 Employee Inflow Analysis - 2011				
City	Number of People Employed in the City	Percent Employees that also Reside in the City	Percent Employees that Live Outside of the City	Number Employees that Live Outside of the City
Benson	1,761	44.0%	56.0%	987
Appleton	468	34.0%	66.0%	309
Montevideo	3,554	41.3%	58.7%	2,086
Granite Falls	1,634	25.1%	74.9%	1,224
Morris	4,103	31.9%	68.1%	2,795

Source: Census Bureau, Center for Economic Studies

As indicated in the table above, 44% of the jobs based in Benson and 34% of the jobs based in Appleton were actually filled by people that live within each City. While these percentages may seem to be low, Benson outperformed other nearby communities, including Granite Falls, Montevideo and Morris, in attracting local workers to also live within the City. While Appleton had a lower percentage, it still had a higher percentage of City residents working in the community than in Granite Falls or Morris.

In addition to defining residents that work within each City, the Census data can also be used to determine worker outflow, measuring residents that leave their home city to work elsewhere.

Table 33 Employee Outflow Analysis - 2011			
City	Number of Employed City Residents	Percent of Residents that Live and Work in the City	Percent of Residents that Leave the City for Employment
Benson	1,582	48.9%	51.1%
Appleton	615	25.9%	74.1%
Montevideo	2,605	56.4%	43.6%
Granite Falls	1,638	25.0%	75.0%
Morris	2,008	65.1%	34.9%

Source: Census Bureau, Center for Economic Studies

A small majority of employed Benson residents worked outside of the community, although nearly 49% of residents both lived and worked within the City in 2011. More than 74% of the employed residents of Appleton left that City to work.

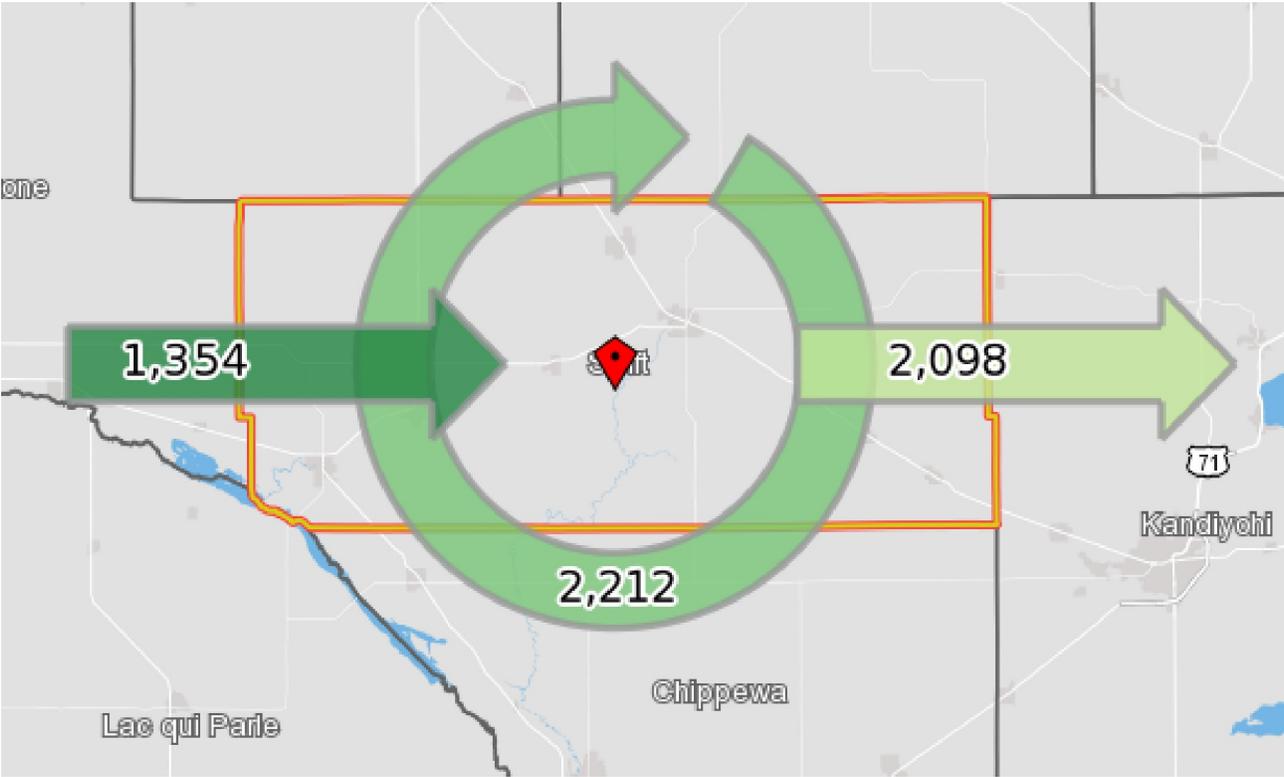
Among the nearby cities used for comparison, both Morris and Montevideo had a larger percentage of residents that both lived and worked within the community. Benson was in the middle of this comparison group, while a large majority of the residents of Appleton and Granite Falls left their home community for employment.

Swift County Data

The **On the Map** reporting service can also be used to track worker movement at the Swift County level.

According to the report there were 3,566 people that were employed within Swift County in 2011. Of the County-based employees, 2,212 also lived within Swift County. The remaining 1,354 employees lived outside the County and commuted in for employment. The percentage of County-based workers that were also residents was 62%.

Although a majority of the County’s residents both lived and worked within Swift County, a number of residents also left the County for employment. The **On The Map** source identified 4,310 County residents that were employed in 2011. Of this group, 2, 098 people were employed outside of the City limits. In percentage terms, 51.3% of residents also worked within the County, while 48.7% worked elsewhere. According to this data, Swift County exported more residents to work in other locations than it imported to fill County-based jobs.



Findings and Recommendations

Summary of Findings on Growth Trends

If viewed over a longer-term time period, the City of Benson has experienced a gradual reduction in the size of the permanent resident population, despite adding some households. Due to fewer people living in the average household, there has been a long-term trend of losing people. Yet with smaller households and more people living alone, households have been formed in the community, creating some demand for housing units.

From 1990 to 2013, the City experienced a decrease of 51 people, despite adding 77 households. Although the City has had relative stability, when viewed over a long time period, there has been up and down movement from decade to decade. The most recent patterns, as tracked by changes from 2010 to 2013, using the Minnesota State Demographer's most recent estimates, show the City on a downward trend, with a loss of 56 people and 10 households since the 2010 Census was conducted.

While it is always possible that the State Demographer's most recent estimates could be flawed, the same opinion is generally shared by other data sources. In addition to the State Demographer's recent estimates, both the Census Bureau and ESRI, Inc., a private data reporting service, are also tracking losses from the community after 2010. Both of these sources actually show even larger-scale population loss in recent years.

Summary of Findings on Growth Projections

Most projection methodologies are based in part on a review of past trends. As a result, the available projections for Benson and the surrounding area expect some continued population loss, especially due to the aging of area residents, along with varying levels of household loss.

The trend-based projections generated by Community Partners Research would expect possible losses of fewer than one household per year in Benson for the remainder of the current decade. Projections derived from State Demographer data and from ESRI, Inc., would expect a greater level of annual household loss, within a possible range of three to eight households per year.

While the more severe loss projections are certainly possible, Benson has generally been able to maintain a relatively stable household count. As stated on the previous page, if the 2013 estimate from the State Demographer is compared back to the 1990 Census, the City has actually added 77 households over a 23-year time period. Although most of this net growth was achieved in the 1990s, there was also some modest household growth in the 2000s, before more recent household losses began to occur after 2010. Given the somewhat cyclical nature of change, it is possible that the recent household losses will end and a more stable pattern will return.

While Benson, as the largest city in Swift County, has the possibility of maintaining a relatively stable demographic pattern, projections for all of the County are less optimistic. Each of the available projection sources points to the probable loss of between 13 and 16 households per year in an average year through the current decade, as smaller communities and rural townships experience a reduction of population and households.

Summary of Findings on Growth Projections by Age Group

This 2014 Study has tracked aging patterns of County residents. Changes within the age distribution of resident households have an impact on housing demand, even in areas with limited growth, as housing needs and expectations can change as people age.

The analysts examined age-based household projections from ESRI, Inc., a private data reporting service. The ESRI projections extend to the year 2019. When compared to the County's household distribution patterns at the time of the 2010 Census, the ESRI projections can be used to predict household changes within defined 10-year age groupings throughout the current decade.

<u>Age Range</u>	<u>Change in Households 2010 to 2019</u>
24 and younger	-39
25 to 34	-2
35 to 44	-80
45 to 54	-201
55 to 64	+50
65 to 74	+188
75 and older	-65

Based on the ESRI projections, Swift County will see a decreasing number of younger adult households for the remainder of this decade. In the age ranges 54 and younger, a net reduction of more than 320 households would be expected.

Conversely, net growth of more than 170 households would be expected in the age groups 55 and older, largely tracking the movement of the baby boom generation through the aging cycle.

Summary of Findings on Housing Demand and Tenure

There are various demand-generators that can be examined to help determine future housing needs in Benson. The following summaries are provided, prior to making specific unit recommendations.

Household Growth

A primary demand generator is household growth. However, the projections examined for this Study do not expect overall household growth within the Benson area over the next several years. Instead, the loss of one or more households per year is possible. It should also be noted that economic development activities could potentially generate some future household growth in the community, even though near-term patterns indicate probable household loss.

Pent-up Demand Created by Age Progression Patterns

Although the total number of households living in the community may not increase, the changing age patterns have the potential to generate age-appropriate housing demand. As detailed on a previous page, the number of households age 55 and older should continue to increase through the remainder of this decade.

While the number of older senior households, age 75 and above, may decrease over the next few years, solid growth would be expected in the 55 to 74 year old age groups. Unlike older seniors, households in the 55 to 74 year old ranges tend to live very independently, and increasingly look for housing options that are age-appropriate. Based on past tenure distribution patterns within these empty-nester and senior age groups, there should be increased demand for at least 25 to 35 rental units countywide serving these age ranges.

Even more rental units could be justified if a higher percentage capture rate is achieved. This would be especially true within the 65 to 74 year old age range, where only 15% to 16% of households were renters at the time of the 2010 Census. If the rental tenure rate increased to even 17% within this age group, an additional 30 or more units could be needed, since this is the 10-year age group expected to increase substantially in size during the current decade.

Pent-up demand can be substantiated through the waiting lists that have existed for some of the better quality rental developments that already exist in Benson. The waiting list for the Swift County HRA's rental units in the Victory Addition had 14 names in 2014. According to HRA staff, this waiting list is strong, with waiting households prepared to move when a unit becomes available. Approximately 90% of the current tenants are described as retirees, as these units have generally appealed to older renters who are looking for a unit that does not have stairs and offers many of the benefits of single family living, including an attached garage.

It is important to recognize that the growing demand for rental housing from households in the 55 to 74 year old age ranges, will potentially be offset by expected reductions in the number of households age 54 and younger. To the extent that there are fewer young adult renters within the local market, overall demand for rental housing may not increase.

However, units that appeal to younger renters will often not be attractive or suitable for older adult renters. For example, multi-story walkup apartment buildings can often serve younger renters, but would have less appeal to older renters that prefer barrier-free housing. As a result, the demand created from older renters, age 55 and above, will be oriented to different types of rental housing than would be accessed by younger renters.

It is also important to note that even though there will be fewer younger adult households in the Benson area, this potentially may not result in reduced rental demand. In recent years, overall tenure patterns have been heavily oriented to rental housing. Despite the fact that historic tenure rates have shown that more than 67% of all Benson households have owned their housing unit, the net change in households between 2000 and 2010 showed the City losing 35 owner households and gaining 53 renter households. To the extent that younger households forego entering the home ownership market, rental demand could be sustained despite a net loss of younger adult households.

Potential Demand from Unit Replacement

There will always be some level of unit replacement that is required, as each year there are existing units that are removed from the usable housing inventory. A variety of factors can contribute to unit loss, including demolition, obsolescence, natural disasters, or redevelopment activities. Forecasts of future losses are difficult to accurately predict, but past history can be an indicator.

While some potential does exist for rental unit replacement, a comparison of past Census records shows that Benson did not experience any loss of rental units between 2000 and 2010. A comparison of rental unit growth to rental housing construction between 2000 and 2010 indicates that the local rental inventory grew by a larger number than newly constructed units. This would probably have been due to some level of unit conversion, as houses that had once been owner-occupied changed to renter-occupancy, effectively negating any unit removal that may also have occurred.

For the purposes of this Study, no allowance has been made for unit replacement in the local rental market. It is important to recognize that this is based on overall unit availability, and does not imply that all existing units represent housing that is in standard condition. It is probable that some sub-standard units should be replaced, but they currently are available for occupancy and have not been removed from the local inventory.

It is also important to recognize that unit replacement has been viewed in terms of overall supply and demand. There is no available information on the value or pricing of lost units. For example, it is reasonable to assume that any rental units that are lost each year often represent the lower end of the housing stock, in condition, quality and price. While they may be replaced by conversion or new construction, there is no guarantee that the replacement unit has the same monthly gross rent amount.

There is also limited evidence of lost owner-occupancy housing, despite the fact that tenure conversion probably reduced the number of older houses available for owner-occupancy. Between 2000 and 2010, there were more than 55 single family detached houses built in Benson. This greatly exceeded the net growth in home owners during this time, as Benson experienced a net reduction in owner-occupants during that time.

Going forward, unit replacement is not considered to be a significant contributor to overall demand for owner-occupancy housing. However, older homes that are demolished or converted to rental use are probably lower-valued houses that cannot be replaced by new construction.

Rental Housing Recommendations

Overview: The City of Benson has historically had a large supply of rental housing units. According to the 2010 Census, the City's rental tenure rate, based on renter-occupancy households, was nearly 33%, above the Statewide average in 2010 of 27% rental. As the largest city in the county, it is typical to see a higher rental tenure rate.

Actual rental demand has been greater than owner-occupancy demand in the recent past, as tracked by changes in tenure patterns. From 2000 to 2010, the Census recorded net growth of 53 renter-occupancy households in Benson, compared to net loss of 35 home owners. As a result, the overall rental tenure rate increased from 29.4% in 2000 to 32.6% in 2010.

The growth in renter-occupancy households in the previous decade appears to have been greater than the level of new rental unit construction. While some rental housing was built, there is also evidence that the rental inventory increased in size from tenure conversion, probably due to older single family housing changing from owner to renter occupancy. As a result, renter household growth was accommodated, despite limited new construction.

The following observations and recommendations are made concerning the rental housing market in Benson.

1. Demand Exists for Additional Market Rate Unit Development

Findings: No new multifamily rental housing has been constructed in Benson in many years. The last project that can be identified was developed by the Swift County HRA, with the final construction phase occurring in 2005. In total, the HRA constructed 26 units in Benson, known as the Victory Addition. Although these are publicly-owned units, they operate as conventional, market rate rental housing. The HRA's units have different floor plans, and are equally split between two-bedroom and three-bedroom options.

The only other rental development project that can be identified in the past 15 years is known as the Hawley Twin Homes. Some of these are actually more recent than the Swift County HRA units, as they have been constructed at various times in twin home configurations. The builder had intended to sell these units as owner-occupancy housing, but units that did not sell were then offered as rentals. All of the Hawley Twin Home rentals units have two bedrooms.

These most recent rental developments have a successful past history. Both the Swift County HRA and the Hawley Twin Homes reported full occupancy to the rental survey. The HRA maintains a waiting list for its units, with 14 names at the time of the research for this Study.

The Swift County HRA and Hawley Twin Home units generally represent the upper end of the prevailing rental range in Benson, at least for multifamily housing. These units are town house/twin home style, with attached garages, in-unit laundry, large floor plans and other modern rental amenities. While the rents for these newer units are very reasonable based on their quality, they are generally well above the rates for older apartments.

The Swift County HRA units have a rent structure that is typically between \$0.65 and \$0.75 per square foot of living space. This is a gross rent calculation, and reflects the inclusion of tenant-paid utilities. Some of the three-bedroom units are very large, with more than 1,500 square feet of living space, and a two-car garage. In these units, the gross rent per square foot is actually less than \$0.75.

The Hawley Twin Homes are also very moderately-priced for the type of unit being offered. Since they were constructed with the intent of being sold to owner-occupants, units are large and offer single family housing amenities. The estimated gross rent in these units is also approximately \$0.65 to \$0.75 per square foot. The owner of these units cites the competition from the Swift County HRA as suppressing the achievable rent structure.

Based on these very affordable prices for high quality, large units, it will be difficult to produce comparable new units in a relatively competitive price range.

Recommendation: The research completed for this Housing Study would support the construction of additional market rate rental housing in Benson, similar to the successful past projects developed by the County HRA and a private developer. Additional units can be justified based on a combination of factors, including a waiting list for existing units and an assumption that growth-generated demand from households age 55 and older will continue to result in the need for age-appropriate housing options in Benson.

Demographic data have shown that household growth has not been occurring in recent years. However, an aging population has continued to create demand for housing that appeals to older households. The fact that almost no new independent living rental housing has been built in more than 10 years also points to the need for new unit construction. The existing projects offering high

quality options continue to maintain waiting lists for occupancy, including 14 names on the list for the HRA's units. This evidence of pent-up demand provides the best market evidence for additional units.

The findings of the research completed in 2014 could support the construction of up to 55 or 65 rental units countywide through the remainder of this decade, primarily to serve the growing number of households age 55 and older. As the largest City in the County, and the home to the most attractive amenities and services, Benson would be the preferred location for more than half of this production, or between 35 and 40 additional units by the year 2020. However, this represents total unit production. Ideally, this would be distributed into different price ranges, with only 50% to 60% in a traditional, higher-rent segment. Therefore, a unit goal of 17 to 24 market rate units would be recommended.

Phased development in configurations of 8 to 12 units would be recommended. Two or three phases through the remainder of this decade would gradually introduce units into the local market, and keep pace with growing demand that should occur as area households move through the aging cycle and look for low maintenance housing options.

The total unit recommendation is based on the assumption that very attractive pricing can be achieved in new projects. Newly built rental housing will be in direct competition with the existing Swift County HRA Victory Addition units and the Hawley Twin Homes. These projects have a successful past history by offering amenities associated with single family living, including an attached garage, private entrances, one-level living and low-density building designs.

There will probably be a price disparity between the projects that already exist and the costs associated with new construction. As stated above, the estimated rent per square foot for the existing high quality units is generally less than \$0.75, a price that probably cannot be replicated in future projects.

The analysts are aware of some units that are being constructed in other cities that could serve as a model for future construction in Benson. Other communities in western and northern Minnesota have had recent success with new construction of patio homes, with a two-car attached garage. Gross rents are below \$850 for a two-bedroom unit with one bathroom and approximately 800 square feet of living space, and less than \$1,000 for a three-bedroom unit with 1 ½ bathrooms and approximately 1,100 square feet.

Although the gross rents being achieved in these patio home projects are not significantly different from the current pricing for high quality units in Benson, the floor plans are substantially smaller. For two-bedroom rentals, the difference may be more than 300 square feet, when compared to the options in the HRA's Victory Addition. One compensating factor could be the presence of a second garage stall for all units, a feature that has been popular with senior renters. In other communities, it is typical to see an equal mix of two-bedroom and three-bedroom options, offering more living space in half of the units.

Benson's existing high quality projects are all designated as general occupancy housing, although one-level units have primarily been occupied by older households. We would recommend that any future units also be offered as general occupancy housing, although they should be designed with features and amenities that will appeal to older renters.

Nearly all of the calculated demand for additional rental units is based on a growing number of households in the 55 to 74 year old age ranges. To be successful, newly constructed units will need to attract these empty-nester and senior households that elect to move away from home ownership.

2. Continue to Monitor the Need for and Availability of Subsidized Housing Resources

Findings: There have been only minor changes in the supply of federally subsidized rental housing in Benson in recent decades. A minor unit reduction occurred when one project consolidated some smaller units to form larger apartments. No new construction has happened in many years.

The City has four rental developments that can offer project-based subsidized housing. Combined, these projects have 174 units, with 80 offered as general occupancy housing and 94 oriented to senior and/or disabled tenants.

Most of the subsidized units in Benson can serve very low income people and charge rent based on 30% of the tenants' household income. There are 15 units in New Paris Apartments where tenant households pay 30% of income, but not less than a basic rent level established for the unit. The base rent for a two-bedroom in this project is \$465.

In December 2014 there were also 34 households in Benson that were participating in the Housing Choice Voucher Program. The Voucher rent assistance program is tenant-based and allows participants to pay rent based on income. It is possible that some of this tenant-based assistance could be

used in New Paris Apartments in one of the units without project-based assistance, but only a very limited level of overlap probably occurs with other types of very affordable housing.

Between the tenant-based assistance and project-based subsidized housing, there are approximately 208 renter households in Benson that have access to some form of subsidized housing in 2014. This represents approximately 43% of all renters in the City. Based on comparable communities, this represents a large percentage of subsidized housing

Despite the large unit supply, the occupancy rates are generally high for most subsidized rental housing. The two senior-oriented projects had a shared waiting list with 12 names. One of these projects, Parkview Manor, did reduce its total unit count by six apartments in the past by consolidating some small units to create larger apartments.

There were some available units in the general occupancy buildings, but units in Nevada Square Townhomes were in the process of being filled from an existing waiting list. New Paris Apartments was starting a major renovation process and had eight units that were intentionally vacant to allow for construction work without causing tenant displacement.

The Swift County HRA did report a waiting list of 61 names in December 2014 for the Housing Choice Voucher Program. These households on the waiting list were currently living in Swift County or another adjoining county. Local residents receive a waiting list preference.

Recommendation: Statistics on income and rent burden do show a number of lower income Benson households that need to apply 35% or more of their income for rental housing. This is generally defined as a “severe housing cost burden”. However, Benson also has a relatively large supply of income-based housing, with more than 40% of all renters having access to some form of subsidized housing.

With very few resources available to expand the deep subsidy housing inventory, we would recommend that the community attempt to preserve its existing resources, and monitor opportunities to add units as needed in the future.

The demographic projections through 2020 show the potential for reduced demand for family subsidized housing, due to a declining number of households in the age ranges 54 and younger. However, this assumes that an overall decrease in the number of households will also result in a decrease of lower income households.

Net growth is expected to occur among senior-headed households, although this is primarily from seniors in the 65 to 74 year old group. Historically, these households have had a high rate of home ownership in Benson and Swift County. The projections used for this Study actually expect a decreasing number of households age 75 and older through the year 2020.

While the need for new development should be monitored, it will be important to preserve the stock of existing subsidized units. In 2014 there was no evidence that any existing projects were at risk of leaving the subsidized program. New Paris Apartments, which had been at risk, was recently awarded tax credits for renovation and will comply with affordable housing requirements for many years.

The only subsidized project that could potentially leave the subsidy program is Nevada Square Townhomes. If this project is eligible to opt-out of its subsidy contract in the future, it would be appropriate for a local housing agency or nonprofit group to become involved in an attempt to preserve the units.

3. Monitor the Need for Moderate Rent Tax Credit Housing

Findings: Benson has two rental housing projects that have received federal low income housing tax credits. One of these two projects, New Paris Apartments, was recently awarded the tax credits as part of a renovation plan. New Paris operates as subsidized housing, with project-based rent assistance for most apartments.

One other project, Northview Court Townhomes, was constructed in 1996 using tax credits. It had originally operated as income-restricted, moderate rent housing. However, the project has since been sold to a new owner, and no longer complies with the tax credit income, occupancy and rent restrictions. Although specific details were not obtained by the analysts, the conversion of this project to market rate housing may have been due to a default, often the result of a poor occupancy history.

Tax credit rental units can serve households at or below 60% of the median income level established for the County. It is often viewed as a resource for creating work force housing, based on the moderate rent structure that applies, although income limits can also restrict many moderate income households. In 2014, a four-person household would need an annual income below \$37,020 in order to qualify at the 60% of median income limits. The typical gross rent structure would be \$700 or less for a two-bedroom unit.

In the income data section provided earlier in this document, we had estimated that the median household income level for renter households in Benson was approximately \$35,500 in 2013. If this estimate is accurate, the majority of all existing renter households in the area would be income-eligible to live in a tax credit rental unit. However, this would include senior-headed households and one-person households, which are excluded from MHFA's calculations of need for this type of assisted housing.

Recommendation: We would recommend that the need for moderate rent tax credit housing be monitored. If evidence of unmet demand surfaces, then additional unit development could be justified. However, further research would need to be done on the conversion of Northview Court to market rate housing. If this was due to a default of the previous moderate rent project, then it is doubtful that a new application from Benson would be competitive.

If additional units are needed in the future, it may be difficult to secure low income housing tax credits or similar shallow subsidy assistance, regardless of the previous history with Northview Court. The Minnesota Housing Finance Agency (MHFA) awards additional application points based on various rating factors.

Based on MHFA's interactive website, Benson would not score well in some of these geographic categories. On items such as household growth, job growth and similar economic and demographic factors, this rating system does not prioritize Benson. New construction tax credit applications are highly competitive, and the ability to secure points based on these rated criteria can impact the chances for a successful project.

4. Findings on Specialized Senior Housing

Findings: In June of 2014, the Swift County-Benson Hospital Foundation completed an initial demand assessment for the Benson area, looking at the potential need for various types of specialized senior housing. This analysis was completed by Viewpoint Consulting Group, Inc. With this recent study available, any further analysis of specialized senior housing needs was not included in the Swift County Housing Study project.

Although Community Partners Research did not formally look at specialized senior housing, there is some relevant information that was collected as part of the countywide analysis. Most notable is information on the population trends impacting senior citizens in the Benson area.

Both Viewpoint Consulting and Community Partners Research examined demographic projection data from ESRI. Due to the timing of the reports, Viewpoint had access to 2013 estimates and 2018 projections, while Community Partners research obtained 2014/2019 data. Different levels of geography were also examined, as Viewpoint assembled a primary market area around Benson using zip code areas. Community Partners Research obtained information based on standard geography, examining Swift County and the City of Benson.

Despite the differences, both studies have identified similar trends regarding demographic data for seniors. Over the 5-year projection periods analyzed, the ESRI information shows a growing number of younger seniors, age 65 to 74, but a declining number of older seniors, age 75 and above.

One other item that was also reviewed by Community Partners Research was a rental survey of Scofield Place, the senior housing project that is attached to the hospital which can offer light services to residents. The telephone survey found no vacancies and a waiting list at this project.

Recommendation: In forming their initial demand estimates, Viewpoint has found that slightly greater demand existed in 2013 (their base year) than in 2018. However, they still concluded that adequate demand existed for various types of specialized housing, including lighter services/independent living, assisted living and memory care units. The calculated demand within any single market segment may not be sufficient to justify a stand-alone project, but when combined, may allow for the construction of new facility, or an addition to an existing complex, which can provide varying levels of care for older seniors.

The sponsor of the Viewpoint analysis, The Swift County-Benson Hospital Foundation is expected to use this information in planning a potential project in Benson. Based on the primary market area that was analyzed, a new facility in Benson will have the potential to serve most of the residents of Swift County.

Home Ownership Recommendations

Like most communities around the State, new housing construction activity in Benson has slowed significantly in recent years, especially when compared to the levels that had been achieved between 2000 and 2007. As the nation moved into a period of economic recession and the national housing market began to collapse, the home ownership market in Benson was directly impacted. After averaging between 8 and 10 single family housing starts per year before 2007, the number of new houses dropped to less than one per year from 2008 onward. In many recent years, no single family units were constructed, although one twin home was permitted in 2014.

While overall construction patterns were much stronger in the earlier half of the last decade, there is evidence that the peak years of housing construction may have exceeded actual demand. From 2000 to 2010, there was a net reduction of 35 home owner households in Benson, even though more than 60 new single family units were built during this same time period.

Going forward to the year 2020, this Study has assumed that no significant demand will be created from overall household growth, as a stable to declining number of households would be expected in Benson. Some demand for new housing will be created by the age progression patterns of households, including an increasing number of households age 55 and older. This should generate some demand for age-appropriate ownership housing options.

Among households in the 55 to 74 year old age ranges, potential demand for owner-occupancy housing could yield the need for up to 25 single family units in Benson through the remainder of the decade, based on historic tenure patterns. However, lowered demand will be present from younger households, under the age of 55. There is also evidence that tenure preference patterns continue to shift toward rental housing, even among older adult households that have traditionally owned their unit. As a result, it is probable that Benson will see actual demand for less than five single family homes per year over the next few years.

Based on past construction patterns, and the combination of factors identified above, it is reasonable to expect average annual demand for approximately three to four single family houses per year in Benson for the remainder of this decade. This would include both attached and detached single family units. This projection has the potential to be conservative, but market conditions over the past seven years have not been conducive to a higher level of new home construction.

Given that most of the demand for new single family houses will be driven by households age 55 and older, construction would be expected in the moderate to higher price ranges. Age-appropriate design features will be important to serve households looking for one-level living and low maintenance features.

5. Continue to Promote Programs that Assist with Home Ownership

Findings: The houses in the City are generally in a very moderate price range. Two sources of information exist on home values. The American Community Survey estimated that the median value for owner-occupied units was approximately \$88,000 in 2013.

This value estimate is reasonably consistent with recent home sales activity. Over the past six years, the annual median sale price has ranged from \$77,000 to \$85,000 in four years, with one year below and one year above this range. Based on these two data sources, it would appear that most existing single family homes in Benson would be valued below \$100,000.

According to the American Community Survey, approximately 67% of the houses in the City were built before the year 1960, and more than 86% were built before 1990. The age of this single family stock contributes to the affordable prices for most homes.

In 2014, there was evidence that an above-average number of single family houses were available for sale in the community. While difficult to accurately quantify, discussions with community leaders and real estate experts pointed to as many as 60 to 80 single family houses on the market in late 2014. One local real estate agent indicated that this was a greater volume of homes than would typically be available. There was some indication that this was impacting prices, as a "buyers market" existed due to the competition present from a large unit supply.

The demographic projections used for this Study do not expect any growth in the number of younger adult households in Benson. Instead, it is probable that there will be a decreasing number of households age 54 and younger through the remainder of the current decade. While some younger households may still look for affordable new construction options, most of the entry-level home ownership demand will be met through the existing home market, especially given the large supply that currently is available.

In addition to the number of existing home choices, there is also a significant value gap that is present between the costs for new construction and the prices typically charged for existing single family houses in the community. The median home sale price has only been above \$90,000 in one year (2013). While affordable prices for existing homes may discourage new construction, they can provide attractive options for first-time home buyers.

Recommendation: Benson should continue to promote the availability of affordable ownership options in the City and utilize available assistance programs for home owners. As housing market conditions deteriorated late in the last decade, State programs supporting very affordable home ownership programs were often cut back or eliminated. However, in 2014, there was some evidence of renewed interest in home ownership incentive programs. The Southwest MN Housing Partnership has been active in securing assistance for gap financing and other home buyer programs for certain communities within its service area. If these efforts are successful in other communities, they can possibly be replicated in Benson.

Mortgage lending standards have also started to ease, partly in response to the difficulty of first-time buyers in entering the home ownership market. By lowering the down payment requirements for FHA loans, it is possible that a greater level of activity may return to the more affordable market segment.

6. Most Demand Will Exist for Moderate to Higher Priced Homes

Findings: Although some potential demand will exist in the entry-level segment of the market, demographic patterns strongly support moderate to higher-priced housing. The aging patterns for Benson and Swift County continue to show growth in the number of older adult households, most in the 55 to 74 year old age ranges. At the same time, trend-based projections would point to a declining number of younger adult households.

People age 55 and older have historically shown a strong preference for home ownership. In their peak earning years, and with time for asset accumulation, households in the 55 to 74 year old age groups tend to represent market potential for housing that is age-appropriate and contains amenities typical of the trade-up segment of the market.

At the time of the 2000 Census, households in the age groups between 55 and 74 years old represented approximately 26% of all Swift County households. By 2010, these older adult age groups represented nearly 32% of all households. Trend-based projections to the year 2019 point to more than 39% of all households in these age ranges.

In Benson, demand will also be impacted by household income. The comparison of income levels for households presented earlier in this document showed strong growth in the number of households with an annual income of \$75,000 or more. The greatest net growth actually occurred among households with an annual income of \$100,000 or more. These households can apply a significant portion of their income to housing costs, and again support demand for moderate to higher priced homes.

The primary limiting factor that will impact new home construction in the higher price range is the relatively low values for existing houses in the community. Over the past years, the median home sale price has never been above \$100,000. Over the past six years, no existing home sales have occurred for more than \$300,000. A person electing to build a higher-valued home faces the prospect that the home may not appreciate significantly in value over time.

It is important to note that the positive market forces, such as income growth and the advancing baby boomers, have been gradually evolving in recent years, but have not necessarily resulted in increased demand for trade-up and/or age-appropriate housing. Over the previous seven years, the City has averaged less than one new single family housing start per year. The City has attractive locations for detached and attached housing construction, but actual demand has not been present.

Recommendation: Even though Benson has achieved limited recent success, moderate to higher-priced single family housing should represent nearly all of the future activity. Based on the construction forecasts, this would yield potential for approximately three to four units in an average year.

Newly constructed units in the moderate to higher price ranges should continue to appeal to mature households as they age. While attached housing units would be well-matched to life-cycle needs, it is likely that this segment of the market may remain somewhat suppressed until people regain full confidence in the strength of the home ownership market.

Since households age 55 and older will typically already own a house, the decision to build a new house will also be based in part on economic conditions. The perceived strength of the local economy will have an impact on the confidence to invest in new housing in the community. They will need to sell their existing home, typically of lower value. The projected decrease in the number of households age 54 and younger through the year 2020 would imply some reduced future demand from younger buyers for lower priced houses.

The private development market is well-positioned to serve demand for these types and prices of housing. There is a limited public role that should be required within this segment of the market. However, in some other communities, certain incentives are being offered, in an attempt to generate a higher level of construction activity. These incentives may include a waiver of fees and charges, for items such as building permits, plan reviews and sewer/water hookups.

7. Findings on Attached Single Family Housing Development

Findings: Benson has had at least one builder that has remained active in the construction of twin homes. In 2014, one twin home was constructed and both units were successfully sold. While this 2014 activity is an encouraging sign, other twin homes constructed in the recent past have been less successful. This same builder has 12 twin home units that are currently in the rental market. While originally intended as owner-occupancy units, they were converted to rental use due to lack of demand.

During the peak years for new home construction in the first half of the previous decade, some communities were seeing as much as 20% to 30% of the building permits issued for twin home or town house units intended for owner-occupancy. Less specific information is available for Benson, but there was some attached housing construction that was occurring, although some of these units were never sold.

The age-based projections used for this Study show overall net household growth between 2010 and 2020 in the 20-year age range between 55 and 74 years old. By the year 2020, all members of the baby boom generation will be age 55 or older. These age cohorts have historically had very high rates of owner-occupancy. They also represent primary target markets for attached single family housing that offers no maintenance or low maintenance living.

Recommendation: The demand calculations used for this Study expect that overall demand for single family housing should improve to an annual average level of three to four units per year. As confidence returns, some of this demand could potentially be met through attached single family housing, such as twin homes and town house units.

Over a five-year time period, a total of four to six attached units should be achievable. Since attached housing projects may occur in clustered phases, it is very possible that the volume of units constructed in a single year will not represent a consistent annual average.

Most communities experiencing a rebound in attached housing construction have found the greatest success in the more moderate price ranges, with units up to \$250,000. Design features conducive to older adult households, such as one-level living, are well-suited to the growing target population. Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes. These existing homes then become available for younger families. It is important for the community to offer a range of life-cycle housing options.

One issue that did emerge after the national housing market difficulties of the late 2000s relates to attached housing projects that offer resident associations. As unit sales slowed, projects that had associations were sometimes unable to get the monthly payments out of unsold or foreclosed units. As a result, people that had bought into the project were required to pay extra amounts to support the association. In response, some lenders may now require attached housing projects to demonstrate a certain percentage of pre-sale activity as a condition of securing financing. Given the limited scale of development in Benson, it is possible that no association management will be involved.

Benson has multiple lot options available for attached home construction, and at least one builder that has remained active in this segment.

8. Findings on Lot Availability and Development

Findings: There has been no new subdivision development activity that can be identified in Benson in recent years. However, with limited new housing construction since 2008, a residential lot inventory does remain available in 2014.

Hawleywood is a newer single family residential subdivision in the northwestern portion of the City. Approximately 20 lots remain available for sale in late 2014. A few of these lots may be suitable for twin home construction. Lot prices range from \$38,000 to \$41,000, with all assessments paid. According to the developer, there have been one or two lot sales per year in recent years. This developer has additional vacant land that could be improved, based on demand.

The Olson-Tolitson subdivision in the southwest portion of the City has approximately nine available lots in late 2014. These lots could be used for detached single family or twin home construction. Lot prices range from \$33,500 to \$35,000, with assessments paid. Few lots have been sold in recent

years. These lots have an exclusive builder arrangement with the construction company that owns the subdivision. Additional unimproved land adjoins this subdivision, which could be used for future development, based on demand.

There are some single family detached lots that exist in the northeast portion of the City near the Victory neighborhood. The exact number of lots could not be determined. One speculative home is for sale in this area, but has been available for many years. The estimated sale price is between \$200,000 and \$220,000.

There is a 19-lot subdivision that is platted for town homes, and known as Cottage Square. This entire subdivision is listed for sale on the Multiple Listing Service. Based on the purchase of the entire parcel, the average lot price would be just less than \$16,000.

In addition to these newer development areas, there are also some remnant lots that may remain in older subdivisions, as well as infill lots around the community.

Recommendation: Community Partners Research uses a standard that a 2 ½ year supply of lots represents an adequate inventory, based on annual construction usage. Using our projections that between three and four new houses will potentially be constructed in an average year, Benson would need approximately 8 to 10 residential lots to meet near-term demand. A total inventory of more than 50 lots is currently available, including options for both attached and detached single family homes.

Unless new housing construction in the future substantially exceeds our projections, we do not anticipate the need for additional subdivision development within the City for the next few years. If demand does accelerate, it is possible that some of the existing development areas, including the Hawleywood Subdivision, could make some infrastructure investments to bring additional improved lots into the local market.

9. Monitor Home Foreclosure/Bank-Owned Sales Trends

Findings: Starting in 2006 and 2007, home foreclosures, short sales, and bank-owned real estate sales became an increasing problem across the State. In Benson, bank-owned home sales have remained as an issue in recent years.

Over the past four years, there were 23 bank-owned home sales in Benson. In 2013 there were nine bank-owned sales in Benson. The year-to-date activity for 2014 was significantly lower than the prior year, at the time that reports were obtained from Swift County. In some other Swift County communities it was reported that banks have been slow to re-sell acquired homes, resulting in the above-average number of sales in the past few years.

The actual median transfer price for bank sales was well below the median sale price for open market sales. In 2013, the median sale price was \$39,900 for bank-owned properties, compared to \$98,750 for fair market transactions.

In addition to losing individual home owners, foreclosure activity can impact the broader housing market. The actual median transfer price for the bank-owned sales was well below the median sale price for fair market transactions. The low median home sale prices for open market sales since 2009 may have been negatively impacted by the distressed sales activity during these years.

Recommendation: Although there are few direct City actions that can be taken concerning home foreclosures, the City may want to monitor this trend. The Swift County Assessor's Office can produce annual reports of sales transactions of bank-owned homes.

While the final disposition of bank-owned home sales cannot be easily tracked, it is possible that some of the lower-valued properties are being sold to investors, and converted to rental use. Property tax classifications may help to identify whether bank-owned home sales have been purchased for owner or renter occupancy.

Findings on Rehabilitation and Other Housing Issues

10. Findings on Housing Rehabilitation

Findings: The research completed in 2014 included a housing condition survey of the City. The visual “windshield” survey divided the City into four quadrants. Some additional statistical information is also available through the 2013 American Community Survey.

The large majority of the houses in Benson were rated within one of the top two condition categories. Citywide, more than 44% of the houses received the highest condition rating. However, more than 15% of the houses need more significant repair. There were 16 houses citywide that were rated in very poor condition, which may be suitable for demolition and clearance.

The largest percentage of houses in poor condition was in the southwest portion of the City, where nearly 21% of all rated houses were in the two lowest condition categories. This neighborhood was south of Pacific and west of Church Street/Highway 29.

In the northwest neighborhood, more than 17% of houses were in the two lowest categories. However, in this neighborhood, a newer subdivision was excluded from the analysis. Had these newer houses been included, the percentage of houses in poor condition would have been lower. The northwest neighborhood included the portion of the City that was north of Atlantic Avenue and west of 13th Street North.

Fewer than 15% of the houses in the northeast neighborhood were in the two lowest categories. However, there were four houses rated as dilapidated in this neighborhood. This portion of the City was north of Atlantic Avenue and east of 13th Street North.

The best neighborhood for housing condition was in the southeast portion of the City, where nearly 58% of the houses were in the top condition category, and fewer than 7% of the houses were in generally poor condition. This neighborhood was south of Pacific and east of Church Street/Highway 29.

According to the American Community Survey, the median year of construction for all owner-occupied housing in Benson is 1952. This represents a relatively old housing stock, with a majority of the houses more than 60 years old. While age of housing is not always an indicator of condition or quality, older housing will generally need more maintenance and repair to remain in sound condition.

The estimated median year of construction for renter-occupancy housing in the City is 1973. Although rental housing is newer than owner-occupied units, a majority of the City's rental housing is more than 40 years old. Rental housing can often require more maintenance than owner-occupancy units. The age of the City's rental stock would indicate that ongoing efforts will be required to monitor the condition of this housing.

Recommendation: The City has been actively addressing its housing rehabilitation needs, including past participation in Small Cities Development Program (SCDP) grants that have included housing rehabilitation activities. Given the age of much of the City's housing, ongoing efforts will be required to address housing rehabilitation in an effort to preserve this most affordable housing stock.

11. Demolish and Clear Substandard Structures

Findings: The housing condition survey that was completed as part of the Study found that most single family houses in Benson are generally in good condition. Overall, nearly 85% of the houses were rated as sound, showing no exterior deficiencies, or needing only minor repair.

However, there were 16 houses rated in the lowest condition category. These dilapidated houses are probably too deteriorated to repair, and may be suitable for demolition.

There have probably been substandard houses that have been removed from the community over time. Some of this may have been done privately, or as a publicly-initiated project.

Recommendation: Ongoing efforts to clear severely substandard structures are encouraged. This will help to enhance the appearance and appeal of the community as a residential location. Cleared lots may have redevelopment potential for lower priced housing.