Northfield Housing Analysis

The City has recently undertaken two studies of housing: one in 2021 done by the Hoisington Koegler Group and one in 2022 done by Enterprise Community Partners. A study is currently underway by Maxfield and some of its preliminary findings are included here. There are several key conclusions from each study that will inform the implementation policies and strategies in the comprehensive plan. In fact, most of the recent planning efforts in the city have included goals related to increasing the supply of affordable housing and creating more diverse housing types.

Data and Trends

The data on housing and demographics done in the 2021 study informed both studies and is most specific to the City of Northfield. This section presents the major takeaways from that data and data from the Community Profile.

The fastest growing demographic is households with people over 60. The percentage of households with children is declining. Both of these factors contribute to the city's declining household size and impact the types of housing that will be needed in the future.

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(source: U.S. Census and ACS 2011-2021)

The biggest population and household growth for the period 2010-2025 is expected to occur with adults aged 55 and over and in new families with householders between 25 and 34 years old. Both of these age groups are different in terms of their demand and expectations. The former age group might require more supportive housing types while the latter age group might be looking for smaller starter and move-up homes.

Based on these trends, the housing study predicts that the city will see increased demand for a variety of housing options such as smaller size, rental, lower maintenance, and housing affordable to those with extremely low, low and moderate incomes. The study projects that an average of 90 new households will need housing each year in the city, although the projections only go through 2025. There is a projected increased demand for both owner- and renter-occupied affordable units.

Looking forward, we have developed a population projection that is largely based on county data (more fully explained in the Land Use and Growth Analysis). Those projections are as follows:

Table 1. Population, Household, and Housing Unit Projections

	Northfield Population	In Group Quarters (Students, 2020)	Household Population	Number of Households	Housing Units
2025	21,291	4,847	16,444	6,939	7,304
2030	21,789	4,847	16,942	7,149	7,525
2035	22,200	4,847	17,353	7,322	7,707
2040	22,524	4,847	17,677	7,458	7,851
2045	22,777	4,847	17,930	7,565	7,964

Table 2. 2025-2045 Projections

Population Change 2025-2045	**1,698**
Growth Rate 2025-2045	**6.5%**
Annual Growth Rate	**0.34%**
Housing Units Needed by 2045	**660**

Preliminary findings from the Maxfield study show a higher demand for housing, in the range of 800 units over the next five years. The projected housing unit need should, then, be viewed as a range. As discussed in the land use analysis, additional housing units than the low end of the projections *can* be produced, if the city would like to provide an opportunity to satisfy pent-up demand via infill, targeted annexation, and financial tools to support housing types that are in need.

Data from the Community Profile points to a demand for multi-unit housing types. The figures below show increasing rents (for all classes of multi-unit housing), very low vacancy rates, and fast absorption of new units. Preliminary findings from Maxfield support this conclusion.

Figure 1. Multi-Unit Rent and Vacancy Rate

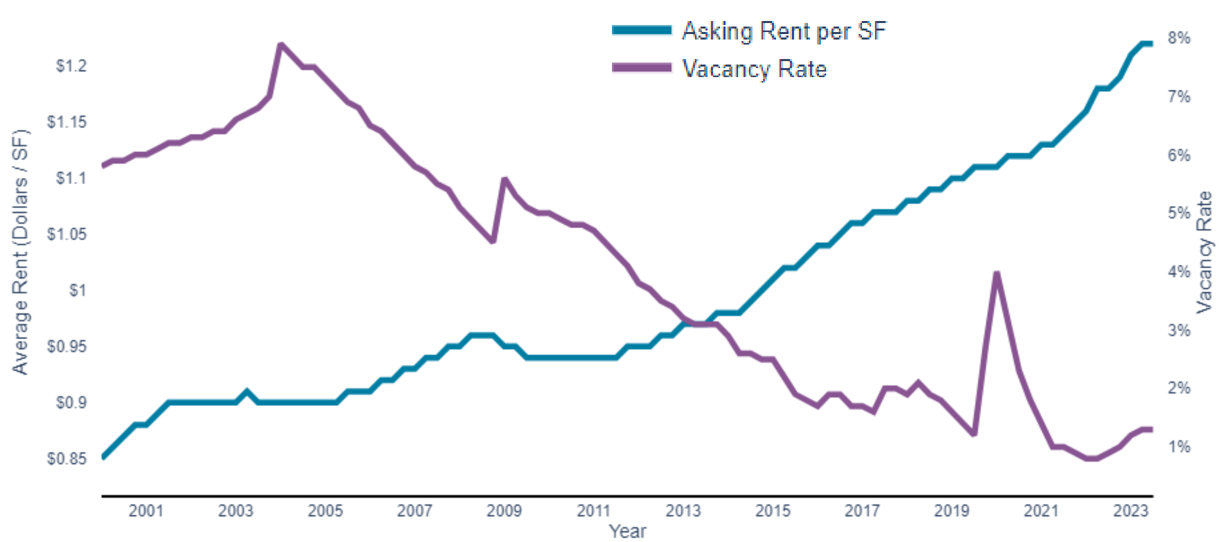
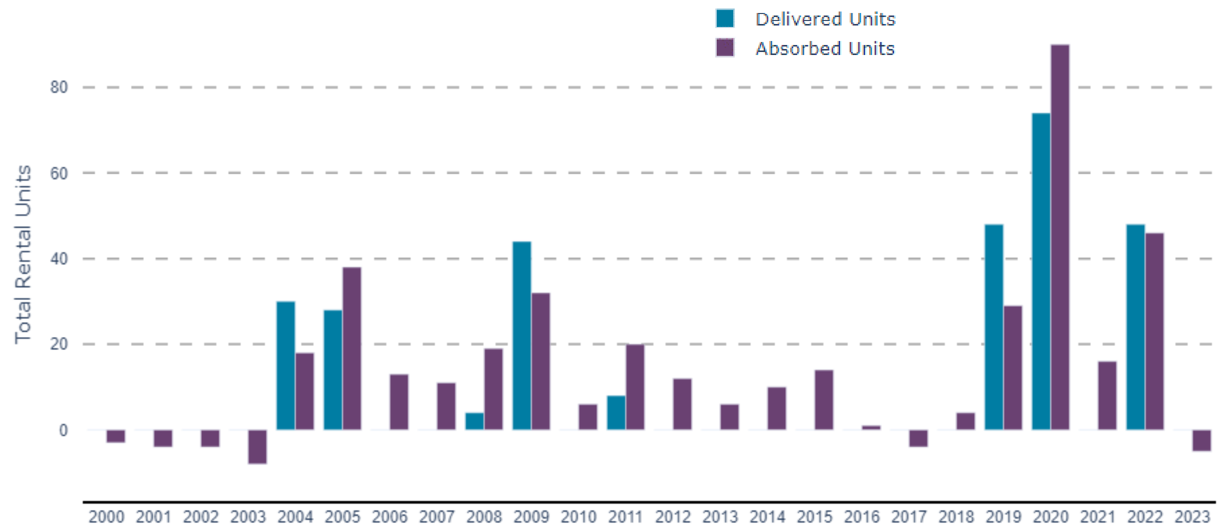


Figure 2. Multi-Unit: Delivered and Absorbed



The Maxfield study points out that in 2016, 34.2% of single-family homes sold were priced under $200,000. By 2023 that proportion had decreased to 2.6%.

Findings

The 2022 study completed by Enterprise Community Partners, focused on housing within the school district, provided some more specific conclusions that are relevant to this Comprehensive Plan, namely:

- There is a rental supply gap for households at or below 30% AMI
- Older homes having a higher likelihood of needed repair or lead contamination, are concentrated in the northeastern census tract. (Note: this is consistent with the some of the locational disparities shown in the Community Profile.)
- Homeownership rates are racially inequitable, with disproportionate shares of Black and Latine renter households.
- Stakeholders identified some important issues that should be considered in the development of Comprehensive Plan housing strategies:
    - The lack of affordable starter homes as a barrier to moving out of renting.
    - There are housing quality issues with rental and manufactured housing, including:
        - Crowding in small units
        - Quality issues related to the age of housing stock, landlord negligence and lack of maintenance
        - Lack of heating and air conditioning
    - Some communities, like Viking Terrace, lack safe recreation spaces for children
    - Some areas, like Viking Terrace, lack safe passages to school for children in winter
    - Housing that is affordable is often too far away from schools (there is also a lack of reliable transportation for those who do not have a car).
    - Federal housing assistance programs have problematic structures and requirements that create barriers to accessing housing assistance.

- Requirements for residency status documentation create significant barriers to accessing housing assistance. These requirements also create a strong potential for landlord exploitation.
- NIMBYism is a problem, particularly with multi-family development.
- Land availability for new housing is an issue, namely the competition for lucrative agricultural land. Even if new land is available, the costs of infrastructure push up development costs (and therefore rent/sale prices) in many cases.

- The stakeholders most impacted by housing issues are:
  - Renters
  - Entry-level homebuyers
  - Immigrant populations
  - Residents of manufactured housing communities

Preliminary findings from Maxfield's current housing study are generally consistent with previous studies. Moderate rent and affordable for-sale housing are the product types most in demand for the City; the study suggests targeted price points in the range of 50-80% AMI. With the large employers in Northfield, developing housing targeted at the needs of the workforce is extremely important and will support the City's economic development goals.

Conclusions

There is clear data showing that there is a gap between housing needs and supply. Population and household projections using different methodologies show varying levels of demand for new housing units between now and 2045. Demand indicators point to latent demand that could be met if more area was opened to housing development, and financial tools were provided to incentivize the housing types most needed. To that end, we are proposing a prioritized approach to growth areas within the land use analysis.

Other areas of focus for housing strategies in the plan could include:

- Targeted infill development or annexations with public financial assistance to create affordable rental and for-sale units.
- Programs for starter homeownership incentives/assistance, particularly targeting blue collar workers.
- Programs for home maintenance or repair in targeted naturally-occurring affordable areas (such as the northeastern census tract).
- Specific programs/funding for the maintenance and repair of manufactured housing.
- Designate target areas for attached housing products/missing middle/affordable housing that is more easily accessible to local schools.