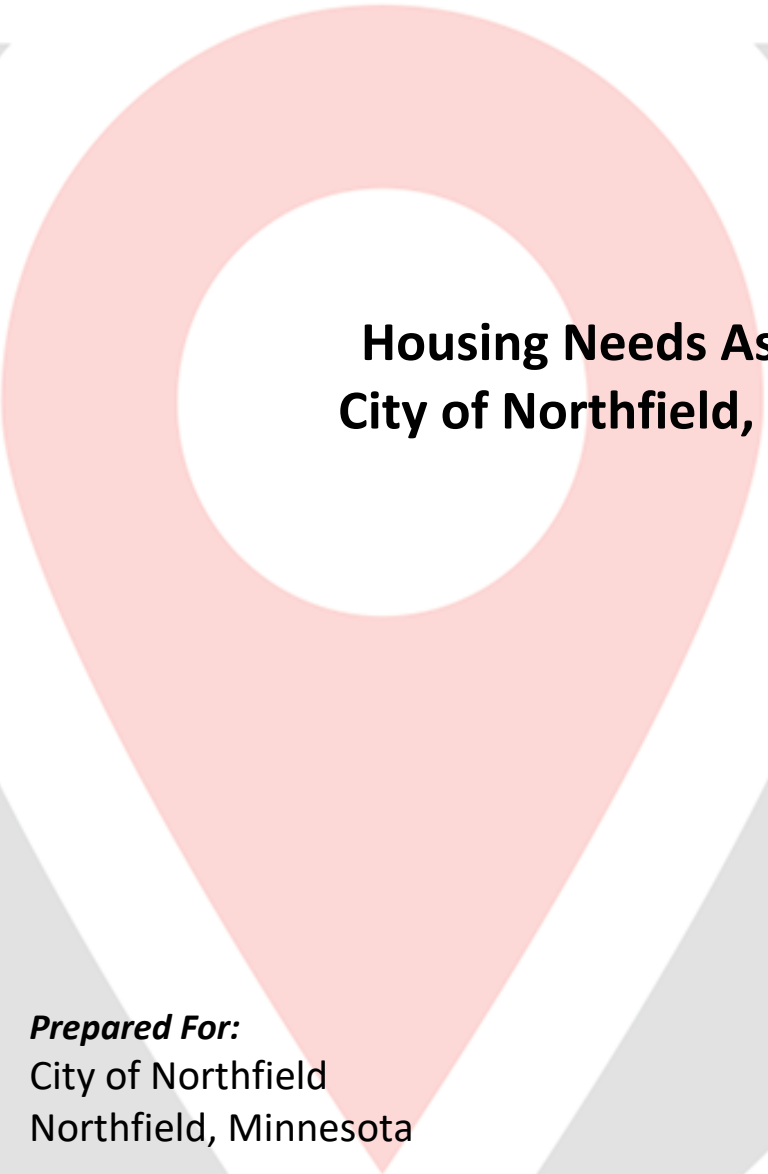




Housing Needs Assessment City of Northfield, Minnesota

Prepared For:

City of Northfield
Northfield, Minnesota

July 2024



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Research & Consulting

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July 11, 2024

Ms. Melissa Hanson
Executive Director
City of Northfield
405 Third Street East
Northfield, MN 56701

Ms. Hanson:

Attached is the *Housing Needs Analysis for the City of Northfield, Minnesota* conducted by Maxfield Research and Consulting. The housing analysis projects housing need to 2035 and provides recommendations on the amount and type of housing that could be built in the community to satisfy demand from current and future residents. **The study identifies a potential demand for nearly 1,344 new housing units to 2035.** Historically, housing demand in Northfield has primarily been driven by older adults and seniors, but there is a need to diversify the housing stock to meet the needs of the local workforce and those that would relocate to Northfield and work remotely. The shift in commute patterns post-pandemic has increased the need for a broader range of housing products. The current higher mortgage interest rates and higher development costs result in housing prices which exclude some household segments from buying. In addition, renting is also challenging.

Not surprisingly, the housing market in Northfield is tight while employment remains strong. New rental housing has been added, which has absorbed well. Conversely, there is little new owned housing and what is available is move-up and executive level. Entry-level housing is available but is entirely pre-owned and most is pre-1970 era. Current vacancy rates among market rate and affordable rental properties were identified at 0.7% and 0.9%, respectively, indicating additional pent-up demand for rental housing. The senior housing market is soft in some segments although demand for owned age-restricted housing and affordable rental housing has been strong. For a community of its size and location, home prices in Northfield are higher than other nearby communities. Developing new homes that meet the needs of first-time buyers is challenging and requires creativity. In addition, programs that will preserve the existing affordable housing stock should be expanded and/or new programs implemented. Detailed information regarding recommended housing concepts can be found in the *Recommendations* and *Key Strategies* sections at the end of the report.

We have enjoyed performing this study for you and are available should you have any questions or need additional information.

Sincerely,

MAXFIELD RESEARCH AND CONSULTING

Mary C. Bujold
President

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Purpose and Scope of Study

Maxfield Research and Consulting was engaged by the City of Northfield to complete a Housing Needs Assessment. The Housing Needs Assessment provides demand calculations and recommendations on the amount and types of housing that should be developed to meet the needs of current and future households who choose to reside in the City.

The scope of this study includes an analysis of the demographic and economic characteristics of the City of Northfield and the surrounding Market Area; a review of the characteristics of the existing housing stock and building permit trends; an analysis of the market condition for rental, senior and for-sale housing and an assessment of the need for housing by product type in the City. Recommendations are provided on the number and types of housing products that should be considered in the City.

Demographic Analysis

- Northfield's population grew modestly between 2010 and 2020 by 2.1%. The population of the PMA increased, led by strong growth in the southern Dakota County cities of Lakeville and Farmington.
- Population is forecast to grow from 2020 to 2029 by 5.6%, adding 1,159 people (5.6%), while households also grow 5.6% (378 households). Growth is projected to continue to 2035, but at a slightly slower pace.
- The City of Northfield experienced significant growth in the 65 to 74 age cohorts (73.3%) from 2010 to 2020. Age cohorts under age 24 lost population from 2010 to 2020. The Under 18 population is expected to rebound in Northfield from 2020 to 2029, according to data compiled by ESRI Inc. through information from the US Census Bureau. More families are anticipated to be attracted to Northfield because of the reputable school system, workers being able to work remotely and a desire for a smaller community.
- Northfield had an estimated median household income of \$89,679 in 2024 while the median income in the Market Area is estimated at \$116,025. The median income in Northfield is projected to increase to \$104,334 by 2029, while incomes are also expected to grow in the Market Area, rising to \$130,909.
- The median income for owner households in Northfield is estimated at \$109,853 as of 2024, 60% greater than the median income for renter households (\$43,467). In the PMA, the gap is smaller as a number of households renting in the townships have higher median incomes. Owner households in the PMA have an estimated median income of \$117,317 and renter households have an estimated median income of \$77,991.

- The predominant household type in Northfield is people living alone, representing 31% of households in 2024. The proportion of people living alone increased modestly since 2010, from 30%. Larger increases were observed among the “Other Family” and Married Couples without Children categories.

Employment Trends

- Between 2010 and 2020, employment in Northfield increased by 444 jobs (4.8%) from 9,215 to 9,659 (7.6%).
- From year-end 2020 through 2023, employment increased by 379 workers, an increase of 3.9%, which is significant and reflects the likely need for additional housing in Northfield to support job growth.
- From 2010 through 2023, covered employment (place of work employment) rose by 796 jobs (8.6%) in Northfield and 3,884 jobs in Rice County. The increase in employment is primarily attributed to growth in Manufacturing, which increased 1,546 jobs (42.9%) in Rice County and 208 jobs (12%) in Northfield. Employment in the Trade, Transportation and Utilities sector rose by 711 jobs in Rice County, while the Leisure and Hospitality sector increased by 602 jobs. Jobs in the Leisure and Hospitality sector in Northfield increased by 188 (21%). The Education and Health Services industry is the largest employment sector in Rice County and in Northfield. Rice County lost 241 jobs in this sector, but Northfield gained 121 jobs (3%) during the same period.
- The unemployment rate in Rice County decreased rapidly in the post-pandemic recovery from 5.4% in 2020 to 2.7% in 2023. Similarly, Northfield’s unemployment rate decreased from 6.5% in 2020 to 2.7% in 2023.
- The Education and Health Services sector accounted for 42% of jobs in Northfield and 26.5% of jobs in Rice County as of 2023.
- The highest average weekly wages are found in the Manufacturing Sector at \$1,795 as of 2023 in Northfield. The second highest average weekly wage is in the Financial Services sector at \$1,634. A strong manufacturing sector with high wages significantly benefits Northfield economically.
- The most common work destination for Northfield residents was Northfield (31%). Other than Northfield, the second highest was Faribault (7.5%) and Lakeville was third at 3.5%.
- The City of Northfield can be considered an importer of workers, as the number of workers coming into the City (5,578) for employment was higher than the number of residents leaving the City for work (4,371). In addition, an estimated 2,386 people live and work in Northfield.

- Many workers are now able to work remotely either entirely or a majority of the time. This has expanded workers ability to select housing locations based on other preferences other than proximity to their places of employment.

Housing Characteristics

- The City of Northfield issued permits for the construction of 1,047 new residential units from 2001 through 2023. From 2010 through 2023, the City issued an average of 19 single-family permits. From 2020 through 2023, the City has issued permits for an average of 82 units per year. Prior to 2020, no permits had been issued for multifamily development since 2009. From 2010 to 2020, permits were issued for 466 housing units, which is just above the household growth at 451 households. Because of timing of the Census data, housing construction is considered to match the recent household growth.
- The median year built of owned housing in Northfield is 1989 compared to 1983 for the Remainder of the Market Area. The median year built for rental units is 1975, the same for Northfield as for the Remainder of the Market Area.
- In Northfield, 28.8% of housing units were built in 2000 or later. This compares to 38% in the Remainder of the Market Area.
- In Northfield, the most common rental building size has between 10 and 19 units (19.7%), followed by 20 to 49 units (15.1%). While the most common owned housing is single-family detached dwellings (75.8%), it is noted that 15% of rental units are in single-family homes in Northfield and 31.1% of single-family rentals in the Remainder of the Market Area are single-family homes.

Rental Housing Market Analysis

- In total, Maxfield Research 1,181 market rate and 453 affordable/subsidized general occupancy rental units in Northfield across 31 multifamily properties. Three properties offer market rate and affordable units. Vacancy rates were 0.7% for affordable units and 0.7% for market rate units. Typically, a healthy rental market maintains a vacancy rate of at or near 5%, which promotes competitive rates, ensures adequate consumer choice and allows for sufficient unit turnover. The exceptionally low vacancy rates indicate pent-up demand for additional rental housing.
- The average monthly rent for market rate units is \$990 and \$830 per month for affordable/subsidized units. The newest market rate rental properties have rents much higher than these levels, ranging from \$1,300 per month for studio units to \$2,100 per month for two-bedroom units. The newest affordable rental property has rents ranging from \$1,000 for a studio unit to \$1,600 for a two-bedroom unit.

Senior Housing Market Analysis

- Maxfield identified a total of 925 senior units among 15 properties. These properties include active adult rental and ownership (market rate and affordable/subsidized), independent living with some services, standard and enhanced assisted living and memory care.
- The largest number of units in Northfield are in the standard assisted living category (248 units) followed by active adult affordable (223). Active adult ownership units total 199 and include one cooperative and three condominium properties. Compared to many communities, which have a significant majority of units as assisted living, Northfield provides a good balance between active adult and service-enriched housing options.
- Vacancy rates are very low for market rate active adult housing (0.0%) but are higher for supported independent living and traditional assisted living at nearly 30%. Memory care vacancy rates remain low but still near the market equilibrium rate of 7%. Openings are available in low support settings but units are smaller in size while the market has been trending to larger size units for some time now. The pandemic caused vacancy rates to rise among all assisted living facilities across Minnesota and recovery has been slow. Challenges with securing adequate labor has also hampered the ability to reduce vacancy rates at some facilities as they cannot operate at a higher resident to caregiver ratio than is allowed under MN State guidelines.

For-Sale Housing Market Analysis

- The median sales price of single-family homes in Northfield rose from \$242,000 in 2016 to \$365,000 by the end of 2023, an increase of 51%, according to data gathered from the Greater Minneapolis Area Association of Realtors.
- Percent increases in the median sale price in nearby communities were higher than Northfield. For example, in Dundas, the median sale price increased by 90%; in Faribault, it increased by 69%; in Lonsdale, it increased by 63% and in Cannon Falls, it increased by 70%.
- Northfield generated 28% of the single-family home sales among the selected cities. Faribault was first with 45% as of 2023.
- For Northfield, Lonsdale, and Faribault, over half of the single-family home sales were priced between \$200,000 and \$400,000 in 2023. Home prices were higher in Dundas where just over 65% of the single-family home sales were priced between \$300,000 and \$500,000.
- As of March 2024, there were only 18 active single-family listings in Northfield. In the Remainder of the PMA, there were 255 active listings. The number of single-family listings has been very low throughout the last half of the previous decade and into the 2020s. The earlier tight supply was primarily due to strong sales at low interest rates. With the recent

rise in interest rates however, the number of people that would relocate and/or move-up has decreased, creating an even tighter resale market.

- We identified 131 vacant residential lots in Northfield that would be available for housing. While most of these are vacant single-family lots, some could accommodate higher-density development.

Housing Affordability

- An estimated 21% of owner households and 35% of renter householders pay more than 30% of their income for housing in Northfield. In the Remainder of the Primary Market Area, the proportions of cost-burdened households are 15% for owner households and 42% for renter households.
- Owner households in Northfield are more likely to be cost-burdened compared to the Twin Cities Metro Area, where 18% of owned households are cost-burdened. Renter households in Northfield however, were less likely than renter households in the Twin Cities Metro to be cost-burdened (35% vs. 44%).
- An entry-level single-family home in Northfield could expect to be sold for \$250,000. At this price point, given the down payment and mortgage rates noted above, a household would need an income of estimated at \$72,600 to spend no more than 30% on their housing costs. An estimated 51% of Northfield Households could afford an entry-level single-family home.
- An estimated 80% of existing renter households can afford to rent an existing one-bedroom unit in Northfield (approx. \$900/month). For a new one-bedroom apartment, that proportion falls to 66% of households at an estimated cost of \$1,400 per month with an annual household income of \$55,000.

Housing Needs Analysis

- Based on our calculations, demand exists for the following general occupancy product types between 2024 and 2035:

○ Market rate rental	445 units
○ Affordable rental	163 units
○ Subsidized rental	102 units
○ For-sale single-family	412 units
○ For-sale multifamily	222 units
- In addition, we find demand for most senior housing product types. By 2035, demand for senior housing is forecast for the following:

EXECUTIVE SUMMARY

○ Active adult ownership	110 units
○ Active adult market rate rental	136 units
○ Active adult affordable	169 units
○ Independent Living	146 units
○ Assisted living	88 units
○ Memory care	62 units

Recommendations and Conclusions

- Based on the finding of our analysis and demand calculations, the following chart provides a summary of the recommended development concepts by product type Northfield to 2035. Detailed findings are described in the *Conclusions and Recommendations* section of the report.

EXECUTIVE SUMMARY

RECOMMENDED HOUSING DEVELOPMENT				
CITY OF NORTHFIELD				
2024 to 2030				
	Purchase Price/ Monthly Rent Range ¹	No. of Units	Development Timing	
Owner-Occupied Homes				
Single Family				
Entry-level	<\$325,000	60 - 100	2024+	
Move-up	\$350,000 - \$450,000	50 - 80	Ongoing	
Executive	\$550,000+	25 - 30	Ongoing	
Total		135 - 210		
Townhomes/Twinhomes/Detached Townhomes/Villas				
Entry-level	<\$260,000	40 - 45	2024+	
Move-up	\$280,000 - \$350,000	30 - 36	Ongoing	
Executive	\$400,000+	20 - 20	Ongoing	
Total		90 - 101		
Total Owner-Occupied		225 - 311		
General Occupancy Rental Housing				
Market Rate Rental Housing				
Apartment-style (moderate)	\$1,200/1BR - \$1,800/3BR	80 - 85	2025+	
Apartment-style (move up)	\$1,300/EFF - \$2,500/3BR	65 - 70	2028+	
Townhomes (move up)	\$2,200/2BR - \$2,800/3BR	24 - 30	2025+	
Total		169 - 185		
Affordable Rental Housing				
Apartment-style	Moderate Income ²	50 - 60	2025+	
Townhomes	Moderate Income ²	30 - 35	2025+	
Subsidized	30% of Income ³	30 - 40	2025+	
Total		110 - 135		
Total Renter-Occupied		279 - 320		
Senior Housing (i.e. Age Restricted)				
Active Adult Single-Level Townhomes	\$350,000 - \$425,000	24 - 32	2028+	
Active Adult Market Rate Rental ⁴	\$1,500/1BR+Den - \$2,400/2BR+Den	60 - 80	2025+	
Active Adult Affordable Rental ⁴	Moderate Income ³	70 - 85	2025+	
Independent Living	\$2,200/1BR - \$4,000/2BR+	60 - 60	2028+	
Assisted Living	\$3,000/EFF- \$5,500/2BR	0 - 0	2028+	
Memory Care	\$4,000/EFF - \$6,000/2BR	0 - 0	2028+	
Total		214 - 257		
Total - All Units		718 - 888		
¹ Pricing in 2024 dollars. Pricing can be adjusted to account for inflation.				
² Affordability subject to income guidelines per Minnesota Housing Finance Agency (MHFA). See Table HA-1 for Rice County Income limits.				
³ Subsized housing will be difficult to develop financially. Hence, some demand moved from subsidized to affordable				
⁴ Alternative development concept is to combine active adult affordable and market rate active adult into mixed-income senior communities.				
Source: Maxfield Research & Consulting, LLC.				

Purpose and Scope of Study

Maxfield Research and Consulting was engaged by the City of Northfield to conduct a *Housing Needs Assessment*. The Housing Needs Assessment provides data and information on demographics, employment and housing market conditions as well as recommendations on the amount and types of housing that should be developed to meet the needs of current and future households who choose to reside in the City.

The scope of this study includes an analysis of the demographic and economic characteristics of the Northfield Primary Market Area; a review of the characteristics of the existing housing stock and building permit trends; an analysis of market conditions for rental, senior and for-sale housing and an assessment of the need for housing by product type in the City. Also provided are recommendations on the number and types of housing products that should be considered in the City.

Methodology

A number of resources were utilized to obtain information for the analysis. The primary data and information sources include the following:

- U.S. Census Bureau; American Community Survey
- Minnesota Department of Employment and Economic Development (DEED)
- U.S. Department of Housing and Urban Development (HUD)
- Environmental Systems Research Institute (ESRI) (Demographic data)
- CoStar, Inc.
- Regional Multiple Listing Service of Minnesota (MLS)
- City of Northfield
- Northfield Housing and Redevelopment Authority
- Rice County
- Rice County Housing and Redevelopment Authority
- Longitudinal Employer-Household Dynamics (LEHD)
- Minnesota Housing Finance Agency (MHFA)
- Novogradac
- Private property owners/managers, Realtors, brokers, developers, employers, etc.

Introduction

This section of the report examines factors related to the current and future demand for owned and rented housing in Northfield, Minnesota. It includes an analysis of population and household growth trends and projections, projected age distribution, household income, household types, household tenure, employment growth trends and characteristics, age of housing stock, and recent residential building permit trends for the Northfield Market Area. A review of these characteristics will provide insight into the demand for various types of housing in the Market Area.

Primary Market Area Definition

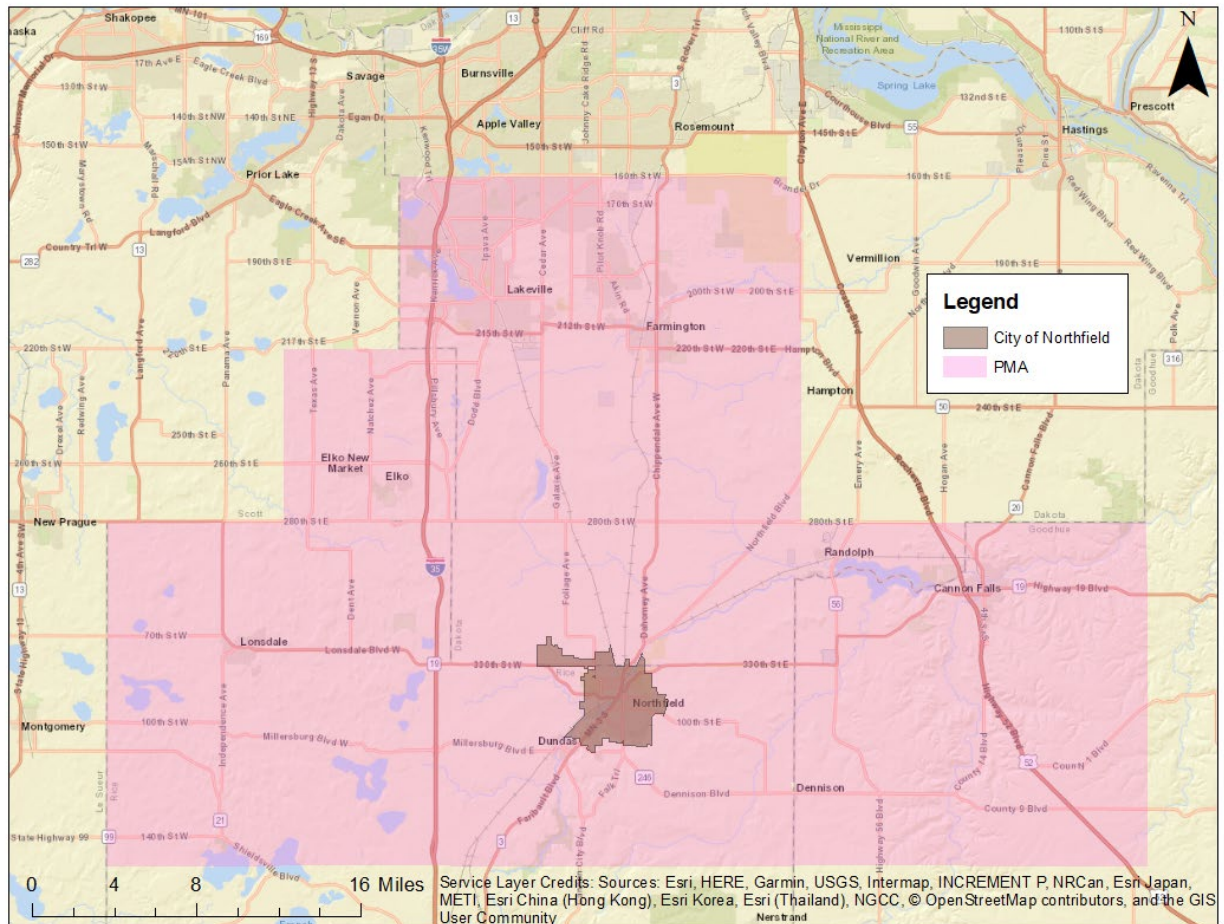
The Primary Market Area (PMA) for housing in Northfield was defined based on geographic and man-made barriers, commuting patterns, school district boundaries, and our previous experience in Northfield and surrounding communities. The PMA includes communities in Dakota, Goodhue, Rice and Scott Counties, as defined in the table below. A map of the PMA is provided on the following page.

County Subdivisions - Primary Market Area	
City	Township
Dakota County	
Farmington	Castle Rock
Lakeville	Empire
Randolph	Eureka
Northfield (partial)	Greenvale
	Randolph
	Sciota
	Waterford
Goodhue County	
Cannon Falls	Cannon Falls
Dennison (partial)	Leon
	Stanton
	Warsaw
Rice County	
Dundas	Bridgewater
Lonsdale	Erin
Northfield (partial)	Forest
Dennison (partial)	Northfield
	Webster
	Wheatland
Scott County	
Elko New Market	New Market

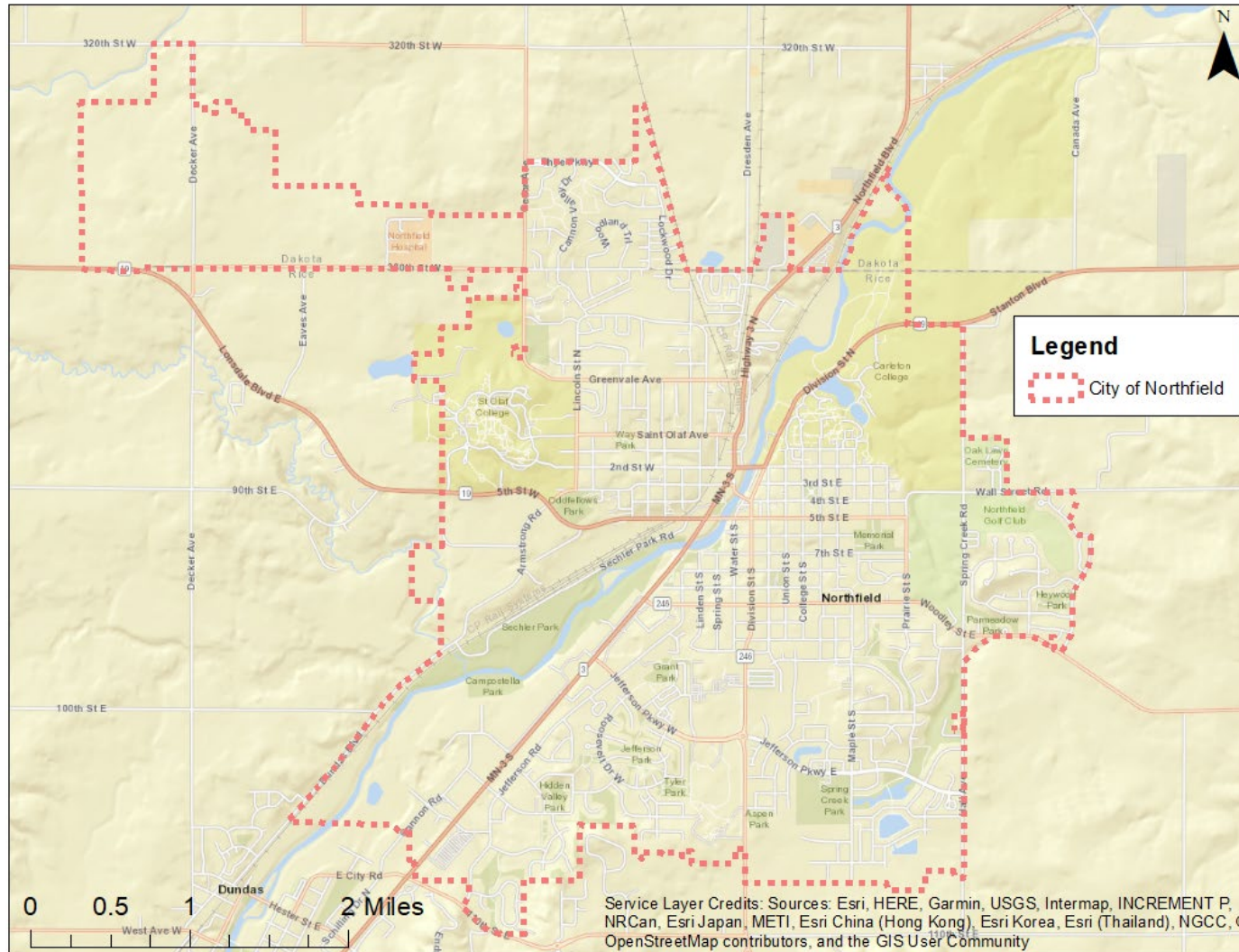
DEMOGRAPHIC ANALYSIS

We estimate that 75% of the demand for housing products on the Site will be generated from the PMA. The remaining portion of the demand (25%) is estimated to come from outside the defined PMA from those who have a connection to the area or desire to relocate for various reasons.

Northfield Primary Market Area



City of Northfield



Population and Household Growth Trends

Table D-1 presents population and household growth trends from 2010 to 2035. Data for 2010 and 2020 are from the Decennial Censuses while the 2024 estimate and 2029 and 2035 projections were calculated based on data from ESRI, Inc. (a national demographics service provider) with adjustments by Maxfield Research and Consulting, LLC to reflect current population and household figures.

Population and Household Trends

- The population of the PMA increased by 15.2% and households increased by 15.8% between 2010 and 2020.
- Northfield experienced a 3.9% increase in population and a 7.2% increase in households from 2010 to 2020. The larger proportional increase in households versus population reflects a trend toward smaller household sizes and an overall aging population, despite the large student population in the City.
- As household growth has continued to exceed population growth, the average household size has decreased slightly. The average household size in the PMA dropped from 3.0 in 2010 to 2.9 in 2024 and from 3.2 in 2010 to 3.1 in Northfield in 2024.
- Between 2029 and 2035, population and households are projected to increase in the PMA and Northfield. Similar however to what occurred between 2010 and 2020, the overall growth rates for population and households expected to decrease. As noted, population and household growth rates for Dundas increased dramatically from 2010 to 2020 as new households were attracted to the City. Development of new housing in Northfield can definitely boost the projected growth rates higher with a focus on increasing the housing stock.

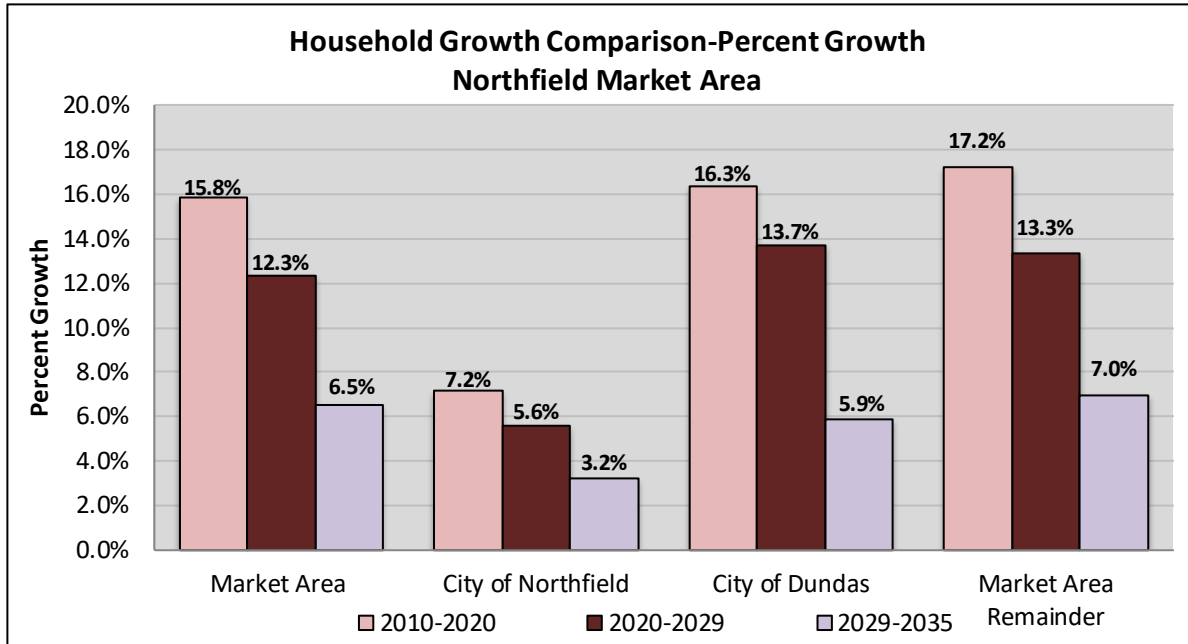
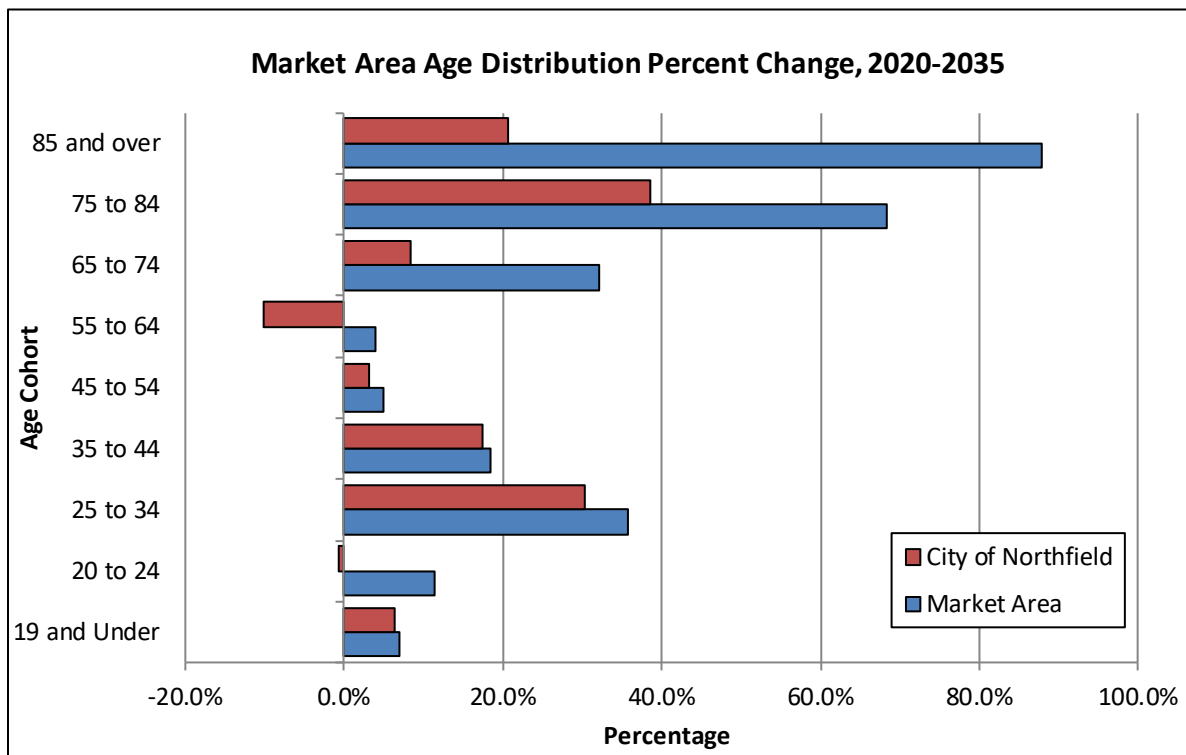


TABLE D-1 POPULATION AND HOUSEHOLD GROWTH TRENDS AND PROJECTIONS NORTHFIELD PRIMARY MARKET AREA 2010-2030											
	Census		Estimate	Forecast		Change					
						2010-2020		2020-2029		2029-2035	
	2010	2020	2024	2029	2035	No.	Pct.	No.	Pct.	No.	Pct.
Population											
PMA Total	133,357	153,667	161,952	170,935	180,933	20,310	15.2%	17,268	11.2%	9,998	5.8%
City of Northfield	20,007	20,790	21,223	21,949	22,549	783	3.9%	1,159	5.6%	600	2.7%
City of Dundas	1,367	1,712	1,795	2,145	2,585	345	25.2%	433	25.3%	440	20.5%
Remainder of PMA	111,983	131,165	138,934	146,841	155,799	19,182	17.1%	15,676	12.0%	8,958	6.1%
Rice County	64,132	67,097	67,960	68,237	68,514	2,965	4.6%	1,140	1.7%	277	0.4%
Twin Cities Metro Area	2,849,567	3,163,104	3,252,796	3,364,912	3,490,615	313,537	11.0%	201,808	6.4%	125,703	3.7%
Households											
PMA Total	45,048	52,181	55,367	58,619	62,431	7,133	15.8%	6,438	12.3%	3,812	6.5%
City of Northfield	6,272	6,723	6,887	7,101	7,329	451	7.2%	378	5.6%	228	3.2%
City of Dundas	514	598	635	680	720	84	16.3%	82	13.7%	40	5.9%
Remainder of PMA	38,262	44,860	47,845	50,838	54,382	6,598	17.2%	5,978	13.3%	3,544	7.0%
Rice County	22,315	23,416	23,806	23,977	24,148	1,101	4.9%	561	2.4%	171	0.7%
Twin Cities Metro Area	1,117,749	1,239,526	1,283,007	1,337,359	1,397,410	121,777	10.9%	97,833	7.9%	60,051	4.5%
Sources: US Census Bureau; ESRI; Maxfield Research and Consulting											

Age Distribution Trends

Age distribution affects demand for different types of housing since needs and desires change at different stages of the life cycle. Table D-2 shows the distribution of persons in nine age cohorts for Northfield and the PMA in 2010 and 2020 with estimates for 2024 and projections for 2029 and 2035. The 2010 and 2020 age distributions are from the Decennial Census while the 2024 estimates and 2029 and 2035 projections are based on data from ESRI Inc. The following are key points from the table.

- In Northfield, people ages 65 to 74 experienced the largest percent growth from 2010 to 2020, growing by 73.3% (772 people). This was followed by growth in the age group 25 to 34, which increased by 499 people or 27.8%.
- As in Northfield, the 65 to 74 age cohort had the greatest percent growth in the PMA between 2010 and 2020, more than doubling its size (107.1%) and increasing by 5,589 people over the period. The 55 to 64 age group had the largest numeric growth, increasing by 7,093 people (66.4%).



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TABLE D-2 POPULATION AGE DISTRIBUTION NORTHFIELD MARKET AREA 2010 to 2035									
Age	Census		Estimate	Projections		Change			
	2010	2020	2024	2029	2035	2010-2020		2020-2029	
	No.	No.	No.	No.	No.	No.	Pct.	No.	Pct.
Northfield									
Under 18	3,955	3,684	3,884	3,893	3,931	-71	-1.8	209	5.4
18 to 24	5,809	5,760	5,560	5,649	5,723	-249	-4.3	-111	-2.0
25 to 34	1,793	1,633	2,292	2,308	2,330	499	27.8	675	29.4
35 to 44	2,040	1,942	1,974	2,179	2,287	-66	-3.2	237	12.0
45 to 54	2,209	1,988	1,974	2,008	2,049	-235	-10.7	20	1.0
55 to 64	1,798	2,203	2,144	1,965	1,984	346	19.2	-238	-11.1
65 to 74	1,053	1,918	1,825	1,965	2,071	772	73.3	47	2.6
75 to 84	868	1,063	1,040	1,344	1,465	172	19.8	281	27.0
85 and over	482	599	531	638	709	49	10.1	39	7.4
Subtotal	20,007	20,790	21,223	21,949	22,549	1,216	6.1	1,159	5.5
Remainder of Market Area									
Under 18	34,761	37,319	37,738	38,491	39,949	2,977	8.6	2,211	5.9
18 to 24	7,406	9,859	10,797	10,583	11,774	3,391	45.8	977	9.1
25 to 34	14,312	14,447	17,628	19,347	20,859	3,316	23.2	3,231	18.3
35 to 44	18,795	19,927	21,023	22,487	23,837	2,228	11.9	2,814	13.4
45 to 54	19,229	18,925	19,404	18,973	19,936	175	0.9	532	2.7
55 to 64	10,684	17,433	17,777	17,678	18,445	7,093	66.4	668	3.8
65 to 74	5,218	9,441	10,807	13,264	13,357	5,589	107.1	2,550	23.6
75 to 84	2,203	4,163	4,304	6,113	7,409	2,101	95.4	3,105	72.1
85 and over	742	1,363	1,251	2,050	2,818	509	68.6	1,567	125.3
Subtotal	113,350	132,877	140,729	148,986	158,384	27,379	24.2	17,655	12.5
Market Area Total									
Under 18	38,716	41,003	41,622	42,384	43,880	2,906	7.5	1,381	3.3
18 to 24	13,215	15,619	16,357	16,232	17,497	3,142	23.8	613	3.7
25 to 34	16,105	16,080	19,920	21,655	23,189	3,815	23.7	5,575	28.0
35 to 44	20,835	21,869	22,997	24,666	26,124	2,162	10.4	2,797	12.2
45 to 54	21,438	20,913	21,378	20,981	21,985	-60	-0.3	68	0.3
55 to 64	12,482	19,636	19,920	19,643	20,429	7,438	59.6	7	0.0
65 to 74	6,271	11,359	12,632	15,229	15,428	6,361	101.4	3,870	30.6
75 to 84	3,071	5,226	5,344	7,457	8,874	2,273	74.0	2,231	41.7
85 and over	1,224	1,962	1,781	2,688	3,527	557	45.5	726	40.8
Total	133,357	153,667	161,952	170,935	180,933	28,595	21.4	17,268	10.7
Sources: U.S. Census Bureau; ESRI; Maxfield Research and Consulting									

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- From 2020 to 2029, all cohorts are projected to have increases, except the 18 to 24 and the 55 to 64 age cohorts, currently being affected by historical demographic trends. The largest increases are expected in the age 25 to 34 group (29.4%), the 75 to 84 group (27.0%) and the 35 to 44 group (12.0%).
- The PMA however, is forecast to experience an increase in population in all age cohorts, although the 45 to 54 and 55 to 64 cohorts are expected to remain essentially stagnant, again due to demographic shifts (the Baby Bust generation – persons born between 1965 and 1980, also known as Gen X).
- Between 2020 and 2029, the PMA cohorts that are expected to have the largest proportional increase over the period are the 75 to 84, 85+ and 65 to 74 age groups, gaining 41.7%, 40.8% and 30.6%, respectively. Northfield is forecast to experience an increase of 29.4% among people ages 25 to 34 and an increase of 27.0% among people ages 75 to 84.

Percent Distribution of the Population				
	2024			
	Elko New Market	Farmington	Lakeville	Northfield
Under 18	30.9%	27.9%	27.8%	18.3%
18-24	8.5%	9.3%	8.2%	26.2%
25-34	10.1%	11.0%	10.4%	10.8%
35-44	17.3%	15.6%	16.0%	9.3%
45-54	16.2%	15.1%	13.5%	9.3%
55-64	9.6%	11.2%	12.2%	10.1%
65-74	4.6%	5.7%	7.5%	8.6%
75+	2.7%	4.1%	4.3%	7.4%

; Maxfield Research and Consulting

Household Income by Age of Householder

The estimated distribution of household incomes in the City of Northfield and the Market Area for 2024 and 2029 are shown in Tables D-3 and D-4. The data is estimated by ESRI with adjustments by Maxfield Research to current household estimates. The data helps ascertain the demand for different housing products based on the size of the market at specific cost levels.

The Department of Housing and Urban Development defines affordable housing costs as 30% of a household's adjusted gross income. For example, a household in Northfield with a median income of \$89,679 per year would be able to afford a monthly housing cost of \$2,241. This figure means that 50% of households in Northfield incomes at or less than the median and 50% have incomes above this level. Maxfield Research and Consulting uses figures of 25% to 30% for younger households and 40% or more for seniors, since seniors generally have lower living expenses and can often sell their homes and use the proceeds toward rent payments.

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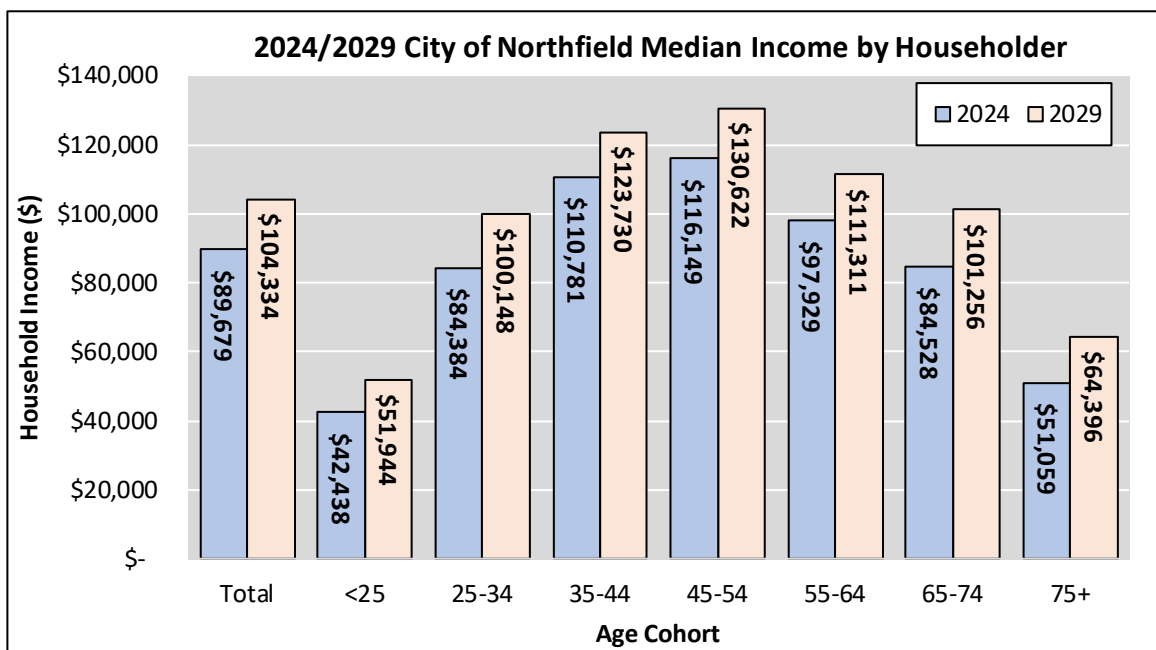
A generally accepted standard for affordable owner-occupied housing is that a typical household can afford to pay roughly 3.0 times their annual income on a home. With home mortgage rates much higher currently than two years ago, many households can afford to pay at the lower end of the range and many younger prospective homebuyers have been shut out of the current market, due to continued rising home prices in addition to the higher mortgage rates.

An annual income of \$89,679 would translate to an affordable home price estimated at approximately \$269,000. This assumes that the household has adequate funds for down payment and closing costs, but also does not include savings or equity in an existing home which would allow them to purchase a higher priced home.

TABLE D-3 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER CITY OF NORTHFIELD 2024 & 2029								
	Total	Age of Householder						
		<25	25-34	35-44	45-54	55-64	65 -74	75+
2024								
Less than \$15,000	241	24	30	26	27	33	46	56
\$15,000 to \$24,999	564	48	70	51	51	88	89	167
\$25,000 to \$34,999	477	41	80	42	47	63	65	140
\$35,000 to \$49,999	646	50	104	92	74	97	89	141
\$50,000 to \$74,999	1,634	84	229	226	234	300	312	248
\$75,000 to \$99,999	691	26	140	112	114	133	108	59
\$100,000 to \$149,999	1,082	19	166	191	232	223	189	62
\$150,000 to \$199,999	806	11	130	146	181	161	112	65
\$200,000+	746	3	93	181	166	158	106	39
Total	6,887	292	820	738	780	936	898	872
Median Income	\$89,679	\$42,438	\$84,384	\$110,781	\$116,149	\$97,929	\$84,528	\$51,059
2029								
Less than \$15,000	206	25	22	20	23	20	35	61
\$15,000 to \$24,999	497	45	61	44	40	62	73	172
\$25,000 to \$34,999	436	46	68	33	35	47	57	150
\$35,000 to \$49,999	590	44	93	88	63	75	71	157
\$50,000 to \$74,999	1,620	92	210	224	211	256	322	305
\$75,000 to \$99,999	731	29	140	123	114	120	132	73
\$100,000 to \$149,999	1,172	25	180	217	225	214	220	92
\$150,000 to \$199,999	984	14	153	179	206	165	153	114
\$200,000+	865	4	118	209	190	155	135	54
Total	7,101	304	773	750	712	794	910	1,009
Median Income	\$104,334	\$51,944	\$100,148	\$123,730	\$130,622	\$111,311	\$101,256	\$64,396
Change 2024-2029								
Less than \$15,000	-35	0	-8	-5	-4	-13	-11	6
\$15,000 to \$24,999	-67	-3	-9	-7	-11	-25	-16	5
\$25,000 to \$34,999	-41	5	-12	-9	-12	-16	-7	10
\$35,000 to \$49,999	-57	-6	-11	-4	-11	-22	-19	16
\$50,000 to \$74,999	-14	8	-19	-2	-24	-44	10	57
\$75,000 to \$99,999	40	3	0	11	0	-13	23	14
\$100,000 to \$149,999	91	6	14	27	-7	-9	32	29
\$150,000 to \$199,999	178	3	22	33	25	4	42	49
\$200,000+	120	1	25	28	24	-3	29	15
Total	214	17	1	73	-20	-141	82	201
Median Income	\$14,655	\$9,506	\$15,764	\$12,949	\$14,473	\$13,382	\$16,728	\$13,337
Sources: ESRI: US Census Bureau: Maxfield Research & Consulting								

DEMOGRAPHIC ANALYSIS

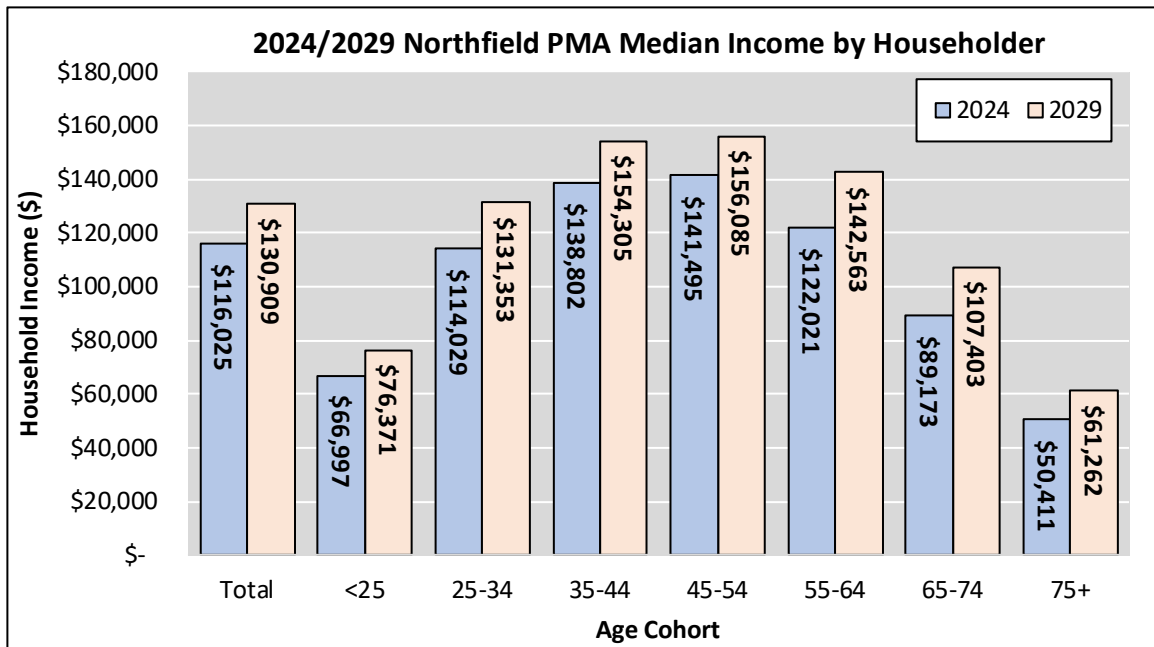
- Northfield has an estimated median household income of \$89,679 in 2024, which is projected to increase to \$104,334 by 2029 (16.3%), an average annual increase of 3.07% per year, keeping up with the current inflation rate.
- Median income peaks in the 45 to 54 age group at \$116,149 in 2024. By 2029, householders ages 45 to 54 are forecast to continue to post the highest median income, which is expected to increase to \$130,622, followed by households ages 35 to 44 with a median income of \$123,730.
- Incomes are lowest in Northfield for those under age 25, at \$42,438 as of 2024. People in this age group are typically either students or just beginning their careers, resulting in lower annual incomes. Northfield, being home to two predominantly residential colleges, St Olaf College and Carleton College, has a large student population with limited incomes. This accounts for the lower median household income in the under 25 population in Northfield compared to the PMA.
- The median household income in Northfield is 23.7% lower than the median household income for the Primary Market Area. Incomes for those age 25 to 34 are 3.1% higher in Northfield than in the larger PMA. For those ages 35 to 44 however, the median income in Northfield is 8% lower than in the larger PMA.
- With a median income of \$84,384 for households between the ages of 25 to 34 in Northfield, a household with the median income could afford an estimated monthly housing cost of \$2,109 based on an allocation of 30% of income toward housing. Those under age 25 earning the estimated median household income of \$42,438 could afford a monthly housing cost of \$1,060 per month.



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- The median household income in the PMA is projected to increase for all age cohorts, with the largest increase occurring in the age cohort 25 to 34 (8.2%). The median income for this cohort is \$114,029 in 2024 and expected to increase to \$131,353 by 2029.
- The highest median incomes in the PMA in 2024 were reported among those age 45 to 54 (\$141,495), followed closely by those age 35 to 44 (\$138,802).

TABLE D-4 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER NORTHFIELD PRIMARY MARKET AREA 2024 & 2029								
	Age of Householder							
	Total	<25	25-34	35-44	45-54	55-64	65-74	75+
2024								
Less than \$15,000	2,140	101	188	224	215	399	421	594
\$15,000 to \$24,999	1,650	76	153	148	157	298	315	504
\$25,000 to \$34,999	2,117	69	228	198	202	341	376	704
\$35,000 to \$49,999	3,197	120	338	418	355	574	618	775
\$50,000 to \$74,999	6,175	170	741	878	922	1,123	1,366	975
\$75,000 to \$99,999	6,775	188	1,059	1,429	1,171	1,285	1,112	531
\$100,000 to \$149,999	13,207	165	1,790	3,384	3,158	2,566	1,675	469
\$150,000 to \$199,999	9,086	70	1,159	2,468	2,352	1,880	815	343
\$200,000+	11,019	29	1,148	3,149	3,085	2,393	906	309
Total	55,367	987	6,802	12,296	11,616	10,858	7,603	5,205
Median Income	\$116,025	\$66,997	\$114,029	\$138,802	\$141,495	\$122,021	\$89,173	\$50,411
2029								
Less than \$15,000	1,645	83	194	134	179	265	350	440
\$15,000 to \$24,999	2,031	108	212	159	168	329	400	654
\$25,000 to \$34,999	2,630	106	323	220	247	361	467	908
\$35,000 to \$49,999	4,244	195	571	574	426	689	767	1,021
\$50,000 to \$74,999	8,670	328	1,226	1,234	1,189	1,474	1,984	1,236
\$75,000 to \$99,999	7,146	223	1,456	1,430	1,200	1,241	1,134	463
\$100,000 to \$149,999	13,997	194	2,460	3,642	3,162	2,555	1,617	367
\$150,000 to \$199,999	9,204	88	1,594	2,346	2,254	1,803	809	310
\$200,000+	9,051	30	1,189	2,493	2,388	1,909	800	243
Total	58,619	1,236	6,441	7,393	6,571	6,913	6,719	5,089
Median Income	\$130,909	\$76,371	\$131,353	\$154,305	\$156,085	\$142,563	\$107,403	\$61,262
Change 2024-2029								
Less than \$15,000	-495	-18	6	-89	-35	-133	-70	-154
\$15,000 to \$24,999	381	32	59	11	11	31	86	150
\$25,000 to \$34,999	514	37	95	22	45	20	91	204
\$35,000 to \$49,999	1,047	75	234	157	72	115	149	246
\$50,000 to \$74,999	2,495	158	484	356	267	351	618	261
\$75,000 to \$99,999	371	36	397	0	29	-45	22	-69
\$100,000 to \$149,999	790	29	671	258	4	-11	-58	-103
\$150,000 to \$199,999	118	18	436	-122	-98	-77	-6	-32
\$200,000+	-1,968	1	41	-656	-697	-485	-106	-66
Total	3,252	367	2,422	-63	-403	-234	725	437
Median Income	\$14,884	\$9,374	\$17,324	\$15,503	\$14,590	\$20,542	\$18,230	\$10,851
Sources: ESRI; US Census Bureau; Maxfield Research & Consulting								



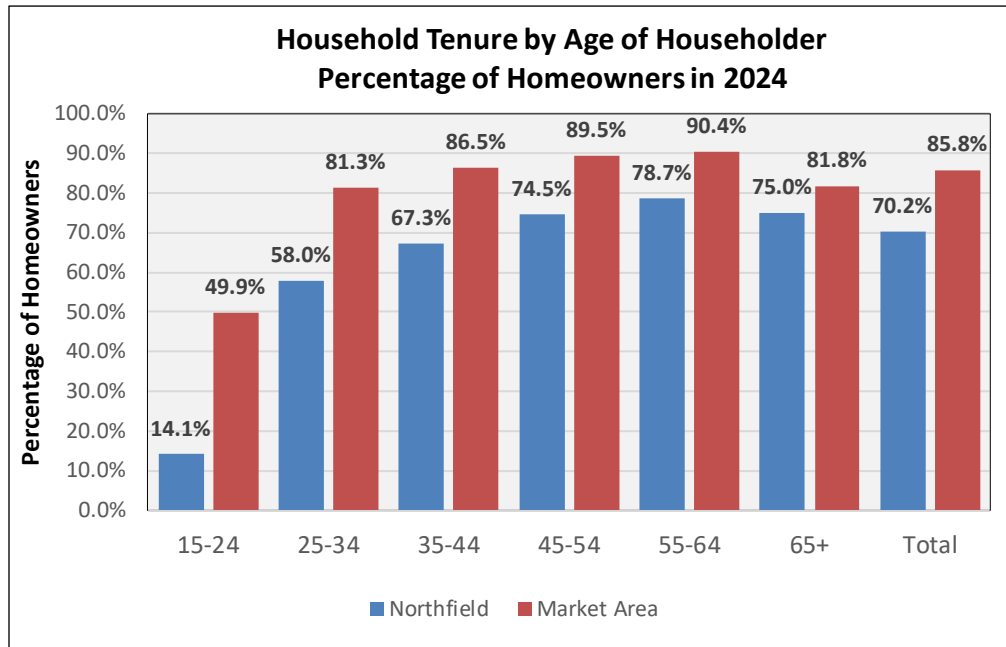
Tenure by Age of Householder

Table D-5 shows the number of owner and renter households in Northfield and the Primary Market Area by age group in 2010, 2020 and 2024. Data for 2010 and 2020 is from the Decennial Censuses. Figures for 2024 are based on data from the American Community Survey most recent 2022 estimates and allocated for updated household counts. This data is useful in determining demand for certain types of housing since housing preferences change throughout an individual's life cycle. The following are key findings from the table.

- The number of owner households in Northfield increased modestly from 68.0% in 2020 to 72.0% in 2024. The increase in the proportion of owner households reflects additional for-sale construction in Northfield with very limited development of multifamily housing. Between 2010 and 2020, the proportion of owner households essentially remained the same over the decade. By comparison, the rental rate increased slightly between 2010 and 2020 from 31.4% to 32.0%, but then is estimated to have decreased modestly to 29.8%. Younger households continuing to rent rather than own reflect 1) student loan debt burdens, 2) the trend of younger individuals marrying and starting families later and 3) a portion of younger households preferring to continue to rent rather than own.
- Households under age 35 are more likely to rent compared to older households in Northfield. In Northfield, an estimated 52% of households under age 35 rent their housing, while 22% over age 35 rent. In the Northfield PMA, an estimate 26% of households under age 35 rent while 13% over age 35 rent.

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- Among Northfield households age 25 to 34 and 35 to 44, 42% and 33%, respectively rent their housing, while 58% and 67% own their housing as of 2024. Although there has been a modest increase in the proportion of younger households owning their housing, affordability remains a key challenge, especially in today's housing market with higher mortgage interest rates and home prices continuing to rise.



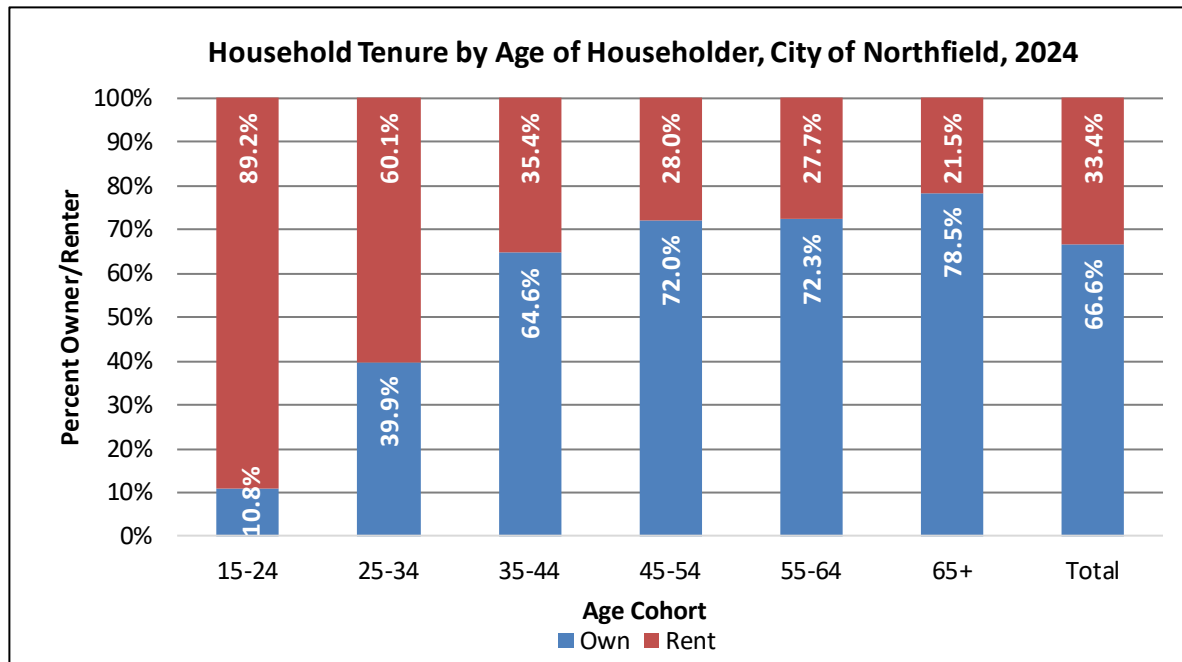
- In the PMA, households are more likely to own their housing compared to Northfield. This makes sense considering Northfield has two colleges Carleton College and St. Olaf College. An estimated 96% of Carleton students (est. 2,030 students – 2022) live on-campus for the first four years of attendance. Four percent of students live off-campus if they are married, have children and/or have received a waiver via the “Northfield Option.” At St. Olaf, 93% of students (est. 3,000 students – 2022) live on-campus and 7% live off-campus.
- The PMA Remainder is comprised of two, large third-tier suburban communities, Lakeville, and Farmington and several small towns and townships. Outer-ring suburban communities and rural cities and townships typically have high proportions of owner households. As of 2024, 89% of households in the Remainder of the PMA are owner households compared to 67% of households in Northfield.
- In Northfield, renter households in the under 25 and between 25 and 34 cohorts dominate. Owner households dominate all other age cohorts. The proportion of renter households increases at age 65 in Northfield and the PMA. Of 65+ households, the proportion of renter households is 21.5% and 18.2%, respectively as of 2024.

DEMOGRAPHIC ANALYSIS

TABLE D-5
TENURE BY AGE OF HOUSEHOLDER
NORTHFIELD MARKET AREA
2010, 2020 and 2024

Age		City of Northfield						Remainder of Market Area						Market Area					
		2010		2020		2024		2010		2020		2024		2010		2020		2024	
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
15-24	Own	40	11.7	31	12.4	29	10.8	431	57.2	364	67.0	366	70.0	471	43.0	296	32.3	395	49.9
	Rent	302	88.3	218	87.6	240	89.2	322	42.8	179	33.0	157	30.0	624	57.0	620	67.7	397	50.1
	Total	342	100.0	249	100.0	269	100.0	753	100.0	543	100.0	523	100.0	1,095	100.0	916	100.0	792	100.0
25-34	Own	452	52.1	327	41.2	334	39.9	5,263	82.0	5,660	86.2	5,653	86.6	5,715	78.4	4,775	73.3	5,987	81.3
	Rent	416	47.9	467	58.8	504	60.1	1,155	18.0	909	13.8	872	13.4	1,571	21.6	1,739	26.7	1,376	18.7
	Total	868	100.0	794	100.0	838	100.0	6,418	100.0	6,569	100.0	6,525	100.0	7,286	100.0	6,514	100.0	7,363	100.0
35-44	Own	797	72.3	729	66.5	731	64.6	8,654	89.3	9,957	88.4	9,955	88.7	9,451	87.5	9,584	85.5	10,686	86.5
	Rent	306	27.7	368	33.5	400	35.4	1,039	10.7	1,305	11.6	1,273	11.3	1,345	12.5	1,626	14.5	1,673	13.5
	Total	1,103	100.0	1,097	100.0	1,131	100.0	9,693	100.0	11,262	100.0	11,228	100.0	10,796	100.0	11,210	100.0	12,359	100.0
45-54	Own	1,037	79.6	813	73.5	814	72.0	9,857	91.5	10,019	91.1	10,018	91.3	10,894	90.2	10,159	88.6	10,832	89.5
	Rent	265	20.4	293	26.5	316	28.0	921	8.5	974	8.9	951	8.7	1,186	9.8	1,310	11.4	1,267	10.5
	Total	1,302	100.0	1,106	100.0	1,130	100.0	10,778	100.0	10,994	100.0	10,970	100.0	12,080	100.0	11,469	100.0	12,100	100.0
55-64	Own	890	82.3	994	73.9	997	72.3	5,655	92.4	9,401	92.5	9,398	92.8	6,545	90.9	9,887	89.2	10,395	90.4
	Rent	192	17.7	351	26.1	382	27.7	465	7.6	758	7.5	727	7.2	657	9.1	1,199	10.8	1,109	9.6
	Total	1,082	100.0	1,345	100.0	1,379	100.0	6,120	100.0	10,159	100.0	10,125	100.0	7,202	100.0	11,085	100.0	11,504	100.0
65 +	Own	1,084	68.8	1,680	78.8	1,679	78.5	4,311	86.0	7,522	82.5	7,523	82.6	5,395	81.9	9,213	83.9	9,202	81.8
	Rent	491	31.2	452	21.2	461	21.5	703	14.0	1,596	17.5	1,587	17.4	1,194	18.1	1,774	16.1	2,048	18.2
	Total	1,575	100.0	2,132	100.0	2,140	100.0	5,014	100.0	9,117	100.0	9,109	100.0	6,589	100.0	10,987	100.0	11,249	100.0
TOTAL	Own	4,300	68.6	4,574	68.0	4,584	66.6	34,171	88.1	42,924	88.2	42,914	88.5	38,471	85.4	43,913	84.2	47,498	85.8
	Rent	1,972	31.4	2,149	32.0	2,303	33.4	4,605	11.9	5,720	11.8	5,566	11.5	6,577	14.6	8,268	15.8	7,869	14.2
	Total	6,272	100.0	6,723	100.0	6,887	100.0	38,776	100.0	48,644	100.0	48,480	100.0	45,048	100.0	52,181	100.0	55,367	100.0

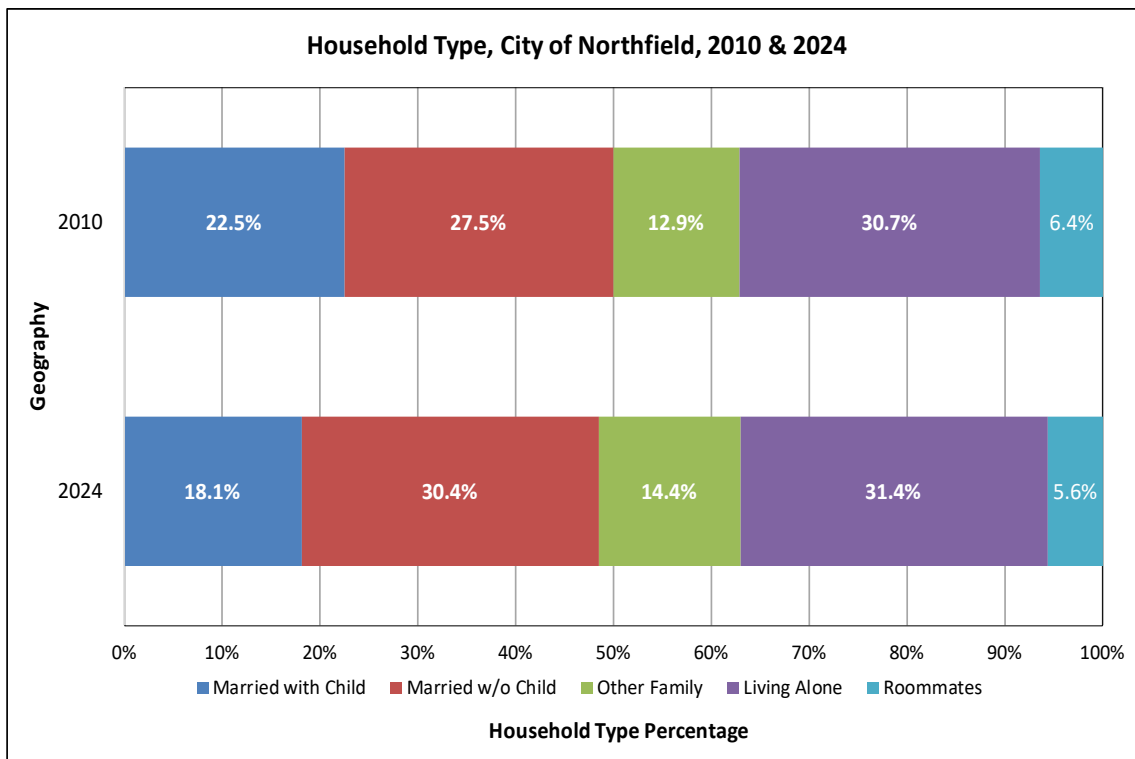
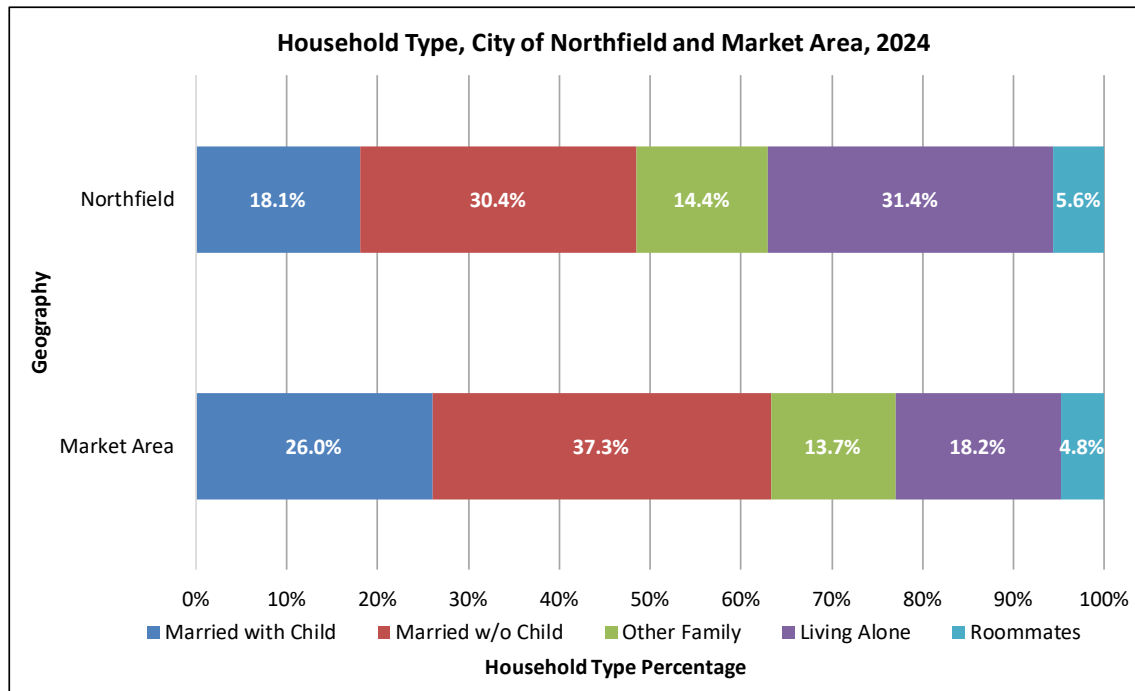
Sources: U.S. Census Bureau; Maxfield Research and Consulting, LLC.



Household Type

Table D-6 shows a breakdown of the types of households in the Market Area in 2010, 2020 and 2024. The data is useful in assessing housing demand since the household composition often dictates the type of housing needed and preferred.

- In 2021, the most common household type in Northfield was households living alone, representing 32.4% of all households in the City. Married couples without children followed closely behind, comprising 30.6% of households.
- In the PMA, married couples without children were the most common household type, representing 32.8% of all households. Married couples with children followed closely behind, comprising 32.0%.
- Between 2010 and 2024, the most significant changes in households in the PMA occurred among married households without children and other family households, which are often single-parent households. Married households without children grew by 49.3% and other family households increased by 37.3%.
- In Northfield, married households without children increased by 21.4% between 2010 and 2021. Other Family households in Northfield grew by 22.7%. Households living alone remains the largest household type cohort in Northfield as of 2024.



DEMOGRAPHIC ANALYSIS

TABLE D-6
HOUSEHOLD TYPE
NORTHFIELD MARKET AREA
2010 & 2024

Households	Total HH's		Family Households						Non-Family Households			
	2010 2024		Married w/ Child^		Married w/o Child		Other *		Living Alone		Roommates **	
	2010	2024	2010	2024	2010	2024	2010	2024	2010	2024	2010	2024
Market Area	45,048	55,367	15,437	14,417	13,814	20,629	5,517	7,576	7,894	10,100	2,386	2,645
Northfield	6,272	6,887	1,411	1,248	1,725	2,095	810	994	1,927	2,162	399	388
Remainder of MA	38,776	48,480	14,026	13,169	12,089	18,534	4,707	6,582	5,967	7,938	1,987	2,257
Percent												
Market Area	100.0	100.0	34.3	26.0	30.7	37.3	12.2	13.7	17.5	18.2	5.3	4.8
Northfield	100.0	100.0	22.5	18.1	27.5	30.4	12.9	14.4	30.7	31.4	6.4	5.6
Remainder of MA	100.0	100.0	36.2	27.2	31.2	38.2	12.1	13.6	15.4	16.4	5.1	4.7
Change 2010-2024												
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Market Area	10,319	22.9%	-1,020	-6.6%	6,815	49.3%	2,059	37.3%	2,206	28.0%	259	10.9%
Northfield	615	9.8%	-163	-11.6%	370	21.4%	184	22.7%	235	12.2%	-11	-2.7%
Remainder of MA	9,704	25.0%	-857	-6.1%	6,445	53.3%	1,875	39.8%	1,971	33.0%	270	13.6%
* Single-parents with children ^ Includes cohabitating couples with children under 18 ** Includes unmarried couples without children and group quarters												
Sources: U. S. Census; ESRI, Inc.; Maxfield Research and Consulting, LLC.												

Net Worth

Table D-7 presents data on household net worth for Northfield and the Primary Market Area as of 2024. Data was compiled and estimated by ESRI, Inc. based on the Survey of Consumer Finances, which is published by the Federal Reserve Board. Simply stated, net worth is the difference between a household's assets and liabilities or the total value of assets after the debt is subtracted.

- The Northfield PMA had an average net worth of \$1,567,596 in 2024 and a median net worth of \$383,824. By comparison, households in the City of Northfield had an average net worth of \$1,151,510 and a median net worth of \$229,541, lower than the larger Market Area. Median net worth is generally a more accurate depiction of wealth than the average figure. A few households with very large net worth can significantly skew the average. Communities with high levels of farming equipment and land assets tend to have higher average and median net worths in those areas.
- Similar to household income, net worth increases as households age and decreases after they pass their peak earning years and move into retirement. Median and average net worth usually peak in the 65 to 74 age cohort. Senior households usually have a higher net worth due to their 401k's and other retirement funds. In addition, senior households that continue to have higher average net worth could be an indication of farm equipment and land assets being retained. In the Northfield Market Area, the median net worth is highest among households age 55 to 64 (\$643,981), but in the City of Northfield, it is highest among households age 65 to 74 (\$519,764).
- The average and median net worths are significantly higher in the rural areas of the Market Area than in city limits. This is due to higher homeownership rates (i.e. home equity) and larger acreages and farmsteads. The median net worth of the PMA at \$383,824 is 40% higher than in the City of Northfield.

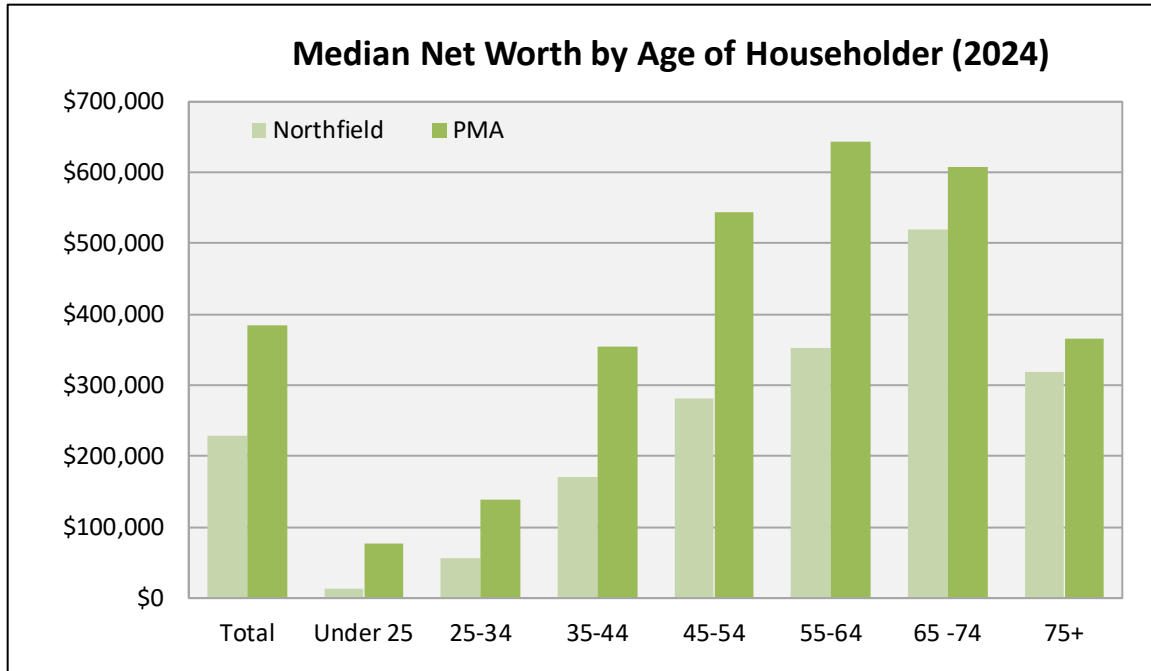
DEMOGRAPHIC ANALYSIS

TABLE D-7
NET WORTH BY AGE OF HOUSEHOLDER
NORTHFIELD PRIMARY MARKET AREA
2024

	Age of Householder							
	Total	Under 25	25-34	35-44	45-54	55-64	65 -74	75+
CITY OF NORTHFIELD								
Less than \$15,000	946	177	349	158	66	62	90	43
\$15,000 to \$34,999	318	52	96	70	22	29	41	7
\$35,000 to \$49,999	138	12	36	30	19	16	12	13
\$50,000 to \$99,999	728	33	225	111	98	128	49	83
\$100,000 to \$149,999	554	15	107	106	96	83	48	98
\$150,000 to \$249,999	893	11	90	185	218	151	81	156
\$250,000 or more	3,309	5	139	403	608	784	794	576
Subtotal	6,887	306	1,043	1,065	1,127	1,254	1,116	977
Median Net Worth	\$229,541	\$12,924	\$56,378	\$171,730	\$282,056	\$352,834	\$519,764	\$318,691
Average Net Worth	\$1,151,510	\$43,544	\$131,325	\$839,043	\$1,322,355	\$1,737,284	\$1,754,787	\$1,289,579
NORTHFIELD PRIMARY MARKET AREA								
Less than \$15,000	3,453	332	1,170	556	317	405	490	182
\$15,000 to \$34,999	1,209	173	373	251	99	106	163	44
\$35,000 to \$49,999	693	67	250	113	60	88	80	36
\$50,000 to \$99,999	4,298	344	1,578	846	461	519	222	330
\$100,000 to \$149,999	3,677	218	1,089	721	667	494	213	276
\$150,000 to \$249,999	7,115	156	1,558	1,732	1,456	1,131	466	616
\$250,000 or more	34,922	76	2,511	7,263	8,465	8,243	5,661	2,703
Subtotal	55,367	1,364	8,530	11,481	11,526	10,986	7,293	4,187
Median Net Worth	\$383,824	\$76,681	\$138,438	\$355,516	\$543,192	\$643,981	\$608,077	\$365,182
Average Net Worth	\$1,567,596	\$97,454	\$234,324	\$1,199,440	\$1,998,436	\$2,521,094	\$1,985,236	\$1,357,180

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

Sources: ESRI; Maxfield Research & Consulting, LLC



Summary of Demographic Trends

The following points summarize key demographic trends that are and will have an impact on housing in Northfield and in the Primary Market Area.

- Northfield and the Remainder of the PMA have increased population and households since 2010. Dundas, a smaller community just south of Northfield, has experienced very strong growth over the same period. From 2010 to 2020, the Market Area population increased 15.2% while Northfield, Dundas and the Remainder of the PMA increased by 3.9%, 25.2% and 17.1%, respectively. Population growth is forecast to 2029 and beyond, although the rates of growth are projected to be modestly less than between 2010 and 2020.
- The proportional increase in households is expected to continue to exceed the proportional growth in population as household sizes shrink. From 2010 to 2020, the PMA household base increased by 15.8% and the City of Northfield's household base increased by 7.2%. From 2020 to 2029, the PMA's household base is projected to increase by 12.3% while Northfield's household base is projected to increase by 5.6%. These figures could rise if a significant number of new housing units are developed in the City.
- Household growth in Northfield and the surrounding communities tracks with the number of new housing units constructed demonstrating more people in the Primary Market Area. Households represent occupied dwelling units and are a more accurate indicator of growth than population increases.

DEMOGRAPHIC ANALYSIS

- The largest gains in population in Northfield between 2010 and 2020 occurred among the cohorts 55 to 64 (346 people) and 65 to 74 (772 people) in addition to the age cohort 25 to 34 (499) people. Similar gains occurred in the PMA in the same age cohorts over the same period.
- Between 2020 and 2029, significant gains are projected for the older age cohorts in Northfield and the PMA as well as the age 25 to 34 cohort in Northfield.
- As of 2024, the median household income in Northfield is estimated at \$89,679, compared to \$116,025 for the PMA.
- The median net worth in Northfield is \$229,541 compared to the PMA at \$383,824.
- Households under age 35 in Northfield are more likely to rent compared to those over age 35. As of 2024, an estimated 53% of households under age 35 rented their housing whereas 22% of households under 35 in the PMA rented.
- Homeownership proportions in Northfield and the PMA are higher across all age groups due to the less dense and less developed geographies in the PMA. For those over age 35, 74% in Northfield and 87% in the PMA owned their homes.
- In 2024, the most common household type in Northfield was people living alone, representing 31.4% of all households in the City, followed by Married Couples without Children at 30.4%. In the PMA, the largest household type was Married Couples without Children (37.3%), followed by Married Couples with Children (26.0%).

Introduction

Employment characteristics are important in assessing housing needs in any given market area as employment growth often fuels household growth. Typically, households prefer to live near work for convenience, which is a primary factor in choosing a housing location. This preference has been particularly true among renters. Young adults entering the workforce, a primary target market for rental housing, had often placed great value on living near employment, education, shopping, and entertainment.

With the significant rise in working from home during the pandemic however, some of the need to live close to work may change for households that are able to work remotely. Thus, there is likely to be greater flexibility in the future about full-time remote work and hybrid working situations. This could support higher growth in Northfield whereby the greater distance from the Metro Area employment concentrations will be less of a factor in households' residential location choices.

Employment Growth Trends

Table E-1 on the following page shows employment growth trends and projections from 2000 to 2035 based on the most recent information available from the Minnesota Department of Employment and Economic Development (DEED) and the Metropolitan Council. Data through 2022 represents the annual average employment for that year while data for 2023 is as of 3rd Quarter. Projections were calculated based on recent growth trends in combination with benchmark projections prepared by MN DEED.

For all geographies, employment projections are based on annual employment growth rates over previous years. Although employment growth often parallels household growth, it is tied more strongly to transportation access. Cities with interstate access and intra- and inter-metro transportation connections attract more businesses and post higher employment gains. Employment growth can fuel household and population growth as people generally desire to live near their work, although the Pandemic has shifted geographic preferences to an extent because of the ability to work remotely.

- In 2000, there were 30,341 reported jobs in the PMA, including 8,562 jobs in Northfield and 21,779 jobs in the Remainder of the PMA.
- Despite the economic recession, PMA employment expanded 13.3% (4,037 jobs) between 2000 and 2010. Northfield gained 653 jobs (7.6%) during that period, while employment in the Remainder of the PMA increased 15.5% (3,384 jobs). By comparison, employment in Minnesota contracted -1.7% between 2000 and 2010.

EMPLOYMENT TRENDS

**TABLE E-1
EMPLOYMENT GROWTH TRENDS
NORTHFIELD MARKET AREA
2000 - 2030**

	2000	2010	2020	Estimate 2023	Forecast 2030	Forecast 2035	Change					
							2000-2010		2010-2020		2020-2030	
							No.	Pct.	No.	Pct.	No.	Pct.
City of Northfield	8,562	9,215	9,659	10,038	10,350	10,550	653	7.6	444	4.8	691	7.2
Northfield PMA	30,341	34,378	40,429	46,126	50,000	55,000	4,037	13.3	6,051	17.6	9,571	23.7
Rice County	22,340	22,344	24,188	25,753	27,448	29,700	4	0.0	1,844	8.3	3,260	13.5
Minnesota	2,608,844	2,563,391	2,707,821	2,923,592	2,980,000	3,120,700	-45,453	-1.7	144,430	5.6	272,179	10.1
Note: Northfield PMA includes all geographies												
Sources: Minnesota Department of Employment and Economic Development; Maxfield Research and Consulting, LLC.												

EMPLOYMENT TRENDS

- Data from the Quarterly Census of Employment and Wages indicates that employment in the PMA expanded 17.6% (6,051 jobs) between 2010 and 2020. Northfield employment increased 4.8% (444 jobs) while employment in the Remainder of the PMA increased by 18.2% (5,607 jobs). From 2020 through 2023, the PMA added 5,697 jobs (14.1%), 94% of the growth that occurred from 2010 to 2020. This increase reflects recovery from the pandemic in addition to new job growth.
- Moderate to strong job growth is expected in the PMA between 2020 and 2030. Northfield is projected to gain 691 jobs (7.2%) by 2030 while the PMA is projected to increase by 23.7% (9,571 jobs). Most job growth is anticipated to occur in the larger Dakota County communities of Lakeville and Farmington. Job growth is also projected for Faribault although Faribault is not included in the PMA. Job growth throughout the PMA will fuel demand for housing in Northfield. Households may prefer to live in Northfield but work in the nearby cities.

Resident Employment

Table E-2 compares the resident labor force and employment in Northfield, Rice County and the Twin Cities Metro. Unemployment rates are compared for the previous geographies and for The data is sourced from the Minnesota Department of Employment and Economic Development (MN DEED). Resident employment data reveals the work force and number of employed people living in the area. Therefore, not all these individuals necessarily work in the area.

The following points summarize key trends that will impact the demand potential for all types of housing in the PMA.

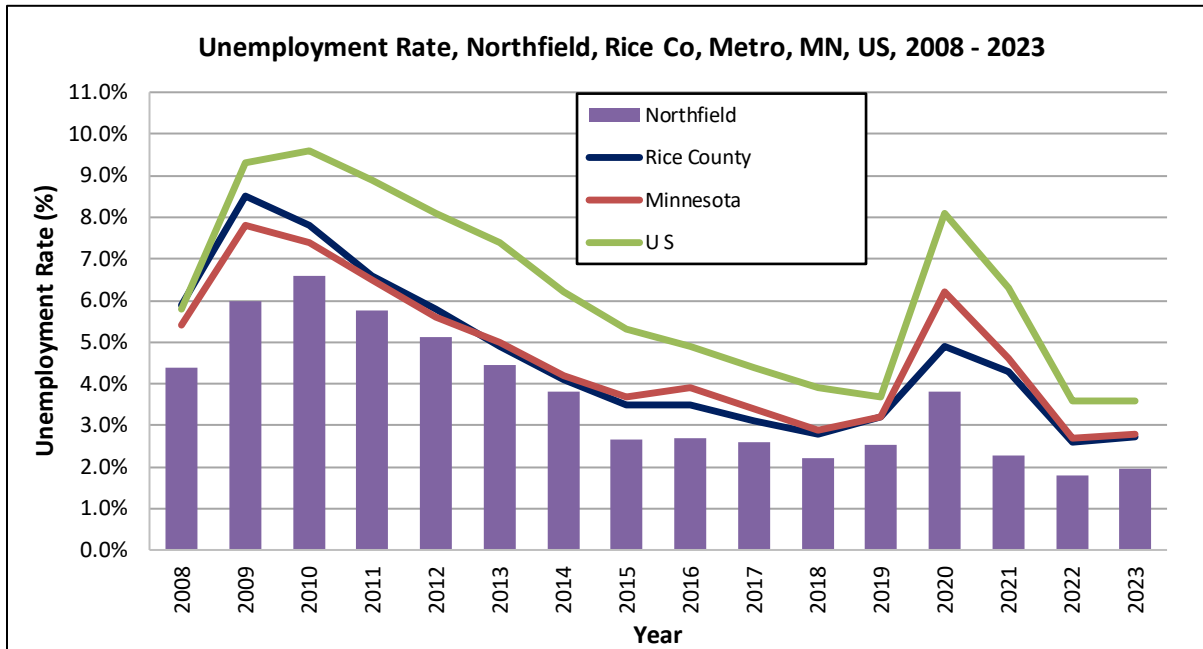
- At 2.0% in Northfield, the average unemployment rate through 2023 is lower than the unemployment rate in Rice County (2.7%) and Twin Cities Metro Area (2.7%).
- Unemployment rates decreased in all geographies from 2020 through 2022 and then upticked slightly in 2023.
- Rice County's labor force expanded 7.0% from 2010 through 2023, while the number of employed residents increased by a higher percent 13.4%, thereby causing the unemployment rate to decrease.
- Unemployment rates were up across all geographies in 2020 due to the COVID-19 Pandemic and resulting business shutdowns and layoffs. Increasing vaccination rates and the reopening of businesses caused a surge in re-employment in addition to new jobs as businesses hired back workers and hired new workers.

EMPLOYMENT TRENDS

TABLE E-2 ANNUAL AVERAGE RESIDENT EMPLOYMENT NORTHFIELD, RICE CO AND TWIN CITIES METRO 2010 through 2023 (Annual Average)				
Year	Labor Force	Employed	Unemployed	Rate
CITY OF NORTHFIELD				
2010	11,748	10,972	776	6.6%
2011	11,928	11,241	687	5.8%
2012	11,915	11,303	612	5.1%
2013	12,001	11,465	536	4.5%
2014	11,918	11,464	454	3.8%
2015	11,925	11,606	319	2.7%
2016	12,126	11,800	326	2.7%
2017	12,307	11,988	319	2.6%
2018	12,384	12,109	275	2.2%
2019	12,509	12,194	315	2.5%
2020	12,456	11,983	473	3.8%
2021	12,319	12,038	281	2.3%
2022	12,501	12,275	226	1.8%
2023	12,554	12,309	245	2.0%
Change 2010 through 2023				
Number	806	1,337	-531	--
Percent	6.9%	12.2%	-68.4%	--
RICE COUNTY				
2010	34,985	32,264	2,721	7.8%
2011	34,848	32,525	2,323	6.7%
2012	34,904	32,860	2,044	5.9%
2013	35,028	33,269	1,759	5.0%
2014	35,186	33,704	1,482	4.2%
2015	35,507	34,222	1,285	3.6%
2016	36,083	34,818	1,265	3.5%
2017	36,695	35,518	1,177	3.2%
2018	36,946	35,892	1,054	2.9%
2019	37,369	36,199	1,170	3.1%
2020	37,654	35,632	2,022	5.4%
2021	37,120	35,814	1,306	3.5%
2022	37,472	36,502	970	2.6%
2023	37,626	36,599	1,027	2.7%
Change 2010 through 2023				
Number	2,641	4,335	-1,694	--
Percent	7.5%	13.4%	-62.3%	--
TWIN CITIES METRO AREA				
2010	1,593,385	1,479,385	114,000	7.2%
2011	1,606,856	1,506,887	99,969	6.2%
2012	1,611,797	1,524,778	87,019	5.4%
2013	1,626,969	1,550,140	76,829	4.7%
2014	1,642,460	1,577,850	64,610	3.9%
2015	1,653,838	1,597,310	56,528	3.4%
2016	1,669,746	1,612,583	57,163	3.4%
2017	1,706,940	1,653,641	53,299	3.1%
2018	1,714,156	1,668,797	45,359	2.6%
2019	1,734,928	1,684,949	49,979	2.9%
2020	1,749,292	1,636,317	112,975	6.5%
2021	1,688,645	1,625,275	63,370	3.8%
2022	1,717,199	1,674,601	42,598	2.5%
2023	1,730,501	1,683,161	47,340	2.7%
Change 2010 through 2023				
Number	137,116	203,776	-66,660	--
Percent	8.6%	13.8%	-58.5%	--
Note: Data is not seasonally adjusted.				
Sources: MN DEED, Maxfield Research and Consulting LLC.				

EMPLOYMENT TRENDS

- The following chart illustrates how unemployment in the Market Area has mirrored national trends and up to now had remained well below the national rate throughout much of the past decade. As of the end of 2023, the unemployment rates for Northfield, Rice County, Minnesota and the United States have declined from 2020 as all geographies have recovered from the COVID-19 Pandemic. Unemployment rates for all jurisdictions are below 4.0%, indicating significant labor shortages across the board.



Industry Employment and Wage Data

Table E-3 on the following page displays information on the employment and wage situation in Northfield compared to Rice County. The Quarterly Census of Employment and Wages (QCEW) data is sourced from the Minnesota Department of Employment and Economic Development (MN DEED) from 2000 through 2023. Data from 2023 is through 3rd Quarter. All other data is annual average.

All establishments covered under the Unemployment Insurance (UI) Program are required to report wage and employment statistics to MN DEED quarterly. Certain industries in the table may not display any information which means that there is either no reported economic activity for that industry or the data has been suppressed to protect the confidentiality of cooperating employers. This generally occurs when there are too few employers or one employer comprises too much of the employment in that geography.

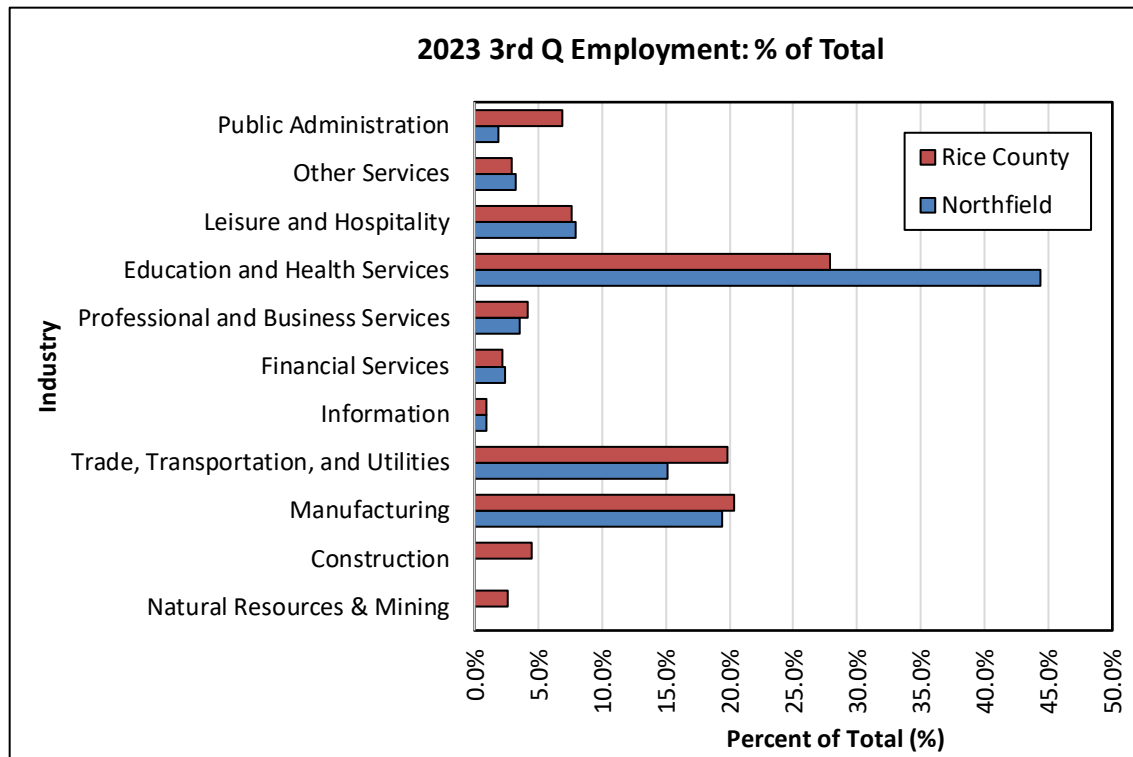
EMPLOYMENT TRENDS

Covered Employment

- In Northfield, total employment expanded 8.6% (795 jobs) from 2010 through 2020. Manufacturing added the most jobs, 208, during the period (12.0%), followed by Leisure and Hospitality, which added 188 jobs (21.1%).
- Total employment in Rice County during the same period increased by 3,884 jobs (17.5%) with Manufacturing gaining 1,546 jobs (42.9%) followed by Trade, Transportation, and Utilities, gaining 711 jobs (16.6%).

TABLE E-3 COVERED EMPLOYMENT TRENDS RICE COUNTY AND CITY OF NORTHFIELD 2000-2023 (3rd Quarter) North American Industrial Classification System (NAICS)														
Rice County							Change							
Average Number of Employees							2010 - 2023		% of Total					
Industry	2000	2005	2010	2015	2020	2023	No.	Pct.	2000	2005	2010	2015	2020	2023
Natural Resources & Mining	213	272	300	494	636	595	295	98.3	1.0%	1.2%	1.4%	2.1%	2.4%	2.3%
Construction	1,261	1,479	1,083	1,116	1,081	1,273	190	17.5	5.6%	6.7%	4.9%	4.7%	4.2%	4.9%
Manufacturing	5,080	4,105	3,602	3,978	4,921	5,148	1,546	42.9	22.7%	18.5%	16.3%	16.8%	18.9%	19.8%
Trade, Transportation, and Utilities	3,893	4,210	4,278	4,745	4,805	4,989	711	16.6	17.4%	19.0%	19.3%	20.1%	18.5%	19.2%
Information	335	200	N/A	178	214	144	N/A	N/A	1.5%	0.9%	N/A	0.8%	0.8%	0.6%
Financial Services	576	561	519	538	532	577	58	11.2	2.6%	2.5%	2.3%	2.3%	2.0%	2.2%
Professional and Business Services	1,013	1,052	894	971	1,031	1,114	220	24.6	4.5%	4.7%	4.0%	4.1%	4.0%	4.3%
Education and Health Services	6,076	6,411	7,140	7,074	6,754	6,899	-241	-3.4	27.2%	28.9%	32.2%	29.9%	25.9%	26.5%
Leisure and Hospitality	1,947	1,898	2,076	2,272	1,857	2,678	602	29.0	8.7%	8.6%	9.4%	9.6%	7.1%	10.3%
Other Services	637	633	666	738	694	871	205	30.8	2.9%	2.9%	3.0%	3.1%	2.7%	3.3%
Public Administration	1,308	1,342	1,588	1,559	1,660	1,742	154	9.7	5.9%	6.1%	7.2%	6.6%	6.4%	6.7%
Totals	22,339	22,163	22,146	23,663	24,185	26,030	3,884	17.5						
City of Northfield							Change							
Average Number of Employees							2010 - 2023		% of Total					
Industry	2000	2005	2010	2015	2020	2023	No.	Pct.	2000	2005	2010	2015	2020	2023
Natural Resources & Mining	N/A	N/A	40	33	51	55	15	37.5	N/A	N/A	0.4%	0.3%	0.5%	0.5%
Construction	N/A	N/A	90	97	101	127	37	41.1	N/A	N/A	1.0%	1.0%	1.0%	1.3%
Manufacturing	2,005	1,812	1,735	1,675	1,851	1,943	208	12.0	24.3%	21.4%	18.8%	17.4%	18.5%	19.4%
Trade, Transportation, and Utilities	987	1,403	1,350	1,458	1,455	1,425	75	5.6	11.9%	16.6%	14.7%	15.1%	14.5%	14.2%
Information	192	N/A	92	60	91	44	-48	-52.2	2.3%	N/A	1.0%	0.6%	0.9%	0.4%
Financial Services	230	236	227	251	232	248	21	9.3	2.8%	2.8%	2.5%	2.6%	2.3%	2.5%
Professional and Business Services	445	327	264	288	339	345	81	30.7	5.4%	3.9%	2.9%	3.0%	3.4%	3.4%
Education and Health Services	3,179	3,528	4,073	4,260	4,284	4,194	121	3.0	38.5%	41.7%	44.2%	44.2%	42.8%	41.9%
Leisure and Hospitality	800	744	893	1,029	758	1,081	188	21.1	9.7%	8.8%	9.7%	10.7%	7.6%	10.8%
Other Services	241	259	281	317	309	346	65	23	2.9%	3.1%	3.0%	3.3%	3.1%	3.5%
Public Administration	183	153	169	166	188	202	33	19.5	2.2%	1.8%	1.8%	1.7%	1.9%	2.0%
Totals	8,262	8,462	9,214	9,634	9,659	10,010	796	8.6						
Sources: MN Dept of Employment and Economic Development; Maxfield Research and Consulting														

- The significant presence of two prominent higher education institutions (St. Olaf and Carleton Colleges) and several health care employers, make the Education and Health Services Sector the largest employment sector in Northfield (4,194 jobs – 41.9%) and in Rice County (6,899 jobs – 26.5%).



Average Weekly Wages

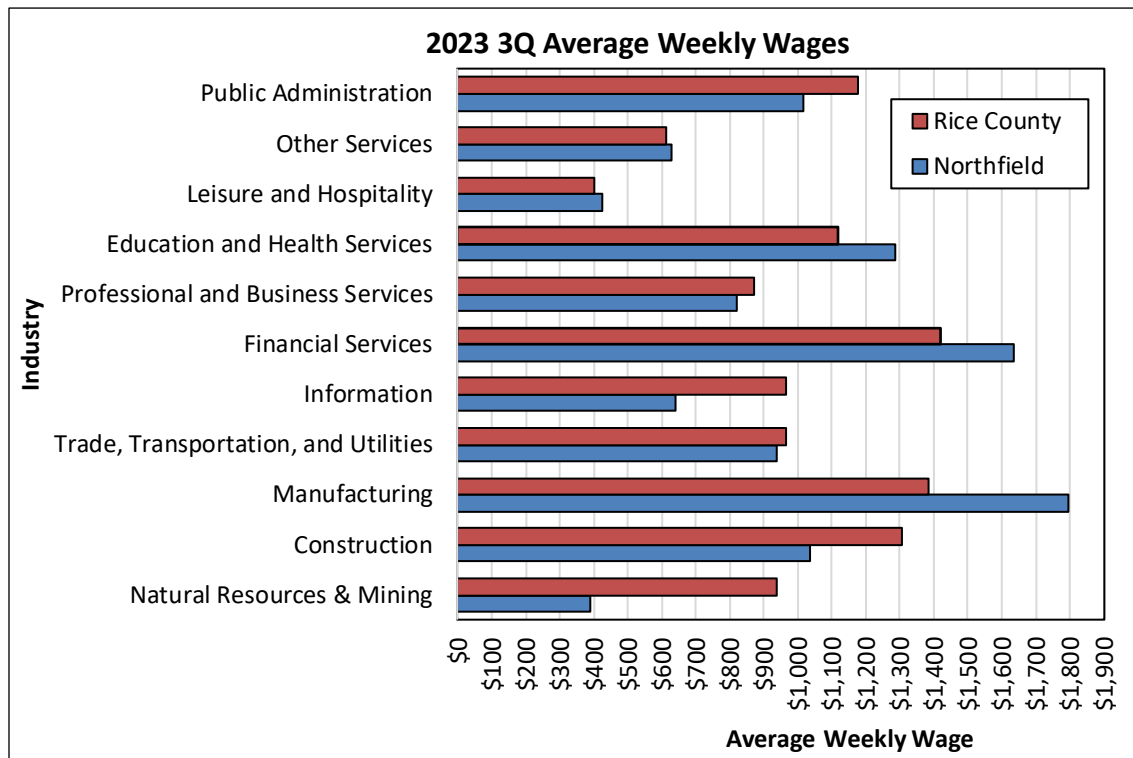
- Average weekly wages in Northfield (\$1,195) are 11.7% higher than the PMA (\$1,055). Wages in Rice County and Northfield experienced growth rates of 50.1% and 51.8%, respectively from 2010 to 2023. This reflects average annual growth of 3.2% for Rice County and 3.3% for Northfield.
- In Northfield, the highest average weekly wages (2023) were found in the Manufacturing (\$1,795), Financial Services (\$1,634) and Education and Health Services (\$1,285) sectors, while the highest wages in Rice County were Financial Services (\$1,420), Manufacturing (\$1,386) and Construction (\$1,308) sectors.
- Within selected larger industry categories, higher average weekly wages were identified for medical and hospital workers, real estate, specialty contractors (construction), accounting services, computer services and postal service.
- Between 2010 and 2023, the Leisure and Hospitality sector in Northfield saw the largest percent increase in wages across all industries (109.4%), followed by Financial Services at 91.1%. Rice County saw the largest percent wage increase in the Leisure and Hospitality sector 89.6%, followed by the Financial Services sector at 75.1%. Wages in the Financial Services Sector increased by \$779 in Northfield and by \$609 in Rice County.

TABLE E-4 COVERED EMPLOYMENT TRENDS RICE COUNTY AND CITY OF NORTHFIELD 2000 - 2023 (3rd Quarter) North American Industrial Classification System (NAICS)									
Rice County							Change		
Average Weekly Wages							2010 - 2023		
Industry	2000	2005	2010	2015	2020	2023	\$	Pct.	
Natural Resources & Mining	\$544	\$521	\$561	\$728	\$899	\$940	\$379	67.6	
Construction	\$637	\$683	\$860	\$1,008	\$1,183	\$1,308	\$448	52.1	
Manufacturing	\$708	\$800	\$957	\$1,166	\$1,367	\$1,386	\$429	44.8	
Trade, Transportation, and Utilities	\$464	\$517	\$609	\$726	\$831	\$967	\$358	58.8	
Information	\$600	N/A	N/A	\$908	\$889	\$966	N/A	N/A	
Financial Services	\$561	\$622	\$811	\$1,111	\$1,388	\$1,420	\$609	75.1	
Professional and Business Services	\$520	\$527	\$629	\$867	\$791	\$873	\$244	38.8	
Education and Health Services	\$590	\$684	\$765	\$843	\$980	\$1,119	\$354	46.3	
Leisure and Hospitality	\$178	\$195	\$211	\$272	\$335	\$400	\$189	89.6	
Other Services	\$265	\$305	\$355	\$435	\$566	\$614	\$259	73.0	
Public Administration	\$586	\$683	\$799	\$921	\$1,164	\$1,176	\$377	47.2	
Totals	\$548	\$613	\$703	\$825	\$988	\$1,055	\$352	50.1	
City of Northfield							Change		
Average Weekly Wages							2010 - 2020		
Industry	2000	2005	2010	2015	2020	2023	\$	Pct.	
Natural Resources & Mining	N/A	\$486	\$436	\$552	\$570	\$389	-\$47	-10.8	
Construction	N/A	\$655	\$632	\$764	\$997	\$1,037	\$405	64.1	
Manufacturing	\$844	\$974	\$1,168	\$1,503	\$1,859	\$1,795	\$627	53.7	
Trade, Transportation, and Utilities	\$430	\$523	\$680	\$789	\$868	\$938	\$258	37.9	
Information	\$659	\$656	\$879	\$1,000	\$912	\$641	-\$238	-27.1	
Financial Services	\$632	\$749	\$855	\$1,301	\$1,648	\$1,634	\$779	91.1	
Professional and Business Services	\$559	\$674	\$748	\$780	\$696	\$820	\$72	9.6	
Education and Health Services	\$672	\$754	\$820	\$958	\$1,107	\$1,285	\$465	56.7	
Leisure and Hospitality	\$181	\$181	\$203	\$311	\$369	\$425	\$222	109.4	
Other Services	\$329	\$397	\$453	\$483	\$578	\$627	\$174	38.4	
Public Administration	\$521	\$695	\$705	\$722	\$962	\$1,018	\$313	44.4	
Totals	\$616	\$693	\$787	\$938	\$1,131	\$1,195	\$408	51.8	
Sources: MN DEED; Maxfield Research and Consulting									

- A household earning the average weekly wage in Northfield of (\$1,131) would be able to afford an apartment renting for an estimated \$1,357 to not exceed 30% of its monthly income on housing costs.

EMPLOYMENT TRENDS

- By comparison, a household earning the average weekly in Rice County of (\$988) would be able to afford an apartment renting for an estimated \$1,186 per month to not exceed 30% of its monthly income on housing costs. Both amounts are higher than the average rent for one-bedroom apartment units in the competitive set of rental properties in Northfield but approximates of the cost for the newest one-bedroom units.



Commuting Patterns

Table E-5 shows the commuting patterns for workers in Northfield as of 2021 (most recent available) from data compiled by the US Census Bureau from the Longitudinal Employment-Household Dynamics. The LEHD data is a quarterly database of linked employer-employee data covering 95% of the employment in the U.S.

An estimated 3,102 workers both live and work in Northfield. This is nearly 37% of workers. A somewhat lower proportion of workers (30.6%) works in Northfield versus other communities such as Faribault, Lakeville, Minneapolis, Lonsdale and Farmington. These communities accounted for between 2% and 7% of work destinations for Northfield residents.

For those that work in Northfield, but live elsewhere, the top home destinations were Minneapolis, Faribault, Lakeville, St. Paul, Burnsville and Rochester which accounted for between 2.0% and 5% of workers' home destinations.

**TABLE E-5
COMMUTING PATTERNS
City of Northfield
2021**

Home Destination			Work Destination		
<u>Place of Employment</u>	<u>Count</u>	<u>Share</u>	<u>Place of Employment</u>	<u>Count</u>	<u>Share</u>
Northfield city, MN	3,102	36.5%	Northfield city, MN	3,102	30.6%
Minneapolis city, MN	454	5.3%	Faribault city, MN	759	7.5%
Faribault city, MN	410	4.8%	Lakeville city, MN	355	3.5%
St. Paul city, MN	274	3.2%	Minneapolis city, MN	307	3.0%
Lakeville city, MN	234	2.8%	Lonsdale city, MN	212	2.1%
Burnsville city, MN	227	2.7%	Farmington city, MN	204	2.0%
Rochester city, MN	170	2.0%	Dundas city, MN	190	1.9%
Eagan city, MN	161	1.9%	Owatonna city, MN	174	1.7%
Bloomington city, MN	154	1.8%	Burnsville city, MN	164	1.6%
Dundas city, MN	142	1.7%	St. Paul city, MN	153	1.5%
Farmington city, MN	134	1.6%	Apple Valley city, MN	129	1.3%
Willmar city, MN	125	1.5%	Rosemount city, MN	81	0.8%
Chanhassen city, MN	121	1.4%	Kenyon city, MN	68	0.7%
Apple Valley city, MN	96	1.1%	Bloomington city, MN	66	0.7%
Eden Prairie city, MN	96	1.1%	Hastings city, MN	59	0.6%
All Other Locations	2,608	30.7%	All Other Locations	4,110	40.6%
Total All Jobs	8,508		Total All Jobs	10,133	

Home Destination = Where workers are employed who live in the City of Northfield

Work Destination = Where workers live who are employed in the City of Northfield

Sources: US Census Bureau On the Map; Maxfield Research and Consulting LLC.

TABLE E-6 COMMUTING PATTERNS PRIMARY MARKET AREA 2021					
Home Destination			Work Destination		
<u>Place of Residence</u>	<u>Count</u>	<u>Share</u>	<u>Place of Employment</u>	<u>Count</u>	<u>Share</u>
Lakeville city, MN	5,693	13.4%	Minneapolis city, MN	7,890	9.8%
Northfield city, MN	3,975	9.3%	Lakeville city, MN	7,007	8.7%
Farmington city, MN	2,839	6.7%	Northfield city, MN	5,280	6.6%
Apple Valley city, MN	1,626	3.8%	Burnsville city, MN	4,940	6.1%
Burnsville city, MN	1,600	3.8%	Bloomington city, MN	4,511	5.6%
Faribault city, MN	1,272	3.0%	St. Paul city, MN	4,373	5.4%
Minneapolis city, MN	920	2.2%	Eagan city, MN	4,199	5.2%
Rosemount city, MN	900	2.1%	Apple Valley city, MN	2,889	3.6%
Eagan city, MN	808	1.9%	Farmington city, MN	2,573	3.2%
St. Paul city, MN	731	1.7%	Eden Prairie city, MN	2,036	2.5%
All Other Locations	22,150	52.1%	All Other Locations	34,761	43.2%
Total All Jobs	42,514		Total All Jobs	80,459	
Home Destination = Where workers live who are employed in the Market Area					
Work Destination = Where workers are employed who live in the Market Area					
Sources: US Census Bureau On the Map; Maxfield Research and Consulting LLC.					

Table E-6 shows the same information but for the overall PMA. As shown on the table, Minneapolis (9.8%) is at the top of the chart for work destinations, followed by Lakeville (8.7%) and Northfield (6.6%). Burnsville accounted for 6.1% and Bloomington (5.6%).

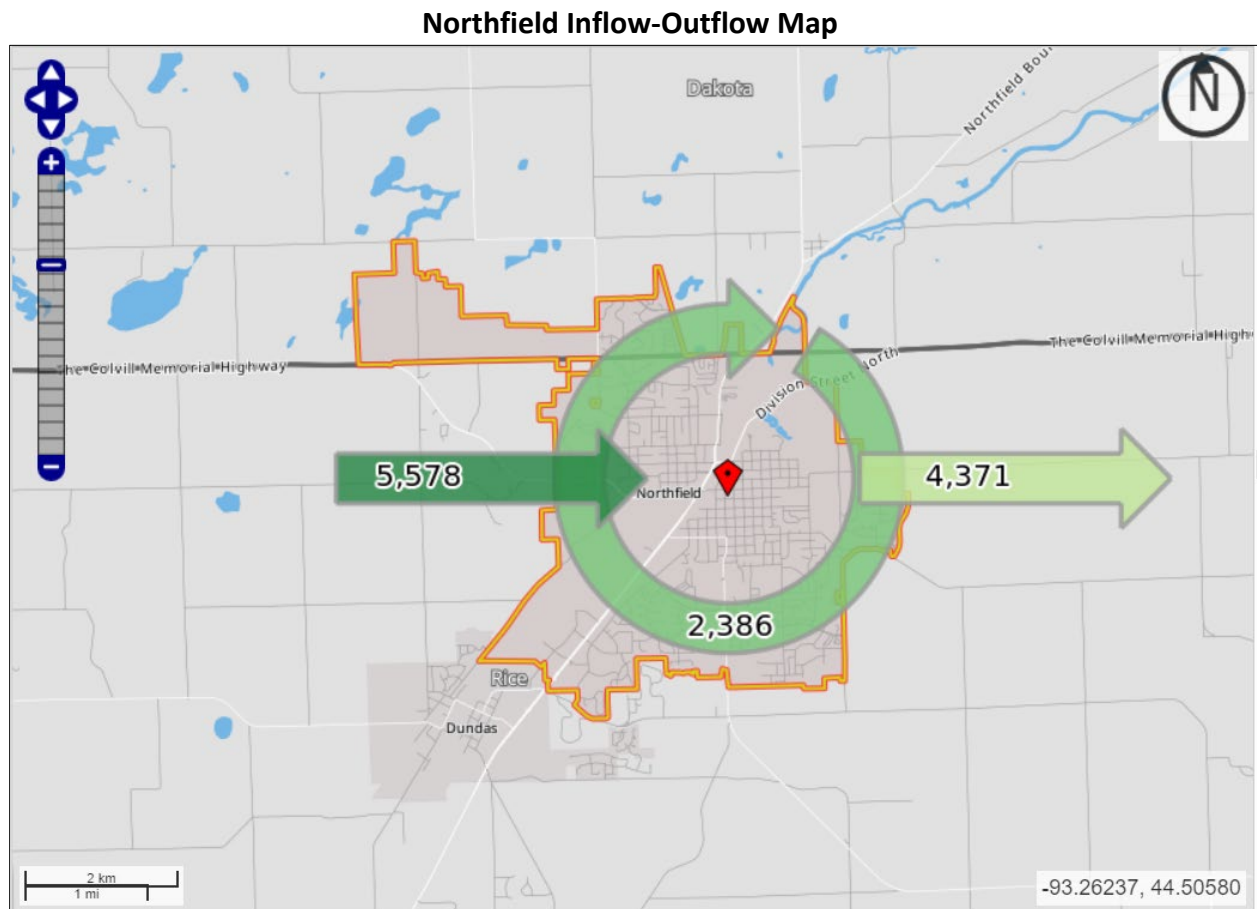
Regarding home destinations, Lakeville was at the top of the table at 13.4%, followed by Northfield (9.3%) and Farmington (6.7%).

We note that all other locations not on the table accounted for 52% of home destinations and 43% for work destinations.

FOR-SALE MARKET ANALYSIS

The map below shows the number of workers commuting into Northfield (inflow) at 5,578 and those leaving the City for work (4,371). An estimated 2,386 people live and work in Northfield. The data is compiled by the US Census Bureau from the Local Employment Household Dynamics (LEHD) database series. The estimates are as of 2021, the most recent available. This data may be lower than usual due to pandemic recovery during this period.

Demonstrates however that more people commute into Northfield for work than leave the City. A portion of those people may be interested in living in Northfield but may not be able to find housing that meets their needs.



According to information published by the Federal Reserve Bank of Minneapolis, 17% of workers in 2022 reported working remotely all the time or a majority of their time at home. Remote workers in Minnesota tend to be highly-educated, midcareer and more often White. An estimated 63% of remote workers held a bachelor's degree or higher compared to 42% of all Minnesota workers. Over one-third of remote workers in Minnesota work white-collar jobs in business, management and finance occupations. Another 16% work in computer, engineering or science positions. The smallest proportions work in construction, production, transportation and installation/repair.

Introduction

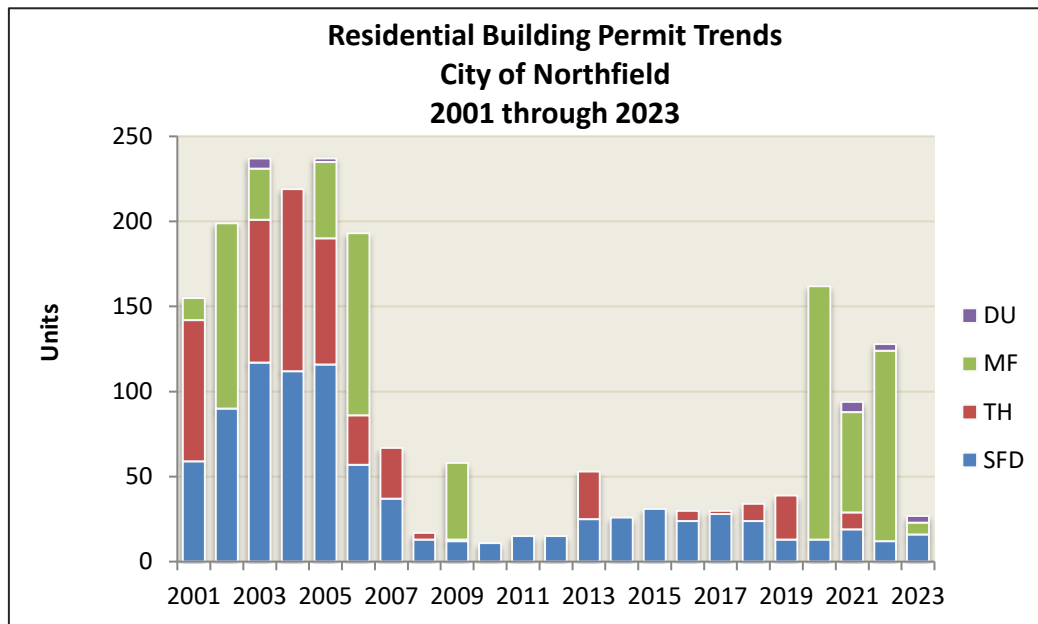
The variety and condition of the housing stock in a community provides the basis for an attractive living environment. Housing functions as a building block for neighborhoods and goods and services. We examined the housing market in the City of Northfield and the surrounding Market Area by reviewing data on the age of the existing housing supply, residential building trends and reviewing housing data from the American Community Survey that relates to the Market Area.

Residential Building Permit Trends

Maxfield Research obtained data from the City of Northfield on the number of building permits issued for new housing units in Northfield from 2001 through 2023. Table HC-1 displays permits issued for single-family homes, duplexes, and multifamily dwellings. Multifamily units include for-sale (condominium, townhomes and townhomes) and rental properties. The following are key points about housing development since 2001.

- Most residential permits issued during the period were single-family homes with 885 units built from 2001 through 2023. Townhomes accounted for 494 units and multifamily units accounted for 676 units. There has been more multifamily development over the past three years in Northfield than since 2009.
- The number of housing starts from 2010 to 2020 almost identically equals the number of new households in Northfield, demonstrating the growth that has occurred in the City.
- On average, permits were issued annually for 19 new single-family homes and 49 new multifamily units in Northfield.
- The number of single-family permits issued has remained relatively stable since 2015. There has been a strong increase in the number of multifamily permits issued over the past four years as new buildings, primarily market rate, have been added. Since 2020, a total of 326 new multifamily units have been added to Northfield.

TABLE HC-1 RESIDENTIAL BUILDING PERMIT TRENDS CITY OF NORTHFIELD 2001 through 2023					
	City of Northfield				
	<u>SFD</u>	<u>TH</u>	<u>DU</u>	<u>MF</u>	<u>Total</u>
2001	59	83	0	13	155
2002	90	0	0	109	199
2003	117	84	6	30	231
2004	112	107	0	0	219
2005	116	74	2	45	235
2006	57	29	0	107	193
2007	37	30	0	0	67
2008	13	4	0	0	17
2009	12	1	0	45	58
2010	11	0	0	0	11
2011	15	0	0	0	15
2012	15	0	0	0	15
2013	25	28	0	0	53
2014	26	0	0	0	26
2015	31	0	0	0	31
2016	24	6	0	0	30
2017	28	2	0	0	30
2018	24	10	0	0	34
2019	13	26	0	0	39
2020	13	0	0	149	162
2021	19	10	6	59	88
2022	12	0	4	112	124
2023	16	0	4	7	23
Total	885	494	22	676	2,055
SFD = single-family detached; TH = townhouse;					
DP = Duplex; MF = multifamily 3 or more units					
Source: City of Northfield					



American Community Survey

The American Community Survey (“ACS”) is an ongoing statistical survey administered by the U.S. Census Bureau that is sent to approximately three million addresses annually. The survey gathers data previously contained only in the long form of the Decennial Census. As a result, the survey is ongoing and provides a more “up-to-date” portrait of demographic, economic, social and household characteristics every year, not just every ten years. The most recent ACS highlights data collected between 2017 and 2021. Tables HC-3 and HC-4 show key data for the Northfield and the Primary Market Area.

Age of Housing Stock

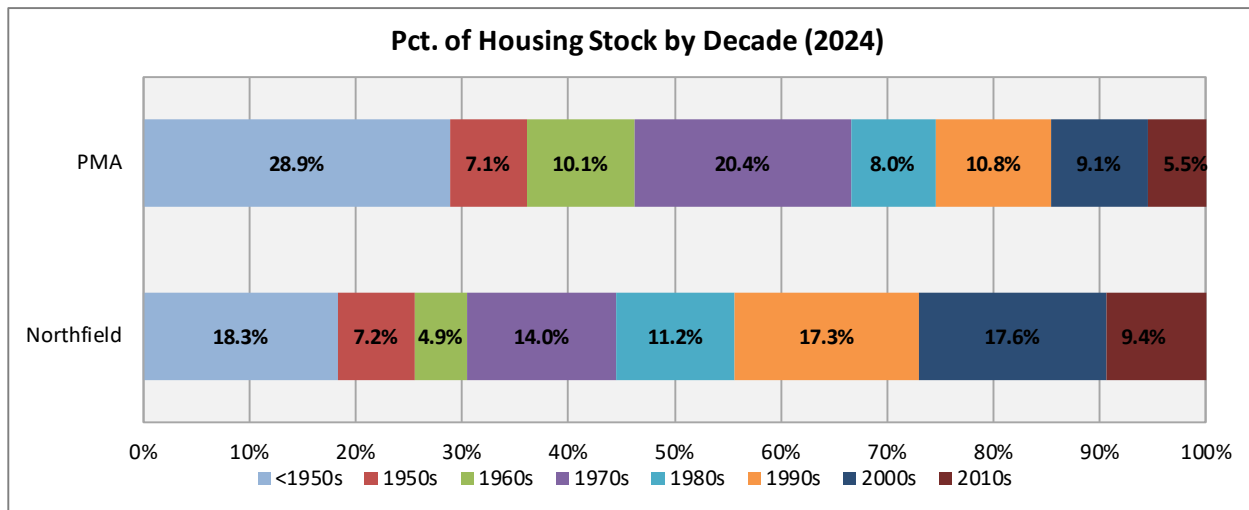
The following graph shows the estimated distribution of the housing stock by year built in 2024 based on data from the U.S. Census Bureau and American Community Survey (5-Year) and from actual building permit data from the City. Table HC-2 includes the number of housing units built in the Market Area prior to 1950 and during each decade since.

- In total, the Market Area is estimated to have 55,367 occupied housing units, of which an estimated 85% are owner-occupied and 15% are renter-occupied. Conversely, a higher proportion of housing units in Northfield are renter-occupied (33%). This proportion compares equally to the 7-County Metro Area, which had proportions of 67% owner-occupied and 33% renter-occupied units. It has become more difficult for entry-level buyers to get into the for-sale market over the past decade and reduced owned housing supply along with additional construction of multifamily units resulted in a higher proportion of rental

HOUSING CHARACTERISTICS

units versus owned units. This compares with a 2010 proportion for the Twin Cities Metro Area of 70%/30%.

- Owned housing in Northfield is modestly newer than in the Remainder of the Market Area, signaling more recent owned housing development. The median year built for rental housing is the same in Northfield as in the Remainder of the Market Area (1975).
- In Northfield, the largest portion of the housing stock was built 1980 or later (57%).



HOUSING CHARACTERISTICS

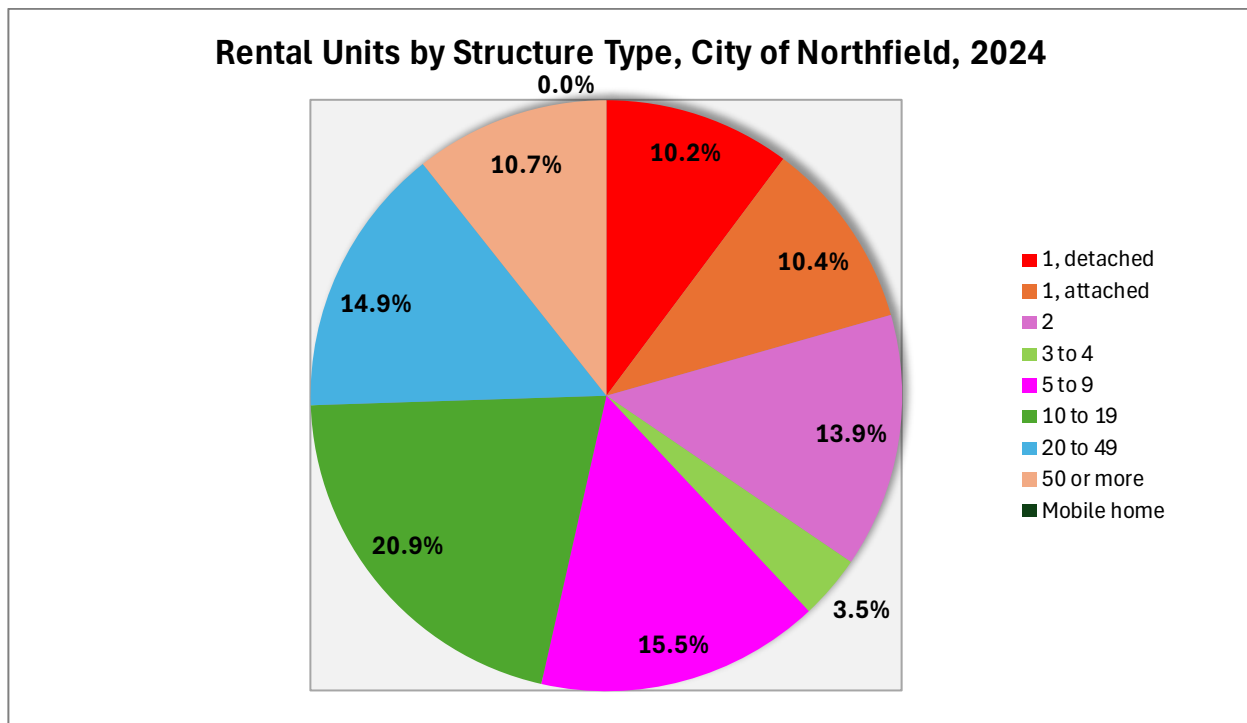
TABLE HC-2
AGE OF HOUSING STOCK
NORTHFIELD PRIMARY MARKET AREA
2024

			Year Unit Built																	
Occupied Units	Med. Yr. Built	<1950		1950s		1960s		1970s		1980s		1990s		2000s		2010 and later				
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.			
CITY OF NORTHFIELD																				
Owner-Occupied	4,584	1989	925	20.2	307	6.7	202	4.4	464	10.1	466	10.2	942	20.5	924	20.2	354	7.7		
Renter-Occupied	2,303	1975	341	14.8	161	7.0	99	4.3	490	21.3	288	12.5	248	10.8	349	15.2	327	14.2		
Total	6,887		1,266	18.4	468	6.8	301	4.4	954	13.9	754	10.9	1,190	17.3	1,273	18.5	681	9.9		
REMAINDER OF MARKET AREA																				
Owner-Occupied	42,196	1983	2,531	6.0	1,266	3.0	1,986	4.7	4,168	9.9	6,112	14.5	10,244	24.3	10,565	25.0	5,324	12.6		
Renter-Occupied	6,284	1975	622	9.9	189	3.0	247	3.9	559	8.9	1,326	21.1	1,003	16.0	1,524	24.3	814	13.0		
Total	48,480		3,153	6.5	1,455	3.0	2,233	4.6	4,727	9.8	7,438	15.3	11,247	23.2	12,089	24.9	6,138	12.7		
MARKET AREA TOTAL																				
Owner-Occupied	46,780	1983	3,456	7.4	1,573	3.4	2,188	4.7	4,632	9.9	6,578	14.1	11,186	23.9	11,489	24.6	5,678	12.1		
Renter-Occupied	8,587	1975	963	11.2	350	4.1	346	4.0	1,049	12.2	1,614	18.8	1,251	14.6	1,873	21.8	1,141	13.3		
Total	55,367		4,419	8.0	1,923	3.5	2,534	4.6	5,681	10.3	8,192	14.8	12,437	22.5	13,362	24.1	6,819	12.3		
Sources: U.S. Census Bureau - American Community Survey; Maxfield Research & Consulting, LLC																				

Housing Units by Structure and Tenure

Table HC-3 shows the housing stock in the Market Area by type of structure and tenure as of 2024.

- The dominant owned housing type in Northfield is the single-family detached unit, representing an estimated 76% of all owned housing units as of 2024.
- The housing type for rental units is more varied in the City. The highest proportion of rental units (19.8%) is in buildings with 10 to 19 units, followed by buildings with between 20 and 49 units (15.1%). Rented single-family homes and townhomes equal 14.5% and 9.6% of rented units, respectively.
- In the Remainder of the Market Area, single-family detached units represent the majority of all owned units at 85%. additional 43% of renter occupied units were in buildings with the total number of 10 or greater.



HOUSING CHARACTERISTICS

TABLE HC-3
HOUSING UNITS BY STRUCTURE & TENURE
NORTHFIELD PRIMARY MARKET AREA
2024

Units in Structure	CITY OF NORTHFIELD				REMAINDER OF PMA				MARKET AREA TOTAL				RICE COUNTY			
	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.
1, detached	3,266	71.2%	228	9.9%	36,056	85.4%	1,892	30.1%	39,322	84.1%	2,120	24.7%	15,419	86.5%	1,454	24.3%
1, attached	743	16.2%	232	10.1%	4,696	11.1%	1,568	25.0%	5,439	11.6%	1,800	21.0%	1,112	6.2%	348	5.8%
2	52	1.1%	311	13.5%	61	0.1%	176	2.8%	113	0.2%	487	5.7%	9	0.1%	544	9.1%
3 to 4	38	0.8%	78	3.4%	107	0.3%	170	2.7%	145	0.3%	248	2.9%	190	1.1%	449	7.5%
5 to 9	17	0.4%	347	15.1%	353	0.8%	429	6.8%	370	0.8%	776	9.0%	40	0.2%	587	9.8%
10 to 19	20	0.4%	468	20.3%	9	0.0%	407	6.5%	29	0.1%	875	10.2%	0	0.0%	874	14.6%
20 to 49	91	2.0%	332	14.4%	45	0.1%	575	9.2%	136	0.3%	907	10.6%	132	0.7%	700	11.7%
50 or more	107	2.3%	307	13.3%	0	0.0%	892	14.2%	107	0.2%	1,199	14.0%	68	0.4%	789	13.2%
Mobile home	250	5.5%	0	0.0%	869	2.1%	117	1.9%	1,119	2.4%	117	1.4%	855	4.8%	236	3.9%
Boat, RV, van, etc.	0	0.0%	0	0.0%	0	0.0%	58	0.9%	0	0.0%	58	0.7%	0	0.0%	0	0.0%
Total	4,584	100%	2,303	100%	42,196	100%	6,284	100%	46,780	100%	8,587	100%	17,825	100%	5,981	100%

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

Owned Housing Units by Mortgage Status

Table HC-4 shows the number of owned housing units by mortgage status including those with secondary mortgages such as home-equity loans or a second mortgage. Data is compiled from the US Census Bureau American Community Survey 2021 data with adjustments made by Maxfield Research to reflect current year household estimates.

The data shows that an estimated 39% of units in Northfield do not have a mortgage as compared to 24% of units in the Remainder of the Market Area. An estimated 7.8% of owned homes have either a home-equity loan, second mortgage or both. A higher portion of owned homes in the Remainder of the PMA (75.6%) have a mortgage or other debt.

The lower proportion of homes in Northfield without a mortgage likely indicates that there are more owner households who have lived in their homes for many years and have paid off their mortgage. Some households relocating to the community may have significant cash equity from a previous home and may be “cash buyers.”

TABLE HC-4 OWNER-OCCUPIED HOUSING UNITS BY MORTGAGE STATUS NORTHFIELD MARKET AREA 2024						
Mortgage Status	NORTHFIELD		REMAINDER OF MA		MARKET AREA	
	No.	Pct.	No.	Pct.	No.	Pct.
Housing units without a mortgage	1,885	39.0%	10,398	24.4%	12,283	25.9%
Housing units with a mortgage/debt	2,952	61.0%	32,263	75.6%	35,215	74.1%
Second mortgage only	55	1.1%	993	2.3%	1,048	2.2%
Home equity loan only	310	6.4%	3,753	8.8%	4,063	8.6%
Both second mortgage and equity loan	15	0.3%	123	0.3%	138	0.3%
No second mortgage or equity loan	2,572	53.2%	27,170	63.7%	29,742	62.6%
Total	4,837	100.0%	42,661	100.0%	47,498	100.0%
Average Value by Mortgage Status						
Housing units with a mortgage	\$307,929		\$413,330		\$412,925	
Housing units without a mortgage	\$256,298		\$374,781		\$373,797	
Sources: U.S. Census Bureau - American Community Survey; Maxfield Research & Consulting, LLC						

Introduction

Maxfield Research and Consulting analyzed the for-sale housing market in Northfield and cities in the surrounding area by analyzing data on single-family and multifamily home sales, active listings, lot supply and actively marketing subdivisions in the City.

Overview of For-Sale Market Conditions

Table FS-1 displays a summary of single-family and owned multifamily resales in Northfield, Dundas and selected other cities in the Primary Market Area. Data was compiled from statistics published by the Greater Minneapolis Area Association of Realtors.

The Table shows that home sales have fluctuated over the period 2016 through 2023 but have remained generally steady over the period. The highest number of sales was recorded in 2021.

TABLE FS-1 HOME RESALES NORTHFIELD PRIMARY MARKET AREA 2016 through 2023					
NORTHFIELD/DUNDAS					
Year	No. of Sales	Average Price	Median Price	Median Square Feet	Median CDOM
2023	259	\$380,786	\$351,000	2,043	17
2022	303	\$370,081	\$346,000	2,040	15
2021	357	\$360,037	\$329,990	2,053	12
2020	350	\$297,195	\$275,000	2,037	28
2019	318	\$284,477	\$264,900	2,047	35
2018	281	\$264,087	\$250,000	2,129	31
2017	324	\$251,777	\$237,950	2,128	32
2016	329	\$228,884	\$215,000	2,058	41
% Change 2016 - 2023	-21.3%	66.4%	63.3%	---	-58.5%
REMAINDER OF PRIMARY MARKET AREA					
2023	1,554	\$464,253	\$442,420	2,193	21
2022	2,440	\$423,932	\$406,900	2,300	8
2021	2,440	\$423,932	\$406,900	2,300	32
2020	2,396	\$346,044	\$324,900	2,209	18
2019	2,240	\$317,117	\$295,000	2,122	25
2018	1,887	\$309,974	\$289,000	1,513	25
2017	1,930	\$287,699	\$270,230	2,296	29
2016	2,053	\$290,296	\$270,450	2,202	32
% Change 2016 - 2023	-24.3%	59.9%	63.6%	---	-34.4%
Sources: Greater Mpls. Area Association of Realtors; Maxfield Research and Consulting LLC.					

In Northfield/Dundas, the median resale price rose by 63.3% over the past seven years while the average resale price rose by 66.4%. As of year-end 2023, the median resale price for homes in Northfield/Dundas was \$351,000.

Homes in the Remainder of the PMA are priced higher with a median resale price of \$442,400 as of year-end 2023 and an average price of \$464,253. The median resale price increased by 63.6% over the past seven years, 2016 through 2023 and the average resale price rose by 59.9%.

Market times have continued to decrease with the result that homes in Northfield/Dundas sold within 17 days and those in the Remainder of the Primary Market Area sold within 21 days.

Single-Family Resales

Table FS-2, on the following page, shows similar trends for single-family resales over the same period, 2016 through 2023. In Northfield/Dundas, the median resale price of a single-family home was \$400,000 and was \$489,590 in the Remainder of the PMA. Homes are modestly larger, on average, in the Remainder of the PMA versus Northfield/Dundas.

Market times for single-family homes in Northfield/Dundas and in the Remainder of the Market Area were very low as of year-end 2023. As shown on the table, single-family homes were selling within 22 days in Northfield/Dundas and within 21 days in the Remainder of the Market Area.

Single-family median home resale prices rose by 66.7% between 2016 and 2023 in Northfield/Dundas and by 76.1% in the Remainder of the Primary Market Area. The number of single-family homes sold rose between 2018 and 2021 but decreased in 2022 and 2023 due primarily to higher mortgage interest rates, but also decreased supply and a slowdown in new construction.

TABLE FS-2 SINGLE-FAMILY RESALES NORTHFIELD PRIMARY MARKET AREA 2016 through 2023					
NORTHFIELD/DUNDAS					
Year	No. of Sales	Average Price	Median Price	Median Square Feet	Median Days on Market
2023	186	\$414,903	\$400,000	2,194	22
2022	223	\$397,911	\$381,000	2,232	15
2021	262	\$392,143	\$358,950	2,249	11
2020	251	\$320,695	\$299,900	2,158	22
2019	243	\$304,281	\$274,900	2,165	32
2018	193	\$300,876	\$279,900	2,251	32
2017	232	\$278,175	\$254,900	2,102	37
2016	259	\$252,668	\$239,900	1,957	41
% Change 2016 - 2023	-28.2%	64.2%	66.7%	---	-46.3%
REMAINDER OF PRIMARY MARKET AREA					
2023	1,116	\$503,271	\$489,590	2,432	21
2022	1,427	\$498,681	\$477,425	2,433	13
2021	1,892	\$458,923	\$435,000	2,435	7
2020	1,870	\$372,120	\$348,400	2,373	16
2019	1,680	\$344,695	\$320,000	2,302	23
2018	1,420	\$338,782	\$320,000	2,560	27
2017	1,467	\$313,772	\$293,000	2,470	32
2016	1,549	\$299,331	\$278,000	2,487	36
% Change 2016 - 2023	-28.0%	68.1%	76.1%	---	-41.7%
Sources: Greater Mpls. Area Association of Realtors; Maxfield Research and Consulting LLC.					

Owned Multifamily Resales

Table FS-3 shows trends for owned multifamily resales (i.e. condos, townhomes and twinhomes). The data shows an increase in the median resale value in Northfield/Dundas of 82.3% over the past seven years and an increase of 112.5% in the Remainder of the Primary Market Area. These increases reflect average annual increases of 9% for Northfield/Dundas and 11.4% for the Remainder of the Primary Market Area.

TABLE FS-3 MULTIFAMILY OWNED SALES NORTHFIELD PRIMARY MARKET AREA 2016 through 2023					
NORTHFIELD/DUNDAS					
Year	No. of Sales	Average Price	Median Price	Median Square Feet	Median Days on Market
2023	73	\$314,826	\$289,787	1,749	21
2022	80	\$282,508	\$265,000	1,617	14
2021	95	\$271,491	\$256,500	1,577	17
2020	99	\$237,615	\$222,500	1,749	30
2019	75	\$220,310	\$204,900	1,587	34
2018	90	\$194,501	\$187,000	1,528	26
2017	93	\$197,994	\$181,000	1,524	25
2016	85	\$174,306	\$159,000	1,528	36
% Change 2016 - 2023	-14.1%	80.6%	82.3%	---	-41.7%
REMAINDER OF PRIMARY MARKET AREA					
2023	439	\$365,472	\$360,000	1,829	20
2022	467	\$345,800	\$310,000	1,683	14
2021	547	\$302,790	\$265,000	1,609	12
2020	526	\$253,343	\$228,900	1,632	17
2019	560	\$234,385	\$214,900	1,602	19
2018	467	\$222,379	\$200,000	1,768	19
2017	463	\$205,088	\$185,500	1,745	22
2016	496	\$186,320	\$169,450	1,728	30
% Change 2016 - 2023	-11.5%	96.2%	112.5%	---	-33.3%
Sources: Greater Mpls Area Association of Realtors; Maxfield Research & Consulting, LLC.					

Active Listings

Table FS-4 shows active listings for the cities of Northfield and Dundas combined in addition to the Remainder of the PMA. Following the table is a listing of the months of supply for selected cities in the PMA including Northfield and Dundas, but also the smaller communities nearby of Lonsdale, Cannon Falls and Faribault.

TABLE FS-4 ACTIVE HOME LISTINGS NORTHFIELD PRIMARY MARKET AREA March 2024				
	SINGLE-FAMILY		OWNED MULTIFAMILY	
	No.	Median Value	No.	Median Value
NORTHFIELD/DUNDAS				
Under \$50,000	0	\$0	0	\$0
\$50,000-\$99,999	0	\$0	0	\$0
\$100,000-\$149,999	0	\$0	1	\$116,900
\$150,000-\$199,999	0	\$0	0	\$0
\$200,000-\$299,999	1	\$259,000	2	\$274,900
\$300,000-\$399,999	1	\$315,000	2	\$342,450
\$400,000-\$499,999	6	\$469,200	4	\$447,450
\$500,000-\$699,999	6	\$589,500	4	\$527,250
\$700,000-\$999,999	2	\$824,000	0	\$0
\$1,000,000 and Over	2	\$1,149,500	0	\$0
Total/Median	18	\$460,650	13	\$435,000
REMAINDER OF PRIMARY MARKET AREA				
Under \$50,000	0	\$0	0	\$0
\$50,000-\$99,999	0	\$0	0	\$0
\$100,000-\$149,999	0	\$0	0	\$0
\$150,000-\$199,999	0	\$0	0	\$0
\$200,000-\$299,999	3	\$269,000	6	\$285,000
\$300,000-\$399,999	16	\$378,400	25	\$349,990
\$400,000-\$499,999	67	\$455,000	26	\$437,500
\$500,000-\$699,999	121	\$598,700	21	\$600,125
\$700,000-\$999,999	36	\$849,900	4	\$769,702
\$1,000,000 and Over	12	\$1,999,500	0	\$0
Total/Median	255	\$545,900	82	\$428,100
Sources: Greater Mpls Area Assoc of Realtors; Maxfield Research				

Months of Supply

Months of supply has been consistently low across virtually all product types in the Twin Cities Metro Area for several years now. The same is true of Northfield and the surrounding communities in the Primary Market Area. Although higher mortgage interest rates have increased the supply slightly, home supply remains very low.

As of March 2024, months of supply was identified as follows:

Single-Family Homes

Northfield – 1.6 months
Dundas – 3.9 months
Lakeville – 2.8 months
Farmington – 2.8 months
Lonsdale – 2.5 months
Cannon Falls – 2.3 months
Faribault – 1.7 months

Owned Multifamily Homes (Townhome/Condo)

Northfield – 1.9 months
Dundas – 0.6 months
Lakeville – 2.8 months
Farmington – 1.5 month
Lonsdale – 0.3 months
Cannon Falls – 0.6 months
Faribault – 1.7 months

A five- to six- months supply of homes is considered a typically balanced market. With supply levels this low, prices have been increasing dramatically over the past four years. The average annual price appreciation of 5.3% over the past five years (2016 through 2023) in Northfield attests to the very low supply and very low market times.

Low supply however, may also be a factor of the increasing cost to construct new homes, which is also a factor in the reduced supply. Builders and developers are cautious about bringing new homes to the market as land prices and construction costs continue to soar.

Younger buyers are remaining in rental units longer due to several factors including high student debt, difficulty in saving a downpayment, rising home costs, stagnant wages and potential concerns regarding job security. As such, many households in their prime first-time buying years (25 to 35) may delay purchasing or may elect not to purchase at all.

Existing single-family homes occupied by seniors can serve as a potential market for entry-level buyers if there is product available for seniors where they can relocate. Unfortunately, many seniors are remaining in their homes because existing single-level townhomes and detached villas are priced at \$400,000 and higher. The number of lower priced homes under \$350,000 on the market is exceptionally low.

Pricing continues to be a key factor however in considering any of these products for development.

- Detached villa pricing typically begins at \$350,000 and can range up to \$800,000 or higher (Metro);
- Twinhome pricing typically begins at \$300,000 and can range up to about \$550,000 (Metro)
- Quad-style pricing is usually the lowest starting at \$225,000 up to about \$250,000; most quad-styles do not exceed \$280,000 per unit.

Many 55+ households prefer having a unit that shares either no walls or only one wall; units that share more than one wall have usually been less popular, but if the buyer is price-sensitive, the quad-style has usually sold well. This product was more prevalent among larger builders prior to the housing market downturn. There has been a significant reduction in home builders in the Twin Cities, both national production builders and small local builders due to fall out from the recession.

Many small to mid-size builders have focused almost exclusively on the custom homebuilding market as the profit margins are greater for this type of product. National builders need to ensure sufficient market absorption and thus, have focused on Twin Cities Metro suburbs where monthly sales will meet corporate expectations.

Price Distribution of Homes

Table FS-5 shows the price distribution of homes in Northfield and other nearby communities over the past three years.

As shown on the table, in 2016, 34.2% of single-family homes sold were priced under \$200,000. By 2023, that proportion had decreased to 2.6%. As of 2023, the highest proportion of homes sold in Northfield were priced between \$300,000 and \$399,999 (39.6%). Between 2016 and 2023, the median price of homes sold in Northfield increased by 6.4% annually or by nearly 51% over the period.

Homes in Faribault are less expensive, on average. As of 2023, 43.4% of homes in Faribault were priced between \$200,000 and \$299,999. The proportion of closed sales priced below \$300,000 as of 2023 was 63.9%.

Similar situations occurred in the other cities shown and the differences are listed below for each city.

Single-Family Homes

	Total Increase Median Price	Average Annual Increase Median Price
Northfield	50.8%	6.4%
Dundas	89.5%	9.6%
Lonsdale	62.5%	7.2%
Cannon Falls	70.3%	7.9%
Faribault	69.2%	7.8%
Total	62.9%	7.2%

Multifamily Homes

	Total Increase Median Price	Average Annual Increase Median Price
Northfield	80.0%	8.8%
Dundas	108.6%	11.1%
Lonsdale	86.2%	9.3%
Cannon Falls	96.2%	10.1%
Faribault	67.2%	7.6%
Total	86.2%	9.3%

TABLE FS-5 RESALE PRICE DISTRIBUTION OF HOMES SELECTED CITIES IN THE PMA 2016 through 2023							
						Northfield	
2016	Northfield	Dundas	Lonsdale	Cannon Falls	Faribault	Pct-2016	Pct-2023
Under \$100,000	3	2	6	9	47	1.3%	0.0%
\$100,000-\$149,999	32	3	14	14	85	13.9%	1.3%
\$150,000-\$199,999	44	3	15	17	107	19.0%	1.3%
\$200,000-\$299,999	93	19	77	38	67	40.3%	21.4%
\$300,000-\$399,999	40	1	5	12	18	17.3%	39.6%
\$400,000-\$499,999	15	0	1	2	10	6.5%	18.8%
\$500,000-\$699,999	3	0	2	1	4	1.3%	12.3%
\$700,000 and over	1	0	0	1	2	0.4%	5.2%
Total	231	28	120	94	340	100.0%	100.0%
						Dundas	
2017	Northfield	Dundas	Lonsdale	Cannon Falls	Faribault	Pct-2016	Pct-2023
Under \$100,000	1	2	4	3	42	8.7%	0.0%
\$100,000-\$149,999	18	2	5	14	94	8.7%	3.1%
\$150,000-\$199,999	18	3	17	18	85	13.0%	3.1%
\$200,000-\$299,999	118	10	76	43	104	43.5%	9.4%
\$300,000-\$399,999	36	5	10	17	33	21.7%	12.5%
\$400,000-\$499,999	14	1	1	6	6	4.3%	53.1%
\$500,000-\$699,999	6	0	1	3	4	0.0%	15.6%
\$700,000 and over	3	0	0	1	0	0.0%	3.1%
Total	214	23	114	105	368	100.0%	100.0%
						Lonsdale	
2018	Northfield	Dundas	Lonsdale	Cannon Falls	Faribault	Pct-2016	Pct-2023
Under \$100,000	2	0	4	1	33	5.0%	0.0%
\$100,000-\$149,999	6	2	6	10	76	11.7%	0.0%
\$150,000-\$199,999	7	2	12	15	110	12.5%	1.4%
\$200,000-\$299,999	85	11	95	32	80	64.2%	21.9%
\$300,000-\$399,999	53	14	18	20	27	4.2%	43.8%
\$400,000-\$499,999	16	0	5	11	13	0.8%	28.8%
\$500,000-\$699,999	6	0	1	2	6	1.7%	4.1%
\$700,000 and over	1	0	0	1	0	0.0%	0.0%
Total	176	29	141	92	345	100.0%	100.0%
						Cannon Falls	
2019	Northfield	Dundas	Lonsdale	Cannon Falls	Faribault	Pct-2016	Pct-2023
Under \$100,000	1	1	0	0	12	9.6%	0.0%
\$100,000-\$149,999	11	1	0	5	66	14.9%	2.3%
\$150,000-\$199,999	12	0	5	10	100	18.1%	2.3%
\$200,000-\$299,999	110	15	80	36	87	40.4%	27.9%
\$300,000-\$399,999	56	10	29	16	38	12.8%	37.2%
\$400,000-\$499,999	24	1	3	5	10	2.1%	14.0%
\$500,000-\$699,999	9	1	0	0	4	1.1%	14.0%
\$700,000 and over	0	0	1	1	1	1.1%	2.3%
Total	223	29	118	73	318	100.0%	100.0%
						Faribault	
2020	Northfield	Dundas	Lonsdale	Cannon Falls	Faribault	Pct-2016	Pct-2023
Under \$100,000	1	0	1	0	10	13.8%	2.8%
\$100,000-\$149,999	5	2	0	6	58	25.0%	6.4%
\$150,000-\$199,999	11	15	5	9	88	31.5%	11.2%
\$200,000-\$299,999	90	23	68	30	132	19.7%	43.4%
\$300,000-\$399,999	69	6	56	13	46	5.3%	18.9%
\$400,000-\$499,999	28	0	6	8	27	2.9%	8.4%
\$500,000-\$699,999	13	0	2	5	5	1.2%	5.6%
\$700,000 and over	3	0	0	6	4	0.6%	3.2%
Total	220	46	138	77	370	100.0%	100.0%
(continued)							

TABLE FS-5 (continued)
RESALE PRICE DISTRIBUTION OF HOMES
SELECTED CITIES IN THE PMA
2016 through 2023

2021	Northfield	Dundas	Lonsdale	Cannon Falls	Faribault
Under \$100,000	0	0	0	0	9
\$100,000-\$149,999	2	0	1	1	35
\$150,000-\$199,999	4	1	5	1	57
\$200,000-\$299,999	52	6	42	32	158
\$300,000-\$399,999	80	19	89	27	70
\$400,000-\$499,999	34	18	12	17	23
\$500,000-\$699,999	31	8	3	10	19
\$700,000 and over	7	0	1	4	6
Total	210	52	153	92	377
2022	Northfield	Dundas	Lonsdale	Cannon Falls	Faribault
Under \$100,000	0	0	0	0	4
\$100,000-\$149,999	3	0	0	0	27
\$150,000-\$199,999	4	0	1	2	45
\$200,000-\$299,999	46	4	14	22	120
\$300,000-\$399,999	57	7	59	23	56
\$400,000-\$499,999	36	19	12	15	27
\$500,000-\$699,999	35	7	3	10	25
\$700,000 and over	5	0	1	4	10
Total	186	37	90	76	314
2023	Northfield	Dundas	Lonsdale	Cannon Falls	Faribault
Under \$100,000	0	0	0	0	7
\$100,000-\$149,999	2	1	0	1	16
\$150,000-\$199,999	2	1	1	1	28
\$200,000-\$299,999	33	3	16	12	108
\$300,000-\$399,999	61	4	32	16	47
\$400,000-\$499,999	29	17	21	6	21
\$500,000-\$699,999	19	5	3	6	14
\$700,000 and over	8	1	0	1	8
Total	154	32	73	43	249

Sources: Greater Mpls Area Association of Realtors; Maxfield Research and Consulting LLC

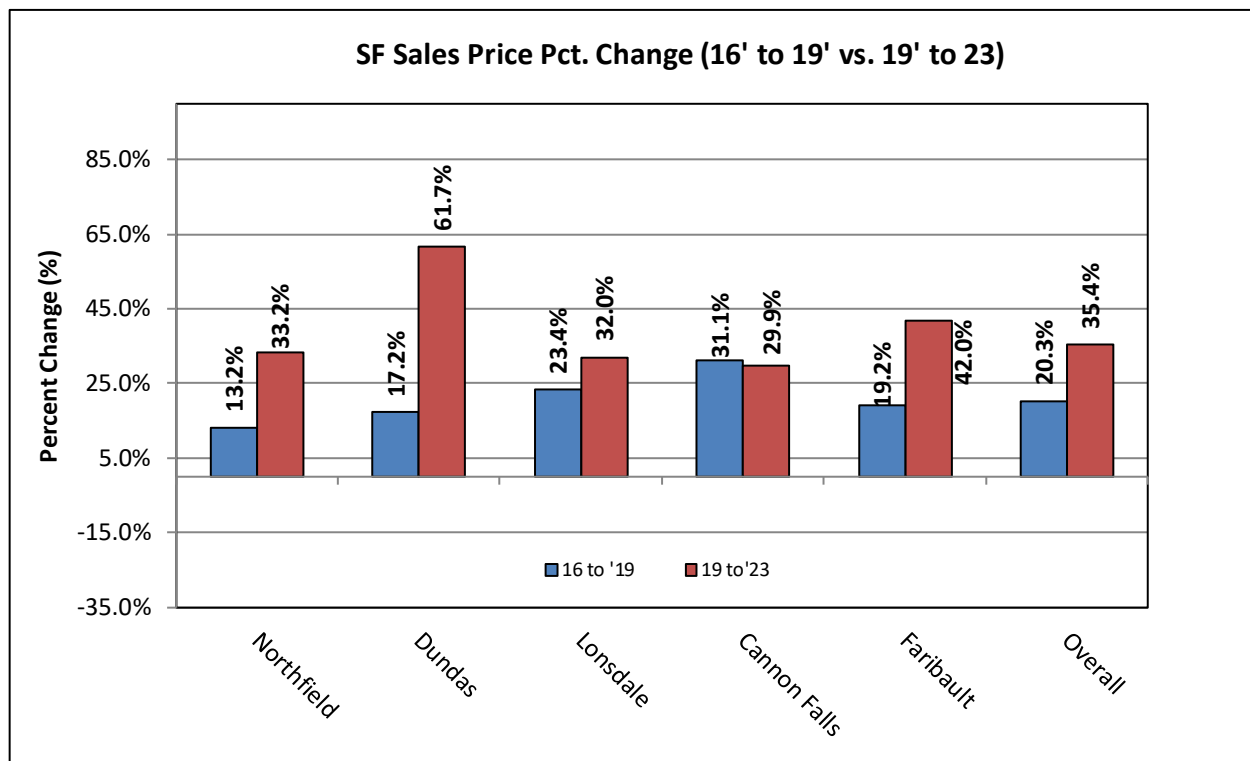
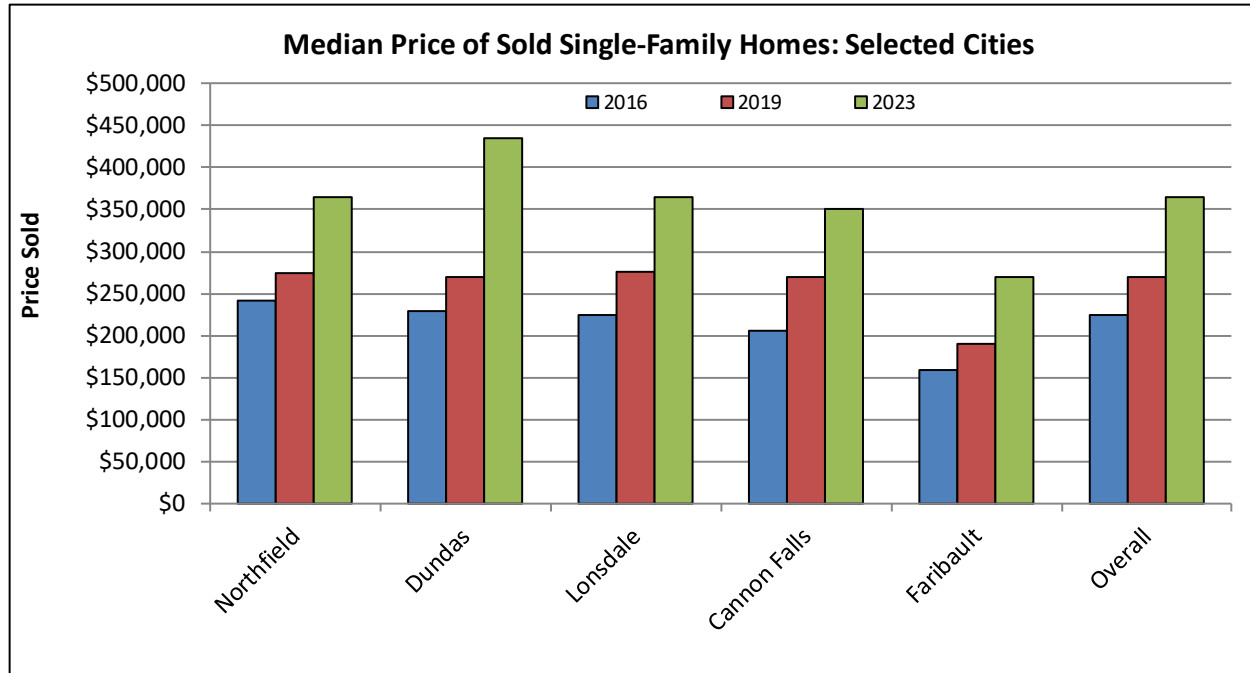
Home Sales Pricing - Selected Cities in the Northfield PMA

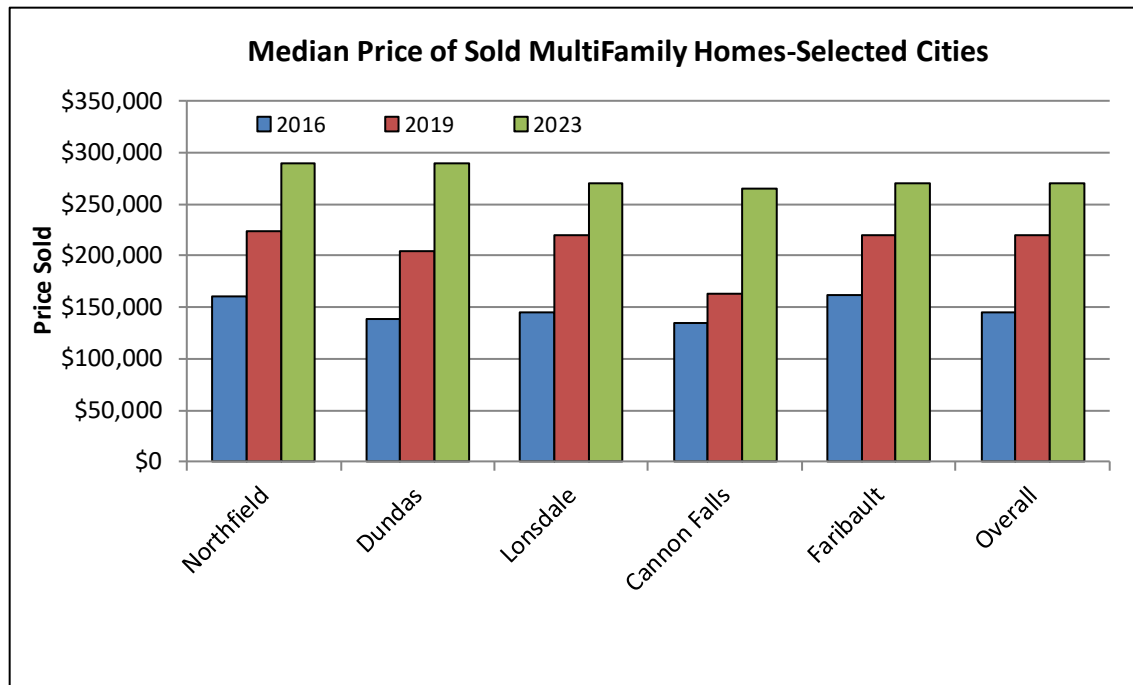
Tables FS-6 and FS-7 show historic home sales pricing in Northfield and selected surrounding cities.

TABLE FS-6 SINGLE-FAMILY HOME SALES SELECTED PRIMARY MARKET AREA COMMUNITIES 2016 through 2023									
Year	No. Sold	Avg. Sold Price	Median Sold Price	Avg. Days on Market	Year	No. Sold	Avg. Sold Price	Median Sold Price	Avg. Days on Market
Northfield					Dundas				
2016	230	\$257,981	\$242,000	46	2016	28	\$208,843	\$229,500	26
2017	214	\$277,712	\$253,700	35	2017	23	\$247,892	\$245,000	40
2018	176	\$302,202	\$279,900	31	2018	29	\$282,352	\$296,692	24
2019	223	\$302,543	\$274,000	35	2019	29	\$288,770	\$269,000	45
2020	220	\$321,945	\$300,286	28	2020	46	\$331,321	\$348,620	16
2021	210	\$388,849	\$350,000	10	2021	52	\$405,446	\$396,670	12
2022	186	\$393,382	\$355,450	14	2022	38	\$420,678	\$422,500	22
2023	154	\$402,230	\$365,000	15	2023	32	\$427,575	\$435,000	28
Pct. Change					Pct. Change				
16 to 23	-33.0%	55.9%	50.8%	-67.4%	16 to 23	14.3%	104.7%	89.5%	7.7%
Lonsdale					Cannon Falls				
2016	120	\$222,128	\$224,000	31	2016	94	\$222,646	\$205,500	53
2017	113	\$237,313	\$238,151	41	2017	105	\$260,463	\$234,900	61
2018	141	\$255,786	\$254,900	23	2018	92	\$281,716	\$247,500	41
2019	118	\$283,007	\$276,450	25	2019	73	\$279,125	\$269,500	35
2020	138	\$298,529	\$296,442	22	2020	77	\$336,837	\$285,000	33
2021	153	\$329,081	\$324,040	13	2021	92	\$375,056	\$332,500	21
2022	90	\$365,908	\$359,900	14	2022	76	\$400,837	\$361,250	14
2023	73	\$360,674	\$365,000	20	2023	43	\$374,834	\$350,000	10
Pct. Change					Pct. Change				
16 to 23	-39.2%	62.4%	62.9%	-35.5%	16 to 23	-54.3%	68.4%	70.3%	-81.1%
Faribault					Total				
2016	340	\$182,718	\$159,000	37	2016	812	\$218,863	\$224,000	37
2017	368	\$194,075	\$177,500	31	2017	823	\$243,491	\$238,151	40
2018	345	\$199,748	\$176,675	33	2018	783	\$264,361	\$254,900	31
2019	318	\$216,700	\$189,450	28	2019	761	\$274,029	\$269,500	35
2020	370	\$243,123	\$216,200	21	2020	851	\$306,351	\$296,442	22
2021	377	\$275,213	\$242,000	11	2021	884	\$354,729	\$332,500	12
2022	314	\$298,875	\$258,500	14	2022	704	\$375,936	\$359,900	14
2023	250	\$305,724	\$269,000	14	2023	552	\$374,207	\$365,000	15
Pct. Change					Pct. Change				
16 to 23	-26.5%	67.3%	69.2%	-62.2%	16 to 23	-32.0%	71.0%	62.9%	-59.5%
Sources: Greater Minneapolis Area Association of Realtors; Maxfield Research and Consulting, LLC									

FOR-SALE HOUSING ANALYSIS

TABLE FS-7 OWNED MULTIFAMILY HOME SALES SELECT CITIES IN THE PRIMARY MARKET AREA 2016 through 2023									
Year	No. Sold	Avg. Sold Price	Median Sold Price	Avg. Days on Market	Year	No. Sold	Avg. Sold Price	Median Sold Price	Avg. Days on Market
Northfield					Dundas				
2016	75	\$178,490	\$161,000	35	2016	10	\$142,930	\$138,750	22
2017	94	\$212,720	\$195,689	27	2017	18	\$225,000	\$250,000	26
2018	76	\$202,791	\$194,850	28	2018	16	\$179,956	\$161,450	21
2019	75	\$229,577	\$224,000	43	2019	8	\$205,863	\$204,000	27
2020	95	\$251,033	\$232,000	37	2020	11	\$202,189	\$214,988	32
2021	83	\$275,948	\$285,000	17	2021	12	\$240,668	\$227,500	14
2022	71	\$296,348	\$265,000	14	2022	9	\$262,211	\$260,000	8
2023	65	\$319,484	\$289,787	21	2023	8	\$276,975	\$289,450	27
Pct. Change					Pct. Change				
16 to 23	-13.3%	79.0%	80.0%	-40.0%	16 to 23	-20.0%	93.8%	108.6%	22.7%
Lonsdale					Cannon Falls				
2016	7	\$142,400	\$145,000	81	2016	10	\$126,315	\$134,950	72
2017	4	\$214,000	\$217,500	80	2017	8	\$163,213	\$158,650	41
2018	8	\$185,450	\$202,950	18	2018	10	\$199,530	\$208,500	86
2019	6	\$205,340	\$219,900	46	2019	8	\$158,625	\$163,550	14
2020	6	\$233,567	\$237,200	16	2020	7	\$220,286	\$219,900	17
2021	18	\$239,867	\$240,000	16	2021	8	\$248,475	\$247,450	20
2022	5	\$283,360	\$286,000	20	2022	11	\$243,182	\$265,000	28
2023	7	\$254,143	\$270,000	51	2023	8	\$261,050	\$264,750	31
Pct. Change					Pct. Change				
16 to 23	0.0%	78.5%	86.2%	-37.0%	16 to 23	-20.0%	106.7%	96.2%	-56.9%
Faribault					Total				
2016	28	\$155,625	\$161,714	30	2016	130	\$149,152	\$145,000	35
2017	38	\$179,826	\$167,500	18	2017	162	\$198,952	\$195,689	27
2018	30	\$220,021	\$197,425	23	2018	140	\$197,550	\$197,425	23
2019	37	\$221,594	\$220,000	39	2019	134	\$204,200	\$219,900	39
2020	27	\$211,927	\$197,000	17	2020	146	\$223,800	\$219,900	17
2021	23	\$230,008	\$200,000	11	2021	144	\$246,993	\$240,000	16
2022	31	\$266,087	\$265,000	13	2022	127	\$270,238	\$265,000	14
2023	27	\$285,044	\$270,000	21	2023	115	\$279,339	\$270,000	27
Pct. Change					Pct. Change				
16 to 23	-3.6%	83.2%	67.0%	-30.0%	16 to 23	-11.5%	87.3%	86.2%	-22.9%
Sources: Greater Minneapolis Area Association of Realtors; Maxfield Research & Consulting, LLC.									





Manufactured Home Communities

Table FS-8 shows a summary of manufactured home communities in Northfield and nearby communities in the Primary Market Area. These properties are some of the most affordable in the Market Area. Most of these properties lease the pad and then people own their manufactured units. Others are leasing both the home and the pad.

The table shows 12 manufactured home parks, two in Northfield, three in Lakeville, one in Farmington, a manufactured cooperative in Cannon Falls and five parks in Faribault.

There are a total of 1,604 lots among the 12. Three of the parks are larger than 100 lots and the remainder have less than 100 lots. We identified 21 existing homes for-sale and 205 lots available among the parks, most of which were open at Country View in Farmington, which is the largest of those surveyed.

Sunrise Villa was converted to a resident cooperative in 2004. Although Sunrise Villa notes that it has a storm shelter on the property, we note that feature is required by state regulations.

Many of the parks have recently changed ownership (within the past five years) and some have had legal challenges against existing park management/ownership companies.

TABLE FS-8 MANUFACTURED HOME COMMUNITIES NORTHFIELD PRIMARY MARKET AREA March 2024							
Community	Year Opened	No. of Lots	No. of Homes For-Sale	Home Price Range	No. of Vacant Lots	Lot Rental Range	Amenities
Country View 5775 Country View Tr. Farmington	1972	373	4	\$129,900- \$184,900	2	\$655/mo. Incl. trash Water/sewer billed/qtr	Play Area BB Diamond Outdoor Pool Clubhouse Resident Events
Connelly Community 16962 Kenrick Ave S Lakeville	2001	60	1	\$39,900 \$640/mo.	2	\$400-\$1,100 Incl. trash water/sewer	No amenities off-street pkg dirt roads
Ardmor Village 20990 Cedar Ave S Lakeville	1972	339	10	\$89,900- \$144,000	121	\$795 All utilities paid by owner	Clubhouse BB Court Comm Wi-fi Outdoor Pool
Queen Anne Courts 17701 Kenyon Ave Lakeville	1958	157	6	\$42,000- \$75,000 Sgls	7	\$765 Incl. water trash	Outdoor Pool Play Area Laundry Bldg Boat/RV Strg
Viking Terrace 45 Viking Terrace Northfield	1975	150	n/a	\$26,000- \$80,000	0	\$550	Play Area/Pool Clubhouse BB Court
Florella's Park 700 Hwy 3 North Northfield	1958	40	0	n/a	18 occupied	n/a	Renovations underway
Sunrise Villa (Coop) 31124 Co Rd 24 Blvd Cannon Falls	1940	47	0	n/a	1	\$325	Play Area Storm Shelter Coop in 2004
Millstone Creek 18451 Chester Court Faribault	1960	30	0	n/a	4	\$450-\$750	BB Court RV Storage Play Area
Cannon River 1503 Hulett Ave Faribault	1980	170	0	n/a	18	\$400 Incl water, sewer, trash	BB Court RV Storage Play Area
Knollwood Courts 1923 Grant St NW Faribault	1960	96	0	n/a	14		BB Court RV Storage Play Area
Sunrise Park 1155 Willow St Faribault	1960	71	0	n/a	7		BB Court RV Storage Play Area
Evergreen Estates 415 Western Ave Faribault	1960	71	0 Expecting deliveries	\$76,400- \$84,900	11	\$643 Incl. water, sewer, trash	Clubhouse Play Area Resident Events
Totals		1,604	21		205		
Sources: Maxfield Research and Consulting LLC							

Introduction

Rental properties are classified into two larger groups, general occupancy (all ages) and senior (age-restricted). Information on senior properties is included in the Senior Housing Analysis section of this report. General occupancy rental properties are divided into three segments: market rate (those without income restrictions); affordable or shallow-subsidy housing (those receiving tax credits or another type of shallow-subsidy, where there is a quoted rent for the unit and a maximum income that cannot be exceeded by the tenant); and subsidized or deep-subsidy properties (those with income restrictions at 50% or less of AMI where rental rates are based on 30% of the tenant's gross adjusted income).

General-Occupancy Rental Properties

As of May 2024, Maxfield Research identified and surveyed a total of 1,634 market rate and mixed-income rental units at 31 individual properties in Northfield. Tables R-1 and R-2 summarize rents, vacancies, unit features and common area amenities for market rate general occupancy properties.

In addition, 12 properties, predominantly affordable were also surveyed with a total of 453 units. Three properties are mixed-income with market rate and affordable units. In each table, units shown reflect either market rate or affordable.

Deep-subsidy properties in Northfield are all age-restricted and are listed in the Senior Market Analysis section.

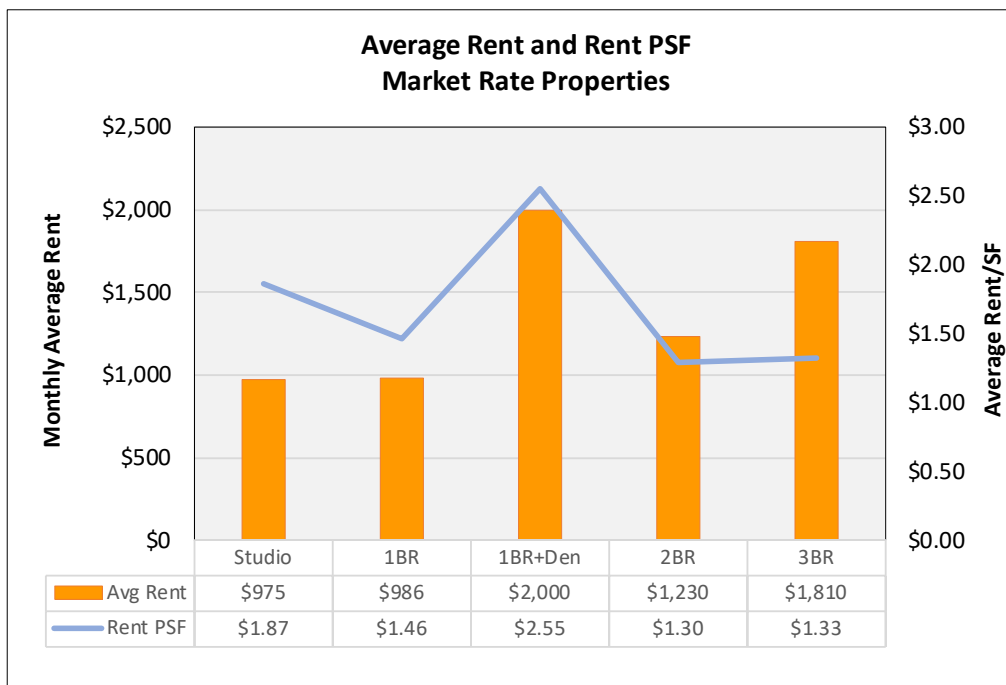
Vacancy rates for market rate and affordable properties are shown for all properties and for stabilized properties (95% occupancy). Properties in initial lease-up are excluded from the stabilized vacancy rate. The industry standard is a vacancy rate of 5% for a stabilized rental market, which promotes competitive rates, ensures adequate choice and allows for sufficient unit turnover.

Market Rate

- Among the stabilized properties, a total of eight units were identified as vacant for an overall vacancy rate of 0.8%. The overall market rate vacancy rate was 2.4%. These vacancy rates are substantially below the market equilibrium rate of 5%, indicating that the market is very tight for rental housing in Northfield. These vacancy rates reflect limited available supply and pent-up demand for additional market rate rental housing in Northfield.
- The surveyed properties have a relatively even proportion of one- and two-bedroom units. As shown on Table R-2, 41.3% of units have two bedrooms and 40.9% of units have one bedroom. The breakout by unit type is summarized below.

RENTAL MARKET ANALYSIS

- Studio/Efficiency units: 14%
 - One-bedroom units: 41%
 - One-bedroom plus den units: 1%
 - Two-bedroom units: 41%
 - Three-bedroom units: 3%
- Year built for the surveyed properties ranged from 1960 to 2024. As a result, there are fewer in-unit and common area amenities at older properties and at smaller buildings (those with fewer than 24 units). Properties developed 2010 or later have in-unit washer/dryers, stainless appliances, enclosed parking, vinyl plank flooring and high ceilings. Common area amenities at newer properties include community room, fitness area, pet wash, package storage and coffee lounge. Older market rate properties built prior to 1990 usually have a common laundry with coin-operated washers and dryers and depending on the size, may have balconies/patios, detached garages and a play area for children. An in-unit washer/dryer has become the standard in new multifamily developments.
 - The newest general-occupancy market rate rental property is *Kraewood Flats*, which opened in 2024. The property has some affordable units and has a master lease with St. Olaf College for 30 units. The property is in initial lease-up.
 - The chart below identifies the average monthly rent and the monthly rent per square foot for the market rate properties. The higher average rent for the one-bedroom plus den units is a result of these units located in newer buildings. Per square foot rents range from a low of \$1.30 for two-bedroom units to a high of \$1.87 for studio units. **The average is \$990 or \$1.40 per square foot.**



RENTAL MARKET ANALYSIS

TABLE R-1 GENERAL OCCUPANCY PROPERTIES CITY OF NORTHFIELD APRIL 2024											
Project Name/Location	Occp. Date	No. of Units	Total Vacant	Unit Description				Monthly Rent		Rent/sq. ft.	
				Type	No.	Vac.	Size	Min	Max	Min	Max
Properties in Initial Lease-up											
The Archer	2025	21	n/a	1BR	5	n/a	536 - 811	n/a - n/a		n/a - n/a	
212 Division Street South			n/a	2BR	16	n/a	1,004 - 1,364	n/a - n/a		n/a - n/a	
Northfield											
Construction Start-2Q 2024											
	Notes: Retail commercial space on 1st floor; restaurant/bar and other retail; selected units have balconies; large oversized-windows; in-unit w/dryers; high ceilings; Unit features include full kitchen appliance pkg; roller shades; some walk-in closets; ss appliances; 32 enclosed pkg stalls (portion reserved for retail tenants).										
Kraewood Flats	2024	106	19	Studio	25	0	509 - 548	\$1,350 - \$1,350		\$2.65 - \$2.65	
801 Kraewood Drive			17.9%	1BR	40	1	614 - 614	\$1,550 - \$1,550		\$2.52 - \$2.52	
Northfield				2BR	41	18	916 - 1,002	\$1,850 - \$2,050		\$2.02 - \$2.24	
(In Initial Lease-up)											
	Notes: Community features include fitness center, community rm w/serving kitchen; on-site leasing office; lobby lounge w/coffee area; resident storage; outdoor grilling and lounge area; mini movie theater rm, playground area. Water/sewer and trash included; gas, cable and internet resident paid; SS appliances, granite counters, center kitchen island, balconies; in-unit w/dryer; window coverings; walk-in closets; enclosed heated pkg-\$100/mo extra.										
5th Street Lofts	2021	71	1	Studio	11	0	507 - 525	\$1,300 - \$1,400		\$2.56 - \$2.76	
116 5th Street E			1.4%	1BR	34	0	562 - 720	\$1,300 - \$1,550		\$2.31 - \$2.76	
Northfield				1BR+D	12	0	735 - 832	\$1,950 - \$2,050		\$2.65 - \$2.79	
				2BR	14	1	931 - 945	\$1,950 - \$2,100		\$2.09 - \$2.26	
	Notes: Community features include resident sky deck, bike storage, resident lounge, pet grooming station, fitness center, coffee lounge. Unit features include central air, granite counters, oversized windows, balconies, SS appliances, in-unit w/dryer. Rent includes heat, water/sewer, basic Cable TV and Internet. UG Parking - \$100 extra/mo.										
Timberfield Apartments	2020/	122	3	Studio	24	0	630 - 957	\$945 - \$1,095		\$1.50 - \$1.74	
2411-2413 Jefferson Road	2022		2.5%	1BR	68	0	763 - 771	\$1,100 - \$1,225		\$1.44 - \$1.61	
Northfield				2BR	30	3	957 - 974	\$1,425 - \$1,495		\$1.49 - \$1.56	
	Notes: Phase I and II (74 units and 48 units); Common amenities include community room, fitness room, on-site laundry; outdoor grilling area, playground, media center/movie theater. Unit amenities include central air, full kitchen appliance pkg (SS appliances), quartz counters, center kitchen island, vinyl plank flooring, balcony, heat (gas) and trash removal included; detached garages - \$65-\$75/mo. extra.										
Mosaic Apartments	2009	44	0	Studio	1	0	680 - 995	\$1,150 - \$1,150		\$1.69 - \$1.69	
1400 Heritage Drive			0.0%	1BR	25	0	680 - 995	\$1,375 - \$1,475		\$2.02 - \$2.17	
Northfield, MN				2BR	8	0	985 - 1,150	\$1,635 - \$1,635		\$1.66 - \$1.66	
				3BR	10	0	1,140 - 1,340	\$1,900 - \$2,050		\$1.67 - \$1.80	
	Notes: Some furnished units available; common amenities include clubhouse, outdoor grilling area, on-site common laundry, conference rooms. Unit features include central air, kitchen island, full kitchen appliance package, vinyl plank flooring throughout, oversized windows, some units w/balconies, heat included, garages available.										
Glo Suites	2008	4	0	Studio	4	0	580 - 684	\$1,150 - \$1,200		\$1.98 - \$2.07	
1405 Heritage Drive			0.0%								
Northfield, MN											
	Notes: Units feature vinyl plank flooring throughout, contemporary architecture, SS Appliances; central air, built-in bookshelves, walk-in closet, alcove-style bedroom, window coverings and in-unit washer/dryer.										
7th Street Apartments	1980	8	0	1BR	8	0	500 - 500	\$700 - \$760		\$1.40 - \$1.52	
222 7th Street W			vacancy rate: 0.0%								
Northfield, MN											
	Notes: Two levels; no elevator; walk-up only; private entry; off-street surface pkg; wall unit air conditioning; standard kitchen appliances, no dishwasher										
Maple Trails	1999	45	0	1BR	12	0	750 - 750	\$1,150 - \$1,150		\$1.53 - \$1.53	
2005 Jefferson Road			vacancy rate: 0.0%	2BR	21	0	840 - 1,065	\$1,350 - \$1,450		\$1.61 - \$1.73	
Northfield, MN				3BR	12	0	1,370 - 1,425	\$1,550 - \$1,650		\$1.13 - \$1.20	
	Notes: Opened January 2022. Amenities include accent walls, elevator, laundry, storage space. Unit amenities include gourmet kitchens, wood-look flooring, microhood, shaker style cabinets, solid core doors, stainless steel appliances. Waiving application fee and offering 1 month free on select floor plans.										
Woodridge Apts	1990	108	0	Studio	24	0	368 - 370	\$750 - \$750		\$2.04 - \$2.04	
1900-1960 Roosevelt Drive			vacancy rate: 0.0%	1BR	42	0	560 - 770	\$875 - \$950		\$1.56 - \$1.70	
Northfield, MN				2BR	42	0	770 - 910	\$950 - \$1,000		\$1.23 - \$1.30	
	Notes: Central air; balcony/patio most units; detached garage included; extra storage; common laundry; window blinds; vinyl plank flooring in kitchen/living area; standard kitchen appliances incl dishwasher, children's play area.										
Hidden Valley Apts	1985	204	0	Studio	35	0	364 - 368	\$750 - \$750		\$2.06 - \$2.06	
1300-1370 Heritage Dr			vacancy rate: 0.0%	1BR	70	0	560 - 670	\$850 - \$900		\$1.52 - \$1.61	
2110-2230 Hidden Valley Dr				2BR	99	0	770 - 910	\$950 - \$1,000		\$1.23 - \$1.30	
Northfield, MN											
	Notes: Amenities include balcony/patio; outdoor play area; bskt ball court; media/movie rm; games area; indoor tennis court; fitness area; detached garages - one stall included; off-street pkg; vinyl plank flooring in kitchen/living area; carpeting in BRs, wall unit air; ceiling fans; common laundry.										

RENTAL MARKET ANALYSIS

TABLE R-1 (continued)											
GENERAL OCCUPANCY PROPERTIES											
CITY OF NORTHFIELD											
APRIL 2024											
Project Name/Location	Occp. Date	No. of Units	Total Vacant	Unit Description				Monthly Rent		Rent/sq. ft.	
				Type	No.	Vac.	Size	Min	Max	Min	Max
Hidden Valley Road 2284-2846 Brockman Court Northfield, MN	2002	11	0	2BR	5	0	1,167 - 1,167	\$1,600 - \$1,600		\$1.37 - \$1.37	
			vacancy rate: 0.0%	3BR	6	0	1,740 - 1,740	\$2,250 - \$2,250		\$1.29 - \$1.29	
	Notes: Double-car attached garage, outdoor private deck; Rent includes heat, water/sewer and trash; .										
Central Block Apartments 401-405 Division Street Northfield, MN	1887	7	0	1BR	5	0	550	\$850 - \$1,000		\$1.55 - \$1.82	
	1987(Ren)		vacancy rate: 0.0%	3BR	2	0	1,283	\$1,750 - \$2,000		\$1.36 - \$1.56	
	Notes: Common laundry; off-street parking; bike storage; elevator; exposed brick; hardwood floors; central air; rent includes heat, water/sewer, trash. Downtown CBD location.										
Northfield Estates 710-740 Highway 3 North Northfield, MN	1977	54	1	Studio	3	0	450	\$760 - \$760		\$1.69 - \$1.69	
			vacancy rate: 1.9%	1BR	22	0	600	\$835 - \$835		\$1.39 - \$1.39	
				2BR	29	1	800	\$935 - \$935		\$1.17 - \$1.17	
Notes: Common laundry; off-street parking; wall unit air; standard kitchen appliances; fully renovated; vinyl plank flooring; window coverings; black appliances; upgraded counters and cabinets; vinyl flooring in kitchen.											
Riverview Manor 500 Woodley Northfield, MN	1973	48	0	1BR	18	0	783	\$955 - \$955		\$1.22 - \$1.22	
			vacancy rate: 0.0%	2BR	30	0	1,073 - 1,097	\$1,068 - \$1,078		\$1.00 - \$1.00	
	Notes: Common laundry; detached garages - \$40/mo additional; elevator; wall unit air; rent includes heat, water/sewer, trash. Walk-in closet in larger 2BR units. Outdoor BBQ/picnic area.										
Summerfield Apts 951 Ensley Ave Northfield, MN	1981	89	2	Studio	6	1	382	\$850 - \$850		\$2.23 - \$2.23	
			vacancy rate: 2.2%	1BR	33	0	670	\$925 - \$950		\$1.38 - \$1.42	
				2BR	47	1	770 - 830	\$1,025 - \$1,075		\$1.33 - \$1.40	
				3BR	3	0	1,150	\$1,350 - \$1,350		\$1.17 - \$1.17	
Notes: Common laundry; detached garages - \$65-\$75/mo additional; wall unit air; rent includes heat, water/sewer, trash. Outdoor BBQ/picnic area. Playground. Balconies/walkout patios. Vinyl in kitchen; carpeting in bedroom/living area; standard kitchen appliances incl dishwasher.											
Union Street Apts 403 Union Street Northfield, MN	1960	17	0	1BR	10	0	600	\$750 - \$795		\$1.25 - \$1.33	
			vacancy rate: 0.0%	2BR	7	0	850	\$850 - \$875		\$1.00 - \$1.03	
Notes: Common laundry; rent includes heat, water/sewer, trash. Renovated with new appliances and vinyl plank flooring; large windows. Off-street surface parking.											
Cannon Valley Apts 1170 Cannon Valley Pl Northfield, MN	1975	72	0	Studio	15	0	350	\$674 - \$674		\$1.93 - \$1.93	
			vacancy rate: 0.0%	1BR	15	0	525	\$814 - \$814		\$1.55 - \$1.55	
				2BR	42	0	800	\$910 - \$910		\$1.14 - \$1.14	
Notes: Common features include playground, outdoor picnic area; common laundry; detached garage - 1 stall included; unit features include wall unit air; ceiling fan, full kitchen appliance pkg including dishwasher and microwave; tile floor in kitchen; walk-in closet in master bedroom; rent includes heat, water/sewer, trash.											
Northfield Landings 1532/1548 Roosevelt Drive 1800-1864 Coolidge Street Northfield, MN	1977/	144	0	1BR	68	0	750	\$850 - \$850		\$1.13 - \$1.13	
	1978		vacancy rate: 0.0%	2BR	76	0	850 - 950	\$950 - \$950		\$1.12 - \$1.12	
Notes: Common features include playground, outdoor picnic area; common laundry; detached garage - 1 stall included; unit features include wall unit air; ceiling fan, full kitchen appliance pkg including dishwasher and microwave; tile floor in kitchen; walk-in closet in master bedroom; rent includes heat, water/sewer, trash. Renovated with new flooring and countertops. Accepts Housing Vouchers.											
McClaghry Building 101 E. 5th Street Northfield, MN	1977	5	0	1BR	5	0	689	\$900 - \$950		\$1.31 - \$1.38	
			vacancy rate: 0.0%								
Notes: Full kitchen appliance pkg including dishwasher and microwave; loft-style unit; rent includes heat.											
Wren Apartments 200 4th Street E Northfield, MN	1970	6	0	1BR	5	0	750	\$850 - \$850		\$1.13 - \$1.13	
			vacancy rate: 0.0%	2BR	1	0	1,000	\$950 - \$950		\$0.95 - \$0.95	
Notes: Rent includes all utilities. Detached garages - one stall per unit.											
Water Street Apartments 717 South Water Street Northfield, MN	1890/	5	0	1BR	1	0	750	\$930 - \$930		\$1.24 - \$1.24	
	1993		vacancy rate: 0.0%	2BR	4	0	1,000	\$1,300 - \$1,300		\$1.30 - \$1.30	
Notes: Rent includes all utilities; off-street parking;											
Washington Street Apts 304 Washington Street Northfield, MN	1999	11	0	1BR	9	0	750	\$895 - \$895		\$1.19 - \$1.19	
			vacancy rate: 0.0%	2BR	2	0	1,105	\$1,200 - \$1,200		\$1.09 - \$1.09	
Notes: Off-street parking; rent includes all utilities.											
Market Rate Total - All Properties		1,181	26	2.2% vacancy rate							
Market Rate Total - Stabilized Properties		1,048	7	0.7% vacancy rate							
Source: Maxfield Research and Consulting											

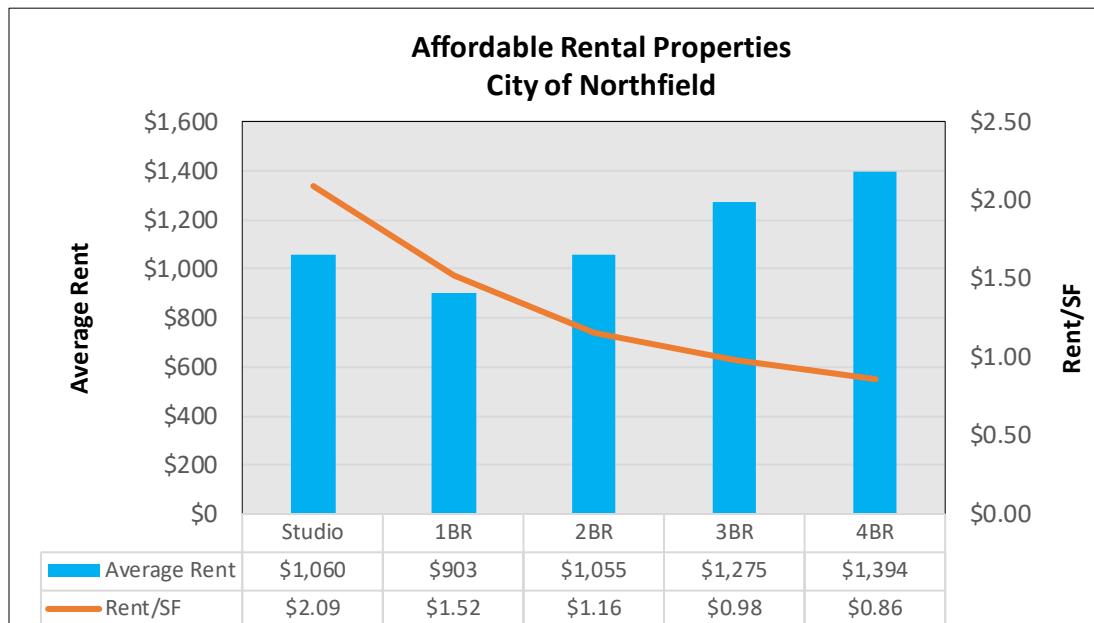
TABLE R-2 SUMMARY OF NEWER MARKET RATE RENTAL UNITS CITY OF NORTHFIELD APRIL 2024					
Unit Type	No.	Pct.	Average Size	Average Rent	Average Rent PSF
Market Rate Properties					
Studio	148	12.5%	522	\$983	\$1.88
1BR	490	41.5%	674	\$996	\$1.48
1BR+Den	12	1.0%	784	\$2,000	\$2.55
2BR	498	42.2%	945	\$1,250	\$1.32
3BR	33	2.8%	1,362	\$1,810	\$1.33
Total	1,181	100.0%	705	\$990	\$1.40
Source: Maxfield Research and Consulting					

Affordable/Subsidized

- Maxfield surveyed 12 properties that have either a portion or all their units as affordable. Affordable housing programs include the Low-Income Housing Tax Credit (LIHTC), Rural Development (515 loan program) and Tax Increment Financing. Among the 12 properties, nine are 100% affordable and three include affordable and market rate units. A total of 453 units were surveyed with an overall vacancy rate of 4.0% for all properties and 0.7% for stabilized affordable properties. New affordable properties have leased up rapidly. The overall vacancy rate for stabilized properties is well below the 5% rate for shallow-subsidy properties and 3% for deep-subsidy properties. Deep-subsidy properties often have longer periods of unit turnover to qualify new residents for move-in and therefore, units may stand vacant for longer periods, even if there is a lengthy wait list.
- **North and South Oak Apartments and Koester Court** were developed under the Rural Development 515 loan program. Under this program, developments provide affordable quoted rents and may also have additional rent assistance. Additional rent assistance allows the resident to qualify to pay 30% of their adjusted gross rent for housing with the remaining balance paid by Rural Development, similar to HUD Section 8. Most Rural Development properties that have rental assistance have most, if not all, of their rental assistance utilized. Rural development properties usually have very limited amenities and usually have common laundry facilities, wall unit air, detached garages or surface parking.
- Affordable units created through Tax Increment Financing are usually able to take advantage of contemporary unit and common area features such as enclosed parking, central air, oversized windows, community room, fitness area and in-unit washer/dryer. Units are affordable to households with incomes at or less than 60% of AMI.

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- The average rent for the affordable properties is \$876 with an average rent per square foot of \$1.04.
- An estimated 34% of units have two bedrooms and 34% have one bedroom. Three-bedroom units account for 24% of units, 7% are studios and 2% are four-bedrooms.



RENTAL MARKET ANALYSIS

TABLE R-3 SELECT GENERAL OCCUPANCY AFFORDABLE RENTAL PROPERTIES CITY OF NORTHFIELD APRIL-MAY 2024											
Project Name/Location	Occp. Date	No. of Units	Total Vacant	Unit Description				Monthly Rent		Rent/sq. ft.	
				Type	No.	Vac.	Size	Min	Max	Min	Max
South and North Oak Apts	88/'17	42	1	1BR	22	1	530	\$720	\$770	\$1.36	\$1.45
600 Spring St N/220 Greenvale Ave			vacancy rate: 2.4%	2BR	20	0	725	\$750	\$800	\$1.03	\$1.10
Northfield, MN				Notes: Rural Development. Rent includes heat, water/sewer and trash removal. Standard kitchen appliances incl dishwasher. Window coverings. Common laundry. 32 units w/additional rental assistance. One, one-bedroom is at market rate.							
Koester Court (II, III, IV)	1988	70	2	1BR	34	0	611	\$975		\$1.60	
1520 Koester Ct./701 Koester Ct.			vacancy rate: 2.9%	2BR	36	2	675	\$975	\$1,100	\$1.44	\$1.63
Northfield, MN				Notes: Rural Development. Rent includes heat, water/sewer and trash removal. Wall-unit air; surface parking; common laundry; 41 units with additional rental assistance.							
Greenvale Place	1972	96	0	1BR	72	0	460	\$817		\$1.78	
211 Greenvale Avenue			vacancy rate: 0.0%	2BR	16	0	585	\$982		\$1.68	
Northfield, MN				3BR	8	0	878	\$1,342		\$1.53	
				Notes: Section 8. Rent includes heat, water/sewer and trash removal. Wall-unit air; off-street surface parking; common laundry; near parks and schools; community room; computer room. Wait list is currently open for new residents. Rent shown is maximum market rent.							
Northern Oaks Townhomes	1997	8	0	3BR	6	0	1,400	\$1,095		\$0.78	
200-202 Dresden Ave			vacancy rate: 0.0%	4BR	2	0	1,550	\$1,195		\$0.77	
Northfield, MN				Notes: Rent includes water/sewer and trash removal. Wall-unit air; single-car garage; w/d hookup; pvt patio; outdoor fire pit; large closets.							
Summerfield Apts	2004	23	0	1BR	11	0	670 - 670	\$810	\$810	\$1.21	\$1.21
951 Ensley			vacancy rate: 0.0%	2BR	12	0	770 - 770	\$865	\$910	\$1.12	\$1.18
Northfield, MN				Notes: Mixed-Income. LIHTC Program. Common laundry; detached garages - \$65-\$75/mo.; wall unit air; balcony/patio; ceiling fans; standard kitchen appliances incl dishwasher, vinyl tile in kitchen; carpeting in living/bedrooms; rent includes heat, water/sewer and trash; outdoor BBQ/picnic area; playground.							
Spring Creek Townhomes	2005	28	0	2BR	4	0	1,322	\$925		\$0.70	
497 Southbridge Dr.			vacancy rate: 0.0%	3BR	20	0	1,534	\$1,150		\$0.75	
Northfield, MN				4BR	4	0	1,956	\$1,300		\$0.66	
				Notes: LIHTC. Private entry; attached garage; rent includes water/sewer and trash; in-unit w/dryer; full kitchen appliance pkg incl. microwave; balcony/patio; window coverings; outdoor BBQ and picnic area; playground.							
Spring Creek II Townhomes	2022	32	0	2BR	8	0	1,360 - 1,364	\$897		\$0.66	
497 Southbridge Dr.			vacancy rate: 0.0%	3BR	24	0	1,464 - 1,499	\$1,007		\$0.69	
Northfield, MN				Notes: LIHTC. Private entry; attached garage; rent includes water/sewer and trash; in-unit w/dryer; full kitchen appliance pkg incl. microwave; balcony/patio; window coverings; outdoor BBQ and picnic area;							
Parkway Townhomes	1996	32	0	2BR	24	0	880 - 896	\$960	\$1,135	\$1.09	\$1.27
1664 Jefferson Parkway			vacancy rate: 0.0%	3BR	8	0	1,132 - 1,132	\$1,160	\$1,345	\$1.02	\$1.19
Northfield, MN				Notes: LIHTC. Private entry; wall unit air; detached garage; rent includes water/sewer and trash; full kitchen appliance pkg excluding microwave oven; window coverings; common laundry on-site; outdoor BBQ and picnic area; playground.							
Jefferson Square Apts	1979	50	0	2BR	16	0	1,000 - 1,000	\$1,186	\$1,186	\$1.19	\$1.19
1356 Jefferson Road			vacancy rate: 0.0%	3BR	30	0	1,176 - 1,176	\$1,357	\$1,357	\$1.15	\$1.15
Northfield, MN				4BR	4	0	1,300 - 1,300	\$1,487	\$1,487	\$1.14	\$1.14
				Notes: LIHTC. Features private entry, private walk-out patio, walk in closets, in-unit w/dryer, outdoor picnic area; playground area; detached garage; affordable at 50% or less of AMI; community building w/computer area; fireplace and full kitchen. 2BR wait list open.							
Maple Brook Townhomes	2020	24	0	2BR	3	0	1,200 - 1,200	\$1,186	\$1,186	\$0.99	\$0.99
520 Maple Brook Ct.			vacancy rate: 0.0%	2BR	10	0	1,200 - 1,200	\$1,550	\$1,550	\$1.29	\$1.29
Northfield, MN				3BR	2	0	1,200 - 1,200	\$1,357	\$1,357	\$1.13	\$1.13
				3BR	9	0	1,200 - 1,200	\$1,550	\$1,550	\$1.29	\$1.29
				Notes: TIF. Five units at 50% AMI; 19 units at 80% AMI; Features private entry, pvt patio; vinyl plank flrg; walk in closets, in-unit Indry, playground; att 1-car garage; central air; full kitchen appl pkg; window covrgs							
(continued)											

RENTAL MARKET ANALYSIS

TABLE R-3 SELECT GENERAL OCCUPANCY AFFORDABLE RENTAL PROPERTIES CITY OF NORTHFIELD APRIL-MAY 2024											
Project Name/Location	Occp. Date	No. of Units	Total Vacant	Unit Description				Monthly Rent		Rent/sq. ft.	
				Type	No.	Vac.	Size	Min	Max	Min	Max
5th Street Lofts	2021	8	0	Std	8	0	507 - 525	\$1,060	- \$1,060	\$2.09	- \$2.09
116 5th Street East Northfield, MN	vacancy rate: 0.0%										
Notes: TIF Funding. Four-story elevator building; selected units have a balcony; SS appliances, center kitchen island, high ceilings, vinyl plank flooring in kitchen, living, bath; walk in closets, in-unit w/dryer. Fitness ctr, community rm, games table, outdoor grilling area, rooftop deck, pet wash, enclosed heated parking, resident coffee lounge, outdoor firepit; additional storage areas.											
Kraewood Flats	2023	40	15	Std	24	12	509 - 509	\$1,060	- \$1,060	\$2.08	- \$2.08
801 Kraewood Drive	vacancy rate: 37.5%			1BR	13	3	614 - 614	\$1,136	- \$1,200	\$1.85	- \$1.95
Northfield, MN				2BR	3	0	1,002 - 1,002	\$1,600	- \$1,600	\$1.60	- \$1.60
In Initial Lease-up	Notes: TIF Funding. Mixed-Income. Three-story elevator building with underground parking; Units feature full kitchen appliance pkg (SS Appliances), vinyl plank flooring, in-unit w/dryer, selected units have a balcony, high ceilings. Common area features include fitness area, outdoor grilling area and outdoor patio; Wireless service - \$60/mo extra; UG Parking - \$100/mo extra. Water, sewer and trash included.										
Total Affordable				453	18	4.0% vacancy					
Total Affordable - Stabilized Properties				413	3	0.7% vacancy					
Source: Maxfield Research and Consulting											

TABLE R-4 SUMMARY OF AFFORDABLE AND SUBSIDIZED RENTAL UNITS CITY OF NORTHFIELD MAY 2024					
Unit Type	No.	Pct.	Average Size	Average Rent	Average Rent PSF
Affordable/Subsidized Rental Properties					
Studio	32	7.1%	508	\$1,060	\$2.09
1BR	152	33.6%	577	\$903	\$1.56
2BR	152	33.6%	974	\$1,098	\$1.13
3BR	107	23.6%	1,248	\$1,264	\$1.01
4BR	10	2.2%	1,602	\$1,327	\$0.83
Totals	453	100.0%	842	\$876	\$1.04
Source: Maxfield Research and Consulting					

- Information on the maximum allowable incomes by household size to qualify for affordable housing and maximum gross rents that can be charged by bedroom size in Rice County (which includes most of the City of Northfield) is found in the *Housing Affordability* section, later in this report.

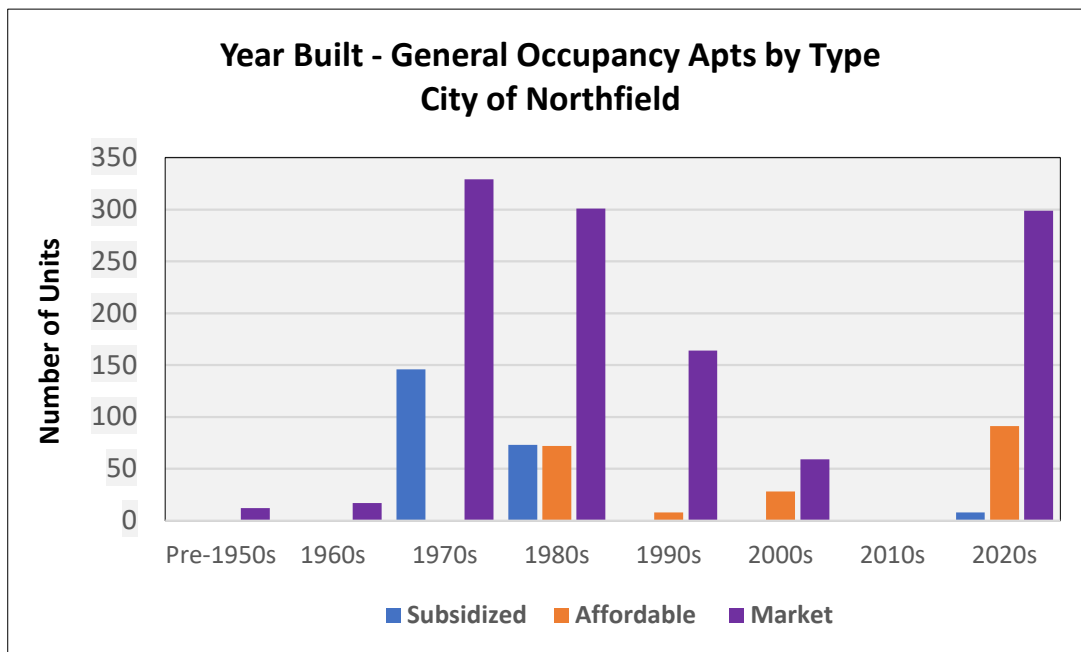
Rental Comparison

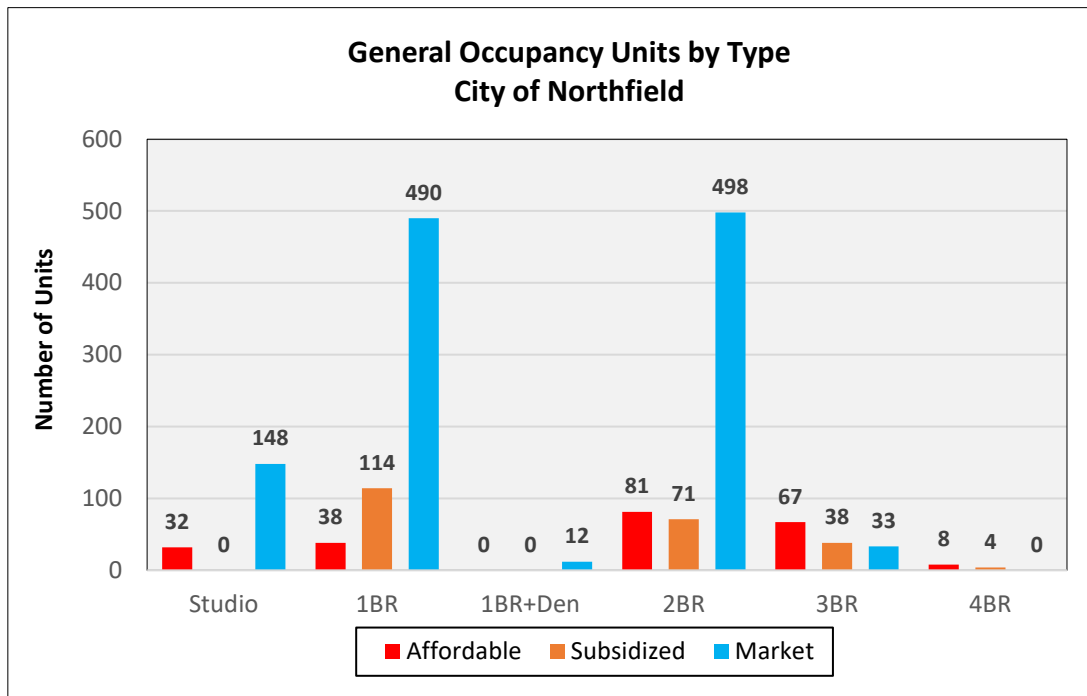
Most rental units in Northfield are in older buildings, dating from the 1970s. There has however, been recent new market rate and/or mixed-income properties developed. The survey includes properties dating from the late 1800s to 2024. The graph below includes all properties surveyed and shows the number of rental units by year built.

A second graph shows the total number of units by property type (i.e. market rate, shallow-subsidy, deep-subsidy) for Northfield. The largest number of units surveyed are market rate with one- and two-bedroom units accounting for the highest proportions.

- Average rents for shallow-subsidy properties are higher than for market rate properties. This is because most of the shallow-subsidy properties are newer and most of the units are townhomes, which are usually higher-priced than apartments.
- A summary of average rents by rent segment type is show below.

	Market Rate	Aff/Subsidized
Studio	\$983	\$1,060
1BR	\$996	\$903
1BR+Den	\$2,000	---
2BR	\$1,250	\$1,098
3BR	\$1,810	\$1,264
4BR	---	\$1,327



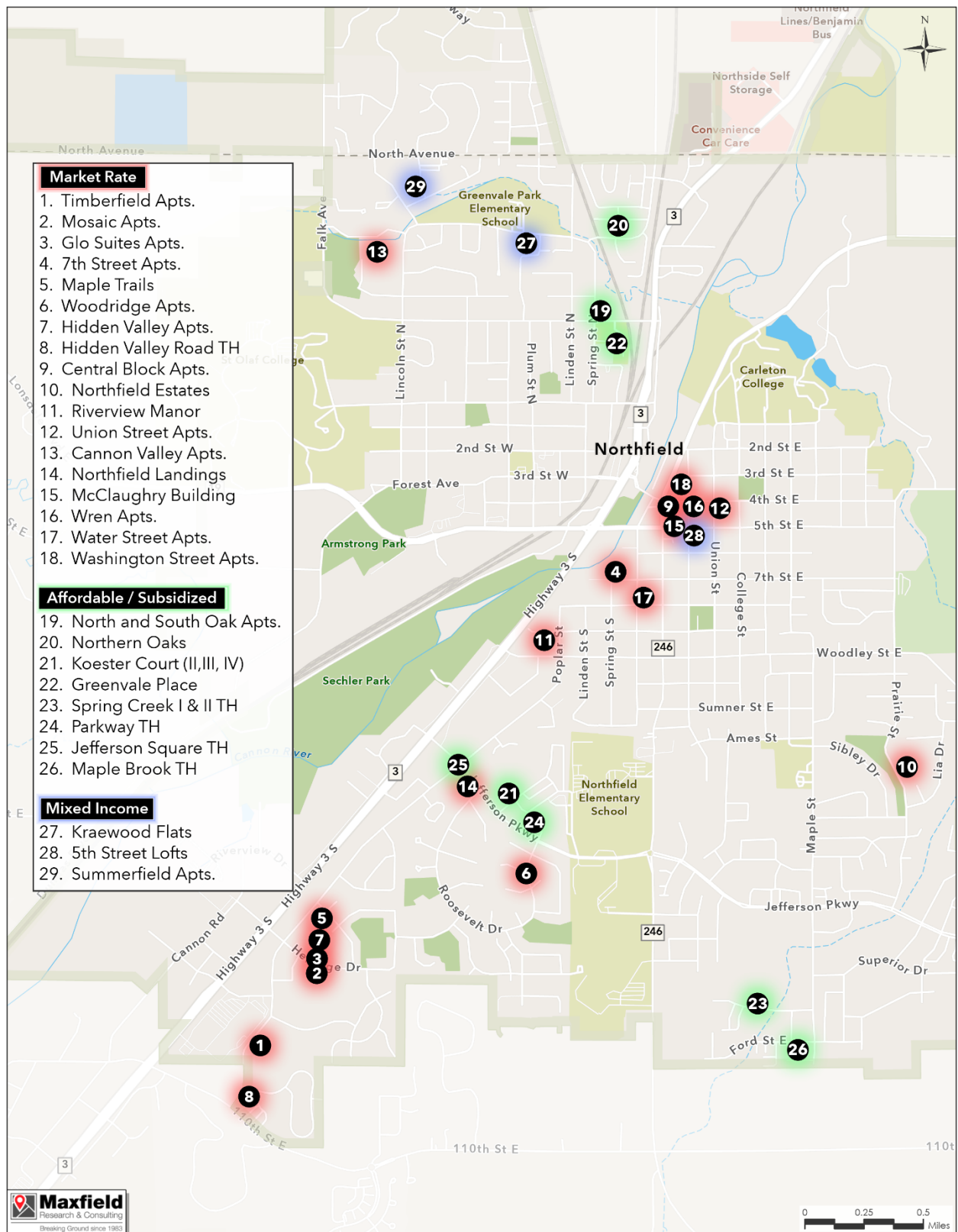


- As already stated, vacancy rates among the different property segments were very low, from under 1% up to 2.4%. Vacancy rates are well below the 3% to 5% market equilibrium rates for subsidized, affordable and market rate segments. New rentals have leased well and there continues to be significant demand for workforce and affordable rental housing in Northfield.

The average per square foot price for each property segment was:

Market rate	\$1.40
Aff/Subsidized	\$1.04

Northfield Multifamily General-Occupancy Rental Properties



Select Market Rate General-Occupancy Rental Properties in Northfield



5th Street Lofts



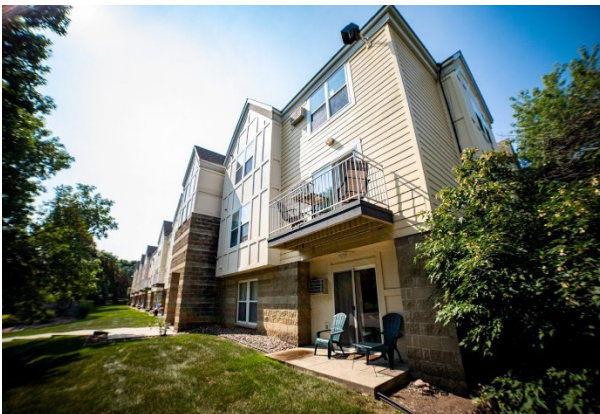
Timberfield Apartments



Mosaic Apartments



Woodridge Apartments



Maple Trails



Hidden Valley

Select Market Rate General-Occupancy Rental Properties in Northfield



Central Block Building



Northfield Estates



Riverview Manor Apartments



Northfield Landings



Cannon Valley Apartments



Union Street Apartments

Select Affordable/Subsidized General-Occupancy Rental Properties in Northfield



North and South Oak Apts



Koester Court



Greenvale Place



Parkway Townhomes



Spring Creek Townhomes



Jefferson Square Townhomes

Pending Housing Developments

Table P-1 shows residential developments that are under construction, approved and proposed in Northfield and surrounding communities in the PMA. Most new residential development is occurring in Lakeville, one of the fastest growing communities in the Twin Cities Metro Area. However, new residential development activity is also occurring in Farmington and Elko New Market, which are experiencing cross-over activity spilling over from Lakeville as development pushes further south.

Northfield, although nearly 18 miles south of Lakeville, the area in between Lakeville and Northfield is less developed and will remain so as the geographies are townships which lack the infrastructure and zoning to accommodate medium- and high-density development. Even clustered single-family development would be difficult due to larger lot size requirements.

SENIOR HOUSING ANALYSIS

TABLE P-1 PENDING DEVELOPMENTS PRIMARY MARKET AREA June 2024				
	Total Lots/ Units	Products/Mix	Developer	Status
Single-Family				
Northfield				
Cedar Meadows 330th Street/Cedar Avenue	125	41 - Villas (Det) 44 - SF 28 - Twinhome 12 - Triplexes	Terrace Companies	Development beginning construction 3rd Quarter 2024
Multifamily				
The Archer 212 Division Street	42	8 - Studio 18 - 1BR 16 - 2BR	Manawa LLC	Scheduled to start construction 2024 with occupancy in 2025
Senior				
Gracewin Cooperative 330th Street/Cedar Avenue	47	3 - 1BR 5 - 1BR+Den 39 - 2BR	Gracewin Companies	Currently taking reservations Anticipated occupancy 2026
Total	214	Units		
Lonsdale				
None				
Dundas				
None				
Eklo New Market				
Old Town Apts 220 Old Town Road	72	n/a - 1BR n/a - 2BR	Old Town LLP	Under Construction/Pre-leasing
Jarbridge Townhomes				
North 5th Street/	35	3BR	Union Construction	Under Construction; A portion of units are rentals
Total	107	Units		
Farmington				
Multifamily				
The Emery 310 3rd Street	75	28 - Studio 35 - 1BR 12 - 2BR	Ebert Construction	Under Construction; Open Fall 2024 Rent Range \$1,400-\$2,500
Total	75	Units		
Lakeville				
Single-Family/Owned Multifamily				
Berres Ridge 8th Addition S of 197th St at Harbor Drive	26	SF	Berres Ridge Development	Approved
Berres Ridge 9th Addition N of 195th Street W/East of Hamburg Ave	34	SF	Berres Ridge Development	Approved
Caslano 2nd Addition West of Highview Ave; N of 185th St.	60	SF	Lennar	Approved
Redstone E of Highview Ave/south of Dodd Blvd	47	SF	Winkler Land Co.	Approved

SENIOR HOUSING ANALYSIS

TABLE P-1 (continued) PENDING DEVELOPMENTS PRIMARY MARKET AREA June 2024					
	Total Lots/ Units		Products/Mix	Developer	Status
Lakeville (continued)					
Single-Family/Owned Multifamily					
Brookshire 2nd Addition S of 170th St; east of Eagleview Dr.	104	SF		DR Horton	Approved
Brookshire 3rd Addition S of 170th St; east of Eagleview Dr.	58	SF		DR Horton	Approved
	38	TH			
Caslano - 3rd Addition West of Highview Ave; S of Dodd Blvd	94	SF		Lennar	Approved
Cedar Creek Villas 202nd St/Cedar Avenue	37	DT TH		Summergate Development	Approved; Under Construction
Cedar Creek Villas-2nd Addition 202nd St/Cedar Avenue	29	DT TH		Summergate Development	Approved
Cedar Hills - 5th Addition East of Cedar Ave; South of 202nd St	36	SF		Lennar	Approved
	34	DT TH			
Cedar Hills - 6th Addition East of Cedar Ave; South of 202nd St.	41	DT TH		Lennar	Approved
Cordelia - 2nd Addition S of 179th Street/east of Giants Way	91	TH		Pulte Homes	Approved
Kenyon Green N. of Co Rd 60; west of I-35	15	TH		Ron Clark	Approved
Preserve of Lakeville - 3rd Addition N of 190th St; W of Ivorra Avenue	20	SF		Progressive LLC	Approved
Voyageur Farms - 2nd Addition S of 183rd St W/East of Glandon Pass	32	DT TH		Lennar	Approved
Voyageur Farms - 3rd Addition S of 183rd St W/East of Glandon Pass	90	DT TH		Lennar	Approved
Multifamily					
179th Street Apartments SE Quadrant of 179th St/Cedar Ave	243	MF		TE Miller Development	Developer requested extension of the preliminary plat approval and conditional use permit.
Authentix Lakeville 210th St/west of Keokuk Ave	252	MF	8 - Studio	Continental 564 Fund, LLC	Approved; Under construction 20% of Units 60% AMI
	121	st Phase	30 - 1BR		
			75 - 2BR		
			8 - 3BR		
Kenyon Green N. of Co Rd 60; west of I-35	49	MF	6 - 1BR	Ron Clark	Approved Workforce Rental Hsg
			18 - 2BR		
			25 - 3BR		
Senior Housing Estoria Lakeville 9905 165th Street West	91	MF	7 - 1BR	Ebenezer	Approved. In pre-sales
			81 - 2BR		
			3 - 3BR		
Total	1,390	Units			
Source: Maxfield Research and Consulting					

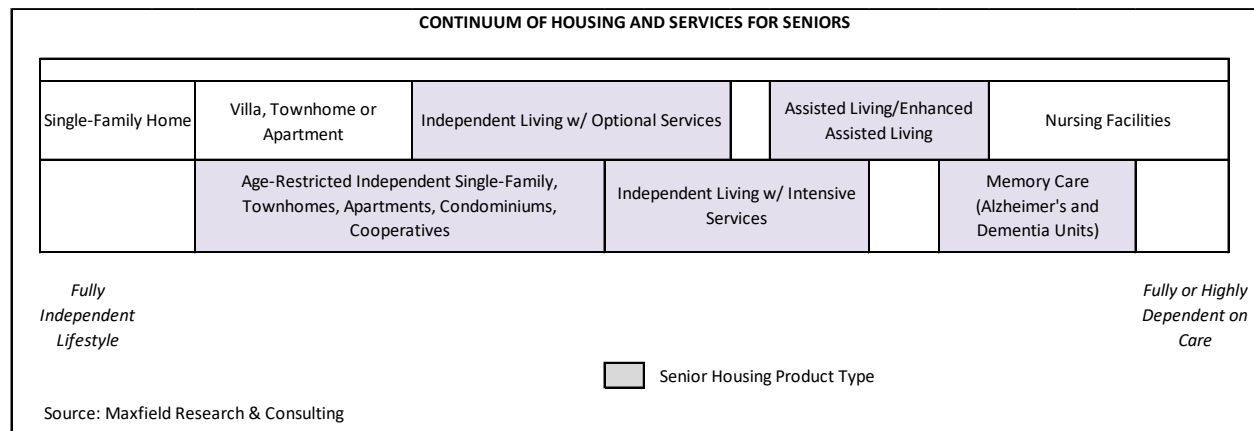
Senior Housing Defined

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

- ▶ **Active Adult** properties (or independent living without services available) are similar to a general-occupancy building, in that they offer virtually no services but have age-restrictions (typically 55 or 62 or older). Organized activities and occasionally a transportation program are usually all that are available at these properties. Because of the lack of services, active adult properties typically do not command the rent premiums of more service-enriched senior housing. Active adult properties can have a rental or owner (condominium or cooperative) format.
- ▶ **Independent Living** properties (or senior living with services available) offer support services such as meals and/or housekeeping, either on an optional basis or a limited amount included in the rents. These properties typically dedicate a larger share of the overall building area to common areas, in part, because the units are smaller than in adult housing and in part to encourage socialization among residents. Independent living properties attract a slightly older target market than adult housing, typically seniors age 75 or older. Rents are above those of the active adult buildings, even excluding the services. Sponsorship by a nursing home, hospital or other health care organization is common.
- ▶ **Assisted Living** properties come in a variety of forms, but the target market for most is generally the same: very frail seniors, typically age 80 or older (but can be much younger, depending on their particular health situation), who are in need of extensive support services and personal care assistance. Absent an assisted living option, these seniors would otherwise need to move to a nursing facility. At a minimum, assisted living properties include two meals per day and weekly housekeeping in the monthly fee, with the availability of a third meal and personal care (either included in the monthly fee or for an additional cost). Assisted living properties also have either staff on duty 24 hours per day or at least 24-hour emergency response.
- ▶ **Memory Care** properties, designed specifically for persons suffering from Alzheimer’s disease or other dementias, is one of the newest trends in senior housing. Properties consist mostly of suite-style or studio units or occasionally one-bedroom apartment-style units, and large amounts of communal areas for activities and programming. In addition, staff typically undergoes specialized training in the care of this population. Because of the greater amount of individualized personal care required by residents, staffing ratios are much higher than traditional assisted living and thus, the costs of care are also higher. Unlike conventional assisted living, however, which deals almost exclusively with widows or widowers, a higher proportion of persons afflicted with Alzheimer’s disease are in two-

person households. That means the decision to move a spouse into a memory care facility involves the caregiver's concern of incurring the costs of health care at a special facility while continuing to maintain their home.

- ▶ **Skilled Nursing Care**, or long-term care facilities, provides a living arrangement that integrates shelter and food with medical, nursing, psychosocial and rehabilitation services for persons who require 24-hour nursing supervision. Residents in skilled nursing homes can be funded under Medicare, Medicaid, Veterans, HMOs, insurance as well as use of private funds.



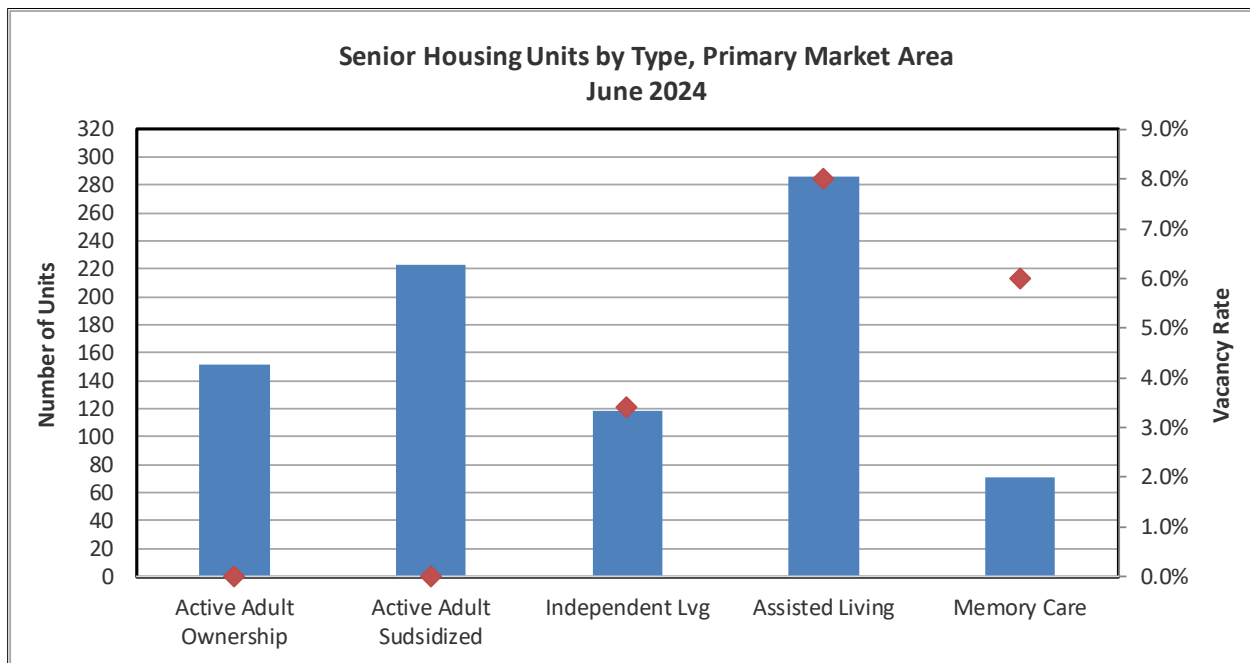
The senior housing products available today, when combined with long-term care facilities form a full continuum of care, extending from virtually a purely residential model to a medically intensive one. Often the services available at these properties overlap with another making these definitions somewhat ambiguous. In general, active adult properties tend to attract younger active seniors, who merely wish to forego home maintenance; independent living properties serve independent seniors that desire optional or more intensive support services (i.e., meals, housekeeping, transportation, etc.) while assisted living properties tend to attract older, frail seniors who need assistance with daily activities, but not the skilled medical care available in a nursing facility.

Senior Housing Properties in Northfield

As of May 2024, Maxfield Research and Consulting, LLC identified 14 senior housing developments in Northfield. Combined, these properties have a total of 903 units, a mix of affordable/subsidized and market rate as well as properties across the service level spectrum. Table S-1 summarizes the number of units in each service level category. Additional summary information is presented in charts and graphs.

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

TABLE S-1 SENIOR HOUSING UNITS BY TYPE NORTHFIELD PRIMARY MARKET AREA APRIL 2024					
Active Adult/Few Services					
Ownership	MR Rental	AFF/Sub. Rental	Independent	Assisted Living	Memory Care
152	0	223	119	286	71
Source: Maxfield Research & Consulting, LLC					



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

Subsidized Senior Housing

Subsidized senior housing offers affordable rents to qualified lower income seniors and handicapped/disabled persons. Residents' incomes must not exceed 50% of the local/regional Adjusted Gross Income (AGI) based on household size. Most often, residents then pay 30% of their income for housing costs. Some adjustments may be allowed for the 30% payment threshold depending on individual resident situations. For those households meeting the age and income qualifications, subsidized senior housing is usually the most affordable rental option available.

- There are five, subsidized properties in Northfield restricted to households age 55 or 62 years or older or households with a qualified disability. One property is under the Rural Development program (Koester Court) and the remaining properties are under HUD Section 8

and 202 programs. Combined, the five properties have a total of 223 units. As of May 2024, there were no vacant units, indicating pent-up demand for affordable/subsidized senior housing.

- Most subsidized senior housing offers very limited or no amenities. Amenities available at the properties include a community room, library and/or computer area, outdoor patio and common laundry.

Active Adult Rental

- There are no market rate active adult rental properties in Northfield, four existing market rate active adult ownership properties and one property that has not yet started construction, but is reserving units with 23% reserved of the total. The four existing ownership properties have 152 units and the new senior cooperative will add another 47 units, for a total of 199. There are no vacant units at this time.
- Market rate active adult properties usually have more common amenities such as a community room with full serving kitchen, guest suite, library, activities room, outdoor patio and gardening areas. Units have in-unit laundry or laundry on each floor, walk-in closets, a full kitchen appliance package including microwave oven and window coverings. Larger floor plans often have dual sink vanities and walk-in showers.

Independent Living

- There are three market rate independent living properties in Northfield and one in nearby Lonsdale with a total of 119 units. These properties provide housing units with optional and/or some included services. The vacancy rate for independent living is 3% and this product has increased in popularity in the market over the past five years.

Assisted Living

- There are 286 units among several assisted living buildings including traditional assisted living and enhanced assisted living. Assisted living properties had an overall vacancy rate of 12%. Properties are accepting private pay and Elderly Waiver. The current vacancy rate is above 7%, which is considered the market equilibrium vacancy rate for assisted living.
- The assisted living properties include meals, scheduled activities, weekly housekeeping, laundry and linens, and 24-hour staff. Personal care services are charged in addition to the monthly fees.

Memory Care

- There are a total of 71 memory care units in six buildings in Northfield and Lonsdale. Three of the buildings are on the same campus. The overall vacancy rate for memory care units is 6% and these facilities offer additional care services above the monthly fee.

Senior Housing Properties in Northfield



Northfield Manor (affordable)



Three Links Apartments (affordable)



Wellstone Commons (affordable)



Koester Court (affordable)



Summerfield Place (AA- market)



Oak Lodge (AA – market)

Senior Housing Properties in Northfield



1000 Cannon Valley Drive (Owned)



Villages on the Cannon (Owned)



Kildahl Park Pointe (Cooperative)



Evergreens of the Cannon Valley (Villa)

Senior Housing Properties in Northfield



Millstream Commons (Ind/Asstd Lvg)



Valleyview Assisted Living



Parkview West (Independent Lvg)



Cottage West (Memory Care)



Evergreen Lodge (Memory Care)



Cottage West (Memory Care)

Introduction

Affordable housing is a term that has various definitions according to different people and is a product of supply and demand. According to the U.S. Department of Housing and Urban Development (HUD), the definition of affordability is for a household to pay no more than 30% of its annual income on housing (including utilities). Families who pay more than 30% of their income for housing (either rent or mortgage) are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation, and medical care. Households paying 50% or greater of their income for housing are considered “severely cost-burdened.”

Generally, housing that is income-restricted to households earning at or below 80% of Area Median Income (AMI) is considered affordable. Properties that are publicly assisted often have maximum income restrictions ranging between 30% and 80% of AMI. Properties funded under the Section 8 program and public housing usually charge the tenant 30% of their adjusted gross income with the remaining portion pay through a subsidy. For tax-credit properties (LIHTC) and Section 236/42 programs, a monthly rental rate is set that is affordable to households within a specific income segment. Moderate-income housing, often referred to as “workforce housing,” refers to rental and ownership formats. Therefore, the definition is broadly defined as housing affordable to households earning between 50% and 120% of AMI. The higher end of the range is typically applied in very high-priced markets. A level of 100% in most housing markets reflects market rate. Figure 1 below summarizes income ranges by definition.

FIGURE 1	
AREA MEDIAN INCOME (AMI) DEFINITIONS	
Definition	AMI Range
Extremely Low Income	0% - 30%
Very Low Income	31% - 50%
Low Income	51% - 80%
Moderate Income / Workforce Housing	80% - 120%
Note: Rice County, MN 2024 AMI = \$100,900 (Source HUD)	

Rent and Income Limits

Table HA-1 shows the maximum allowable incomes by household size to qualify for affordable housing and maximum gross rents that can be charged by bedroom size in Northfield as identified by Rice County limits. These incomes are published and revised annually by the Department of Housing and Urban Development (HUD) and published separately by the Minnesota Housing Finance Agency based on the date the property was placed into service. Fair market rent is the amount needed to pay the gross monthly rent at modest rental housing in a given area. This table is used as a basis for determining the payment standard amount and the maximum subsidy for households using Housing Choice Vouchers in the private market.

TABLE HA-1 MHFA/HUD MAX INCOME AND RENT LIMITS RICE COUNTY - 2024 (Effective 4/01/2024)								
	Income Limits by Household Size							
	1 pph	2 pph	3 pph	4 pph	5 pph	6 pph	7 pph	8 pph
30% of median	\$21,210	\$24,240	\$27,270	\$30,270	\$32,700	\$35,130	\$37,560	\$39,960
50% of median	\$35,350	\$40,400	\$45,450	\$50,450	\$54,500	\$58,550	\$62,600	\$66,600
60% of median	\$42,420	\$48,480	\$54,540	\$60,540	\$65,400	\$70,260	\$75,120	\$79,920
80% of median	\$56,560	\$64,640	\$72,270	\$80,720	\$87,200	\$93,680	\$100,160	\$106,560
100% of median	\$70,700	\$80,800	\$90,900	\$100,900	\$109,000	\$117,100	\$125,200	\$133,200
120% of median	\$84,840	\$96,960	\$109,080	\$121,080	\$130,800	\$140,520	\$150,240	\$159,840
	Maximum Gross Rent							
	EFF	1BR	2BR	3BR	4BR	5BR		
30% Rent Limit	\$530	\$568	\$681	\$787	\$878	\$969		
50% Rent Limit	\$883	\$946	\$1,136	\$1,311	\$1,463	\$1,615		
60% Rent Limit	\$982	\$1,122	\$1,263	\$1,402	\$1,515	\$1,627		
80% Rent Limit	\$1,310	\$1,496	\$1,684	\$1,870	\$2,020	\$2,170		
100% Rent Limit	\$1,767	\$2,020	\$2,272	\$2,522	\$2,725	\$2,927		
120% Rent Limit	\$2,121	\$2,424	\$2,727	\$3,027	\$3,270	\$3,513		
	Fair Market Rent							
	EFF	1BR	2BR	3BR	4BR			
Fair Market Rent-'24	\$913	\$918	\$1,206	\$1,634	\$1,902			
Fair Market Rent-'23	\$795	\$815	\$1,073	\$1,477	\$1,688			
Sources: MHFA, HUD, Novogradac, Maxfield Research and Consulting LLC.								

Table HA-2 shows the maximum rents by household size and AMI based on income limits illustrated in Table HA-1. The rents on Table HA-2 are based on HUD's allocation that monthly rents should not exceed 30% of income. In addition, the table reflects maximum household size based on HUD guidelines of number of people per unit. For each additional bedroom, the maximum household size increases by two people.

TABLE HA-2
MAXIMUM RENT BASED ON HOUSEHOLD SIZE AND AREA MEDIAN INCOME
RICE COUNTY - 2024

----- Maximum Rent Based on Household Size (@ 30% of Income) -----						
Unit Type	HHD Size Min - Max	30% AMI Min - Max	50% AMI Min - Max	60% AMI Min - Max	80% AMI Min - Max	120% AMI Min - Max
Studio	1 - 1	\$530 - \$530	\$883 - \$883	\$1,060 - \$1,060	\$1,414 - \$1,414	\$2,121 - \$2,121
1BR	1 - 2	\$530 - \$606	\$883 - \$1,010	\$1,060 - \$1,212	\$1,414 - \$1,616	\$2,121 - \$2,424
2BR	2 - 4	\$606 - \$757	\$1,010 - \$1,261	\$1,212 - \$1,514	\$1,616 - \$2,018	\$2,424 - \$3,027
3BR	3 - 6	\$682 - \$878	\$1,136 - \$1,464	\$1,364 - \$1,757	\$1,818 - \$2,342	\$2,727 - \$3,513
4BR	4 - 8	\$757 - \$999	\$1,261 - \$1,665	\$1,514 - \$1,998	\$2,018 - \$2,664	\$3,027 - \$3,996

Sources: MN Housing; HUD; Novogradac; Maxfield Research & Consulting

Housing Cost Burden

Table HA-3 shows the number and percent of owner and renter households in Northfield, Rice County, and the Twin Cities Metro Area that pay 30% or more of their gross income for housing. This information was compiled from the American Community Survey 2021 estimates. As such, the information presented in the tables may be overstated in terms of households that may be “cost burdened.” The Federal standard for affordability is 30% of income for housing costs. Without a separate break out for households that pay 35% or more, there are likely a number of households that elect to pay slightly more than 30% of their gross income to select the housing that they choose. Moderately cost-burdened is defined as households paying between 30% and 50% of their income to housing; while severely cost-burdened is defined as households paying more than 50% of their income for housing.

Higher-income households that are cost-burdened may have the option of moving to lower priced housing, but lower-income households often do not. The figures focus on owner households with incomes below \$50,000 and renter households with incomes below \$35,000.

Key findings from Table HA-3 follow.

- In Northfield, 21.1% of owner households and 35.0% of renter households are considered cost burdened. The City’s owner households are modestly more cost burdened than the Remainder of the Primary Market Area (15.1%) as well as Rice County (18.9%) and the Twin Cities Metro Area (18.0%). The City’s renter households are less cost-burdened (35%) than in the Remainder of the Primary Market Area (42.8%), Rice County (42.3%) and the Twin Cities Metro Area (44.9%).

HOUSING AFFORDABILITY

- Among owner households earning less than \$50,000, 54.2% were cost-burdened in Northfield. This is higher than the Primary Market Area Remainder (49.2%), Rice County (50.6%) and the Twin Cities Metro Area (62.1%).
- An estimated 82.4% of Northfield renter households earning less than \$35,000 are cost-burdened, which is lower than the Primary Market Area Remainder (85.3%) but higher than the Rice County (75.5%) and the Twin Cities Metro Area (85.6%).
- The median contract rent in Northfield is \$1,220 as of 2024 and is higher than the Primary Market Area Remainder (\$1,165), Rice County (\$897) and the Twin Cities Metro Area (\$972).

Rent Payment Standards

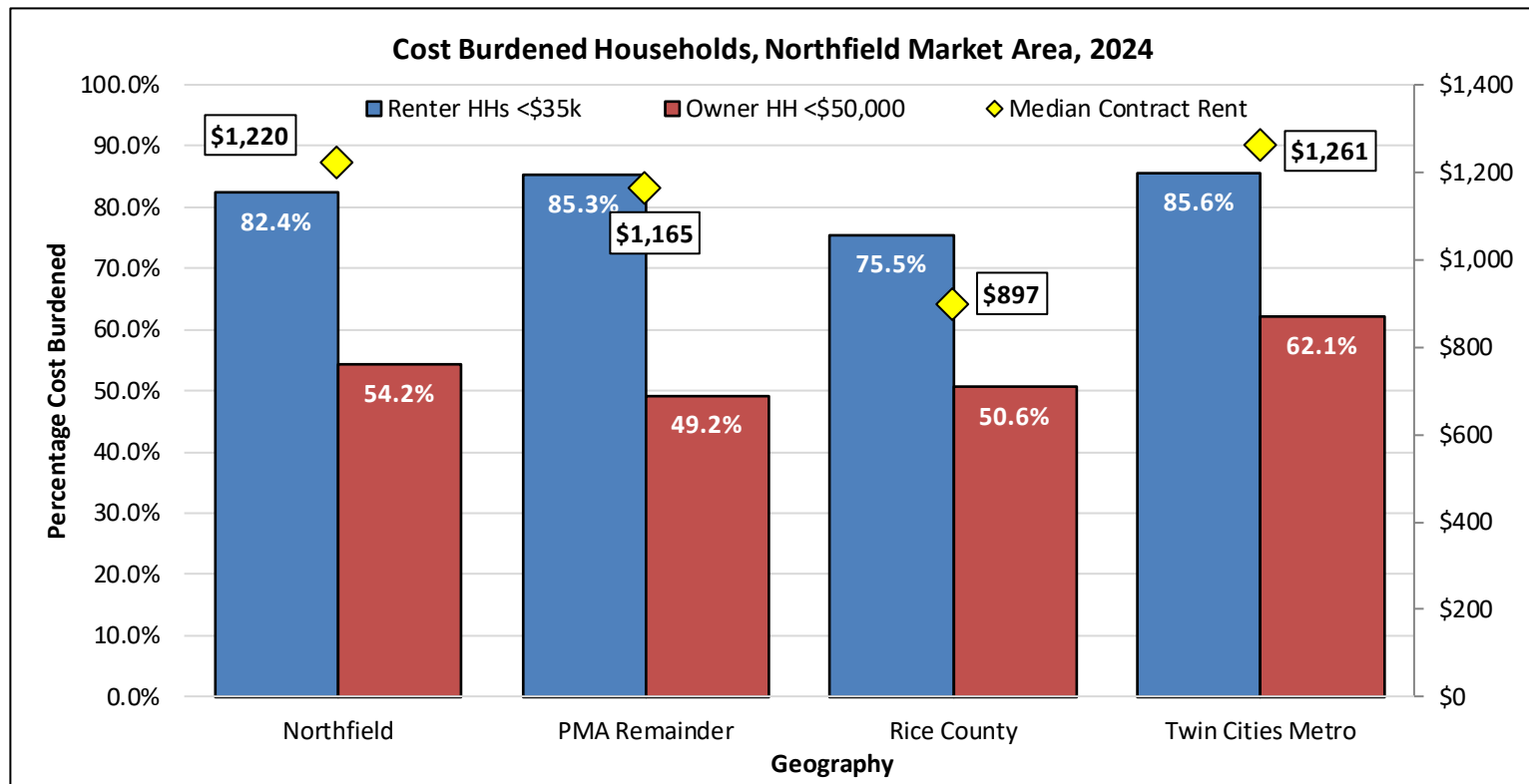
The rent payment standards shown below are implemented for the Housing Choice Voucher program in each respective geography and identify the maximum rent threshold whereby the HUD-funded portion of the rent reimbursement is determined. The tenant pays rent based on 30% of their adjusted gross income by household size. The remainder is paid by HUD. A tenant may select a rental unit that has a rent level that is above or below the payment standard. If above the payment standard, the additional amount over the payment standard must be paid by the tenant after their income-based rental amount is determined.

As shown, rent payment standards for Dakota County are much higher than for Rice County as rent levels are generally higher. Rent payment standards are also higher than Fair Market Rents for most bedroom types. Payment standards reflect higher amounts adjusted for local market conditions and new construction.

PAYMENT STANDARDS HOUSING CHOICE VOUCHERS RICE AND DAKOTA COUNTIES FY 2024							
Dakota County	0BR	1BR	2BR	3BR	4BR	5BR	6BR
Payment Standards	\$1,290	\$1,325	\$1,620	\$2,190	\$2,480	\$2,850	\$3,220
Fair Market Rents	\$1,174	\$1,327	\$1,622	\$2,188	\$2,478	\$2,850	\$3,221
Rice County	0BR	1BR	2BR	3BR	4BR	5BR	6BR
Payment Standards	\$1,004	\$1,009	\$1,326	\$1,797	\$2,125	\$2,443	\$2,762
Fair Market Rents	\$913	\$918	\$1,206	\$1,634	\$1,932	---	---
City of Northfield FMRs	\$910	\$1,040	\$1,270	\$1,730	\$1,990	---	---
City of Faribault FMRs	\$1,090	\$1,240	\$1,510	\$2,040	\$2,310	---	---
Sources: Rice County HRA; Northfield HRA; Dakota County CDA; Maxfield Research and Consulting							

HOUSING AFFORDABILITY

TABLE HA-3 HOUSING COST BURDEN NORTHFIELD PRIMARY MARKET AREA 2024								
	Northfield		PMA Remainder		Rice County		Twin Cities Metro	
Community	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Owner Households								
All Owner Households	4,654		15,380		17,833		886,953	
Cost Burden 30% or greater	983	21.1%	2,321	15.1%	3,374	18.9%	160,040	18.0%
Owner Households w/ incomes <\$50,000	850		3,420		17,546		144,994	
Cost Burden 30% or greater	461	54.2%	1,684	49.2%	8,879	50.6%	89,995	62.1%
Renter Households								
All Renter Households	2,333		8,204		5,973		396,054	
Cost Burden 30% or greater	816	35.0%	3,508	42.8%	2,525	42.3%	177,910	44.9%
Renter Households w/ incomes <\$35,000	807		3,211		2,771		130,603	
Cost Burden 30% or greater	665	82.4%	2,738	85.3%	2,092	75.5%	111,844	85.6%
Median Contract Rent ¹	\$1,220		\$1,165		\$897		\$1,261	
¹ Median Contract Rent 2021; adjusted for inflation - 2024								
Note: Calculations exclude households not computed.								
Sources: American Community Survey 2021 Estimates; Maxfield Research and Consulting								



Housing Choice Vouchers

In addition to subsidized apartments, “tenant-based” subsidies like *Housing Choice Vouchers*, can help lower income households afford market rate rental housing. The tenant-based subsidy is funded by the Department of Housing and Urban Development (HUD) and is managed by the Rice County HRA. Under the Housing Choice Voucher program, also referred to as Section 8, qualified households are issued a voucher that the household can take to an apartment that has rent levels with at or less than the payment standards by bedroom type. The household then pays approximately 30% (not to exceed 40%) of their Adjusted Gross Income (AGI) for rent and utilities, and the Federal Government pays the remainder of the rent to the landlord. The maximum income limit to be eligible for a Housing Choice Voucher is 50% of Area Median Income (AMI) based on household size, as shown in Table HA-1. The following are key points about the Housing Choice Voucher Program administered by the HRA.

- The Rice County HRA manages 385 Housing Choice rental assistance vouchers and 277 vouchers are in use. The number of vouchers in use as compared to the allocation reflects the continued increase in rents, which has caused the HUD funding per unit amount to rise over the past several years. As a result, the HRA is unable to serve more households as it is required to also hold funds in reserve. This situation is prevalent throughout Minnesota and in many jurisdictions across the country. The Federal Government has not been increasing budget allocations for the Housing Choice Voucher program to accommodate these increases. As a result, agencies that manage Housing Choice Vouchers are serving fewer households than their total allocations would allow. This situation is expected to continue, increasing the number of low-income households that need assistance, but are unable to obtain it. This situation also further exacerbates the number of households that are precariously housed and at risk of becoming homeless due to housing costs that exceed their ability to pay.
- The Rice County HRA also administers ten rental assistance demonstration vouchers for the City of Faribault and nine of those units are leased. There are also 23 Mainstream vouchers; 13 of which are leased. Again, the per-unit reimbursement cost is higher, so the HRA is using its funding, but not the total number of vouchers. The HRA also administers ten Emergency Housing Vouchers. There were originally 15 vouchers, but the program is expiring, so as existing households leave the program, new households will not be added, further reducing the number of overall vouchers available, especially for emergency housing assistance.
- The wait list was opened June 3, 2024 and will remain open for 60 days. Applications are being accepted only from households that live and/or work in Rice County. The wait list has an estimated 477 households.
- Northfield had a total of 57 vouchers or 11% of all Rice County vouchers as of 2022.

- The voucher program uses a payment standard which is allocated against the cost of housing and utilities and households may use the housing voucher for units with rent that is below or above the payment standard.
- Housing Choice Vouchers can be used for several types of residences to include apartment rentals, single family housing rentals, duplexes, townhouses and homeownership.
- Payment standards for Rice County and Dakota County for Housing Choice Vouchers as of 2024 as shown on Page 94..

Demographics of Housing Choice Voucher Usage

- An estimated 20% of HCV usage is age 62+ households while 80% are non-elderly. According to the overview for Rice County, 47% of households using HCVs are working and of those working, 12% also receive TANF (assistance for families). This indicates that many households using vouchers are employed, but their wages are not high enough to be able to afford housing in the traditional market. This is significant as housing costs continue to rise and employed households in low-paying positions are unable to afford shelter in addition to other basic needs such as food, clothing and health care.

Housing Costs as Percentage of Household Income

Housing costs are generally considered affordable at 30% of a households adjusted gross income. Table HA-4 on a following page illustrates key housing metrics based on housing costs and household incomes in Northfield. The table estimates the percentage of the City's households that can afford rental and for-sale housing based on a 30% allocation of income to housing. Housing costs are based on Northfield averages.

The housing affordability calculations assume the following:

For-Sale Housing

- 10% down payment with good credit score
- Closing costs rolled into mortgage
- 30-year mortgage at 6.75% interest rate
- Private mortgage insurance (equity of less than 20%)
- Homeowners insurance for single-family homes and association dues for townhomes
- Owner household income per 2021 ACS adjusted to 2024 by Maxfield Research

Rental Housing

- Background check on tenant to ensure credit history
- 30% allocation of income
- Renter household income per 2021 ACS adjusted to 2024 by Maxfield Research

Because of the down payment requirement and strict underwriting criteria for a mortgage, not all households will meet the income qualifications as outlined above.

- An estimated 51% of all households in Northfield and 81% of owner households could afford to purchase an entry-level home in the City (\$250,000). When adjusting for move-up buyers (\$450,000), an estimated 32% of all households and 35.1% of owner households would income qualify. Adjusting for executive buyers (\$650,000), only 11% of all households and 16% of owner households would income qualify. Although Northfield can be considered a somewhat affluent community, the data clearly shows the significant different between the cost of a home priced at \$250,000 versus \$450,000. Also, the analysis does not include households that would purchase at higher price levels utilizing equity from the sale of a previous home.
- The following Housing Affordability Chart notes that 51% of all Northfield households could afford an entry level home. The lack of supply however, at entry-level prices means that many households that may want to purchase a home cannot find a home in their affordability range to buy. This is not only a challenge in Northfield, but throughout Minnesota and most of the Nation. The country's inability to keep up with needed housing construction has resulted in most communities experiencing significant housing supply challenges.
- An estimated 81% of existing renter households can afford to rent a one-bedroom unit in Northfield (\$900/month). The percentage of income-qualified renter households who can afford an existing three-bedroom unit (\$1,400/month) decreases to 51%. Adjusting for new construction rental housing, the percentage of income-qualified renter households decreases. An estimated 66% of renter households can afford a new market rate one-bedroom unit (\$1,400), while only 10% can afford a new three-bedroom unit (\$2,500).

HOUSING AFFORDABILITY

TABLE HA-4						
NORTHFIELD HOUSING AFFORDABILITY - BASED ON HOUSEHOLD INCOME						
For-Sale (Assumes 10% down payment and good credit)						
	Single-Family			Townhome/Twinhome/Condo		
	Entry-Level	Move-Up	Executive	Entry-Level	Move-Up	Executive
Price of House	\$250,000	\$450,000	\$650,000	\$225,000	\$350,000	\$500,000
Pct. Down Payment	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Total Down Payment Amt.	\$25,000	\$45,000	\$65,000	\$22,500	\$35,000	\$50,000
Estimated Closing Costs (rolled into mortgage)	\$7,500	\$13,500	\$19,500	\$6,750	\$10,500	\$15,000
Cost of Loan	\$232,500	\$418,500	\$604,500	\$209,250	\$325,500	\$465,000
Interest Rate	6.750%	6.750%	6.750%	6.750%	6.750%	6.750%
Number of Pmts.	449	449	449	449	449	449
Monthly Payment (P & I)	-\$1,422	-\$2,560	-\$3,698	-\$1,280	-\$1,991	-\$2,845
(plus) Prop. Tax	-\$208	-\$375	-\$542	-\$188	-\$292	-\$417
(plus) HO Insurance/Assoc. Fee for TH	-\$83	-\$150	-\$217	-\$100	-\$100	-\$100
(plus) PMI/MIP (less than 20%)	-\$101	-\$181	-\$262	-\$91	-\$141	-\$202
Subtotal monthly costs	-\$1,815	-\$3,267	-\$4,719	-\$1,658	-\$2,524	-\$3,563
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	\$72,594	\$130,669	\$188,744	\$66,334	\$100,965	\$142,521
Pct. of ALL Northfield HHDS who can afford	50.6%	32.2%	10.9%	48.4%	38.0%	35.9%
No. of Northfield HHDS who can afford	3,483	2,215	748	3,331	2,615	2,472
Pct. of Northfield owner HHDs who can afford	66.7%	35.1%	16.1%	70.7%	48.7%	29.7%
No. of Northfield owner HHDs who can afford	3,101	1,634	749	3,290	2,265	1,382
No. of Northfield owner HHDS who cannot afford	1,551	3,018	3,903	1,362	2,387	3,270
Rental (Market Rate)						
	Existing Rental			New Rental		
	1BR	2BR	3BR	1BR	2BR	3BR
Monthly Rent	\$900	\$1,050	\$1,400	\$1,400	\$2,000	\$2,500
Annual Rent	\$10,800	\$12,600	\$16,800	\$16,800	\$24,000	\$30,000
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	\$36,000	\$42,000	\$56,000	\$56,000	\$80,000	\$100,000
Pct. of ALL Northfield HHDS who can afford ¹	80.8%	77.0%	66.3%	66.3%	46.3%	38.2%
No. of Northfield HHDS who can afford ¹	5,562	5,304	4,567	4,567	3,187	2,634
Pct. of Northfield renter HHDs who can afford ²	53.4%	47.5%	34.3%	34.3%	15.6%	10.0%
No. of Northfield renter HHDs who can afford ²	1,193	1,062	766	766	349	223
No. of Northfield renter HHDS who cannot afford	1,042	1,173	1,469	1,469	1,886	2,012
¹ Based on 2024 household income for All households						
² Based on 2023 ACS household income by tenure (i.e. owner and renter incomes)						
Source: Maxfield Research & Consulting, LLC.						

Housing Affordability Summary

Northfield's affordable housing includes NOAH properties, (Naturally Occurring Affordable Housing), which may be owned or rented and are most often properties that older in age with no income restrictions. Designated affordable rental properties with income restrictions are available in Northfield and include general occupancy properties in addition to age-restricted independent properties and were developed under LIHTC, Rural Development and Tax Increment Financing.

Funding for new affordable housing is increasingly challenging. The Federal government is generally no longer funding new housing units through project-based Section 8 and Section 202 programs. Funding for additional Housing Choice Vouchers has also been limited. Shallow-subsidy housing is provided through the Low-Income Tax Credit Program (Section 42), but the funding is highly competitive. Tax Increment Financing (TIF), municipal bond funding and public and private grants and other types of public/private partnerships can help to fill funding gaps, but additional funding resources and funding tools are needed to increase the development of affordable housing.

High land costs, high infrastructure and construction costs all contribute to the increased cost of housing. Other community fees including park dedication fees also add to the cost of new housing.

Land use and zoning adjustments can also create an environment more conducive to the development of affordable housing. Development restrictions can reinforce barriers to affordable housing development, thereby increasing costs and/or simply restricting or prohibiting certain types of housing products.

Introduction

Previous sections of this study analyzed the existing housing supply and the growth and demographic characteristics of the population and household base in the Northfield Market Area. This section of the report presents our estimates of housing demand in the Northfield Market Area and City of Northfield from 2024 to 2035.

Demographic Profile and Housing Demand

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

1. *Entry-level householders*
 - Often prefer to rent basic, inexpensive apartments
 - Usually singles or couples in their early 20's without children
 - Will often "double-up" with roommates in apartment setting
2. *First-time homebuyers and move-up renters*
 - Often prefer to purchase modestly priced single-family homes or rent more upscale apartments
 - Usually married or cohabiting couples, in their mid-20's or 30's, some with children, but most are without children
3. *Move-up homebuyers*
 - Typically prefer to purchase newer, larger, and therefore more expensive single-family homes
 - Typically, families with children where householders are in their late 30's to mid-40's
4. *Empty-nesters (persons whose children have grown and left home) and never-nesters (persons who never have children)*
 - Prefer owning but will consider renting their housing
 - Some will move to alternative lower-maintenance housing products
 - Generally, couples in their 50's or 60's
5. *Younger independent seniors*
 - Prefer owning but will consider renting their housing
 - Will often move (at least part of the year) to retirement havens in the Sunbelt and desire to reduce their responsibilities for upkeep and maintenance
 - Generally, in their late 60's or 70's

6. *Older seniors*

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

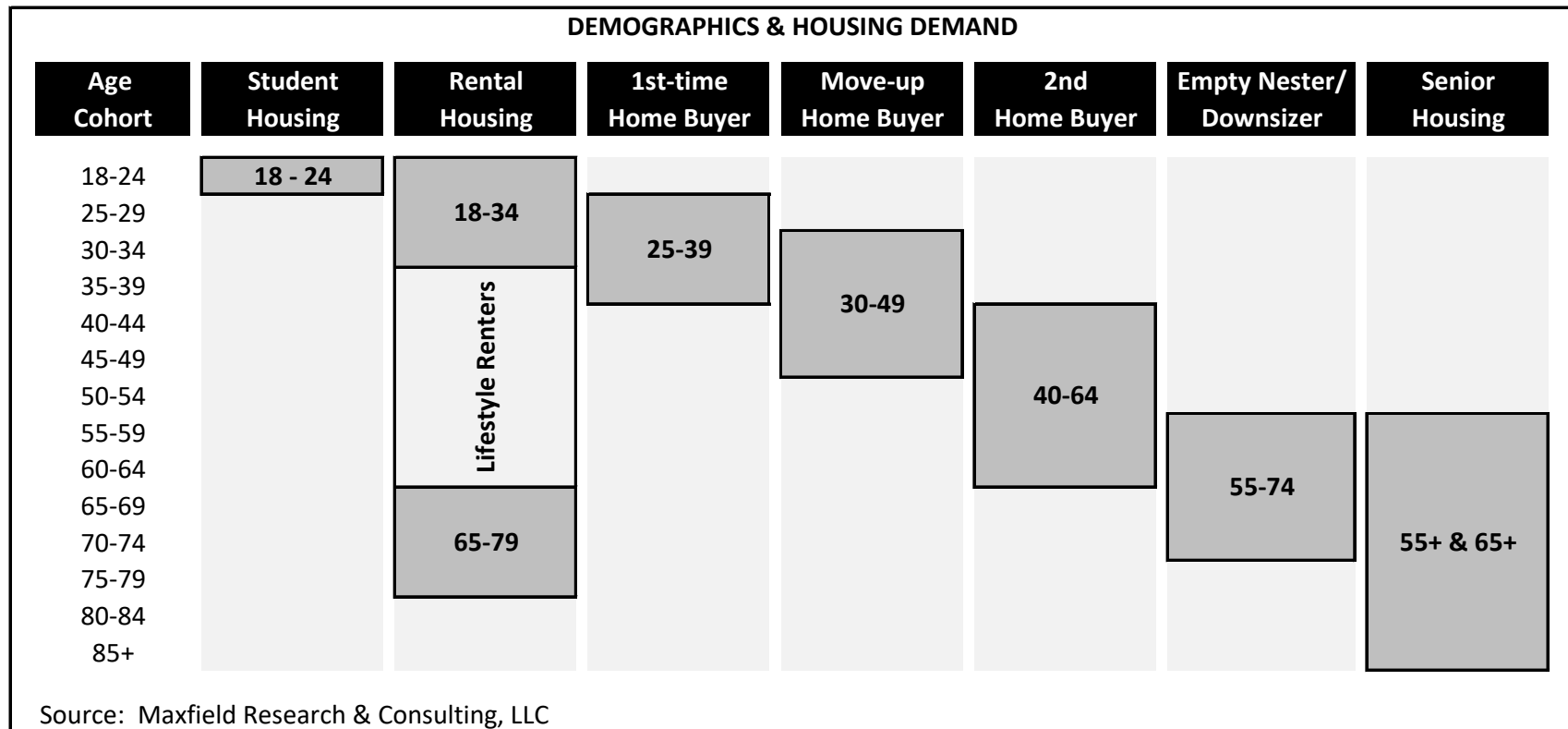
Demand for housing can come from several sources including household growth, changes in housing preferences, and replacement need. Household growth necessitates building new housing unless there is enough desirable vacant housing available to absorb the increase in households. Demand is also affected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

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

Housing Demand Overview

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

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



Demographics

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

Economy and Job Growth

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

Consumer Choice/Preferences

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

Supply (Existing Housing Stock)

The stock of existing housing is also important in the demand for new housing. There are a variety of unique housing types and styles, not all of which are desirable to today's consumers. The age of the housing stock indicates demand for various housing maintenance and upgrade services. Communities with aging housing stocks have higher demand for remodeling services, replacement new construction or new home construction as the current inventory may not provide a breadth or depth of supply that consumers seek.

Pent-up demand can exist if there is insufficient supply of specific housing product types and households postpone a move until new housing product becomes available or existing housing products become available (vacancies).

Housing Finance

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

Recent mortgage interest rate hikes from the Federal Reserve have resulted in tighter underwriting, leaving many buyers on the sidelines. Housing payments have increased by about 45% going back to 2022 through the increase on interest rates alone.

Mobility

Housing demand in Northfield is and will be influenced by buyers and sellers in the City and in the overall Market Area. Buyers looking for housing in Northfield may be attracted to the community because housing is available that meets their needs. Conversely, they may select a different community if there is product there that meets their needs. Much of the housing demand in a community is generated by the turnover of existing households. Satisfying future demand is highly dependent on the availability of suitable housing options in the community.

Estimated Demand for For-Sale Housing

Table HD-1 presents our demand calculations for general occupancy for-sale housing in the Northfield Market Area from 2024 to 2035.

The 75 and older cohort is typically not a target market for new general occupancy for-sale housing. Therefore, we limit demand from household growth to those households under the age of 75. Households between the ages of 65 and 74 may sell an existing single-family home and may decide to purchase a single-level villa, townhome, condominium or cooperative unit. A portion may decide to rent, but the portion of owners in the 65 to 74 age cohort remains high. At a propensity to own of 80%, the Northfield Market Area is expected to increase by 119 households under the age of 75 between 2024 and 2035.

A portion of housing demand will be generated from existing Market Area households through turnover. An estimated 44,078 owner households under age 75 are in the Northfield Market Area in 2024. Based on mobility data from the Census Bureau, an estimated 49% of owner households will turnover in an 11-year period, resulting in 21,598 existing households projected to turnover. Finally, we estimate 20% of existing owner households will seek new for-sale housing, resulting in demand for 4,320 for-sale units to 2035. Combining demand from

projected household growth (4,271 households) with demand from existing owner households (4,320 households) results in combined demand of 8,591 households.

Next, we estimate that 20% of the total demand for new for-sale units in the Northfield Market Area will come from people currently living outside of the Market Area. A portion of this market will be former residents of the area, such as “snow-birds” heading south for the winter. Adding demand from outside the Northfield Market Area to the existing demand potential, results in a total estimated demand for 10,739 for-sale housing units by 2035.

Based on land available, building trends, and demographic shifts (increasing older adult population), we project 60% of the for-sale owners will prefer traditional single-family product types while the remaining 40% will prefer a maintenance-free multifamily product (i.e., townhomes, detached townhomes, condominiums, etc.).

We then subtract the current identified platted lots that are available, under construction or approved. After subtracting the current lot supply (1,297 single-family lots and 602 multifamily lots), we find total demand to 2035 resulting in 5,146 single-family lots and 3,693 multifamily lots.

Finally, we estimate that 8% of the excess single-family demand and 6% of the excess multifamily demand from the Northfield Market Area demand could be captured in Northfield. Therefore, total for-sale demand in Northfield to 2035 is 412 new single-family lots and 222 multifamily units.

HOUSING DEMAND ANALYSIS

TABLE HD-1 FOR-SALE HOUSING DEMAND CITY OF NORTHFIELD 2024 to 2035			
Demand from Projected Household Growth			
Projected HH growth under age 75 in the Market Area 2024 to 2035 ¹			5,339
(times) % propensity to own ²	x	80%	
(equals) Projected demand from new HH growth	=		4,271
Demand from Existing Owner Households			
Number of owner households (age 75 and younger) in the Market Area (2024) ³			44,078
(times) Estimated percent of owner turnover ⁴	x	49%	
(equals) Total existing households projected to turnover	=		21,598
(times) Estimated percent desiring new housing	x	20%	
			4,320
(equals) Demand from existing households			
(equals) Total demand from HH growth and existing HHs 2024 to 2035	=		8,591
(times) Demand from outside the Market Area			20%
(equals) Total demand potential for ownership housing, 2024 to 2035			10,739
		Single Family	Multi-Family*
(times) Percent desiring for-sale single-family vs. multifamily ⁵	x	60%	40%
(equals) Total demand potential for new single-family & multifamily for-sale housing	=	6,443	4,295
(minus) Units under construction or approved platted lots (undeveloped and developed lots) ⁶	-	1,297	602
(equals) Excess demand for new general occupancy for-sale housing	=	5,146	3,693
(times) Percent of Market Area demand capturable by Northfield	x	8%	6%
(equals) number of units supportable in Northfield		412	222
¹ Estimated household growth based on projections as adjusted by Maxfield Research and Consulting ² Pct. of owner households under the age of 75 (U.S. Census - 2021). ³ Estimate based on 2024 households under age 75 and ownership propensity. ⁴ Based on on turnover from 2021 American Community Survey for households moving over an 11-year period. ⁵ Based on preference for housing type and land availability ⁶ Approved platted lot data does not account for the scattered lot supply which includes individual lots and lots in older non-marketing subdivisions. * Multi-family demand includes demand for townhomes, twinhomes, and condominium units.			
Source: Maxfield Research and Consulting LLC			

Estimated Demand for General-Occupancy Rental Housing

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

The 75 and older cohort is typically not a target market for new general occupancy rental housing, therefore, we limit demand from household growth to only those households under the age of 75. According to our projections, at an estimated 20% rental rate, the Northfield Market Area is expected to increase by 1,068 renter households under the age of 75 between 2024 and 2035.

Demand is forecast to emerge from existing Market Area householders through turnover. An estimated 1,437 renter-occupied households under age 75 are in the Northfield Market Area in 2024. Based on mobility data from the Census Bureau, an estimated 90% of renter households will turnover in an 11-year period, resulting in 1,288 existing households projected to turnover. Finally, we estimate 22% of the existing renter households will seek new rental housing, resulting in demand for 283 rental units by 2035.

Next, we estimate that 25% of the total demand for new rental units in the Northfield Market Area will come from people currently living outside of the Market Area. Adding demand from outside the Northfield Market Area to the existing demand potential, results in a total estimated demand for 307 rental housing units by 2035.

Based on a review of rental household incomes and sizes and monthly rents at existing projects, we estimate that 15% of the total demand will be for subsidized housing (50% AMI), 25% will be for affordable housing (50% to 80% AMI) and 55% will be for market rate housing (non-income restricted).

Next, we subtract rental developments that are under construction or pending, since these projects will satisfy some of the calculated demand for general occupancy rental housing. There are 719 market rate units and 49 affordable units pending (accounting for 95% occupancy) in the Market Area.

Finally, we estimate that Northfield can capture 25% of market rate demand, 15% of affordable demand and 15% of subsidized demand in the Market Area, resulting in demand for 102 subsidized units, 163 affordable units and 445 market rate units in Northfield between 2024 and 2035.

HOUSING DEMAND ANALYSIS

TABLE HD-2 RENTAL HOUSING DEMAND NORTHFIELD PRIMARY MARKET AREA 2024 TO 2035			
Demand from Projected Household Growth			
Projected HH growth under age 75 in the Market Area 2024 to 2035 ¹			5,339
(times) Estimated % to be renting their housing ²	x		20%
(equals) Projected demand from new HH growth	=		1,068
Demand from Existing Renter Households			
Number of renter HHs (age 64 and younger) in the Market Area (2024) ³			7,869
(times) Estimated percent of renter turnover ⁴	x		90%
(equals) Total existing households projected to turnover	=		7,050
(times) Estimated percent desiring new rental housing	x		30%
(equals) Demand from existing households			2,115
(equals) Total demand from HH growth and existing HHs 2024 to 2035	=		3,183
(times) Demand from outside the Market Area			30%
(equals) Total demand potential for rental housing, 2024 to 2035			4,547
		Subsidized	Affordable
(times) Percent of rental demand by product type ⁵	x	15%	25%
(equals) Total demand potential for general-occupancy rental housing units	=	682	1,137
(minus) Units under construction or pending ⁶	-	0	49
(equals) Excess demand for new general occupancy rental housing	=	682	1,088
(times) Percent of Market Area demand capturable by Northfield	x	15%	15%
(equals) number of units supportable by the Northfield		102	163
		445	
¹ Estimated household growth based on projections as adjusted by Maxfield Research and Consulting LLC ² Pct. of renter households under the age of 75 (U.S. Census - 2021). ³ Estimate based on 2021 renter households (under age 75). ⁴ Based on on turnover from 2021 American Community Survey for households moving over 13-year period. ⁵ Based on the combination of current rental product and household incomes of area renters (non-senior households) ⁶ Pending/proposed/under construction at 95% occupancy.			
Source: Maxfield Research & Consulting, LLC			

Estimated Demand for Market Rate Senior Housing

Table HD-3 presents our demand calculations for market rate active adult senior housing in the Northfield Market Area in 2024 and 2035.

To determine demand for active adult senior housing, the potential market is reduced to those households that are age- and income-qualified. The age-qualified market is defined as seniors aged 55 and older, although active adult living projects primarily attract seniors aged 65 and older.

We calculate that the minimum income needed to afford monthly rents is \$40,000 or more plus homeowner households with incomes between \$35,000 and \$39,999 who would be able to supplement their incomes with the proceeds from a home sale. We estimate the number of

age/income-qualified senior households in the Northfield Market Area in 2024 to be 20,160 households.

Adjusting to include appropriate long-term capture rates for each age cohort (1.5% of households age 55 to 64, 8.5% of households age 65 to 74, and 15% of households age 75 and over) results in a market rate demand potential for 1,251 active adult senior housing units in 2024.

Some additional demand will come from outside of the Northfield PMA. We estimate that 20% of the long-term demand for active adult senior housing will be generated by seniors currently residing outside the Northfield Market Area. This demand will consist primarily of parents of adult children living in the Northfield Market Area, individuals who live just outside of the Northfield Market Area and have an orientation to the area, as well as former residents who desire to return. Together, the demand from the Northfield Market Area seniors and demand from seniors who would relocate to the Northfield Market Area results in a demand for 1,563 market rate active adult units in 2024.

Active adult demand in the Northfield Market Area is apportioned between ownership and rental housing. Based on the age distribution, homeownership rates and current product available in the Northfield Market Area, we project that 55% of the Northfield Market Area's demand will be for adult ownership housing (860 units) and 45% will be for rental housing (704 units).

Next, we subtract existing competitive market rate units (minus a vacancy factor of 5% to allow for sufficient consumer choice and turnover) from the owner and rental demand. Subtracting the existing competitive market rate units results in total demand potential for 625 adult owner-occupied units and 599 active adult rental units. Finally, we estimate that 15% of the excess active adult demand in the Northfield Market Area could be captured in Northfield, resulting in demand for 94 owned units and 90 rental units in 2024.

Adjusting for inflation, we have estimated that households with incomes of \$50,000 or more and homeowners with incomes of \$45,000 to \$49,999 would income qualify for market rate independent senior housing in 2035. Considering the growth in the older adult base and the income distribution of the older adult population in 2035, the methodology projects that demand will be 835 adult owned units and 808 adult rental units in the Northfield Market Area. Accounting for the 15% of excess active adult demand capturable in Northfield, results in demand for 110 owned units and 136 rental units in 2035.

TABLE HD-3 MARKET RATE ACTIVE ADULT HOUSING DEMAND NORTHFIELD PRIMARY MARKET AREA 2024 and 2035						
	2024			2035		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of >\$40,000 ¹	9,626	6,282	3,139	10,101	7,870	4,675
# of Households w/ Incomes of \$30,000 to \$39,999 ¹	+ 360	392	608	+ 259	358	646
(times) Homeownership Rate	x 90%	85%	75%	x 90%	85%	75%
(equals) Total Potential Market Base	= 9,950	6,615	3,595	= 10,334	8,174	5,160
(times) Potential Capture Rate	x 1.5%	8.5%	15.0%	x 1.5%	8.5%	15.0%
(equals) Demand Potential	= 149	562	539	= 155	695	774
Potential Demand from Residents	= 1,251			= 1,624		
(plus) Demand from Outside of the Market Area (20%)	+ 313			+ 406		
(equals) Total Demand Potential	= 1,563			= 2,030		
	Owner-Occupied		Renter-Occupied	Owner-Occupied		Renter-Occupied
(times) % by Product Type	x 55%		x 45%	x 55%		x 45%
(equals) Demand Potential by Product Type	= 860		= 704	= 1,116		= 913
(minus) Existing and Pending MR Active Adult Units ²	- 235		- 105	- 281		- 105
(equals) Excess Demand for MR Active Adult Units	= 625		= 599	= 835		= 808
(times) Percent that could be captured in Northfield	x 15%			x 15%		
(equals) Excess market rate active adult demand in Northfield	94	90		125	121	
¹ 2035 calculations define income-qualified households as all households with incomes greater than \$50,000 and homeowner households with incomes between \$40,000 and \$49,999.						
² Existing and pending are deducted at market equilibrium (95% occupancy).						
Source: Maxfield Research & Consulting, LLC						

Estimated Demand for Subsidized/Affordable Active Adult Senior Housing

Table HD-4 presents our demand calculations for subsidized/affordable active adult senior housing in the Northfield Market Area in 2023 and 2035.

In order to arrive at the potential age and income qualified base for low income and affordable housing, we exclude all senior (65+) households with incomes more than \$45,000. We exclude homeowner households with incomes between \$40,000 and \$44,999, as these households would have additional equity that could be converted to monthly income following the sales of their single-family homes.

Households in a need-based situation (either requiring services or financial assistance) more readily move to housing alternatives than those in non-need-based situations. Hence, the capture rate among each age group is higher than for market rate housing. Capture rates are employed at 1.5% for households age 55 to 64, 10.0% for households age 65 to 74 and 20.0% for households age 75 and older. This results in demand for 552 units in 2024.

An additional proportion is added for senior households that would move into affordable active adult housing in the Market Area who currently reside outside of the Market Area. Typically, the Market Area for affordable active adult is larger than that of market rate active adult. As a result, we estimate that seniors currently residing outside the Market Area will generate 25% of the demand for shallow/deep-subsidy active adult senior housing, increasing demand to 737 units.

We estimate that 50% of demand would be for subsidized units and 50% would be for shallow subsidy units. This results in a demand potential for 368 subsidized and 368 affordable senior units in 2024.

Next, we subtract existing affordable/subsidized active adult housing. There are 210 subsidized units and 213 affordable units (accounting for 97% occupancy). This results in an excess demand for 158 subsidized and 155 affordable senior units in 2024. Finally, we estimate that 25% of excess demand in the Northfield Market Area could be captured in Northfield, resulting in demand for 40 deep-subsidy and 39 shallow-subsidy units in 2024.

Adjusting for inflation, we estimate that households with incomes up to \$50,000 would be candidates for financially-assisted independent housing in 2035. We reduce the potential market by homeowner households earning between \$40,000 and \$44,999 that would exceed income-restrictions once equity from their home sales is converted to monthly income.

Following the same methodology, we project demand in the Northfield Market Area for 339 subsidized units and 336 affordable units in 2035. Accounting for 25% of excess demand capturable in Northfield, results in demand for 85 deep-subsidy and 84 affordable units in 2035.

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TABLE HD-4 DEEP-SUBSIDY/SHALLOW SUBSIDY ACTIVE ADULT HOUSING DEMAND NORTHFIELD PRIMARY MARKET AREA 2024 and 2035						
	2024			2035		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of <\$45,000 ¹	898	1,233	2,360	1,098	1,488	3,156
Less Households w/ Incomes of \$40,000 to \$44,999 ¹	- 121	- 169	- 269	- 189	- 204	- 256
(times) Homeownership Rate	x 90%	x 85%	x 75%	x 90%	x 85%	x 75%
(equals) Total Potential Market Base	= 789	= 1,089	= 2,158	= 928	= 1,315	= 2,964
(times) Potential Capture Rate	x 1.5%	x 10.0%	x 20.0%	x 1.5%	x 12.0%	x 22.0%
(equals) Demand Potential	= 12	= 109	= 432	= 14	= 158	= 652
(equals) Potential Demand from Residents	= 552			= 824		
(plus) Demand from outside of the Market Area (25%)	+ 184			+ 275		
(equals) Total Demand Potential	= 737			= 1,098		
	Deep-Subsidy		Shallow-Subsidy	Deep-Subsidy		Shallow-Subsidy
(times) % by Product Type	x 50%		x 50%	x 50%		x 50%
(equals) Demand Potential by Product Type	= 368		= 368	= 549		= 549
(minus) Existing and Pending Sub./Aff. Active Adult Units ²	- 210		- 213	- 210		- 213
(equals) Excess Demand for Sub./Aff. Units	= 158		= 155	= 339		= 336
(times) Percent that could be captured in Northfield	25%			25%		
(equals) Excess Demand for Sub./Aff. Units in Northfield	= 40		= 39	= 85		= 84
¹ 2035 calculations define income-qualified households as all households with incomes less than \$50,000. Homeowner households with incomes between \$45,000 and \$49,999 are excluded from the market potential for financially-assisted housing.						
² Existing units are deducted at market equilibrium, or 97% occupancy.						
Source: Maxfield Research & Consulting, LLC						

Estimated Demand for Independent Living Senior Housing

Table HD-5 presents our demand calculations for independent living housing in the Northfield Market Area in 2024 and 2035.

The potential age- and income-qualified base for independent living senior housing includes all senior (65+) households with incomes of \$40,000 as well as homeowner households with incomes between \$35,000 and \$39,999 who would qualify with the proceeds from the sales of their homes. The proportion of eligible homeowners is based on an estimated homeownership rates of the Northfield Market Area seniors. The number of age, income, and asset-qualified households in the Northfield Market Area is estimated to be 1,836 households in 2024.

Demand for independent living is need-driven, which reduces the qualified market to only the portion of seniors who need some assistance. Adjusting to include appropriate capture rates for each age cohort (1.5% of households age 65 to 74 and 16.5% of households age 75 and older) results in a local demand potential for 626 independent living units in 2024.

We estimate that seniors currently residing outside of the Northfield Market Area will generate 20% of the demand for independent living senior housing. Together, the demand from the

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Northfield Market Area seniors and demand from seniors who are willing to locate to the Northfield Market Area totals 783 independent living units in 2024.

Currently, there are 397 existing independent living units in the PMA. Subtracting these units, at 95% occupancy, results in overall demand for 386 independent living units in 2024 in the Market Area. Finally, we estimate that 20% of the Northfield Market Area independent living demand could be captured in the Northfield, resulting in demand for 77 units in 2024.

Adjusting for inflation, we estimate that households with incomes of \$40,000 or more and senior homeowners with incomes between \$35,000 and \$39,999 would qualify for independent living housing in 2035. Following the same methodology, demand is calculated to increase to 732 units to 2035. Accounting for the 20% of demand capturable in Northfield, results in demand for 146 independent units in 2035.

TABLE HD-5 MARKET RATE INDEPENDENT LIVING RENTAL HOUSING DEMAND NORTHFIELD PRIMARY MARKET AREA 2024 and 2035				
	2024		2035	
	Age of Householder		Age of Householder	
	65-74	75+	65-74	75+
# of Households w/ Incomes of >\$40,000 ¹	6,282	3,139	7,870	4,675
# of Households w/ Incomes of \$35,000 to \$39,999 ¹	+ 68	105	+ 80	100
(times) Homeownership Rate	x 85%	75%	x 85%	75%
(equals) Total Potential Market Base	= 6,340	3,218	= 7,938	4,750
(times) Potential Capture Rate ²	x 1.5%	16.5%	x 1.5%	16.5%
(equals) Potential Demand	= 95	+ 531	= 119	+ 784
Potential Demand from Market Area Residents	= 626		= 903	
(plus) Demand from Outside of the Market Area (20%)	+ 157		+ 226	
(equals) Total Demand Potential	= 783		= 1,129	
(minus) Existing and Pending Independent Living Units ³	- 397		- 397	
(equals) Total Independent Living Demand Potential	= 386		= 732	
(times) Percent that could be captured in Northfield	- 20%		- 20%	
(equals) Total Independent Living Demand Potential in Northfield	= 77		= 146	

¹ 2035 calculations define income-qualified households as all households with incomes greater than \$50,000 and homeowner households with incomes between \$45,000 and \$49,999.

² The potential capture rate is derived from data from the Summary Health Statistics for the U.S. Population: National Health Interview Survey, 2018 by the U.S. Department of Health and Human Services. The capture rate used is the percentage of seniors needing assistance with IADLs, but not ADLs (seniors needing assistance with ADLs typically need assistance with multiple IADLs and are primary candidates for service-intensive assisted living).

³ Competitive units include Independent Living units at 95% occupancy (market equilibrium).

Source: Maxfield Research and Consulting LLC

Estimated Demand for Assisted Living Housing

Table HD-6 presents our demand calculations for assisted living senior housing in the Northfield Market Area in 2024 and 2035. This analysis focuses on the potential *private pay/market rate* demand for assisted living units.

The availability of more intensive support services such as meals, housekeeping and personal care at assisted living facilities usually attracts older, frailer seniors. According to the 2009 Overview of Assisted Living (which is a collaborative research project by the American Association of Homes and Services for the Aging, the American Seniors Housing Association, National Center for Assisted Living, and National Investment Center for the Seniors Housing and Care Industry), the average age of residents in freestanding assisted living facilities was 87 years in 2008. Hence, the age-qualified market for assisted living is defined as seniors ages 75 and over, as we estimate that of the half of demand from seniors under age 87, almost all would be from seniors over age 75. In 2024, there are a projected 7,125 seniors aged 75 and older in the Northfield Market Area.

Demand for assisted living housing is need-driven, which reduces the qualified market to only the portion of seniors who need assistance. According to a study completed by the U.S. Census Bureau (2018 panels of the Survey of Income and Program Participation (SIPP) files), 30% of seniors needed assistance with everyday activities (from 25.5% of 75-to-79-year-olds, to 33.6% of 80-to-84-year-olds and 51.6% of 85+ year olds). Applying these percentages to the senior population yields a potential assisted living market of 2,455 seniors in the Northfield Market Area.

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

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

For each age group in Table HD-6, we estimate the income-qualified percentage to be all seniors in households with incomes above \$40,000 (who could afford monthly rents of \$3,000+ per month) plus 40% of the estimated seniors in homeowner households with incomes below

\$40,000 (who will spend down assets, including home-equity, in order to live in assisted living housing). This results in a total potential market of 1,458 units in 2024.

Because the vast majority of assisted living residents are single (88% according to the 2009 Overview of Assisted Living), our demand methodology multiplies the total potential market by the percentage of seniors age 75+ in the Northfield Market Area living alone. Based on 2010 Census data, 52% of age 75+ households in the Northfield Market Area lived alone. Applying this percentage results in a total base of 758 age/income-qualified singles. The 2009 Overview of Assisted Living found that 12% of residents in assisted living were couples. There is a total of 861 age/income-qualified seniors needing assistance in the Northfield Market Area including both couples and singles.

We estimate that roughly 60% of the qualified market needing significant assistance with Activities of Daily Living (“ADLs”) would either remain in their homes or less service-intensive senior housing with the assistance of a family member or home health care or would need greater care provided in a skilled care facility. The remaining 40% could be served by assisted living housing. Applying this potential market penetration rate of 40% results in demand for 345 assisted living units in 2024.

We estimate that a portion of demand for assisted living units (25%) will come from outside of the Northfield Market Area. Applying this figure results in total potential demand for 459 market rate assisted living units in the Northfield Market Area.

After deducting 384 competitive units (minus a 93% occupancy rate) from the total demand potential, we calculate that there is current demand for 246 assisted living units in the Northfield Market Area in 2024. After applying the aforementioned calculations to the age/income-qualified base in 2035, results in demand for 75 units.

Northfield is expected to be able to capture 20% of the assisted living demand in the Market Area, resulting in demand for 15 units in 2024 and 88 units in 2035.

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

Most assisted living developments require residents to have lived in their facility for a certain amount of time before they can use a waiver, and many try to limit the number of waivers accepted within the community to between 15% and 20%. However, due to challenges with occupancy because of the pandemic, some facilities are now accepting much higher proportions of residents with Elderly Waivers. In addition, market demand is shifting toward being able to add services as needed rather than moving directly into assisted living. This shift is likely to

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result in lower demand for assisted living in the short-term. Demographics however will continue to place pressure on demand for assisted living by 2035.

TABLE HD-6 MARKET RATE ASSISTED LIVING DEMAND NORTHFIELD PRIMARY MARKET AREA 2024 and 2035						
Age group	2024			2035		
	People	Percent Needing Assistance ¹	Number Needing Assistance ¹	People	Percent Needing Assistance ¹	Number Needing Assistance ¹
75 - 79	3,206	25.5%	818	5,324	25.5%	1358
80 - 84	2,138	33.6%	718	3,550	33.6%	1193
85+	1,781	51.6%	919	3,527	51.6%	1,820
Total	7,125		2,455	12,401		4,370
Percent Income-Qualified²			59%			60%
Total potential market			1,458			2,622
(times) Percent living alone			x 52%			52%
(equals) Age/income-qualified singles needing assistance			= 758			1,363
(plus) Proportion of demand from couples (12%) ³			+ 103			186
(equals) Total age/income-qualified market needing assistance			= 861			1,549
(times) Potential penetration rate ⁴			x 40%			40%
(equals) Potential demand from MA residents			= 345			620
(plus) Proportion from outside MA (25%)			+ 115			207
(equals) Total potential assisted living demand			= 459			826
(minus) Existing market rate assisted living units ⁵			- 384			384
(equals) Total excess market rate assisted living demand			= 75			442
(times) Pct. Of Market Area demand capturable by a site in Northfield			- 20%			20%
(equals) Total excess market rate assisted living demand			= 15			88
¹ The percentage of seniors unable to perform or having difficulty with ADLs, based on the 2018 State of Aging in America published by the Centers for Disease Control and Prevention and the National Center for Health Statistics.						
² Includes households with incomes of \$40,000 or more, plus a portion of estimated owner households with incomes below \$40,000 (who will spend down assets, including home-equity, in order to live in assisted living housing). \$50,000+ in 2035.						
³ The 2009 Overview of Assisted Living (a collaborative project of AAHSA, ASHA, ALFA, NCAL & NIC) found that 12% of assisted living residents are couples.						
⁴ We estimate that 60% of the qualified market needing assistance with ADLs could either remain in their homes or reside at less advanced senior housing with the assistance of a family member or home health care, or would need greater care provided in a skilled care facility.						
⁵ Existing and pending units at 93% occupancy.						
Source: Maxfield Research & Consulting, LLC						

Estimated Demand for Memory Care Senior Housing

Table HD-7 presents our demand calculations for market rate memory care senior housing in the Northfield Market Area in 2024 and 2035.

Demand is calculated by starting with the estimated Northfield Market Area senior (age 65+) population in 2024 and multiplying by the incidence rate of Alzheimer's/dementia among this population's age cohorts. According to the Alzheimer's Association (Alzheimer's Disease Facts and Figures, 2024), 5% of seniors ages 65 to 74, 13% of seniors ages 75 to 84, and 33% of seniors ages 85+ are afflicted with Alzheimer's Disease. This yields a potential market of 1,925 seniors in the Northfield Market Area in 2024.

Because of the staff-intensive nature of dementia care, typical monthly fees for this type of housing are at least \$4,000 and range upwards of \$5,000 to \$6,000 when including service packages. Based on our review of senior household incomes in the Northfield Market Area, homeownership rates and home sale data, we estimate that 52% of seniors in the Northfield Market Area would have incomes and/or assets to sufficiently cover the costs of memory care housing. This figure takes into account married couple households where one spouse may have memory care needs and allows for a sufficient income for the other spouse to live independently. Multiplying the number of seniors with Alzheimer's/dementia by the income-qualified percentage results in a total of 1,001 age/income-qualified seniors in the Northfield Market Area in 2024.

According to data from the National Institute of Aging, about 25% of all individuals with memory care impairments comprise the market for memory care housing units. This figure considers that seniors in the early stages of dementia will be able to live independently with the care of a spouse or other family member, while those in the later stages of dementia will require intensive medical care that would only be available in skilled care facilities. Applying this figure to the estimated population with memory impairments yields a potential market of about 250 seniors in the Northfield Market Area.

We estimate that 25% of the overall demand for memory care housing would come from outside of the Northfield Market Area. Together, demand totals 334 memory care units in 2024.

We reduce the demand potential by accounting for the existing memory care product in the Northfield Market Area. We reduce the competitive units to include memory care units at a 7% vacancy rate (272 units). Subtracting these competitive units results in a demand for 62 units in 2024.

The same calculations are applied to the age/income-qualified base in 2035. Following the same methodology, potential demand for market rate memory care units is expected to increase to 308 units in the Northfield Market Area to 2035.

Northfield is expected to be able to capture 25% of the memory care demand in the Northfield Market Area, resulting in demand for 15 units in 2024 and 62 units in 2035.

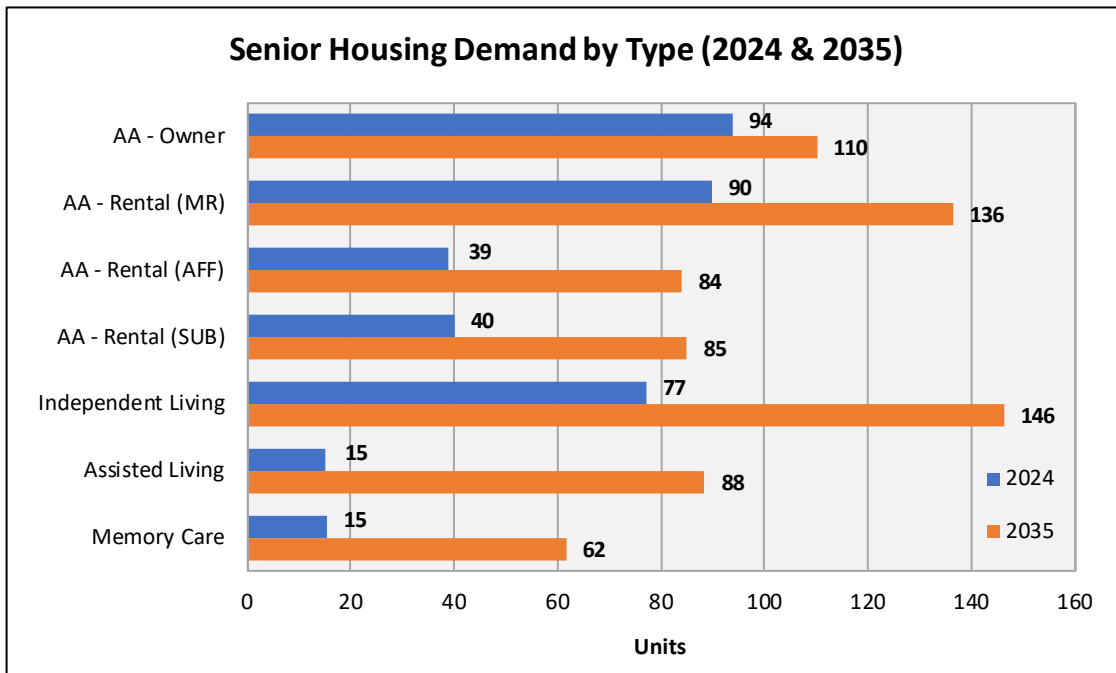
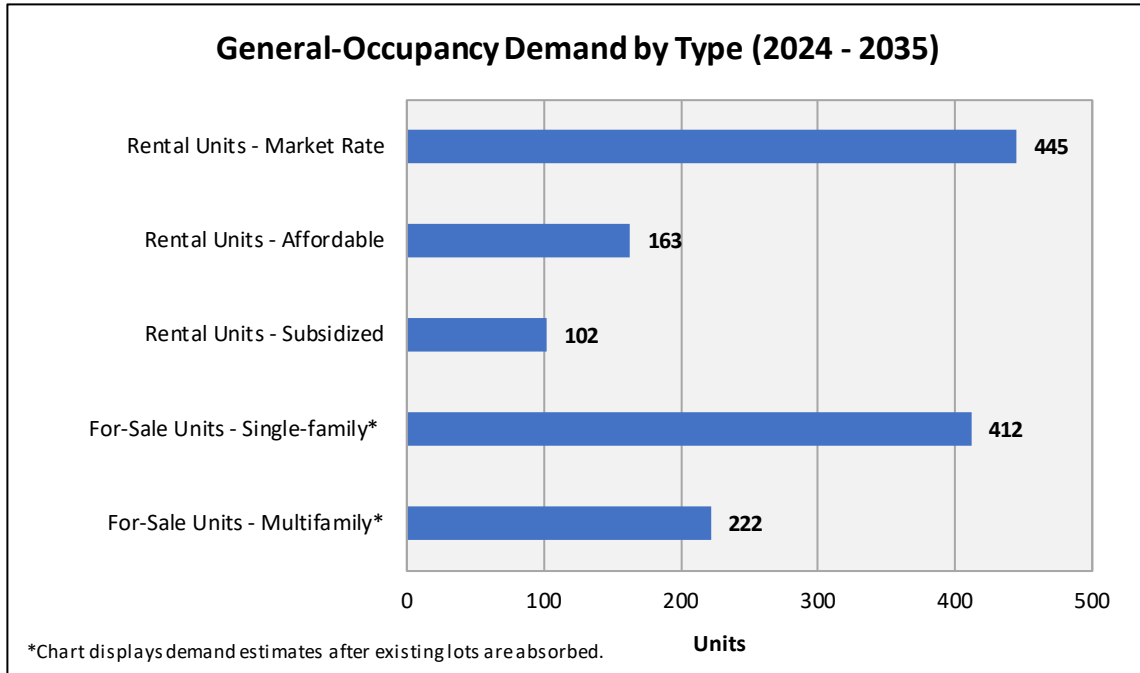
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TABLE HD-7 MARKET RATE MEMORY CARE DEMAND NORTHFIELD PRIMARY MARKET AREA 2024 and 2035		
	2024	2035
65 to 74 Population	12,632	15,428
(times) Dementia Incidence Rate ¹	x 5%	x 5%
(equals) Estimated Age 65 to 74 Pop. with Dementia	= 632	= 771
75 to 84 Population	5,344	8,874
(times) Dementia Incidence Rate ¹	x 13%	x 13%
(equals) Estimated Age 75 to 84 Pop. with Dementia	= 705	= 1,171
85+ Population	1,781	3,527
(times) Dementia Incidence Rate ¹	x 33%	x 33%
(equals) Estimated Age 85+ Pop. with Dementia	= 588	= 1,164
(equals) Total Senior Population with Dementia	= 1,925	= 3,107
(times) Percent Income/Asset-Qualified ²	x 52%	x 56%
(equals) Total Income-Qualified Market Base	= 1,001	= 1,740
(times) Percent Needing Specialized Memory Care Assistance	x 25%	x 25%
(equals) Total Need for Dementia Care	= 250	= 435
(plus) Demand from Outside of the Market Area (25%)	+ 83	+ 145
Total Demand for Memory Care Units	= 334	= 580
(minus) Existing and Pending Memory Care Units ³	- 272	- 272
(equals) Excess Demand Potential	= 62	= 308
(times) Pct. Of Market Area demand capturable by Northfield	- 25%	- 20%
(equals) Number of Units Supportable in Northfield	= 15	= 62
¹ Alzheimer's Association: Alzheimer's Disease Facts & Figures (2024) ² Includes seniors with income at \$60,000 or above (\$70,000 in 2035) plus a portion of homeowners with incomes below this threshold (who will spend down assets, including home-equity, in order to live in memory care housing). ³ Existing memory care units at 7% vacancy rate. Source: Maxfield Research & Consulting, LLC		

Introduction

Based on the finding of our analysis and demand calculations, Table CR-1 below provides a summary of housing demand in the Northfield Market Area to 2035. As the table illustrates, demand exists for a variety of product types. The following section summarizes demand for various housing types for Northfield and the Primary Market Area. Demand calculated represents the broadest level of need and targeted development may not always coincide with the demand illustrated in Table CR-1 due to a variety of factors (i.e. economies of scale, infrastructure capacity, land availability, land planning and zoning requirements, etc.).

TABLE CR-1 SUMMARY OF HOUSING DEMAND NORTHFIELD MARKET AREA 2024 to 2035				
Type of Use	Primary Market Area		Northfield	
	2024 - 2035		2024 - 2035	
General-Occupancy				
Rental Units - Market Rate	1,782		445	
Rental Units - Affordable	1,088		163	
Rental Units - Subsidized	682		102	
For-Sale Units - Single-family*	5,146		412	
For-Sale Units - Multifamily	3,693		222	
Total General Occupancy Supportable	12,391		1,344	
	2024	2035	2024	2035
Age-Restricted (Senior)				
Market Rate				
Active Adult	1,223	1,644	184	247
Ownership	625	734	94	110
Rental	599	910	90	136
Independent Living	386	732	77	146
Assisted Living	75	442	15	88
Memory Care	62	308	15	62
Total Market Rate Senior Supportable	1,746	3,125	291	543
Affordable/Subsidized				
Active Adult - Subsidized	158	339	40	85
Active Adult - Affordable	155	336	39	84
Total Affordable Senior Supportable	313	675	79	169
* Demand estimate after existing lots have been absorbed.				
Source: Maxfield Research and Consulting LLC				



Based on the findings of the analysis and demand calculations, Table CR-2 summarizes recommended development concepts by product type for the City of Northfield. These proposed concepts are intended to function as a development guide to effectively meet the housing needs of existing and future households in Northfield. The recommended development types act as a priority guide and do not directly equal total demand as illustrated in Table CR-1 due to estimated development timeframes.

CONCLUSIONS AND RECOMMENDATIONS

TABLE CR-2				
RECOMMENDED HOUSING DEVELOPMENT				
CITY OF NORTHFIELD				
2024 to 2030				
		Purchase Price/ Monthly Rent Range ¹	No. of Units	Development Timing
Owner-Occupied Homes				
Single Family				
	Entry-level	<\$325,000	60 - 100	2024+
	Move-up	\$350,000 - \$450,000	50 - 80	Ongoing
	Executive	\$550,000+	25 - 30	Ongoing
	Total		135 - 210	
Townhomes/Twinhomes/Detached Townhomes/Villas				
	Entry-level	<\$260,000	40 - 45	2024+
	Move-up	\$280,000 - \$350,000	30 - 36	Ongoing
	Executive	\$400,000+	20 - 20	Ongoing
	Total		90 - 101	
Total Owner-Occupied			225 - 311	
General Occupancy Rental Housing				
Market Rate Rental Housing				
	Apartment-style (moderate)	\$1,200/1BR - \$1,800/3BR	80 - 85	2025+
	Apartment-style (move up)	\$1,300/EFF - \$2,500/3BR	65 - 70	2028+
	Townhomes (move up)	\$2,200/2BR - \$2,800/3BR	24 - 30	2025+
	Total		169 - 185	
Affordable Rental Housing				
	Apartment-style	Moderate Income ²	50 - 60	2025+
	Townhomes	Moderate Income ²	30 - 35	2025+
	Subsidized	30% of Income ³	30 - 40	2025+
	Total		110 - 135	
Total Renter-Occupied			279 - 320	
Senior Housing (i.e. Age Restricted)				
	Active Adult Single-Level Townhomes	\$350,000 - \$425,000	24 - 32	2028+
	Active Adult Market Rate Rental ⁴	\$1,500/1BR+Den - \$2,400/2BR+Den	60 - 80	2025+
	Active Adult Affordable Rental ⁴	Moderate Income ³	70 - 85	2025+
	Independent Living	\$2,200/1BR - \$4,000/2BR+	60 - 60	2028+
	Assisted Living	\$3,000/EFF- \$5,500/2BR	0 - 0	2028+
	Memory Care	\$4,000/EFF - \$6,000/2BR	0 - 0	2028+
	Total		214 - 257	
	Total - All Units		718 - 888	
¹ Pricing in 2024 dollars. Pricing can be adjusted to account for inflation.				
² Affordablity subject to income guidelines per Minnesota Housing Finance Agency (MHFA). See Table HA-1 for Rice County Income limits.				
³ Subsized housing will be difficult to develop financially. Hence, some demand moved from subsidized to affordable				
⁴ Alternative development concept is to combine active adult affordable and market rate active adult into mixed-income senior communities.				
Source: Maxfield Research & Consulting, LLC.				

For-Sale Housing Recommendations

Single-Family Housing

Table CR-1 identified demand for an estimated 412 single-family housing units in Northfield to 2035. The lot supply benchmark for growing communities is a three- to five-year lot supply, which ensures adequate consumer choice without excessively prolonging developer-carrying costs. According to our newer subdivision research, there are 131 vacant lots in Northfield that could absorb future new single-family construction. Over the past decade, the Northfield has averaged development of 19 homes per year, although we estimate that demand will increase as interest rates come down; at this time, the current lot supply appears to be sufficient, but new product types may require other lot formats. There are some scattered in-fill lots but most of the new lots are in newer subdivisions.

Due to the price of the existing housing stock and somewhat older single-family stock in Northfield, the housing appears primarily to entry-level and move-up buyers (larger homes even if older). Entry-level homes, classified as those priced under \$300,000 will be mainly satisfied by existing single-family homes as residents of existing homes move into newer housing products such as move-up single-family homes, twinhomes, rental housing and senior housing.

A move-up buyer or step-up buyer is typically one who is selling one house and purchasing another one, usually a larger and more expensive home. The move is often generated because of a lifestyle change, such as a new job or a growing family. Based on our interviews with real estate professionals, move-up homes are generally priced from \$350,000 to \$500,000 more. Although demand is strong for entry-level new construction, it will be difficult to construct new homes for much less than \$380,000 given today's development costs. Executive-level homes are loosely defined as those homes priced above \$500,000. Most of these homes would be build-to-suit new construction in one of the City's newer subdivisions are on larger acreages located outside or near city limits.

New single-family home construction has been relatively consistent in Northfield over the past ten years at an average of about 19 units annually. There has also been an uptick in the number of single-level twinhomes being constructed, primarily targeted to empty-nesters/young seniors who are "rightsizing" from a single-family home. In addition, there was a modest wave of new mixed-income multifamily rental housing built and a new age-restricted cooperative is taking reservations. The supply of homes on the market remains tight due to higher mortgage rates and vacancies at existing rental properties are very low.

A private-public partnership or other incentives will likely be needed to create new affordable or moderate cost housing in Northfield as well as some new market rate housing, depending on the product type.

For-Sale Multifamily Housing

A growing number of households desire alternative housing types such as townhouses, detached townhomes, villas, and twinhomes. Typically, the target market of for-sale multifamily housing is empty-nesters and retirees seeking to downsize from their single-family homes. In addition, professionals, particularly singles and couples without children, also will seek townhomes if they prefer not to have the maintenance responsibilities of a single-family home. In many housing markets, younger households also find purchasing multifamily units to be generally more affordable than purchasing new single-family homes.

Based on the changing demographics and the need for alternative housing types, demand was calculated for 222 new multifamily for-sale lots/units in Northfield to 2035. Northfield has a good mix of condominiums, townhomes and twinhomes and the market continues to demand new twinhomes and villa-style detached units. Given the aging of the population (especially those 65+), and increased interest in association-maintained housing (and affordability), Northfield is expected to experience an increased demand for attached housing or association-maintained product types. However, some affordability can be achieved with two-story townhomes/rowhomes that would appeal to entry-level buyers who are looking for more convenience at a lower price point.

The following provides greater detail into several for-sale multifamily housing products.

- *Twinhomes*— By definition, a twin home is basically two units with a shared wall with each owner owning half of the lot the home is on (also referred to as a duplex). Some one-level living units are designed in three-, four-, or even six-unit buildings in a variety of configurations. The swell of support for twin home and one-level living units is generated by the aging baby boomer generation, which is increasing the numbers of older adults and seniors who desire low-maintenance housing alternatives to their single-family homes but are not ready to move to service-enhanced rental housing (i.e., downsizing or right sizing). Housing products designed to meet the needs of aging Northfield residents, many of whom desire to stay in their current community if housing is available to meet their needs, will be needed into the future.

Twinhomes are also a preferred for-sale product by builders throughout Minnesota as units can be developed as demand warrants. Because twinhomes bring higher density and economies of scale to the construction process, the price point can be lower than stand-alone single-family housing with similar finishing's and square footage. Many two-story townhomes cater to professionals, smaller families, and younger seniors while one-level living townhomes cater to the 55+ age cohorts and often feature at least 1,400 square feet or more on the main level.

- *Detached Townhomes/Villas* – An alternative to the twin home is the one-level villa product and/or rambler. This product also appeals mainly to baby boomers and empty nesters seeking a product similar to a single-family living on a smaller scale while receiving the

benefits of maintenance-free living. Many of these units are designed with a walk-out or lookout lower level if the topography warrants. We recommend lot widths ranging from 45 to 55 feet with main level living areas with at least 1,450 square feet. The main level living area usually features a primary bedroom, great room, dining room, kitchen, and laundry room while offering a “flex room” that could be another bedroom, office, media room, or exercise room. However, owners should also be able to purchase the home with the option to finish the lower level (i.e., additional bedrooms, game room, storage, den/study, etc.) and some owners may want a slab-on-grade product for affordability reasons. Finally, builders could also provide the option to build a two-story detached product that could be mixed with the villa product.

New construction single-level villas and townhomes have been developed in Northfield and there are units planned for future development. The product type has been successful, although pricing for these types of units continues to climb. Pricing for a detached townhome/villa will vary based on a slab-on-grade home versus a home with a basement. Base pricing will fluctuate based on custom finishes, upgrades, etc., however pricing will likely be near \$400,000 or more given today’s high construction costs.

- *Side-by-Side and Back-to-Back Townhomes or Cottage-Style* – This housing product is designed with three or four or more separate living units in one building and can be built in a variety of configurations. With the relative affordability of these units and multi-level living, side-by-side and back-to-back townhomes have the greatest appeal among entry-level households without children, young families, and singles and/or roommates across the age span. Two-story townhomes are also attractive to middle-market, move-up, and empty-nester buyers. A portion of buyers may want to downsize from a single-family home into maintenance-free housing, many of which will have equity from the sale of their single-family home.

We recommend side-by-side units or quad-style units, which tend to appeal to a slightly broader market, including older adults and retirees as well as younger families with children. Side-by-side units (or rowhomes) have increased density and could provide higher returns on investment to builders/developers that would spread out the costs of infrastructure. Association-maintained townhomes and/or rowhomes can have lot widths ranging from 22’ to 35’, while quad-style units will require large pads.

Side-by-side townhomes would be attractive to a variety of first-time and move-up buyers. Because of the growth in the older population, two-story units should be designed with the option of a master suite on the main level. Side-by-side townhomes command the highest density among the various townhome products and would be the recommended concept for Northfield. Price points of \$250,000 to \$300,000 would be well-received by prospective buyers.

General Occupancy Rental Housing Recommendations

Our competitive inventory identified that the vacancy rates for all types of general occupancy rental product are near or below market equilibrium as of June 2024. The market rate vacancy rate was 0.7% in Northfield as of June 2024 and the affordable rental vacancy rate was 1.2%. The market equilibrium rate is considered at 5% for both market rate and affordable (shallow-subsidy). Subsidized rental housing equilibrium vacancy rate is 3% or lower. Therefore, the current market is considered undersupplied (excluding new product that is in initial lease-up). New market rate rental units have absorbed well in the market, but the demand segment for market rate luxury rental product is limited. Existing older rentals are essentially full and affordable rental housing (generally 50% to 60% of AMI rent levels) is also full. New affordable rental housing is needed, but all of that housing comes with maximum income limits. Targeting new rental development at AMIs of between 60% and 80% will be above the level allowed through the LIHTC program and will require different funding tools to meet the needs of moderate-income renters (i.e. workforce rental housing).

Maxfield Research calculated demand for 710 rental housing units in the PMA to 2035. Demand was calculated at 445 market rate units, 163 affordable units and 102 subsidized units. Based on the analysis and significantly low vacancy rates, demand could be even higher to meet market equilibrium of 5%.

- **Market Rate Rental** – The market rate vacancy rate is very low, but there are units available at Kraewood Flats and the redevelopment of Archer House is moving forward. Most of the market rate rental stock is older and has lower rents – due, in-part, to the age of the properties. According to the research, there is additional demand for new market rate rental housing. Even with new rental housing currently in initial lease-up, the overall vacancy rate is 2.2%, still well below market equilibrium.

Market rate rents in Northfield currently average \$1.40 per square foot, but rents at new construction market rate rental properties average well over \$2.00 per square feet. New units and units that have been remodeled include open floor plans, high ceilings, in-unit laundry, full appliance package (most often stainless appliances), central air and enclosed garage parking at extra charge.

We recommend a balance of rental product types for market rate units, although the focus recently has been for market rate development. We recommend a focus on affordable rentals and expanding the rental product types available in the short-term.

CONCLUSIONS AND RECOMMENDATIONS

- Market Rate General Occupancy Rental Townhomes– Rental rates for market rate townhome rentals (single-level and two-level) for rent have also been popular in Northfield, but there are very few of these units available. Some households may prefer to rent rather than buy and some may want to rent for a short time until they find a home to purchase.
- An additional 30 to 35 rental townhome units could be supported in Northfield, potential more should elevated interest rates persist keeping buyers on the sidelines. We recommend a project with rents ranging from \$2,200 for two-bedroom units to \$2,600 for three-bedroom units. Units should feature contemporary amenities (i.e., in-unit washer/dryer, high ceilings, etc.) and an attached two car garage.
- Affordable General Occupancy Rental Apartments and Townhomes– New affordable rental properties have been developed in Northfield through Rural Development, LIHTC and TIF funding. We identified a total of 341 units in stabilized properties with an overall vacancy rate of 0.9%, well below the 5% vacancy rate considered to be equilibrium. Demand exists for another 163 units of shallow-subsidy and 102 units of subsidized rental to 2035. We recommend a 50- to 60-unit moderate-income affordable apartment-style development, a 30 to 35 moderate-income townhome development and a 30- to 40-unit subsidized development. The subsidized units will likely have to be incorporated into the affordable properties.

Units should feature central air, full appliance package, in-unit laundry, tuck-under or detached one or two car garage. This product appeals to families and especially those that may have children who struggle to find affordable housing either through ownership or through renting traditional apartments in Northfield and the surrounding area.

We do not recommend that the City spearhead most market rate product. Affordable development and/or workforce rentals will provide new housing needed to fill gaps in the market. We suggest alternative financing tools to the traditional LIHTC funding as that process is time consuming and highly competitive.

Senior Housing Recommendations

As illustrated in Table CR-1, demand exists for nearly all senior housing product types in the PMA and Northfield. Development of additional senior housing is recommended to provide housing opportunity to these aging residents in their stages of later life. The development of additional senior housing serves a two-fold purpose in meeting the housing needs in Northfield: older adult and senior residents can relocate to new age-restricted housing in Northfield and existing homes and rental units that were occupied by seniors become available to other new households. Development of additional senior housing does not mean the housing needs of younger households are neglected; it simply means that a greater percentage of housing need

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is satisfied by housing unit turnover. The types of housing products needed to accommodate the aging population base are discussed individually in the following section.

- *Market Rate Active Adult Rental* – Demand is estimated for 230 market rate active adult rental units in Northfield to 2035. There are no market rate active adult rental properties in Northfield at this time. We believe there is demand for an active adult market rate rental building in Northfield that could be developed within the next two years. It is likely there are seniors who currently reside in general-occupancy housing that would consider a newer active adult rental product.

Development of this product could be in a separate stand-alone facility or in a mixed-income project. A mixed-income building could include a portion of units that would be affordable to seniors with incomes established by the Minnesota Housing Finance Agency. Although demand is strong for this sector, this senior demographic is also a target for all-ages general occupancy rental housing and this target market is not always ready to sell their home until product is available that meets their needs. Given the few options for home buyers today, seniors can take advantage of a low supply housing market and sell their homes quickly.

We recommend about 80 to 90 market rate active adult units consisting of one-bedroom, two-bedroom, and two-bedroom plus den units. Units should range from \$1,200 to \$1,500 a month.

- *Affordable (shallow-subsidy) Rental* – Demand was calculated for about 130 units of affordable senior housing in Northfield to 2035. Currently there are no affordable active adult rental projects; all the income-restricted is within subsidized housing. Presently, senior renters have to find affordable units within the limited supply of affordable general occupancy rental units in Northfield or look elsewhere in other communities in the surrounding area.

Affordable senior housing will likely be a low-income tax credit project through the Minnesota Housing Finance Agency. Affordable senior housing products can also be incorporated into a mixed income building which may increase the projects financial feasibility. We recommend a total of 125 to 130 affordable active adult units, likely across several projects.

- *For-Sale Active Adult* – There are three, for-sale active adult properties in the Market Area and one age-restricted cooperative in the planning stage. Demand is projected for 94 active adult ownership units as of 2024, which excludes the units under development for the Gracewin cooperative. A portion of this demand may be satisfied by units in an apartment building, single-level twinhomes and/or detached villas. Maxfield Research recommends a market rate active adult rental development with a mix of one- and two-bedroom units, some layouts with dens and with a mix weighted with more two-bedroom units. Although many of these properties are developed in high-density buildings, cottage-style buildings or twinhomes have also been very popular-albeit usually more expensive.

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Northfield has several association-maintained for-sale products all developed by the private market. We believe that demand for this product will be largely satisfied in the general marketplace without significant assistance.

- *Independent Living* – Demand was calculated for 146 independent living units to 2035 in Northfield. At present, there are four properties offering independent living with 119 units and limited vacancies. As a result, many seniors may stay in their homes due to limited independent living options in Northfield. New independent senior units could be developed as part of a continuum of care project or in a stand-alone development. We suggest that a new independent living project comprise a mix of one- and two-bedroom units with base rents ranging from \$2,500 to \$4,000. We would target development however, within the next three years for this product.

Meals and other support and personal care services will be available to independent living residents on a fee-for-service basis, such as laundry, housekeeping, etc. When their care needs increase, residents also have the option of receiving assisted living packages in their existing units.

Due to economies of scale needed for independent living housing, other service levels may have to be combined to the project to increase density to be financially feasible. Alternatively, the concept called “Catered Living” may be viable as it combines independent and assisted living residents and allows them to age in place in their unit versus moving to a separate assisted living facility.

- I’m OK program;
 - Daily noon meal;
 - Regularly scheduled van transportation;
 - Social, health, wellness and educational programs;
 - 24-hour emergency call system; and
 - Complimentary use of laundry facilities.
- *Assisted Living and Memory Care Senior Housing* – Based on our analysis, we project demand to support an additional 15 assisted living units and 15 memory care units in Northfield as of 2024. With significant growth projected in the number of seniors to 2035, additional service-enriched senior housing will be needed over the long-term. In the short-term however, we do not recommend the development of additional assisted living and memory care senior housing.

Key Housing Strategies

The following were identified as the greatest challenges and opportunities for developing the recommended housing types.

- **Accessory Dwelling Units (“ADU”):** Accessory dwelling units (“ADUs”) go by several different names such as in-law suites, garage apartments, backyard cottages, granny flats, guest houses, etc. An ADU is simply a small, stand-alone residential dwelling unit on the same property as a detached single-family home. However, in some cases an ADU could include an addition on an existing home, apartment over a garage, or be located within an attic or basement within the home. Legally, however, an ADU is still a part of the original parcel’s PID number and title is with the property owner. The most common reason for building an ADU is generating rental income for the homeowner or housing a family member (often for free).

Because of increased density on the property and smaller sized units, ADUs have the potential to increase housing affordability and create a wider range of housing options. Many communities that permit ADUs in their zoning code limit the number of accessory structures to just one; however, some cities have recently revised their zoning code to allow up to two accessory structures. Some communities monitor ADU construction by limiting new construction to only owner-occupied housing units (main structure is owned), minimum lot size, setbacks and number of occupants or bedrooms in the accessory structure.

Maxfield Research recommends that local planning departments review their existing zoning code and if not already permitted, revise zoning codes to ensure ADUs can be a permitted use. Since the pandemic, the demand for ADUs has continued to increase as many homeowners have sought to move family members together in a multi-generational environment. Also, some homeowners design the ADU as a multifunctional space as a home office and living space.

- **Affordable Housing/Naturally Occurring Affordable Housing (NOAH).**

Tables HA-1 and HA-2 identified the Rice County median incomes (“AMI”) and the fair market rents by bedroom type. As illustrated in Table R-2, nearly all the existing market rate rental product in Northfield is affordable to households earning less than 80% AMI. Most of the market rate rental stock is affordable at 50% to 60% AMI, except for new or recently renovated properties. Table HA-3 illustrates the effect of NOAH housing in Northfield as 35% of renter households are considered cost burdened in 2024 compared to 45% of renter households in Minnesota. At the same time however, rents have been increasing faster than incomes over the few years and the affordability gap is slowly widening from year-to-year and the number of cost burdened households is increasing. Because NOAH housing provides the vast majority of affordable housing to renters; we recommend a proactive approach to maintaining affordability within the existing housing stock. Dollar for dollar,

preservation of NOAH units yields a much higher number of affordable units vs. new construction under the LIHTC program. Further, with few new rental properties projected in Northfield, maintaining the existing rental stock will be necessary for the existing housing stock to remain attractive to renters.

- **Construction & Development Costs.** The cost to build and develop new single-family housing has increased significantly over the past decade and since the Great Recession in all markets across the U.S.A., as seen in the chart below. New construction pricing peaked in the 2000s between 2005 and 2007 before falling during the recession. Pricing in nearly every market across the United States decreased between 2008 and 2011 before starting to rebound in 2012 and beyond. However, since the Great Recession it has become increasingly difficult for builders to construct entry-level new homes due to several constraints – rising land costs, rising material and labor costs, lack of construction labor and increasing regulation and entitlement fees. As a result, affordable new construction homes have become rare as builders are unable to pencil-out modestly priced new construction. New construction in Northfield is difficult to achieve under \$300,000. At the same time, new construction pricing is at an all-time high coming out of the pandemic due to strong demand and supply and labor constraints for builders that are driving up housing costs.
- **Housing Programs.** Many communities and local Housing and Redevelopment Authorities (HRAs) offer programs to promote and preserve the existing housing stock. In addition, there are various regional and state organizations that assist local communities enhance their housing stock. Generally, we find relatively few housing programs available in Northfield and Rice County. We recommend that the City consider implementing a select number of targeted housing programs to assist new development and to preserve the existing affordable housing stock. The following is a sampling of potential programs that could be explored.
 - 4d Affordable Housing Tax Incentive - Offers rental property owners a 40% tax rate reduction and limited grant assistance for units that remain affordable for ten years. Property owners can invest the savings into updating and maintaining their naturally occurring affordable housing units.
 - Architectural Design Services - The local government authority (City, HRA, etc.) partners with local architects to provide design consultation with homeowners. Homeowner pays a small fee for service, while the City/public entity absorbs the majority of the cost. No income restriction.
 - Construction Management Services – Assist homeowners regarding local building codes, reviewing contractor bids, etc. Typically provided as a service by the building department. This type of service could also be rolled into various remodeling related programs.

- Density Bonuses – Since the cost of land is a significant barrier to housing affordability, increasing densities can result in lower housing costs by reducing the land costs per unit. Municipalities can offer density bonuses as a way to encourage higher-density residential development while also promoting an affordable housing component.
- Fast Track Permitting – Program designed to reduce delays during the development process that ultimately add to the total costs of housing development. By expediting the permitting process costs can be reduced to developers while providing certainty into the development process. Typically, no-cost to the local government jurisdiction.
- Heritage/Historic Preservation – Encourage residents to preserve historic housing stock in neighborhoods with homes with character through restoring and preserving architectural and building characteristics. Typically funded with low interest rates on loans for preservation construction costs.
- Home Improvement Area (HIA) - HIAs allow a townhome or condo association low interest loans to finance improvements to communal areas. Unit owners repay the loan through fees imposed on the property, usually through property taxes. Typically, a "last resort" financing tool when associations are unable to obtain traditional financing due to the loss of equity from the real estate market or deferred maintenance on older properties.
- Home-Building Trades Partnerships – Partnership between local Technical Colleges or High Schools that offer building trades programs. Affordability is gained through reduced labor costs provided by the school. New housing production serves as the "classroom" for future trades people to gain experience in the construction industry.
- Housing Fair - Free seminars and advice for homeowners related to remodeling and home improvements. Most housing fairs offer educational seminars and "ask the expert" consulting services. Exhibitors include architects, landscapers, building contractors, home products, city inspectors, financial services, among others.
- Home Energy Loans – Offer low interest home energy loans to make energy improvements in their homes.
- Household and Outside Maintenance for the Elderly (H.O.M.E.) – Persons 60 and over receive homemaker and maintenance services. Typical services include house cleaning, grocery shopping, yard work/lawn care, and other miscellaneous maintenance requests.
- Infill Lots – The City or HRA purchase blighted or substandard housing units from willing sellers. After the home has been removed, the vacant land is placed into the program for future housing redevelopment. Future purchasers can be builders or the future owner-occupant who has a contract with a builder. Typically, all construction must be completed within an allocated period (one year in most cases).

- Land Banking – Land Banking is a program of acquiring land with the purpose of developing at a later date. After a holding period, the land can be sold to a developer (often at a price lower than market) with the purpose of developing affordable housing.
- Land Trust - Utilizing a long-term 99-year ground lease, housing is affordable as the land is owned by a non-profit organization. Subject to income limits and targeted to work-force families with low-to-moderate incomes. If the family chooses to sell their home, the selling price is lower as land is excluded.
- Realtor Forum - Typically administered by City with partnership by local school board. Inform local Realtors about school district news, current development projects, and other marketing factors related to real estate in the community. In addition, Realtors usually receive CE credits.
- Remodeling Tours - City-driven home remodeling tour intended to promote the enhancement of the housing stock through home renovations/additions. Homeowners open their homes to the public to highlight home improvements.
- Rental Collaboration - City organizes regular meetings with owners, property managers, and other stakeholders operating in the rental housing industry. Collaborative, informational meetings that includes city staff, updates on economic development and real estate development, and updates from the local police, fire department, and building inspection departments.
- Rent to Own - Income-eligible families rent for a specified length of time with the end-goal of buying a home. The HRA saves a portion of the monthly rent that will be allocated for a down payment on a future house.
- Shallow Rent Subsidy: The HRA funds a shallow rent subsidy program to provide program participants living in market rate rentals a rent subsidy (typically about \$100 to \$300 per month).
- Tax Abatement: A temporary reduction in property taxes over a specific time period on new construction homes or home remodeling projects. Encourages new construction or rehabilitation through property tax incentives.
- Tax Increment Financing (TIF): Program that offers communities a flexible financing tool to assist housing projects and related infrastructure. TIF enables communities to dedicate the incremental tax revenues from new housing development to help make the housing more affordable or pay for related costs.
- Transfer of Development Rights – Transfer of Development Rights (TDR) is a program that shifts the development potential of one site to another site or different location, even a different community. TDR programs allow landowners to sever development rights from properties in government-designated low-density areas and sell them to

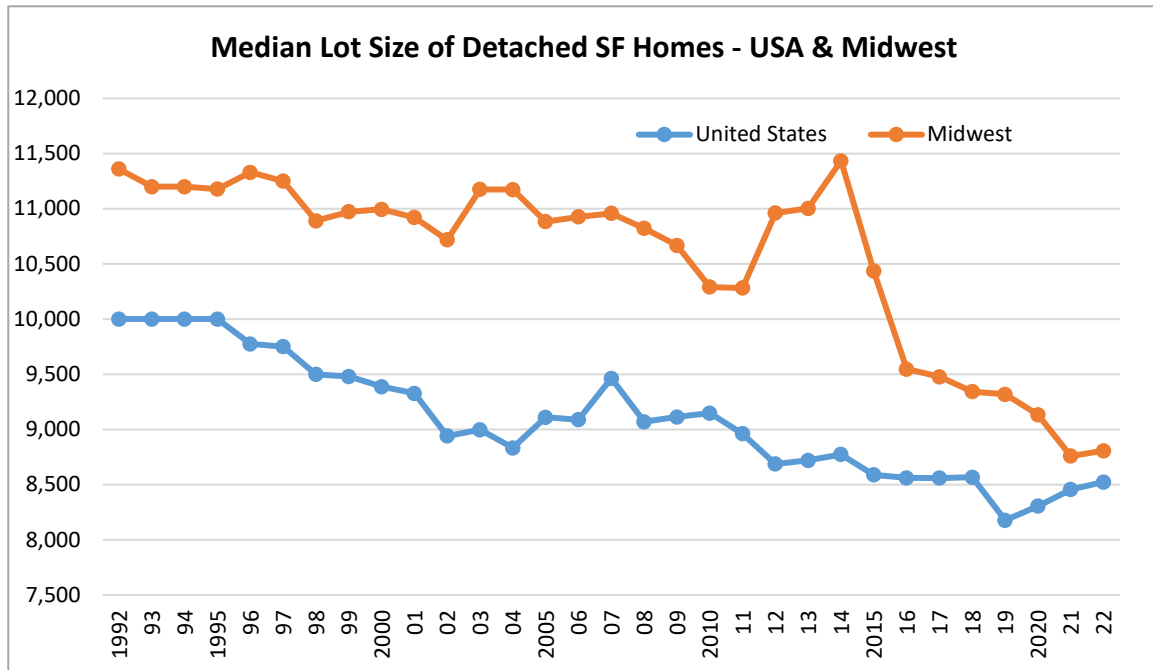
purchasers who want to increase the density of development in areas that local governments have selected as higher density areas.

- Waiver or Reduction of Development Fees – There are several fees’ developers must pay including impact fees, utility and connection fees, park land dedication fees, etc. To help facilitate affordable housing, some fees could be waived or reduced to pass the cost savings onto the housing consumer.
- **Job Growth/Employment.** The Covid-19 pandemic created a number of new challenges for businesses, workers, and government. These unprecedented challenges had an economic ripple effect across the country as thousands of Americans found themselves out of work with increases in unemployment. As depicted earlier, the unemployment rate in Rice County has historically been lower than Minnesota and the U.S., but slightly higher than the Twin Cities Metro Area.

Employers noted the changes to the job market ushered in by the COVID-19 pandemic. The movement of households to smaller communities and the sudden popularity of remote work. The rise of hybrid, or full time remote, work means that employees can opt to live further away from their workplace as commuting becomes less of a factor.

- **Lot Size:** Across Minnesota, the Midwest, and the U.S. there has been a growing trend of lot size compression for decades and especially since the Great Recession of last decade. As illustrated in the chart below, the median lot size of a new single-family detached home in the United States sold in 2019 dropped to its smallest size since the Census Bureau has been tracking lot sizes. Nationwide median lot sizes have dropped below 8,200 square feet (0.19 acres) before increasing in 2021 and 2022 from the pandemic. At the same time, lot sizes decreased in the Midwest to the lowest levels recorded in 2021, down about 15% from 2010. This has been occurring in the Twin Cities for at least eight years as prices have escalated.

Lot sizes have decreased in part due to increasing raw land prices, lot prices, and rising regulatory and infrastructure costs (i.e. curb and gutter, streets, etc.). As a result, builders and developers have reduced lot sizes in an effort to increase density and absorb higher land development costs across more units. Many newer single-family subdivisions across the Greater Twin Cities Metro Area and Greater Minnesota have lot widths of about 65 to 75 feet, down from the standard width of 80 to 90 feet prior to the Great Recession. Because many local governments have larger minimum lot size requirements, the cost of housing continues to rise as developers and buyers may be required to purchase a lot this is larger than they prefer. In an effort to curb rising costs, we recommend compressing lot sizes for new construction to help alleviate costs and maintain affordability.



- Lot Supply.** The analysis identified active subdivisions and available lots in Northfield. Based on our research, there are 131 vacant lots available at the time of this report (excluding scattered or infill-lots). Historically, Northfield has been averaging 19 new single-family homes per year since 2010, therefore the current lot supply is able to support demand in the short-term. However, not all the existing lots may be attractive to home buyers that are seeking specific land for future building such as a lot with topography, walk-outs, look-outs, etc. Most of the existing subdivisions with vacant lots only have a few to a handful of lots remaining, although there are a couple of new subdivisions that have more lots available. Although there are technically enough lots today, new lots may be needed to meet the demand for new housing construction. Given the time to develop finished lots with infrastructure, developers and builders need to be platted new subdivisions years ahead to meet future housing needs.
- Mobility/Outstate Minnesota Lifestyle and Image:** The COVID-19 pandemic fundamentally changed the housing industry and mobility has been at all-time highs since the pandemic. According to Pew Research, 20% of American's moved during the pandemic. Housing suddenly became more than a place to sleep, but the home office, school, gym, and place of entertainment. Generally, households used the pandemic and the work-from-home movement to flee high-cost housing markets and relocated to more affordable housing markets. Mobility trends showed the movement away from urban core neighborhoods or Metro Areas to the suburbs, exurbs, and rural areas. Households moved to lesser denser populated areas, lower tax states, sought larger homes and yards, and traded-up due to the lower cost of housing.

Many communities outside of the Twin Cities experienced strong growth as remote work made the movement to small towns and the “country” viable which was once led by proximity to the office. Outstate Minnesota returnees are often motivated to live closer to family and friends, smaller schools to raise children, slower pace of life, outdoor activities, and finally more affordable housing stock compared to their previous place of residence. It is estimated that families with children accounted for the highest percentage of household types that have moved to smaller cities.

A recent study released in March 2024 shows that across the U.S. the average distance between the employer and the employee increased by 2.7x driven by hybrid and work from home employment options. The movement away from the place of employment is being led by Millennials and often targeting higher-paying professionals that have the option to work remotely or hybrid. Given Northfield’s location in the south central portion of the Twin Cities on the border between Dakota and Rice Counties and data identified among commuting patterns, workers are commuting primarily to cities north of Northfield in addition to Faribault, which is south about commuting daily in the community are coming from far distances and the city is unable to capture these workers through relocation due to the lack of housing options in the City. Northfield would be able to capture additional household and population growth with additional housing stock and also has the potential to capture other households from other higher cost housing markets who would relocate to Northfield for schools, employment, the historic Downtown, recreational amenities, health care and other amenities.

- **Modular Housing.** Modular housing, often referred to as prefab housing, is the construction of housing units in a controlled factory-like setting or on a manufacturer’s site or lumber yard. Modular housing is gaining steam from developers and investors to combat high construction costs, labor shortages, and speed-up the construction timeline. The biggest advantage modular housing provides is time and shaving months of holding costs off the consumer’s bottom line. Originally modular housing was mostly single-family oriented; however, developers are now constructing entire apartment buildings, hotels, senior living, man camps, and college dorms. Historically the biggest challenge of modular housing is transportation, shipping costs, and perception. Modular housing has made huge strides over the decades and are now built on concrete foundations or include basements. The industry continues to battle the stigma of the older mobile homes as the appraisal community continually mis-appraises modular homes due to biases or lack of education on the product. Maxfield Research believes there is significant opportunity in the modular construction sector that can be utilized in Northfield, providing a win-win scenario by providing housing production and passing cost savings along to consumers. Modular plants are in Detroit Lakes, Owatonna and one is planned along the I-94 corridor between the Twin Cities and St. Cloud.

If not already so, we recommend that the City revise zoning codes to allow for this type of housing if it is not permitted. However, design standards should be enforced to ensure incompatible housing does not deter neighborhoods.

- **Private/Public Partnerships (“PPP”).** Private/public partnerships are a creative alliance formed to achieve a mutual purpose and goal. Partnerships between local jurisdictions, the private sector, and nonprofit groups can help communities develop housing products through collaboration that otherwise may not materialize. Private sector developers can benefit through greater access to sites, financial support, and relaxed regulatory processes. Public sectors have increased control over the development process, maximize public benefits, and can benefit from an increased tax base.
A number of communities have solved housing challenges through creative partnerships in a variety of formats. Many of these partnerships involve numerous funding sources and stakeholders. Because of the difficulty financing infrastructure costs, it will likely require innovative partnerships to stimulate housing development.

APPENDIX

Definitions

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

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

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

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

Affordable Housing – The general definition of affordability as established by the US Department of Housing and Urban Development (HUD) is for a household to pay no more than 30% of their income for housing. For this study, we define affordable housing that is income-restricted to households earning at or below 80% AMI, though individual properties can have income-restrictions set at 30%, 40%, 50%, 60% or 80% AMI. Rent is not based on income but instead is a contract amount that is affordable to households within the specific income restriction segment. It is essentially housing affordable to low or very low-income tenants.

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

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

Assisted Living – Assisted Living properties come in a variety of forms, but the target market for most is generally the same: very frail seniors, typically age 80 or older (but can be much younger, depending on their particular health situation), who are in need of extensive support

services and personal care assistance. Absent an assisted living option, these seniors would otherwise need to move to a nursing facility. At a minimum, assisted living properties include two meals per day and weekly housekeeping in the monthly fee, with the availability of a third meal and personal care (either included in the monthly fee or for an additional cost). Assisted living properties also have either staff on duty 24 hours per day or at least 24-hour emergency response.

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

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

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

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

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

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

Demand – The total number of households that would potentially move into a proposed new or renovated housing project. These households must be of appropriate age, income, tenure and size for a specific proposed development. Components vary and can include, but are not

limited to turnover, people living in substandard conditions, rent over-burdened households, income-qualified households and age of householder. Demand is project specific.

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

Gross Density – The number of dwelling units per acre based on the gross site acreage.

Gross Density = Total residential units/total development area

Net Density - The number of dwelling units per acre located on the site, but excludes public right-of-ways (ROW) such as streets, alleys, easements, open spaces, etc.

Net Density = Total residential units/total residential land area (excluding ROWs)

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

Effective Rents – Contract rent less applicable concessions.

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

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

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

**Fair Market Rent
Rice and Dakota Counties – 2024**

PAYMENT STANDARDS HOUSING CHOICE VOUCHERS RICE AND DAKOTA COUNTIES FY 2024							
Dakota County	0BR	1BR	2BR	3BR	4BR	5BR	6BR
Payment Standards	\$1,290	\$1,325	\$1,620	\$2,190	\$2,480	\$2,850	\$3,220
Fair Market Rents	\$1,174	\$1,327	\$1,622	\$2,188	\$2,478	\$2,850	\$3,221
Rice County	0BR	1BR	2BR	3BR	4BR	5BR	6BR
Payment Standards	\$1,004	\$1,009	\$1,326	\$1,797	\$2,125	\$2,443	\$2,762
Fair Market Rents	\$913	\$918	\$1,206	\$1,634	\$1,932	---	---
City of Northfield FMRs	\$910	\$1,040	\$1,270	\$1,730	\$1,990	---	---
City of Faribault FMRs	\$1,090	\$1,240	\$1,510	\$2,040	\$2,310	---	---
Sources: Rice County HRA; Northfield HRA; Dakota County CDA; Maxfield Research and Consulting							

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

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

Gross Rent – The monthly housing cost to a tenant which equals the Contract Rent provided for in the lease, plus the estimated cost of all utilities paid by tenants. Maximum Gross Rents are shown in the figure below.

Gross Rent Rice County - 2024						
	Maximum Gross Rent					
	EFF	1BR	2BR	3BR	4BR	5BR
30% Rent Limit	\$530	\$568	\$681	\$787	\$878	\$969
50% Rent Limit	\$883	\$946	\$1,136	\$1,311	\$1,463	\$1,615
60% Rent Limit	\$1,060	\$1,136	\$1,363	\$1,574	\$1,756	\$1,938
80% Rent Limit	\$1,414	\$1,515	\$1,818	\$2,099	\$2,342	\$2,584
100% Rent Limit	\$1,767	\$2,020	\$2,272	\$2,522	\$2,725	\$2,927
120% Rent Limit	\$2,121	\$2,424	\$2,727	\$3,027	\$3,270	\$3,513

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

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

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

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

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

HUD Section 202 Program – Federal program that provides direct capital assistance and operating or rental assistance to finance housing designed for occupancy by households age 62 years or older who have incomes not exceeding 50% of Area Median Income.

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

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

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

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

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

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

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

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

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

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

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

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

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

Mobility – The ease at which people move from one location to another. Mobility rate is often illustrated over a one-year time frame.

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

Multifamily – Properties and structures that contain more than two housing units.

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

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

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

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

Population – All people living in a geographic area.

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

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

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

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

Rent Burden – Gross rent divided by adjusted monthly household income.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Workforce Housing – Housing that is income-restricted to households earning between 80% and 120% AMI; however, some government agencies define workforce housing from 50% to 120% AMI. Also referred to as moderate-income housing.

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