

Comprehensive Housing Market Study
City of Worthington, Minnesota



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Maxfield
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Mr. Matt Selof
Director of Community/Economic Development
City of Worthington
303 Ninth Street
Worthington, MN 56187

Dear Mr. Selof

Attached is the *Comprehensive Housing Market Study for Worthington, Minnesota* conducted by Maxfield Research and Consulting, LLC. The study projects housing demand from 2024 through 2035 and provides recommendations on the amount and type of housing that could be built in Worthington to satisfy demand from current and future residents over the next decade.

The study identifies a potential demand for 1,481 new housing units through 2035. About 50% (49.6%) of the total demand was for senior housing, 36.8% for rental housing, and 13.5% for for-sale housing (after subtracting out existing vacant lots). Due to strong growth in the 55+ age cohort in Worthington, we find strong demand for maintenance-free housing types; both for-sale and rental.

Overall, since the pandemic, the housing market has been tight for most sectors. The senior housing market has recovered from the elevated vacancies during the pandemic, rental housing vacancies are extremely tight for market rate product, and the for-sale market has experienced strong appreciation since 2019. Rising mortgage rates has impacted the for-sale market over the past two years, however housing values have remained strong amidst the lack of supply of homes for sale.

In the near term, persistent inflation is impacting housing affordability and may keep some housing projects on-hold until interest rates recede, and banks are lending more readily. Detailed information regarding recommended housing concepts can be found in the *Conclusions & Recommendations* section at the end of the report.

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

Sincerely,

MAXFIELD RESEARCH AND CONSULTING, LLC

Matt Mullins
Vice President
Attachment

Andrew McIntyre
Associate

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Key Findings

- Worthington has experienced steady population growth since the early 2000s, growing by 13% between 2000 and 2010 and 9% last decade. Projections for this decade continued growth but slowing to a 5.4% rate. However, given the current higher-interest rate environment, new housing construction growth rates may slow temporarily as sellers do not want to give up their current interest rates and builders slow production with elevated financing costs. Once rates stabilize, growth is expected to accelerate again in 2025 and beyond.
- The aging baby boomer generation is impacting the composition of Worthington's population. Younger seniors (ages 65 to 74) are projected to grow by 3.4% from 2023 to 2030, while the 75 and older age group is projected to grow by 19.3%. This older population growth will result in demand for alternative housing products; both for-sale and rental housing types. At the same time, there is high growth in the 35 to 44 age cohort (+19.8%), which are often seeking entry-level and move-up for-sale housing stock.
- In 2020, Worthington reported an overall household size of 3.10 which is substantially higher than most communities and the State of MN (2.53). The larger household sizes can be attributed to larger families from non-White households, many of which are multi-generational families. This is reflected in household types that increased by 65% for "Other households" that often includes multi-generational household types. This growing demographic may drive the need for larger homes that can accommodate extended families.
- Worthington is a major job importer as there is a positive inflow of about 5,100 workers. The positive inflow of workers who commute to Worthington provides an opportunity to draw new households into the community through relocations. Furthermore, these workers are seeking retail goods and services, health care, and other services as they commute into Worthington daily.
- The overall rental vacancy rate for the rental products surveyed is just about equilibrium at 6.1%. However, vacancy rates were only 0.6% for market rate products while affordable and subsidized projects had elevated vacancies (10% and 6.1%, respectively). Vacancy rates below equilibrium indicate pent-up demand for additional units for market rate products. Most of the existing market rate is considered naturally occurring affordable housing all of the housing stock is affordable to households earning 60% or less of Area Median Income (AMI).
- Rising mortgage rates and low supply impacted the Worthington housing market coming out of the pandemic. Sales activity peaked in 2021 with 161 transactions, before falling to only 90 sales in 2023. At the same time median sales prices have risen since the pandemic and have increased from \$168,000 in 2019 to \$224,500 in 2023, up 34%. Inventory has been tight in Worthington, as there have been fewer options available for buyers. At the time of

KEY FINDINGS

this study, there were only 21 homes for sale in Worthington, and only four homes priced under \$200,000: resulting in few options for first-time home buyers.

- Between 2018 and 2023 Worthington averaged about three single family homes per year. We recommend a five-year lot supply hence the current vacant lot inventory will meet future short-term needs.
- As of Winter 2023, /Spring 2024, Maxfield Research identified eight senior housing developments of varying service levels in Worthington and the Market Area. Combined, these projects contain a total of 348 units with 22 vacancies resulting in an overall vacancy rate of 6.3%. Generally, the equilibrium for senior housing ranges from a 5% to 7% vacancy rate, hence the senior housing market is at equilibrium and has stabilized after the pandemic. However, the senior housing market is tightest for active adult and independent living housing options that have few vacancies. Due to low senior housing availability and aging demographics, demand exists for 735 senior units, across all service levels, through 2035. Many of these seniors may also be attracted to alternative housing products with one-living options or apartments, condominiums, villas, and townhomes.
- In the near-term, still stubborn inflation and rising mortgage rates are projected to slow the for-sale market and could impact multifamily housing development with rising construction and financing costs. As a result, mobility rates could flatten in the short-term as households are on the side-lines impacted by affordability and supply constraints. This demand will revert once interest rates stabilize, and consumer confidence returns.

Purpose and Scope of Study

Maxfield Research and Consulting LLC (i.e. “Maxfield Research”) was engaged by the City of Worthington to conduct a *Comprehensive Housing Market Study* for the City of Worthington. The Housing Market Study provides 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; a review of the characteristics of the existing housing stock, building permit trends, and residential land supply; an analysis of the market condition for a variety of rental and for-sale housing products; an analysis of housing affordability; and an assessment of the need for housing by product type in the City. Recommendations on the number and types of housing products that should be considered in the city are also supplied.

Demographic and Employment Analysis

- Between 2010 and 2020, the Market Area experienced a 3.8% increase in the population to 22,960. The increase in the population of the PMA was driven entirely by growth in the City of Worthington (+9.3%), while the population in cities and townships outside of Worthington fell by -3.6% during that time.
- From 2020 to 2023, the population of Worthington is projected to rise to 14,065, a 0.8% increase in population from 2020. During the same time, households are projected to rise 0.5% to 4,525.
- From 2023 to 2030, population trends in the Market Area are expected to remain unchanged, with Worthington driving population (4.5%- 635 people) and household growth (4.8% - 215 households) for the Market Area, while areas outside the City are forecast to experience declines in population (-1.6% - 140 people) and households (0.7% - 25 households).
- Between 2030 and 2035 Worthington is projected to increase in population by people to 15,075 people (2.6%) while households in the City are projected to increase by 100 to 4,840 households (2.1%). In contrast, the PMA Remainder is forecast to decline by 25 people (-0.3%) while its households are projected to decline by 12 (-0.3%).
- From 2010 to 2023, Worthington’s 65 to 74 age cohort experienced the largest proportional increase, growing by 55.3%. Similarly, in the Market Area Remainder, the 65 to 74 age group grew by 45.3%.
- Younger age cohorts in Worthington also reported growth between 2010 and 2023. The 25 to 34 age cohort increased 16.5% (+302 people) and the Under 18 age group grew by 5.8% (+198 people).

EXECUTIVE SUMMARY

- The City of Worthington has an estimated median household income of \$55,303 in 2023. Incomes are projected to increase over the next five years to \$60,410 in 2030 (+9.2% - 1.8% annually).
- In Worthington, 14.7% of households ages 65 to 74 and 15.0% of households ages 75 and over had incomes below \$15,000. In the Market Area, 11.0% of households ages 65 to 74 had incomes below \$15,000 along with 12.8% of households age 75 and older. Many of these low-income older senior households rely solely on social security benefits.
- The proportion of rental households in the City of Worthington declined from 37.0% of households in 2010 to 33.8% of households in 2023.
- The City of Worthington has a variety of household types. A similar proportion of households were reported among other single person households (30.0%), other family households (27.7%), and married households without children (21.4%). Additionally, 15.0% of households were reported as married households with children while 5.8% of households were reported as roommate households.
- City of Worthington renter households reported a higher proportion of three-person (20.4%) and four-person (11.9%) renter households, compared to three-person (17.4%) and four-person (11.6%) renter households in the overall Market Area and three (11.3%) and four-person (7.9%) households in the State of Minnesota.
- In 2023, the population of the City of Worthington was more diverse than the Remainder of the Market Area. In the City of Worthington 40.5% of the population was reported as White Alone, compared to 90.1% of the Remainder of the Market Area.
- U.S. Census respondents that list themselves ethnically as Hispanic or Latino, racially list themselves in various race categories. As of 2023, nearly half or 47.0% of Worthington's population reported their ethnicity as Hispanic/Latino. This is an increase of 11.6% from 35.4% of the population of Worthington in 2010. As a result, the Hispanic or Latino category is the largest race or ethnicity category in Worthington.

Employment

- There were an estimated 8,297 jobs in Worthington during the second quarter of 2023, down 0.5% from 2020. In comparison, Nobles County increased by 0.04% in its total number of jobs during the same period.
- Worthington's employment is anticipated to increase by 1.3% between 2023 and 2030 and by 1.0% between 2030 and 2035. Throughout Nobles County employment is projected to increase by 1.1% between 2023 and 2035 and by 0.5% between 2030 and 2035.

EXECUTIVE SUMMARY

- Worthington's employed population increased 7.5% between 2008 and 2022. In contrast, Nobles County's employed population increased 1.5% between 2008 and 2022. Minnesota has seen an increase of 8.3% in its labor force between the same period.
- The Average weekly wage in Worthington as of 2023 Q2 was \$997, slightly less than in Nobles County (\$1,008). Average weekly wages by industry sector in Worthington were Manufacturing (\$1,213), Financial Activities (\$1,211), Public Administration (\$1,108), Construction (\$1,040), Education and Health Services (\$1,033), Professional and Business Services (\$953), Information (\$852), Trade, Transportation, and Utilities (\$788), Other Services (\$631), Natural Resources & Meaning (\$422), and Leisure and Hospitality (\$341).
- Nearly 46% (45.8%) of those who work in Worthington also live in Worthington. Sioux Falls, South Dakota is home to 2.6% of Worthington's workers while Adrian, Minnesota and Brewster, Minnesota are home to an additional 1.8% and 1.4%, respectively of Worthington's workers.
- Among workers living in Worthington, 84.1% work in Worthington. Many workers living in Worthington are also commuting to Windom, Minnesota (4.7%), Chandler, Minnesota (3.7%), Sioux Falls, South Dakota (1.9%), and Mankato, Minnesota (1.1%).
- The largest employer in Worthington is JBS, employing 2,400 full time employees, followed by the ISD 518 with 470 employees, Prairie Holdings Group, employing 408 employees, and Sanford Medical Group, employing 300 employees.

Housing Characteristics

- According to the US Census, the City of Worthington permitted 476 single-family units and 309 multi-family units between 2000 and 2022. However, according to the City of Worthington about three to four single family housing units have been built between 2018 and 2023.
- In the twelve years between 2000 and 2012, 266 single family permits were issued in Worthington, with an average of about 22 single family permits per year. In the next ten years, from 2012 to 2022, Worthington permitted 217 single family homes, with an average of about 22 permits per year.
- In the twelve years between 2000 and 2012, 154 multifamily family permits were issued in Worthington, with an average of about 13 multifamily permits per year. In the next ten years, from 2012 to 2022, Worthington permitted 155 multifamily homes, with an average of about 16 permits per year.
- The median age of housing in the City of Worthington was 1972 compared to 1956 in the PMA Remainder, and 1979 in Minnesota. Worthington's renter occupied housing reported a newer median age (1977) compared to owner occupied housing (1964).

EXECUTIVE SUMMARY

- The dominant housing type in Worthington is the single-family detached home, representing an estimated 91.0% of all owner-occupied housing units and 25.7% of renter-occupied housing units as of 2022.
- Over 40% (40.1%) of homes in the City of Worthington were valued between \$100,000 and \$200,000. An additional 17.9% of homes were valued between \$50,000 and \$99,999.
- Only 23.0% of homes in Worthington were valued at or more than \$250,000, compared to 64.7% of homes in the PMA Remainder, and 60.1% of homes throughout Minnesota.
- Nearly 93% (92.8%) of renter occupied units in Worthington reported a contract rent. This percentage was more than in the PMA Remainder (80.0%) but less than throughout Minnesota (95.9%). The most reported contract rent in Worthington was between \$750 and \$999, accounting for 29.8% of renter occupied units followed by between \$500 and \$749, accounting for 28.0% of renter occupied units.

Planned/Pending Projects

- There are currently no pending projects (Other than a duplex that opened in February 2024).

Rental Housing Market Analysis

- Market rate rental units reported an average rent of \$873 and an average size of 988 square feet.
- Two-bedroom units were the most common unit type, representing 52.9% of market rate rental units. One-bedroom units accounted for 22.4% of rental units while three-bedroom units represented 14.3% of rental units. Four-bedroom units and studio units accounted for 9.0% and 1.3%, respectively of all units.
- In addition to 385 market rate rental units, there are 176 affordable rental units and 329 subsidized rental units in the Market Area.
- Affordable apartment units were most likely to be two-bedroom units, with 51.2% of affordable units reported as two-bedrooms. Conversely, subsidized units were most likely to be one-bedroom units (representing 39.2% of all subsidized units).
- There were no vacancies at affordable, shallow subsidy rental properties. Subsidized properties reported a 6.1% vacancy rate (19 vacancies) while market rate properties reported a 0.6% vacancy rate (2 vacancies).

Senior Housing Market Analysis

- Most senior housing units in the Market Area are affordable/subsidized active adult units (125 units), followed by assisted living units (78 units). There were no active adult market rate rentals and one active adult ownership property (Homestead Cooperative) with 32 units.
- Vacancies across all senior units was 6.3% for all senior living developments in the Market Area. Independent living units had the highest vacancy rate at 14.6%, followed by memory care units at 11.3%.

For-Sale Housing Market Analysis

- Worthington's median sale price rose from \$138,500 in 2017 to \$224,500 in 2023, an increase of 62.1% (\$189,571). Between 2017 and 2022 the City's median sales price rose annually prior to remaining the same at \$224,500 in 2022 and 2023. Over the past six years Worthington's median sales price averaged 8.7% annual growth.
- As of October 2023, there were 21 homes listed for sale in Worthington and nine homes listed in the Remainder of the Market Area. All the active home listings were for single-family homes, there were no listing for multi-family homes.
- The median list price for a single-family home is \$299,990 while in the Remainder of the Market Area it is \$314,771. The median sale price is generally a more accurate indicator of housing values in a community than the average sale price. Average sale prices can be easily skewed by a few very high-priced or low-priced home sales in any given year, whereas the median sale price better represents the pricing of most homes in a given market.
- One story home accounted for the largest proportion of homes on the market (39.1%). The list price for one story homes averaged \$351,491 and an average size of 2,315 square feet.
- There are five newer subdivisions in the PMA with available lots. The five subdivisions include Glenwood Heights 1st Addition, Glenwood Heights 2nd and 3rd Addition, Wagner Addition, Ocheda Heights Addition, and Northland Park 2nd Addition. At the time of our research there were approximately 75 vacant lots in Worthington.

Housing Affordability

- Within the PMA, 19.2% of owner households and 38.1% of renter households are costs burdened. Cost burdened households pay more than 30% of their income for housing costs.
- Approximately 60% of all households in the Market Area could afford an entry level home of \$170,000. These household would have a minimum income of \$49,364.

EXECUTIVE SUMMARY

- The existing rental market of one-bedroom units is affordable to 67.7% of renter households, while three-bedroom units are affordable to 54.6% of renter households.

Housing Demand Analysis

- Based on our calculations, demand exists in the City of Worthington for the following general occupancy product types between 2023 and 2035:
 - Market rate rental 317 units
 - Affordable rental 94 units
 - Subsidized rental 135 units
 - For-sale single-family 81 units (after subtracting vacant lots)
 - For-sale multifamily 119 units
- In addition, we find demand for multiple senior housing product types. By 2035, demand in Worthington for senior housing is forecast for the following:
 - Active adult ownership 67 units
 - Active adult market rate rental 110 units
 - Active adult affordable 207 units
 - Active adult subsidized 138 units
 - Independent Living 111 units
 - Assisted Living 55 units
 - Memory care 48 units

Recommendations and Conclusions

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

EXECUTIVE SUMMARY

RECOMMENDED HOUSING DEVELOPMENT CITY OF WORTHINGTON 2024 to 2035				
	Purchase Price/ Monthly Rent Range ¹	No. of Units	Pct. of Total	Development Timing
Owner-Occupied Homes - New Construction				
<i>Single Family</i> ²				
Entry-level	<\$250,000	30 - 35	33.3%	2024+
Move-up	\$275,000 - \$350,000	35 - 40	38.5%	2024+
Executive	\$375,000+	25 - 30	28.2%	2025+
Total		90 - 105	100.0%	
<i>Townhomes/Detached Townhomes/Twinhomes</i> ²				
Entry-level	<\$200,000	20 - 25	31.0%	2024+
Move-up	\$250,000 - \$300,000	25 - 30	37.9%	2024+
Executive	\$350,000+	20 - 25	31.0%	2025+
Total		65 - 80	100.0%	
Total Owner-Occupied		155 - 185		
General Occupancy Rental Housing				
<i>Market Rate Rental Housing</i>				
Apartment-style	\$1,000/1BR - \$1,400/3BR	175 - 200	77.3%	2024+
Townhomes	\$1,250/2BR - \$1,400/3BR	50 - 60	22.7%	2024+
Total		225 - 260	100.0%	
<i>Affordable Rental Housing</i>				
Apartment-style	Moderate Income ³	60 - 70	65.0%	2025+
Townhomes	Moderate Income ³	30 - 40	35.0%	2025+
Total		90 - 110	100.0%	
Total Renter-Occupied		315 - 370		
Senior Housing (i.e. Age Restricted)				
Active Adult Affordable Rental	Moderate Income ³	175 - 200	37.5%	2024+
Active Adult Market Rate Rental ⁴	\$1,000/1BR - \$1,275/2BR+	90 - 100	19.0%	2025+
Independent Living	\$2,000/Studio - \$3,000/2BR	90 - 100	19.0%	2026+
Assisted Living	\$2,600/Studio - \$4,200/2BR	50 - 60	11.0%	2026+
Memory Care	\$3,400/Studio - \$6,000/2BR	40 - 45	8.5%	2027+
Total		465 - 535	100.0%	
Total - All Units		935 - 1,090		
¹ Pricing in 2024 dollars. Pricing can be adjusted to account for inflation. ² Recommendations include the absorption of some existing previously platted lots. ³ Affordability subject to income guidelines per MHFA. See Table HA-1 for Nobles County Income Limits. ⁴ In order to develop an Market Rate Active Adult housing, it will need to combined with Active Adult Affordable Rentals in a mixed-income senior community Note - Recommended development does not coincide with total demand. Worthington may not be able to accommodate all recommended housing types based on a variety of factors (i.e. development constraints, land availability, etc.)				
Source: Maxfield Research & Consulting, LLC.				

Introduction

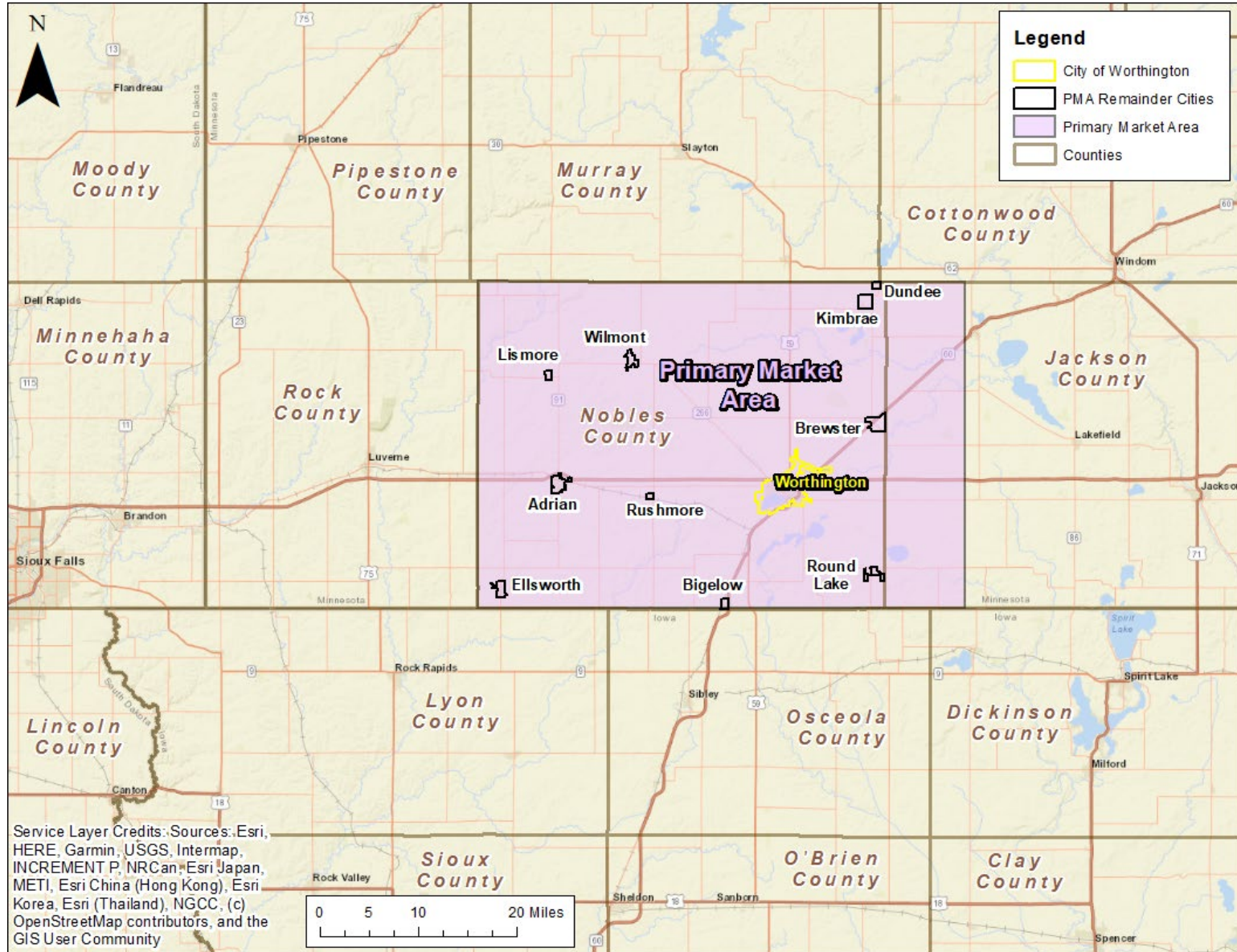
This section of the report examines factors related to the current and future demand for both owner- and renter-occupied housing in Worthington, Minnesota. It includes an analysis of population and household growth trends and projections, projected age distribution, household income, net worth, household types, household tenure, and peer city comparison. A review of these characteristics will provide insight into the demand for various types of housing in the Market Area.

Market Area Definition

The primary draw area (Market Area) for housing in Worthington was defined based on geographic and man-made barriers, commuting patterns, school district boundaries, and our previous experience in Worthington. The Market Area geography includes the includes all the communities within Nobles County, along with the western portion of Jackson County, including the townships of Alba, Ewington, La Crosse and Round Lake. A map of the PMA is provided on the following page.

City of Worthington - Market Area Definition	
City	Township
Nobles County	
Adrian	Bigelow
Bigelow	Bloom
Brewster	Dewald
Dundee	Elk
Ellsworth	Graham Lakes
Kinbrae	Grand Prairie
Lismore	Hersey
Round Lake	Indian Lakes
Rushmore	Larkin
Wilmont	Leota
Worthington	Lismore
	Little Rock
	Lorain
	Olney
	Ransom
	Seward
	Summit Lake
	Westside
	Wilmont
	Worthington
Jackson County	
	Alba
	Ewington
	La Crosse
	Round Lake
Source: Maxfield Research and Consulting LLC.	

Primary Market Area

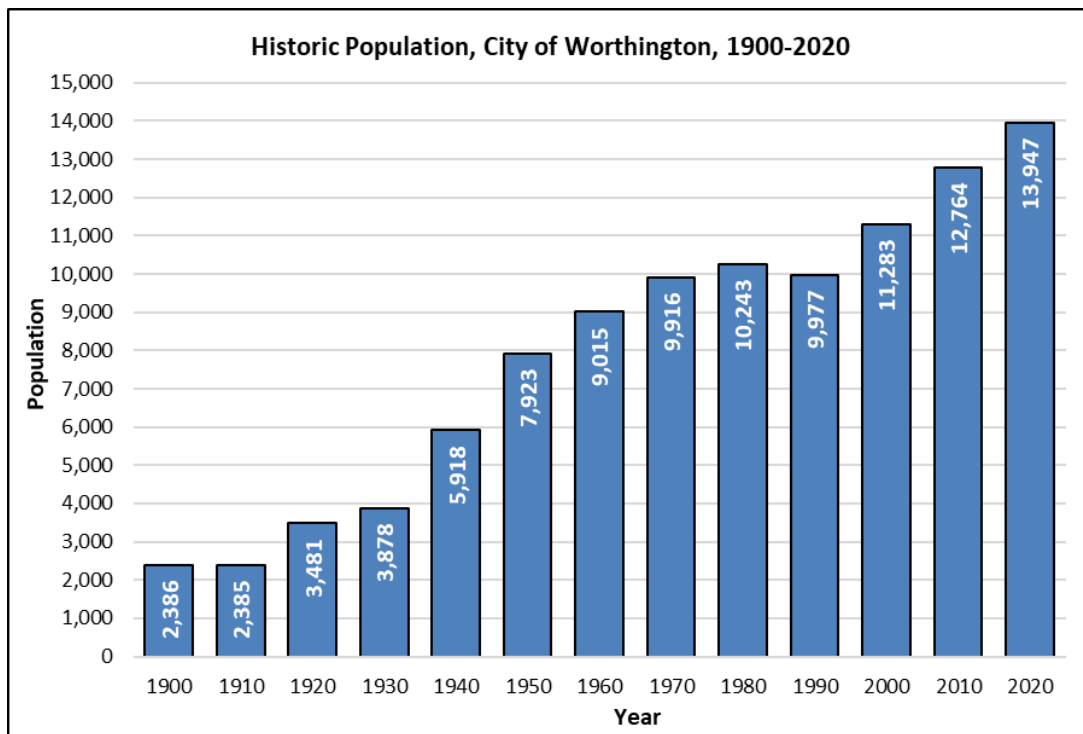


Population and Household Growth Trends and Projections from 2000 to 2035

Table D-1 presents the population and household growth trends and projections from 1990 to 2035. Historic data was collected from the U.S. Census Bureau, estimates and projections were calculated based on data from ESRI (a national demographics service provider) and the Minnesota State Demographer with adjustments calculated by Maxfield Research and Consulting, LLC. The adjustments are intended to reflect the impact of the current housing market, employment, and review of building permit trends.

Historic Population and Household Trends

- The population of the City of Worthington grew steadily through 1980 when it reached 10,243.
- The population reported a decline in 1990, dropping to 9,997. However, by 2000 the population in the City of Worthington had rebounded to 11,283 (13.1% growth), and has continued to grow, reaching 12,764 in 2010 (13.1% growth) and 13,947 in 2020 (9.3% growth).



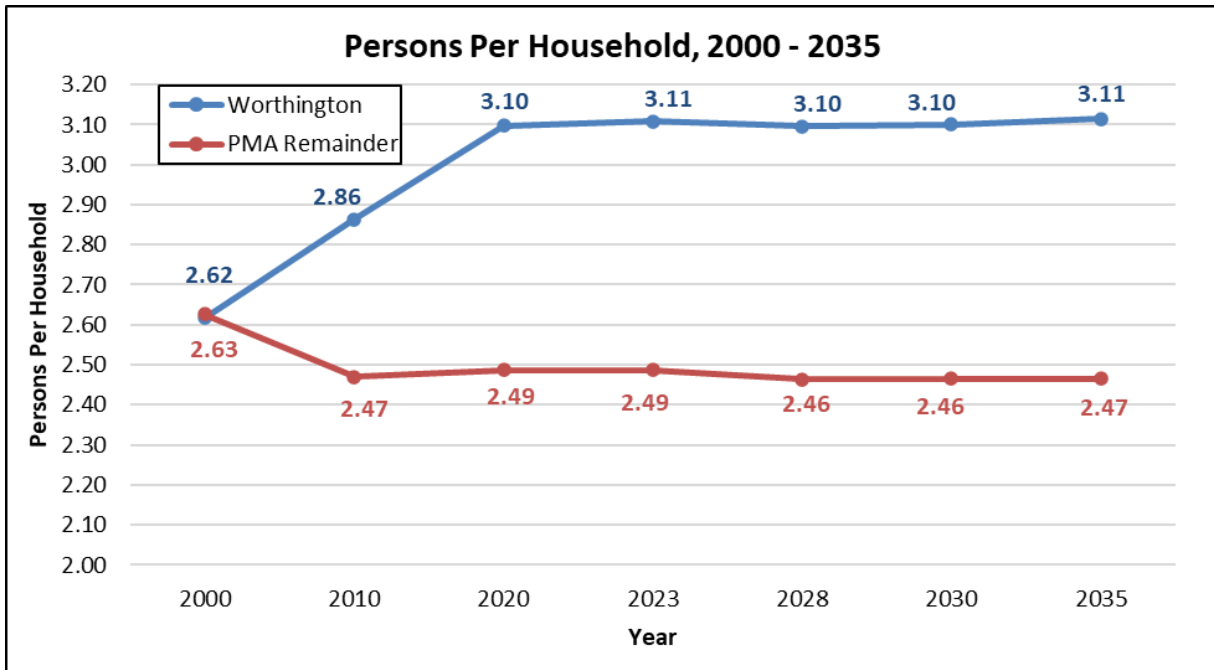
- Between 1990 and 2000, the Market Area experienced a 3.0% increase in the population to 21,647. The moderate increase in the population of the PMA was driven entirely by growth in the City of Worthington (+13.1%), while the population in cities and townships outside of Worthington fell by -6.2% during that time.

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- Population growth and decline trends remained unchanged between 2000 and 2010, when the Market Area experienced a 2.2% increase in the population due to a 13.1% (+1,481) increase in the population of the City of Worthington. At the same time, the population in cities and townships outside of Worthington fell by -9.8% (-1,014).
- Between 2010 and 2020, the Market Area experienced a 3.8% increase in the population to 22,960. The increase in the population of the PMA was driven entirely by growth in the City of Worthington (+9.3%), while the population in cities and townships outside of Worthington fell by -3.6% during that time.
- Households in the City of Worthington jumped 8.7% (+344) to 4,745 households between 1990 and 2000. In the next decade, from 2000 to 2010, households increased by a more moderate 3.4% (+147), although population increase remained unchanged, growing by 13.1% in each decade. The result is an increasing household size.
- Households in Worthington increased 1.0% (+45) between 2010 and 2020; again, increasing household size.
- In 1990, the persons per household in the City of Worthington was 2.51, in 2000 the persons per household rose to 2.62 and by 2010 persons per households reached 2.86. As of 2020, Worthington's persons per household increased to 3.10. This is opposite trend of the State of Minnesota that has declining number of persons per household.
- At the same time, the number of households in the Remainder of the Market have fallen since 1990, declining by -2.3% (-93) between 1990 and 2000, -4.1% (-161) between 2000 and 2010, and 162 between 2010 and 2020. Persons per households fell in the Remainder of the Market Area, from 2.73 persons per household in 1990 to 2.47 persons per household in 2010. However, household size has largely stabilized between 2010 and 2020, increasing slightly to 2.49 persons per household in 2020.



Worthington Welcome Sign



- Increasing household sizes likely reflects the sizable immigrant community in the City of Worthington. As seen in the Remainder of the Market Area, and in many areas, household size is declining or remaining steady. However, the size of Worthington’s households experienced a significant jump between 2000 and 2010 and remained steady between 2010 and 2020. A March 2023 report by the Minnesota State Demographic Center titled, “*The Economic Status of Minnesotans: A Chartbook with Data for Minnesota’s Largest Cultural Groups*,” noted that certain groups, including Mexican Minnesotans, typically have larger household sizes, with 44% reporting 4 or more household members compared to 22% of households among all Minnesotans with 4 or more members.¹

Population and Household Projections

- From 2020 to 2023, the population of Worthington is projected to rise to 14,065, a 0.8% increase in population from 2020. During the same time, households are projected to rise 0.5% to 4,525.
- During the same time (2020 to 2023), the Remainder of the Market area is expected to experience a decline in population, falling -0.1% to 9,000 in 2023. Households in the Market Area Remainder are also expected to decrease, to 3,620 (-0.1%).

¹ *The Economic Status of Minnesotans 2023: A Chartbook with Data for Minnesota’s Largest Cultural Groups*. Minnesota State Demographic Center: Department of Administration. March 2023. https://mn.gov/admin/assets/Economic%20Status%20of%20Minnesotans%202023_tcm36-569572.pdf. Pg. 22. Accessed 6 Sept. 2023.

DEMOGRAPHIC ANALYSIS

- From 2023 to 2030, population trends in the Market Area are expected to remain unchanged, with Worthington driving population (4.5%- 635 people) and household growth (4.8% - 215 households) for the Market Area, while areas outside the City are forecast to experience declines in population (-1.6% - 140 people) and households (0.7% - 25 households).
- Between 2030 and 2035 Worthington is projected to increase in population by people to 15,075 people (2.6%) while households in the City are projected to increase by 100 to 4,840 households (2.1%). In contrast, the PMA Remainder is forecast to decline by 25 people (-0.3%) while its households are projected to decline by 12 (-0.3%)



Lake Okabena

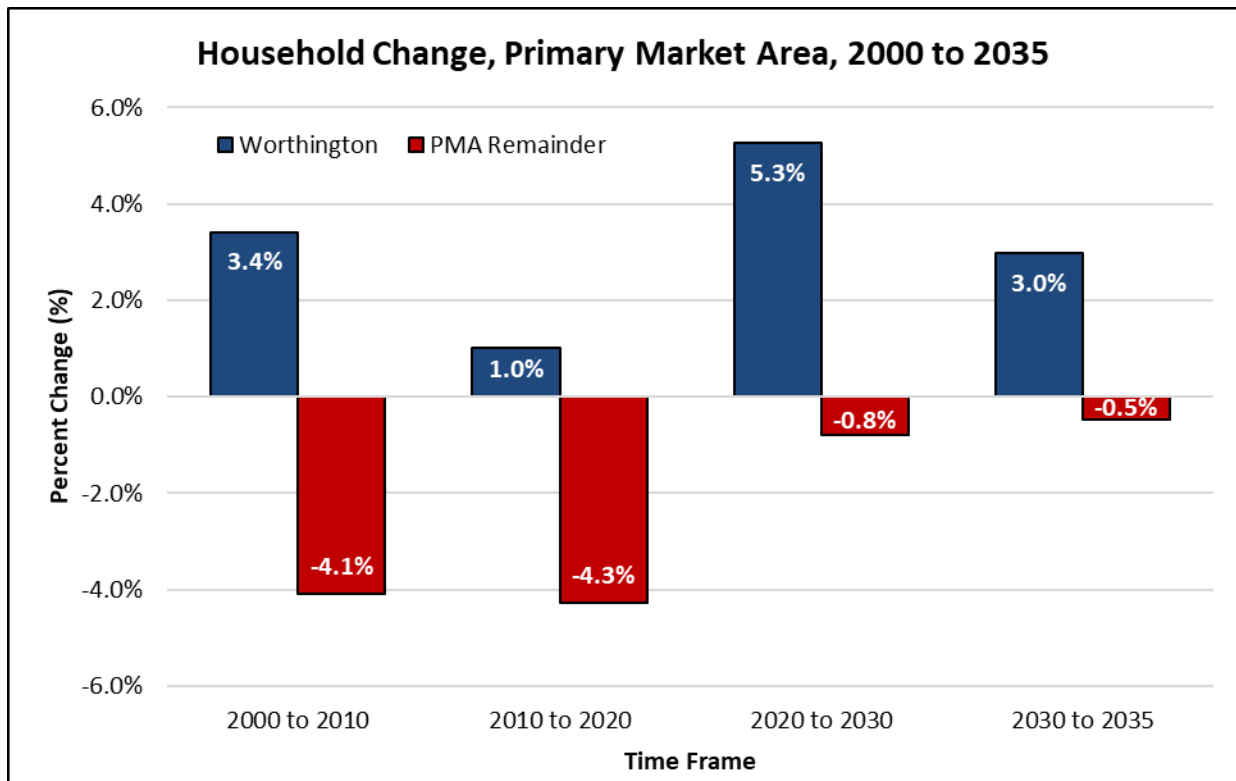
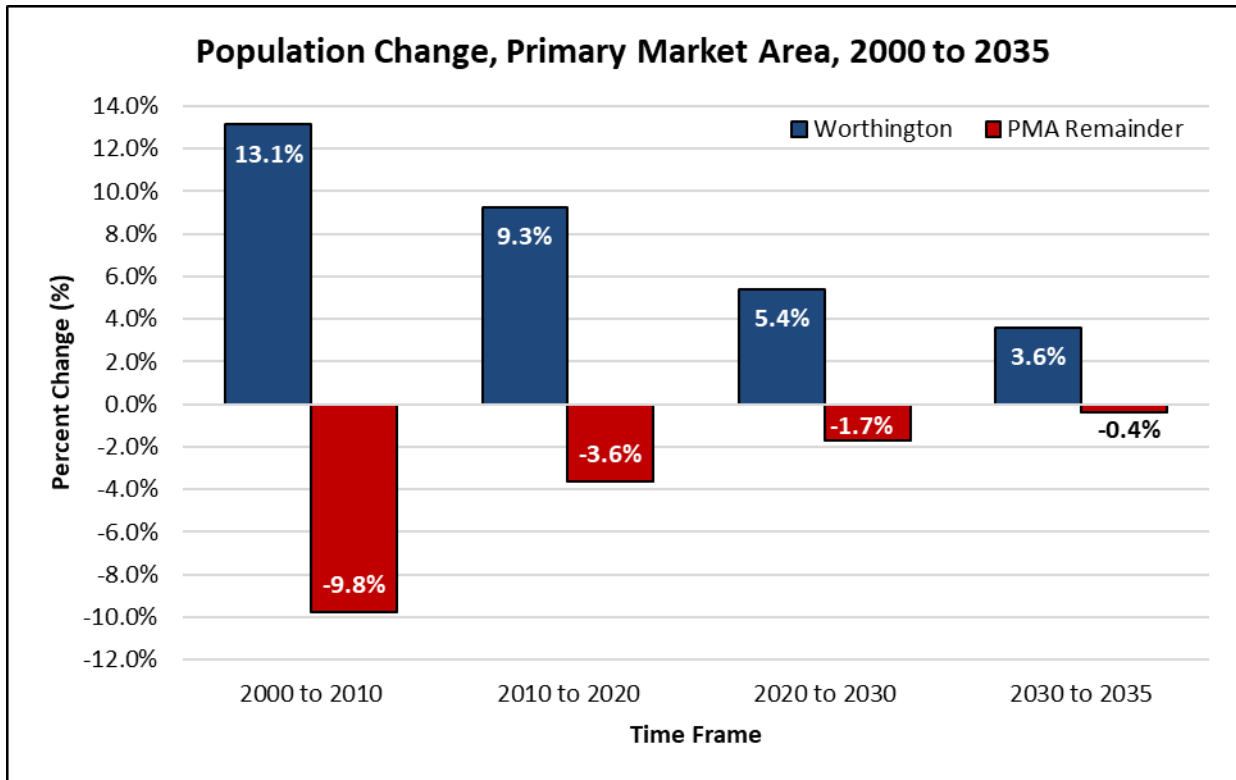


Downtown Worthington

DEMOGRAPHIC ANALYSIS

**TABLE D-1
POPULATION AND HOUSEHOLD GROWTH TRENDS AND PROJECTIONS
PRIMARY MARKET AREA
2000 to 2030**

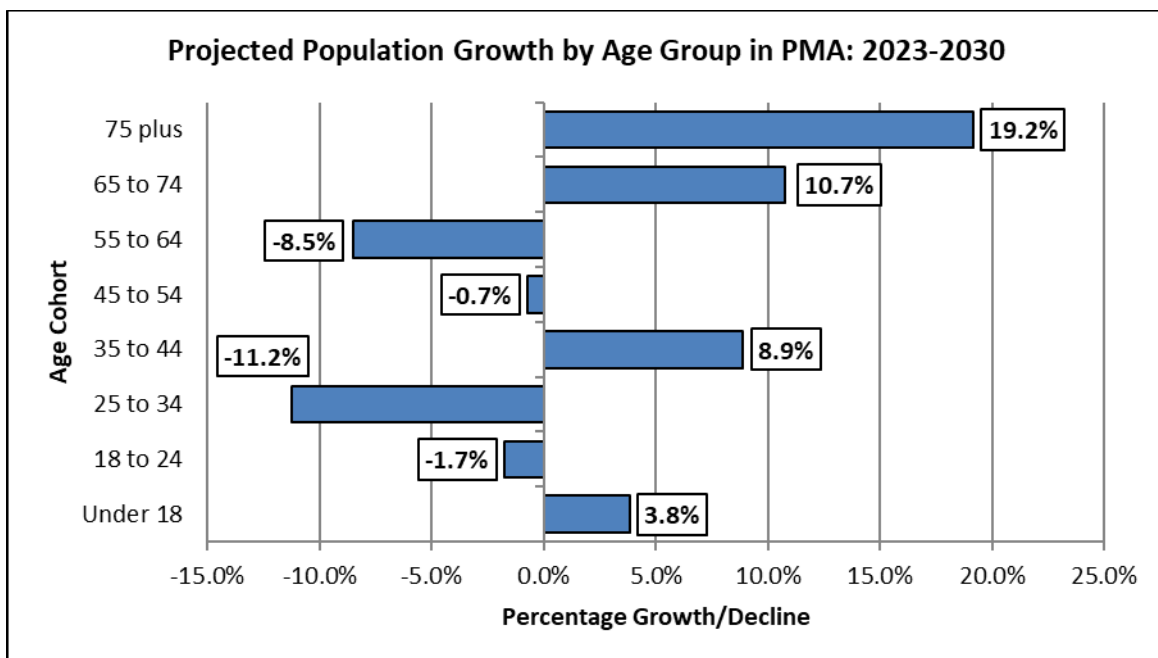
	U.S. Census			Estimate 2023	Forecast			Change					
	2000	2010	2020		2028	2030	2035	2000 to 2010		2010 to 2020		2020 to 2030	
								No.	Pct.	No.	Pct.	No.	Pct.
POPULATION													
Worthington	11,283	12,764	13,947	14,065	14,550	14,700	15,075	1,481	13.1%	1,183	9.3%	753	5.4%
<i>PMA Remainder</i>	<i>10,364</i>	<i>9,350</i>	<i>9,013</i>	<i>9,000</i>	<i>8,870</i>	<i>8,860</i>	<i>8,835</i>	<i>-1,014</i>	<i>-9.8%</i>	<i>-337</i>	<i>-3.6%</i>	<i>-153</i>	<i>-1.7%</i>
PMA	21,647	22,114	22,960	23,065	23,420	23,560	23,910	467	2.2%	846	3.8%	600	2.6%
<i>Nobles County</i>	<i>20,832</i>	<i>21,378</i>	<i>22,290</i>	<i>22,392</i>	<i>22,737</i>	<i>22,872</i>	<i>23,212</i>	<i>546</i>	<i>2.6%</i>	<i>912</i>	<i>4.3%</i>	<i>582</i>	<i>2.6%</i>
<i>SW Region</i>	<i>121,717</i>	<i>119,151</i>	<i>117,437</i>	<i>115,846</i>	<i>114,531</i>	<i>113,851</i>	<i>112,151</i>	<i>-2,566</i>	<i>-2.1%</i>	<i>-1,714</i>	<i>-1.4%</i>	<i>-3,586</i>	<i>-3.1%</i>
<i>State of Minnesota</i>	<i>4,919,479</i>	<i>5,303,925</i>	<i>5,706,494</i>	<i>5,827,170</i>	<i>5,886,323</i>	<i>6,034,205</i>	<i>6,155,860</i>	<i>384,446</i>	<i>7.8%</i>	<i>402,569</i>	<i>7.6%</i>	<i>327,711</i>	<i>5.7%</i>
HOUSEHOLDS													
Worthington	4,311	4,458	4,503	4,525	4,700	4,740	4,840	147	3.4%	45	1.0%	237	5.3%
<i>PMA Remainder</i>	<i>3,947</i>	<i>3,786</i>	<i>3,624</i>	<i>3,620</i>	<i>3,600</i>	<i>3,595</i>	<i>3,583</i>	<i>-161</i>	<i>-4.1%</i>	<i>-162</i>	<i>-4.3%</i>	<i>-29</i>	<i>-0.8%</i>
PMA	8,258	8,244	8,127	8,145	8,300	8,335	8,423	-14	-0.2%	-117	-1.4%	208	2.6%
<i>Nobles County</i>	<i>7,939</i>	<i>7,946</i>	<i>7,851</i>	<i>7,868</i>	<i>8,018</i>	<i>8,052</i>	<i>8,136</i>	<i>7</i>	<i>0.1%</i>	<i>-95</i>	<i>-1.2%</i>	<i>201</i>	<i>2.6%</i>
<i>SW Region</i>	<i>48,088</i>	<i>48,302</i>	<i>47,157</i>	<i>47,065</i>	<i>46,840</i>	<i>46,755</i>	<i>46,543</i>	<i>214</i>	<i>0.4%</i>	<i>-1,145</i>	<i>-2.4%</i>	<i>-402</i>	<i>-0.9%</i>
<i>State of Minnesota</i>	<i>1,895,127</i>	<i>2,087,227</i>	<i>2,253,990</i>	<i>2,305,000</i>	<i>2,355,000</i>	<i>2,375,000</i>	<i>2,430,000</i>	<i>192,100</i>	<i>10.1%</i>	<i>166,763</i>	<i>8.0%</i>	<i>121,010</i>	<i>5.4%</i>
PERSONS PER HOUSEHOLD													
Worthington	2.62	2.86	3.10	3.11	3.10	3.10	3.11	0.25	9.4%	0.23	8.2%	0.00	0.1%
<i>PMA Remainder</i>	<i>2.63</i>	<i>2.47</i>	<i>2.49</i>	<i>2.49</i>	<i>2.46</i>	<i>2.46</i>	<i>2.47</i>	<i>-0.16</i>	<i>-5.9%</i>	<i>0.02</i>	<i>0.7%</i>	<i>-0.02</i>	<i>-0.9%</i>
PMA	2.62	2.68	2.83	2.83	2.82	2.83	2.84	0.06	2.3%	0.14	5.3%	0.00	0.1%
<i>Nobles County</i>	<i>2.62</i>	<i>2.69</i>	<i>2.84</i>	<i>2.85</i>	<i>2.84</i>	<i>2.84</i>	<i>2.85</i>	<i>0.07</i>	<i>2.5%</i>	<i>0.15</i>	<i>5.5%</i>	<i>0.00</i>	<i>0.1%</i>
<i>SW Region</i>	<i>2.53</i>	<i>2.47</i>	<i>2.49</i>	<i>2.46</i>	<i>2.45</i>	<i>2.44</i>	<i>2.41</i>	<i>-0.06</i>	<i>-2.5%</i>	<i>0.02</i>	<i>1.0%</i>	<i>-0.06</i>	<i>-2.2%</i>
<i>State of Minnesota</i>	<i>2.60</i>	<i>2.54</i>	<i>2.53</i>	<i>2.53</i>	<i>2.50</i>	<i>2.54</i>	<i>2.53</i>	<i>-0.05</i>	<i>-2.1%</i>	<i>-0.01</i>	<i>-0.4%</i>	<i>0.01</i>	<i>0.4%</i>
Sources: U.S. Census Bureau; ESRI; MN State Demographer; & Maxfield Research & Consulting, LLC.													



Age Distribution Trends

Age distribution affects demand for different types of housing since needs and desires change at different stages of the life cycle. Table D-2 shows the distribution of persons within nine age cohorts for Worthington and the Market Area in 2010, with an estimate for 2023 and projections for 2030. Historic data was collected from the U.S. Census Bureau, estimates and projections were calculated based on data from ESRI (a national demographics service provider) with adjustments calculated by Maxfield Research and Consulting, LLC. The adjustments are intended to reflect the impact of the current housing and employment markets and a review of building permit trends. The following are key points from the table.

- From 2010 to 2023, Worthington’s 65 to 74 age cohort experienced the largest proportional increase, growing 53.8%. Similarly, in the Market Area Remainder, the 65 to 74 age group grew by 46.3%.
- Younger age cohorts in Worthington also reported growth between 2010 and 2023. The 25 to 34 age cohort increased 15.4% (282 people) and the Under 18 age group grew by 4.8% (+206 people). Of younger age cohorts in Worthington only those 18 to 24 lost population between 2010 and 2023, declining by 6.6% (90 people).
- Going forward, between 2023 and 2030, age cohorts for those over age 65 in Worthington are all forecast to experience continued growth, with the 75 and older age group predicted to grow by 19.3% and the 65 to 74 age cohort projected to grow by 3.4%.



DEMOGRAPHIC ANALYSIS

- Most younger age cohorts in the City of Worthington are also expected to grow through 2030. The 35 to 44 age group is projected to experience the largest growth of any age cohort, growing by 19.8% (343 people). In the Remainder of the Market Area, by contrast, all age cohorts 64 and under, apart from those under 18, are forecast to decline during the same time. Declining population of younger age cohorts, particularly in less urban areas, is a common trend. The growth of Worthington’s younger population likely reflects the growing immigrant community in the city.

	U.S. Census	ESRI		Change 2010-2023		Change 2023-2030	
	2010	2023	2030	No.	Pct.	No.	Pct.
Worthington							
Under 18	3,423	3,587	3,793	164	4.8%	206	5.7%
18 to 24	1,370	1,280	1,338	-90	-6.6%	58	4.5%
25 to 34	1,828	2,110	1,838	282	15.4%	-272	-12.9%
35 to 44	1,504	1,730	2,073	226	15.0%	343	19.8%
45 to 54	1,492	1,350	1,426	-142	-9.5%	76	5.6%
55 to 64	1,230	1,435	1,367	205	16.6%	-68	-4.7%
65 to 74	832	1,280	1,323	448	53.8%	43	3.4%
75 plus	1,085	1,294	1,544	209	19.3%	250	19.3%
Total	12,764	14,065	14,700	1,301	10.2%	635	4.5%
Remainder of PMA							
Under 18	2,225	1,972	1,980	-253	-11.4%	8	0.4%
18 to 24	599	542	453	-57	-9.5%	-89	-16.5%
25 to 34	898	889	825	-9	-1.0%	-64	-7.2%
35 to 44	1,079	1,061	967	-18	-1.7%	-94	-8.9%
45 to 54	1,568	1,118	1,024	-450	-28.7%	-93	-8.4%
55 to 64	1,317	1,448	1,272	131	10.0%	-177	-12.2%
65 to 74	812	1,188	1,410	376	46.3%	222	18.7%
75 plus	852	782	930	-70	-8.2%	148	19.0%
Total	9,350	9,000	8,860	-350	-3.7%	-140	-1.6%
Primary Market Area							
Under 18	5,648	5,559	5,772	-89	-1.6%	214	3.8%
18 to 24	1,969	1,822	1,791	-147	-7.5%	-32	-1.7%
25 to 34	2,726	2,998	2,662	272	10.0%	-336	-11.2%
35 to 44	2,583	2,791	3,039	208	8.0%	248	8.9%
45 to 54	3,060	2,468	2,450	-592	-19.3%	-18	-0.7%
55 to 64	2,547	2,883	2,639	336	13.2%	-244	-8.5%
65 to 74	1,644	2,468	2,733	824	50.1%	265	10.7%
75 plus	1,937	2,076	2,474	139	7.2%	398	19.2%
Total	22,114	23,065	23,560	951	4.3%	495	2.1%
Sources: U.S. Census; ESRI; Maxfield Research & Consulting, LLC.							

Household Income by Age of Householder

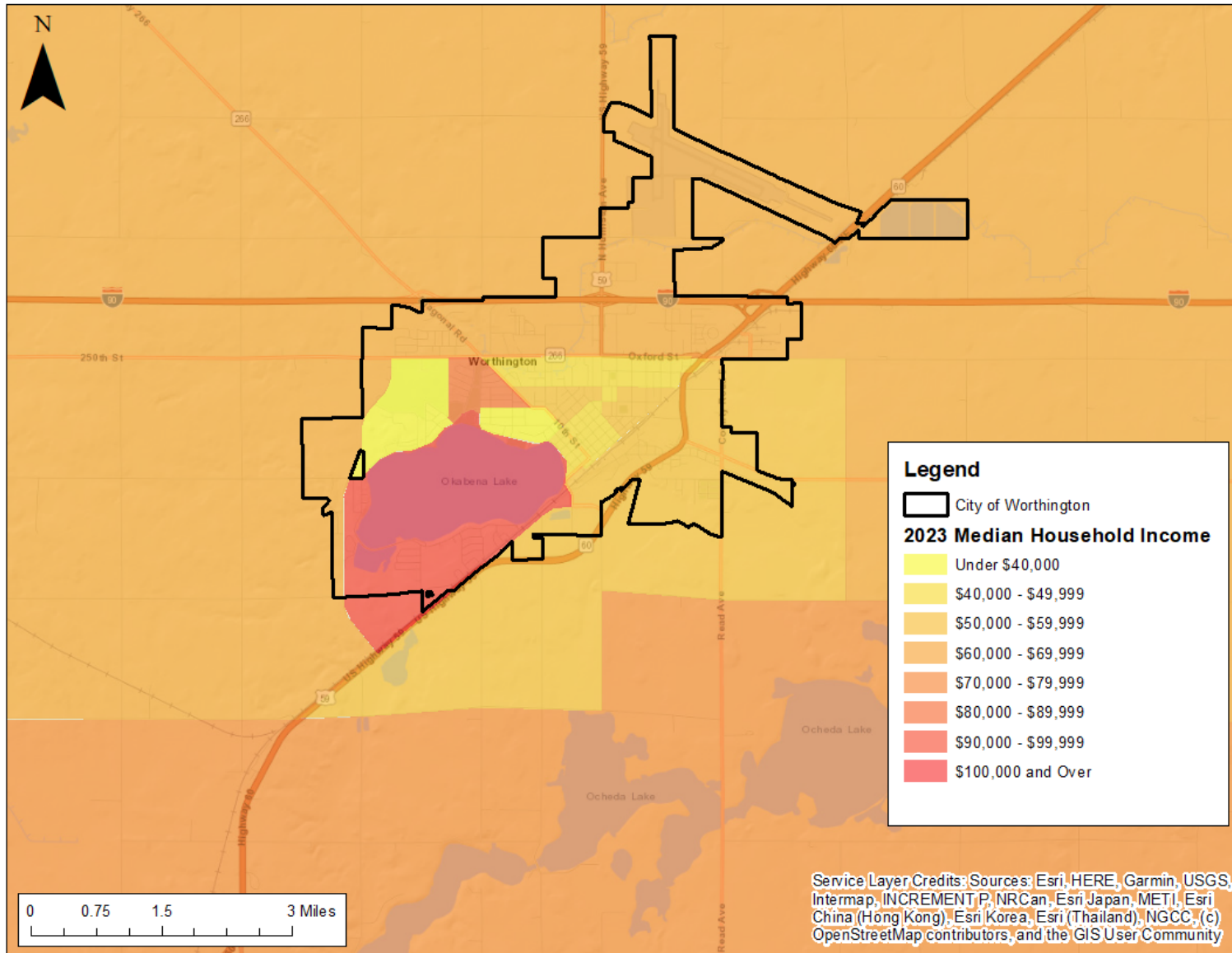
The estimated distribution of household incomes in the City of Worthington and the Market Area for 2023 and 2030 are shown in Tables D-3 and D-4. The data is estimated by ESRI with adjustments by Maxfield Research. The data helps ascertain the demand for different housing products based on the size of the market at specific cost levels.

The Department of Housing and Urban Development defines affordable housing costs as 30% of a household's adjusted gross income. For example, a household in the PMA with the median income of \$60,850 per year would be able to afford a monthly housing cost of about \$1,521. Maxfield Research and Consulting LLC uses a figure of 25% to 30% for younger households and 40% or more for seniors, since seniors generally have lower living expenses and can often sell their homes and use the proceeds toward rent payments.

A generally accepted standard for affordable owner-occupied housing is that a typical household can afford to pay 3.0 to 3.5 times their annual income on a single-family home. Thus, a \$60,850 income would translate to an affordable single-family home of \$182,550 to \$212,975. The higher end of this range assumes that the person 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. In addition, a map, on the following page, displays 2023 median household income by census block in Worthington.

- The City of Worthington has an estimated median household income of \$55,303 in 2023. Incomes are projected to increase over the next five years to \$60,410 in 2030 (+9.2% - 1.8% annually).
- Median income typically peaks in the 45 to 54 age group. However, in Worthington, income peaks slightly earlier in the 35 to 44 age group at \$70,620 in 2023. Income remains high in Worthington's 45 to 54 age cohort at \$69,300. In 2030, the 35- to 44-year-olds are forecast to retain the highest income at \$77,101, followed by the 45 to 54 age group at \$75,772.
- With a household income of \$55,303, a younger household in Worthington (the median household income for the 25 to 34 cohort) could afford a monthly housing cost of about \$1,383 based on an allocation of 30% of income toward housing. A senior household (75+) in the PMA with an income of \$30,930 (the median household income of seniors (75+)) could afford a monthly housing cost of \$1,031, based on an allocation of 40% of income toward housing.

2023 Median Household Income by Census Block, Worthington



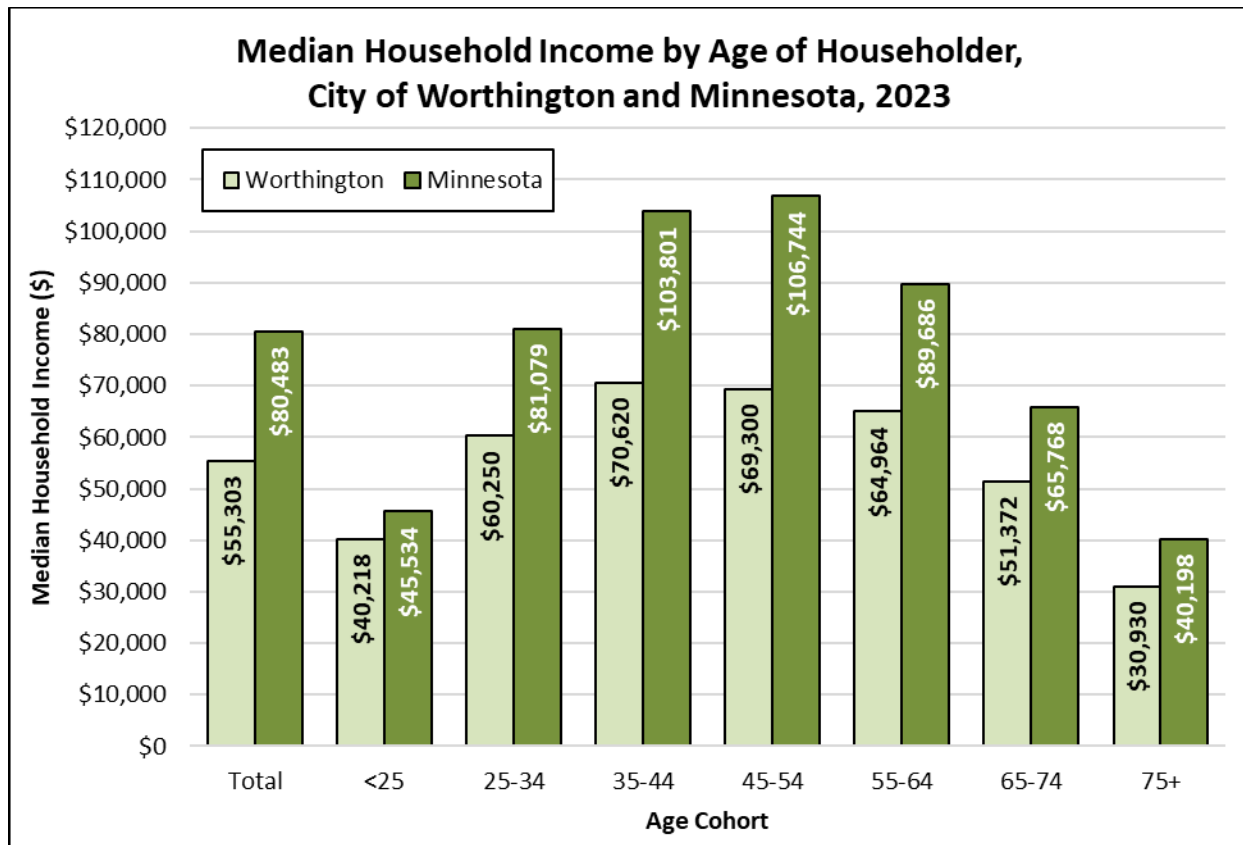
DEMOGRAPHIC ANALYSIS

**TABLE D-3
HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER
WORTHINGTON
2023 & 2030**

	Age of Householder							
	Total	<25	25-34	35-44	45-54	55-64	65-74	75+
2023								
Less than \$15,000	574	44	96	68	67	92	96	111
\$15,000 to \$24,999	404	25	58	45	29	48	59	140
\$25,000 to \$34,999	478	20	74	56	40	45	69	173
\$35,000 to \$49,999	578	40	106	93	58	78	93	111
\$50,000 to \$74,999	794	42	127	142	139	149	118	77
\$75,000 to \$99,999	686	28	128	156	110	125	93	46
\$100,000 to \$149,999	661	14	160	144	110	113	75	44
\$150,000 to \$199,999	185	1	30	36	32	42	29	16
\$200,000 or more	165	0	16	32	35	40	22	19
Total	4,525	213	795	772	621	732	653	738
Median Income	\$55,303	\$40,218	\$60,250	\$70,620	\$69,300	\$64,964	\$51,372	\$30,930
2030								
Less than \$15,000	529	45	69	70	66	68	88	121
\$15,000 to \$24,999	392	27	41	46	27	41	54	157
\$25,000 to \$34,999	480	21	58	64	39	39	69	190
\$35,000 to \$49,999	586	40	97	104	54	68	90	133
\$50,000 to \$74,999	849	45	112	176	146	144	130	96
\$75,000 to \$99,999	745	29	119	185	118	125	106	62
\$100,000 to \$149,999	734	18	146	188	125	116	84	56
\$150,000 to \$199,999	227	0	33	50	37	49	33	26
\$200,000 or more	197	0	17	43	43	45	26	23
Total	4,740	226	692	926	655	697	679	865
Median Income	\$60,410	\$41,556	\$68,273	\$77,101	\$75,772	\$74,788	\$57,067	\$33,185
Change 2023 - 2030								
Less than \$15,000	-45	2	-27	2	-1	-24	-8	10
\$15,000 to \$24,999	-11	2	-17	2	-2	-7	-5	16
\$25,000 to \$34,999	2	0	-16	8	-2	-6	0	17
\$35,000 to \$49,999	8	0	-9	10	-3	-10	-3	23
\$50,000 to \$74,999	55	4	-15	34	7	-4	12	19
\$75,000 to \$99,999	59	2	-9	29	8	0	13	16
\$100,000 to \$149,999	74	4	-14	44	15	4	9	13
\$150,000 to \$199,999	42	-1	2	14	5	8	4	10
\$200,000 or more	32	0	1	10	8	4	4	4
Total	215	12	-103	154	34	-36	26	128
Median Income	\$5,107	\$1,338	\$8,023	\$6,481	\$6,472	\$9,824	\$5,695	\$2,255

Sources: ESRI; US Census Bureau; Maxfield Research & Consulting, LLC.

- As shown in the figure, on the following page, median incomes in the City of Worthington were lower than median incomes reported for the State of Minnesota for every age group.



- Within the Market Area, the median income is \$60,850 in 2023 and median incomes are expected to increase 10.5% to \$67,250 in 2028.
- Median incomes, over the next five years, are forecast to rise the highest in the 65 to 74 age group (19.7%) and the 25 to 34 age group (18.5%).
- The highest PMA median income in 2023 was reported in the 45 to 54 age cohort (\$77,459), followed by the 35 to 44 age cohort (\$76,098).
- In 2030 the 45 to 54 age cohort is gain projected to be the age group with the highest median income, \$84,145, followed by the 35 to 44 age cohort at \$81,179.

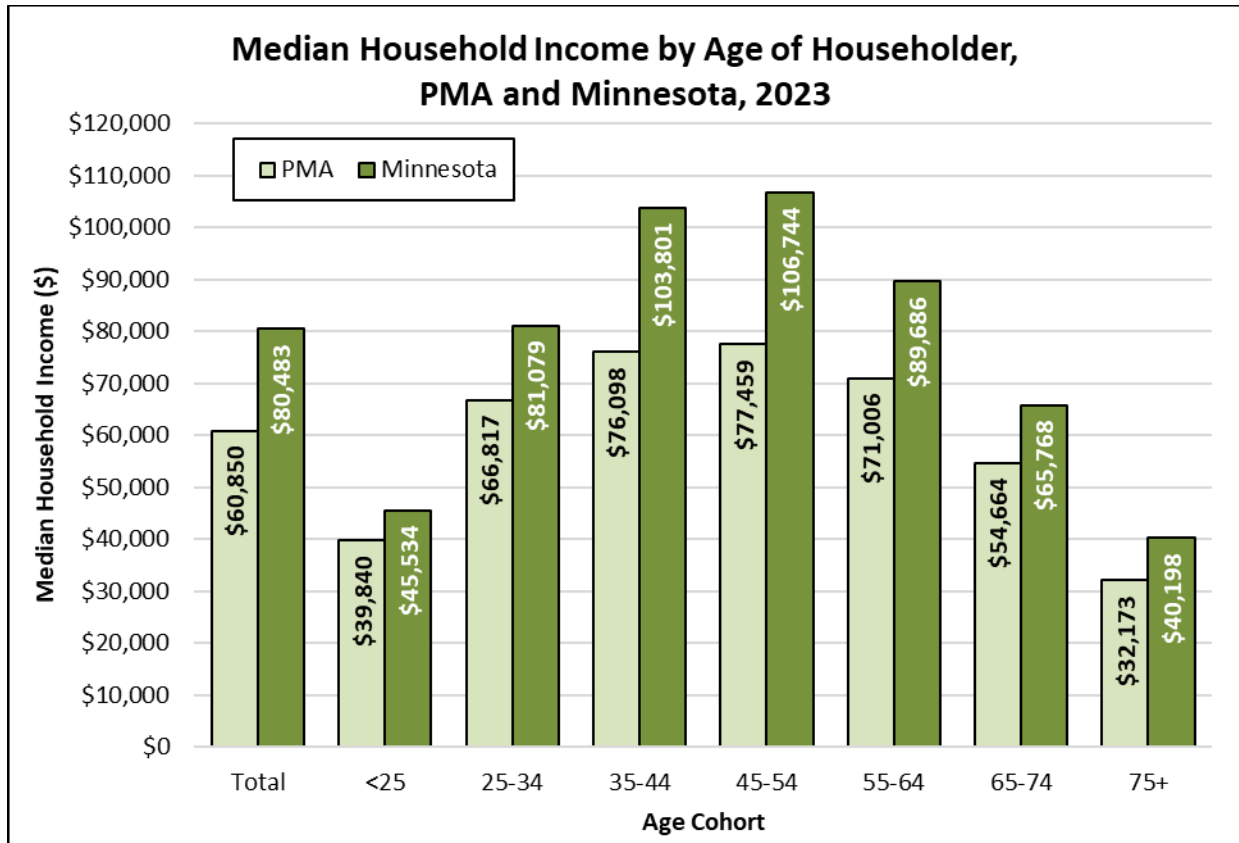
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**TABLE D-4
HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER
PRIMARY MARKET AREA
2023 & 2030**

	Age of Householder							
	Total	<25	25-34	35-44	45-54	55-64	65 -74	75+
2023								
Less than \$15,000	829	61	127	88	94	151	148	160
\$15,000 to \$24,999	630	33	72	66	42	79	107	230
\$25,000 to \$34,999	817	29	107	74	71	92	146	297
\$35,000 to \$49,999	992	56	156	142	96	148	197	197
\$50,000 to \$74,999	1,517	50	209	263	265	331	281	119
\$75,000 to \$99,999	1,275	36	195	257	237	279	188	82
\$100,000 to \$149,999	1,300	23	264	246	237	270	167	94
\$150,000 to \$199,999	394	3	64	71	78	81	60	36
\$200,000 or more	391	0	41	92	82	95	48	34
Total	8,145	293	1,234	1,300	1,201	1,525	1,343	1,248
Median Income	\$60,850	\$39,840	\$66,817	\$76,098	\$77,459	\$71,006	\$54,664	\$32,173
2030								
Less than \$15,000	731	59	90	84	83	108	132	175
\$15,000 to \$24,999	582	32	50	61	39	55	93	250
\$25,000 to \$34,999	755	27	81	77	57	62	132	319
\$35,000 to \$49,999	925	50	132	141	82	112	185	222
\$50,000 to \$74,999	1,540	53	181	275	245	297	334	156
\$75,000 to \$99,999	1,361	40	185	291	237	269	227	113
\$100,000 to \$149,999	1,481	26	258	294	256	285	221	141
\$150,000 to \$199,999	507	3	65	96	91	103	90	59
\$200,000 or more	453	0	41	107	95	94	68	47
Total	8,335	291	1,084	1,426	1,184	1,386	1,483	1,481
Median Income	\$69,810	\$42,388	\$79,186	\$81,179	\$84,145	\$82,286	\$65,434	\$36,001
Change 2023 - 2030								
Less than \$15,000	-97	-1	-37	-4	-11	-43	-16	15
\$15,000 to \$24,999	-48	-1	-22	-5	-3	-24	-14	21
\$25,000 to \$34,999	-62	-2	-26	3	-14	-29	-14	21
\$35,000 to \$49,999	-67	-6	-23	-1	-14	-36	-12	25
\$50,000 to \$74,999	23	3	-28	13	-20	-34	53	37
\$75,000 to \$99,999	86	3	-10	34	0	-10	39	30
\$100,000 to \$149,999	181	3	-6	48	19	15	54	47
\$150,000 to \$199,999	113	0	1	24	13	22	30	23
\$200,000 or more	61	0	0	15	13	-0	20	14
Total	190	-2	-150	126	-17	-140	139	233
Median Income	\$8,960	\$2,548	\$12,369	\$5,081	\$6,686	\$11,280	\$10,770	\$3,828

Sources: ESRI; US Census Bureau; Maxfield Research & Consulting, LLC.

- As shown in the chart on the following page, median incomes in the PMA, as in Worthington, were lower than the median income in the State of Minnesota for all age groups.



Non-senior Households

- In 2023, 11.7% of the non-senior (under age 65) households in the City of Worthington had incomes under \$15,000 (367 households) and 9.4% of non-senior households (534) in the Market Area. All these households would be eligible for subsidized rental housing.
- Another 6.5% (205 households) of the City of Worthington’s non-senior households and 7.2% (243) of households in the Market Area had incomes between \$15,000 and \$24,999. Many of these households would qualify for subsidized housing, but many could also afford “affordable” or older market rate rentals. If housing costs absorb 30% of income, households with incomes of \$15,000 to \$25,000 could afford to pay \$375 to \$625 per month.

Senior Households

- In Worthington, 14.7% of households ages 65 to 74 and 15.0% of households ages 75 and over had incomes below \$15,000. In the Market Area, 11.0% of households ages 65 to 74 had incomes below \$15,000 along with 12.8% of households age 75 and older. Many of these low-income older senior households rely solely on social security benefits.
- Typically, younger seniors have higher incomes due to the fact they are still able to work or are married couples with two pensions or higher social security benefits. The 2023 median

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income for Worthington householders between the ages of 65 to 74 and 75+ are, \$51,372 and \$30,930, respectively. In the Market Area, householders between the ages of 65 to 74 reported a median income of \$54,664 and households 75 years of age and older had median incomes of \$32,173 in 2023.

- Based on a 2023 median income of \$51,372, and a 40% allocation of income to housing, seniors 65 to 74 years of age in the City of Worthington could afford a monthly rent of \$1,712.
- Seniors 75 years of age or older in Worthington had a median income of \$30,930 in 2023. Households, earning the median income, could afford a monthly rent of \$1,031 based on allocating 40% of their income to housing expenses.

Net Worth

Table D-5 shows household net worth in Worthington and the Market Area in 2023. Simply stated, net worth is the difference between assets and liabilities, or the total value of assets after the debt is subtracted. The data was compiled and estimated by ESRI based on the Survey of Consumer Finances and Federal Reserve Board data. According to data released by the National Association of Realtors in February 2022, the average American homeowner has a net worth about 40 times greater than that of a renter which equates to an average net worth of \$300,000 for homeowners and \$8,000 for renters.²

The City of Worthington had an average net worth of \$471,132 in 2023 and a median net worth of \$91,827. The Remainder of the Market Area had average net worth of \$934,523 and a median net worth of \$237,357. Median net worth is generally a more accurate depiction of wealth than the average figure. A few households with exceptionally large net worth can significantly skew the average. Communities with high levels of farming equipment and land assets tend to also increase the average and median net worth in those areas.

² "2022 Snapshot of Race and Home Buying in America." *National Association of Realtors Research® Group*, pp. 5, Feb. 2022. <https://www.nar.realtor/research-and-statistics/research-reports/a-snapshot-of-race-and-home-buying-in-america>. Accessed 7 Oct. 2022.

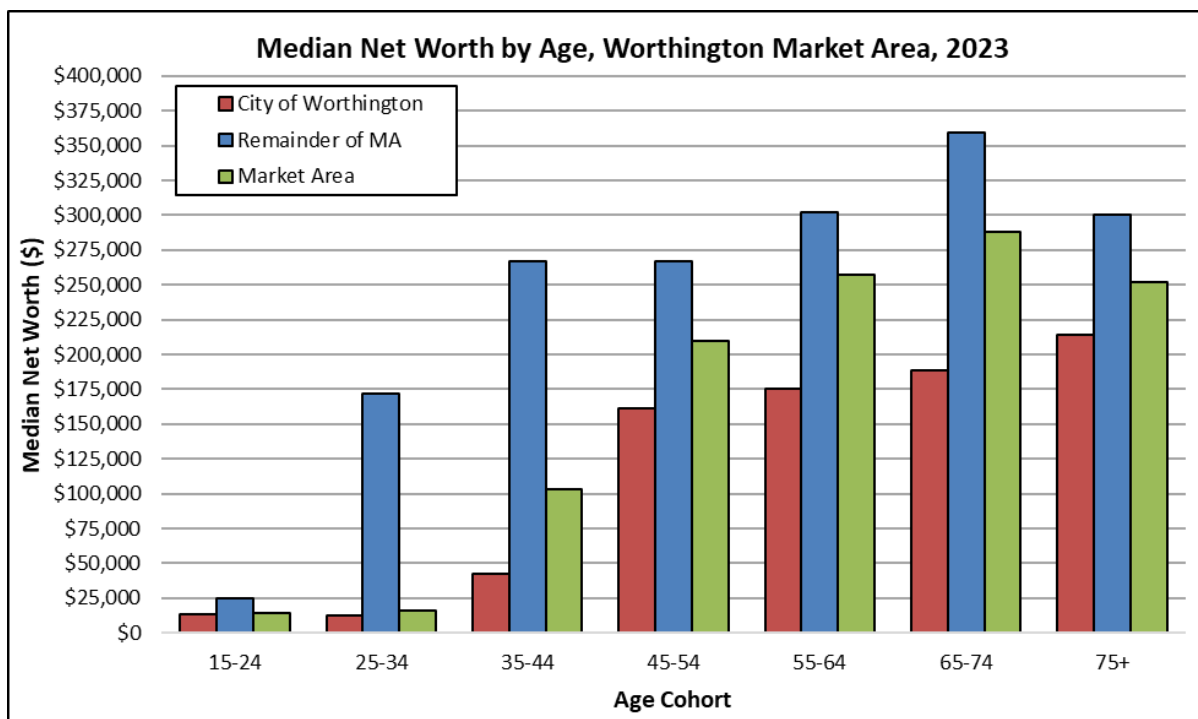
DEMOGRAPHIC ANALYSIS

**TABLE D-5
ESTIMATED NET WORTH BY AGE OF HOUSEHOLDER
PRIMARY MARKET AREA
2023**

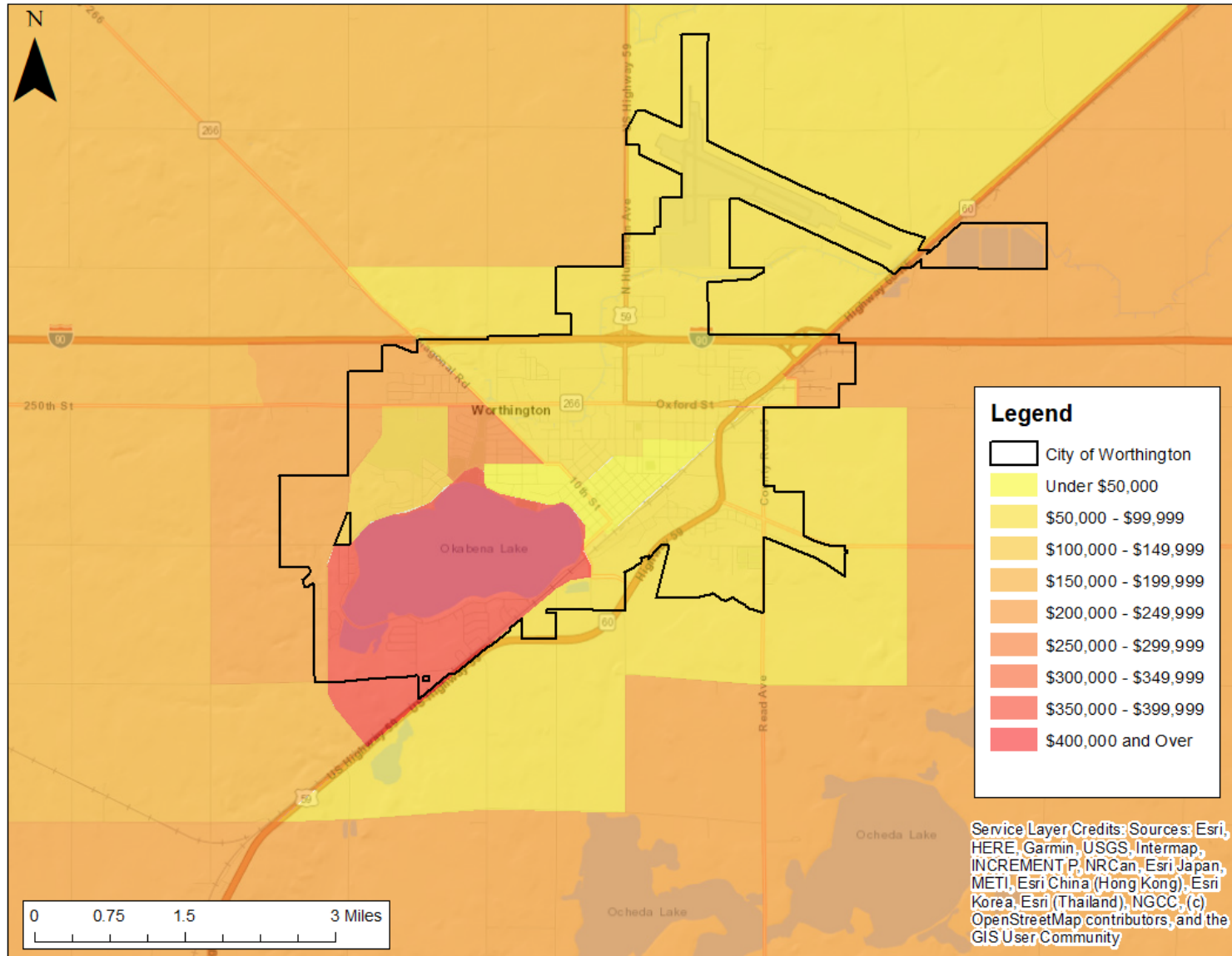
	Age of Householder							
	Total		15-24		25-34		35-44	
	Average	Median	Average	Median	Average	Median	Average	Median
City of Worthington	\$471,132	\$91,827	\$32,032	\$13,125	\$55,839	\$12,575	\$241,474	\$42,809
Remainder of MA	\$934,523	\$237,357	\$57,795	\$24,491	\$805,996	\$171,498	\$855,763	\$266,936
Market Area Total	\$678,768	\$162,302	\$39,139	\$14,500	\$83,723	\$16,302	\$472,893	\$102,954
	45-54		55-64		65-74		75+	
	Average	Median	Average	Median	Average	Median	Average	Median
	City of Worthington	\$505,595	\$161,006	\$706,388	\$175,025	\$743,439	\$188,918	\$782,639
Remainder of MA	\$855,763	\$266,936	\$1,197,895	\$301,705	\$1,238,868	\$359,423	\$1,166,750	\$300,290
Market Area Total	\$675,971	\$209,345	\$963,364	\$257,371	\$999,529	\$287,921	\$941,314	\$251,593

Sources: ESRI; Maxfield Research and Consulting, LLC.

- Like 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. In Worthington, median net worth peaked later in the 75 plus age cohort at \$213,887. In the Market Area, median net worth reached a high of \$287,921 for those 65 to 74 years old. Senior households usually have a higher net worth due to their 401k's, and other retirement funds. Also, senior households that continue to have higher average net worth could be an indication of farm equipment and land assets being primarily retained by households in senior age cohorts.



2023 Median Net Worth by Census Block Group, Worthington



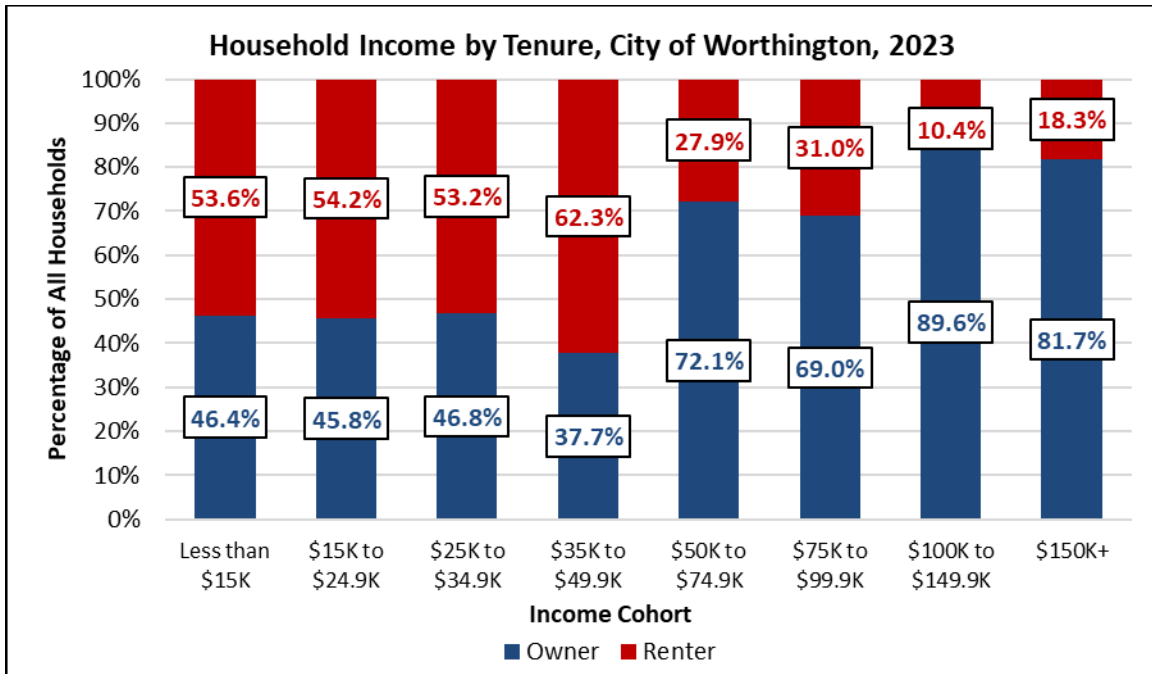
Tenure by Household Income

Table D-6 shows household tenure by income for Worthington and the Market Area total in 2023. The data is an estimate from the American Community Survey with adjustments to 2023 by Maxfield Research. Household tenure information is important to assess the propensity for owner-occupied or renter-occupied housing options based on household affordability. As stated earlier, the Department of Housing and Urban Development determines affordable housing as not exceeding 30% of the household’s income. It is important to note that the higher the income, the lower percentage a household typically allocates to housing. Many lower income households, as well as many young and senior households; spend more than 30% of their income, while middle-aged households in their prime earning years typically allocate 20% to 25% of their income.

- Typically, as income increases, so does the rate of homeownership. This can be seen in the PMA, where the homeownership rate increases from 53.4% of households with incomes below \$15,000 to 87.7% of households with incomes above \$150,000. Within Worthington the homeownership rate increases from 46.4% of households with incomes below \$15,000 to 81.7% of households with incomes above \$150,000.
- A portion of renter households that are referred to as lifestyle renters, or those who are financially able to own but choose to rent, have household incomes above \$55,000 (about 34.6% of PMA renters and 30.6% of Worthington renters in 2023). Households with incomes below \$15,000 are typically a market for deep subsidy rental housing (about 17.2% of PMA renters and 18.0% of Worthington renters in 2023).

Income	City of Worthington				Primary Market Area			
	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.
Less than \$15,000	266	46.4%	308	53.6%	442	53.4%	387	46.6%
\$15,000 to \$24,999	185	45.8%	219	54.2%	376	59.7%	254	40.3%
\$25,000 to \$34,999	224	46.8%	254	53.2%	531	65.0%	286	35.0%
\$35,000 to \$49,999	218	37.7%	360	62.3%	519	52.3%	474	47.7%
\$50,000 to \$74,999	573	72.1%	221	27.9%	1,168	77.0%	349	23.0%
\$75,000 to \$99,999	473	69.0%	213	31.0%	995	78.0%	280	22.0%
\$100,000 to \$149,999	591	89.6%	69	10.4%	1,177	90.5%	123	9.5%
\$150,000+	286	81.7%	64	18.3%	689	87.7%	97	12.3%
Total	2,817	62.4%	1,708	37.6%	5,896	72.7%	2,249	27.3%

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

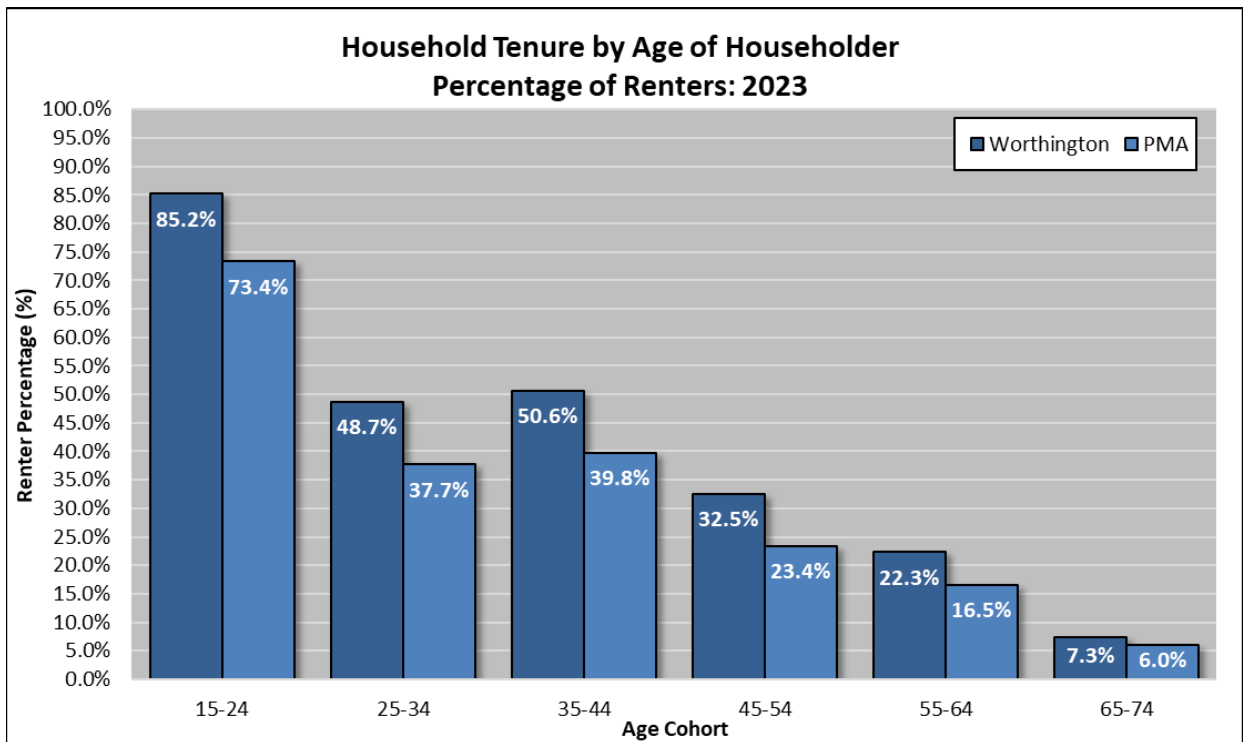
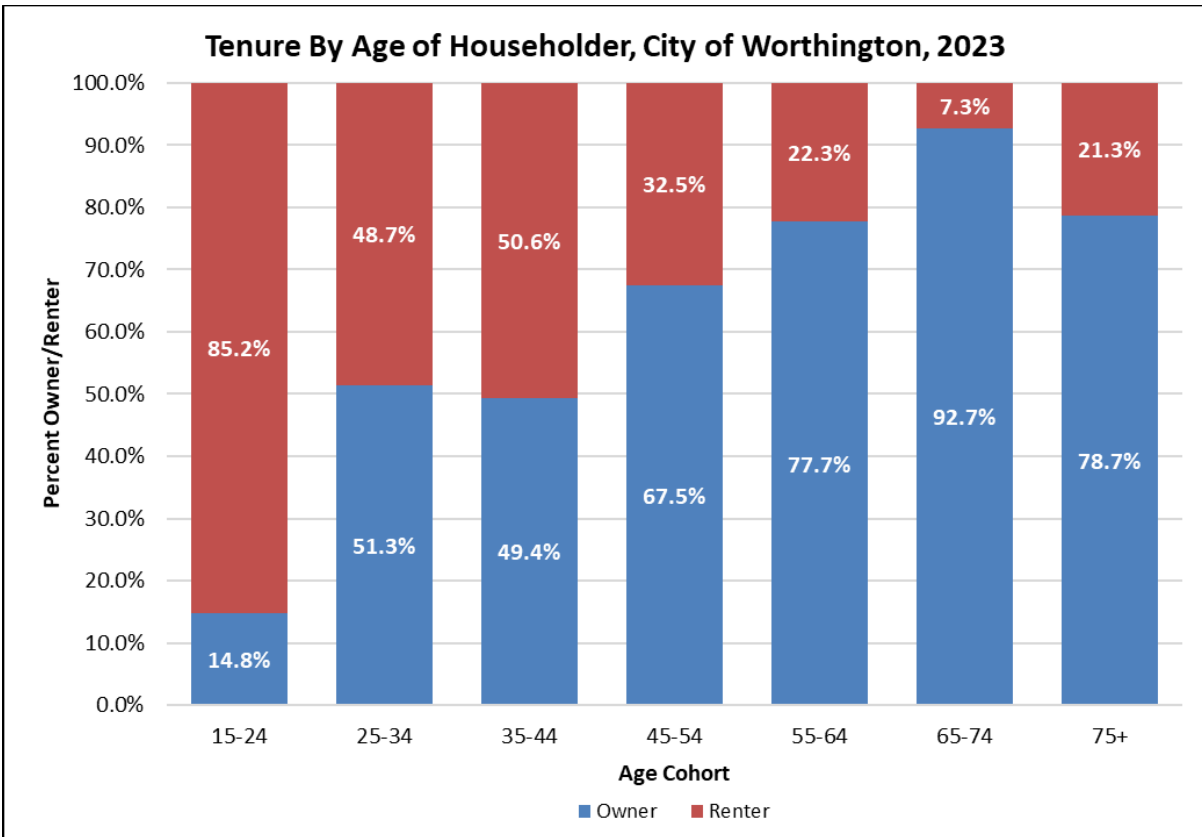


Tenure by Age of Householder

Table D-7 shows the number of owner and renter households in the Market Area by age group in 2010 and 2023. This data is useful in determining demand for certain types of housing since housing preferences change throughout an individual’s life cycle. The following are key findings from Table D-7.

- The proportion of rental households in the City of Worthington declined from 37.0% of households in 2010 to 33.8% of households in 2023.
- The proportion of rental households was higher in 2023 within the City of Worthington (33.8%) compared to the overall Market Area (24.8%).
- As households progress through their life cycle, housing needs change. The proportion of renter households decreases significantly as households’ age out of their young-adult years. However, by the time households reach their senior years, rental housing often becomes a more viable option than homeownership, reducing the responsibility of maintenance and the financial commitment. In the City of Worthington, homeowner households climb from 14.8% in the 15-24 age cohort to a high of 92.7% in the 65 to 74 age cohort in 2023.

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TABLE D-7 TENURE BY AGE OF HOUSEHOLDER PRIMARY MARKET AREA 2010 & 2023									
Age		Worthington				Primary Market Area			
		2010		2023		2010		2023	
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
15-24	Own	51	18.4%	32	14.8%	95	24.5%	78	26.6%
	Rent	226	81.6%	182	85.2%	293	75.5%	215	73.4%
	Total	277	100.0%	213	100.0%	388	100.0%	293	100.0%
25-34	Own	266	36.9%	408	51.3%	575	49.7%	769	62.3%
	Rent	454	63.1%	387	48.7%	581	50.3%	465	37.7%
	Total	720	100.0%	795	100.0%	1,156	100.0%	1,234	100.0%
35-44	Own	443	59.7%	382	49.4%	888	68.4%	783	60.2%
	Rent	299	40.3%	391	50.6%	411	31.6%	517	39.8%
	Total	742	100.0%	772	100.0%	1,299	100.0%	1,300	100.0%
45-54	Own	579	73.0%	419	67.5%	1,326	80.6%	920	76.6%
	Rent	214	27.0%	202	32.5%	320	19.4%	281	23.4%
	Total	793	100.0%	621	100.0%	1,646	100.0%	1,201	100.0%
55-64	Own	548	78.0%	569	77.7%	1,245	85.0%	1,273	83.5%
	Rent	155	22.0%	164	22.3%	220	15.0%	252	16.5%
	Total	703	100.0%	732	100.0%	1,465	100.0%	1,525	100.0%
65-74	Own	397	82.2%	605	92.7%	855	88.0%	1,263	94.0%
	Rent	86	17.8%	48	7.3%	117	12.0%	80	6.0%
	Total	483	100.0%	653	100.0%	972	100.0%	1,343	100.0%
75+	Own	524	70.8%	580	78.7%	1,060	80.4%	1,038	83.2%
	Rent	216	29.2%	157	21.3%	258	19.6%	210	16.8%
	Total	740	100.0%	738	100.0%	1,318	100.0%	1,248	100.0%
TOTAL	Own	2,808	63.0%	2,995	66.2%	6,044	73.3%	6,125	75.2%
	Rent	1,650	37.0%	1,530	33.8%	2,200	26.7%	2,020	24.8%
	Total	4,458	100.0%	4,525	100.0%	8,244	100.0%	8,145	100.0%

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

Household Type

Table D-8 shows a breakdown of the type of households present in the Market Area in 2010 and 2023. The data is useful in assessing housing demand since the household composition often dictates the type of housing needed and preferred.

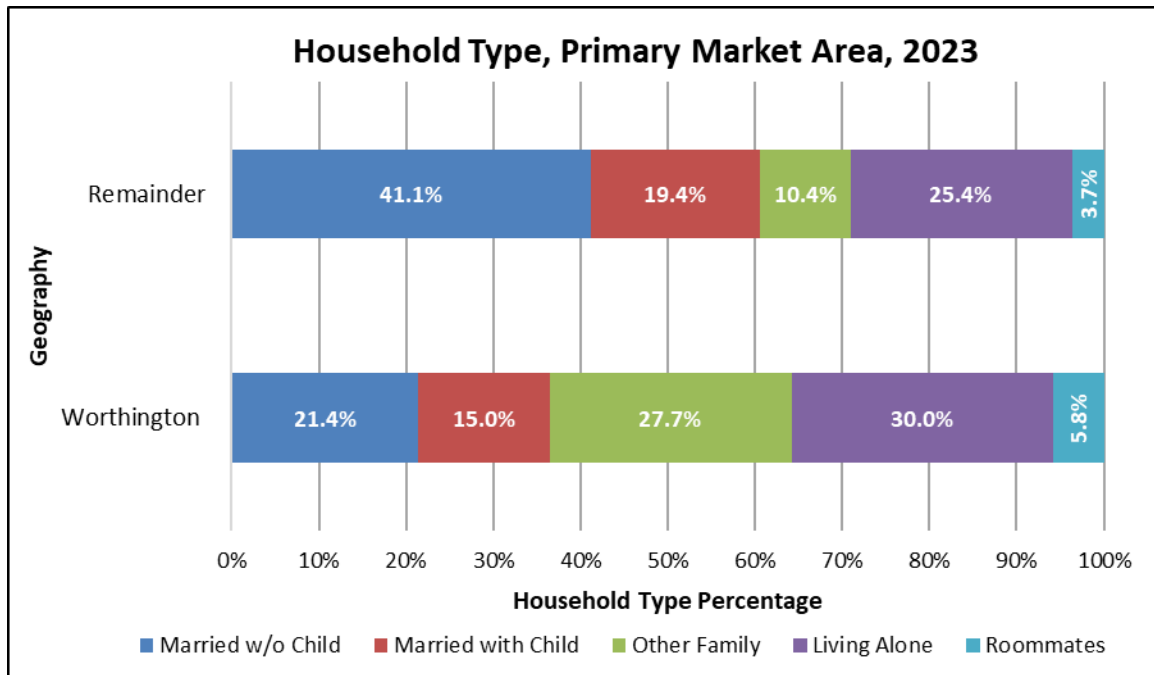
- In the Market Area Remainder, the most common household type is married couples without children (41.1%), followed by single person households (25.4%). These household types would often be the market for smaller multifamily units (one- or two-bedroom units), such as apartments, townhomes, or condominiums, as well as smaller single-family homes.
- The City of Worthington has more varied household types. A similar proportion of households were reported among other single person households (30.0%), other family households (27.7%), and married households without children (21.4%). Additionally, 15.0% of households were reported as married households with children while 5.8% of households were reported as roommate households. As a result, the City of Worthington will need a variety of housing types, such as, small apartments and small owner-occupied homes or other units to accommodate one and two-person households and larger single family or apartment units to accommodate family households.

Households	Total HH's		Family Households						Non-Family Households			
	2010	2023	Married w/o Child		Married w/ Child		Other *		Living Alone		Roommates	
			2010	2023	2010	2023	2010	2023	2010	2023	2010	2023
Worthington	4,458	4,525	1,272	969	886	679	759	1,256	1,264	1,358	277	262
Rem. of Market Area	3,786	3,620	1,558	1,489	833	702	357	377	916	919	122	132
Market Area Total	8,244	8,145	2,830	2,459	1,719	1,382	1,116	1,633	2,180	2,277	399	395
Percent												
Worthington	100.0%	100.0%	28.5%	21.4%	19.9%	15.0%	17.0%	27.7%	28.4%	30.0%	6.2%	5.8%
Rem. of Market Area	100.0%	100.0%	41.2%	41.1%	22.0%	19.4%	9.4%	10.4%	24.2%	25.4%	3.2%	3.7%
Market Area Total	100.0%	100.0%	34.3%	30.2%	20.9%	17.0%	13.5%	20.0%	26.4%	28.0%	4.8%	4.8%
Change												
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Worthington	67	1.5%	-303	-23.8%	-207	-23.3%	497	65.4%	94	7.5%	-15	-5.3%
Rem. of Market Area	-166	-4.4%	-69	-4.4%	-131	-15.7%	20	5.7%	3	0.3%	10	8.4%
Market Area Total	-99	-1.2%	-371	-13.1%	-337	-19.6%	517	46.3%	97	4.5%	-4	-1.1%
* Single-parent families, unmarried couples with children.												
Sources: U.S. Census Bureau & Maxfield Research and Consulting LLC.												

- Between 2010 and 2023, Worthington experienced an increase in other family households (65.4% - 497 households) and living alone households (7.5% - 94 households).
- All other types of households reported declines between 2010 and 2023 in the City of Worthington, with married households without children experiencing the most significant decline (-23.8% - 303 households) followed by married households with children (-23.3% - 207 households).

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- In the Remainder of the Market Area other households (5.7% - 20 households), roommate households (8.4% - 10 households), and living alone households (0.3% - 3 households) experienced an increase of households. Married family households without children (-15.7% - 131 households) and married family households with children (4.4% - 69 households) both experienced declines.
- Other family households experienced the greatest percentage increase between 2010 and 2023, growing by 65.4% (497 people). Other family households are either male or female headed householders with no husband/wife.



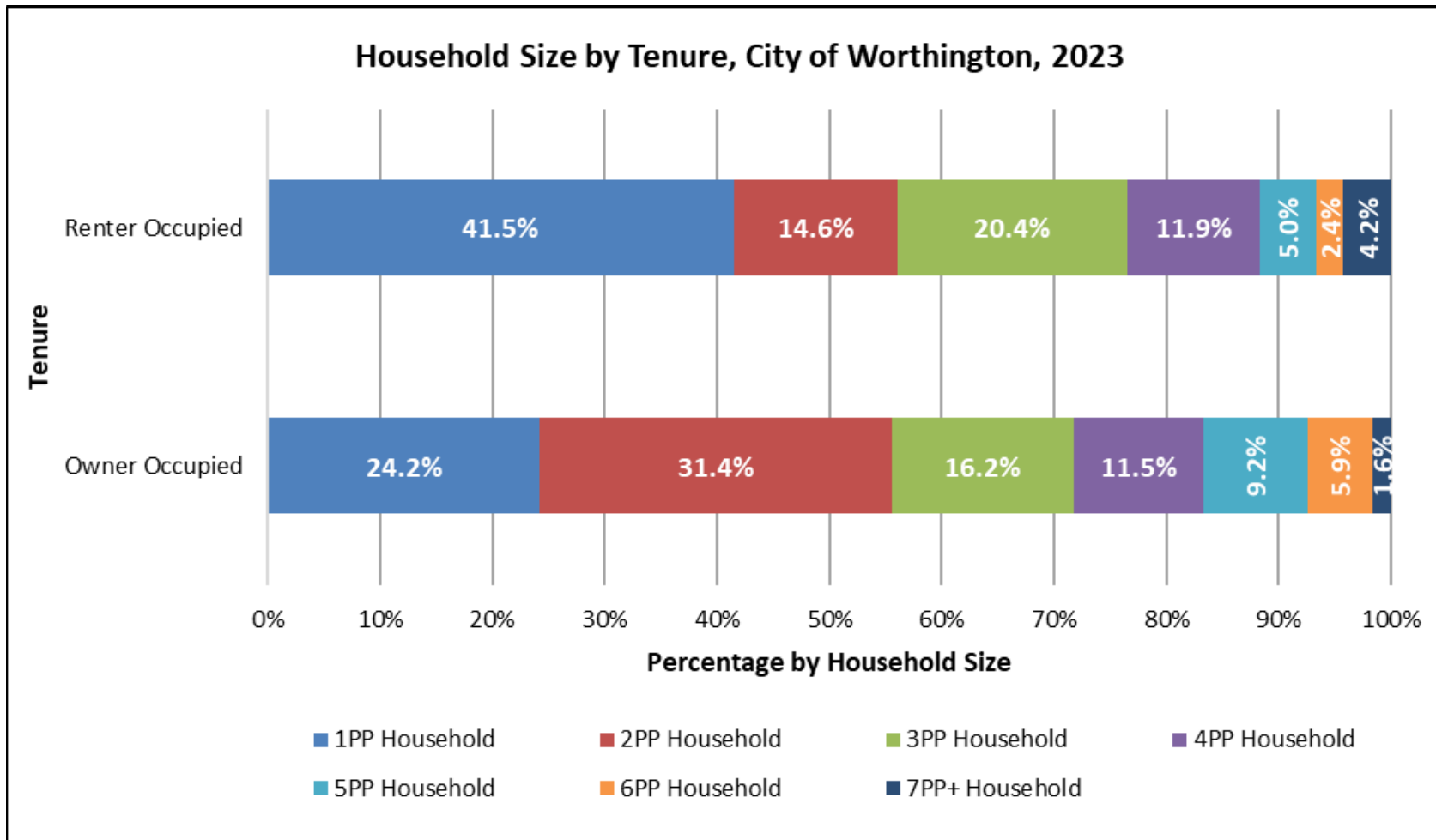
Tenure by Household Size

Table D-9 shows the distribution of households by size and tenure in the Worthington Market Area in 2023. This data is useful in that it sheds insight into unit type that may be most needed in the Market Area.

- Household size for renters tends to be smaller than for owners. This trend is a result of the typical market segments for rental housing, including households that are younger and are less likely to be married with children, as well as older adults and seniors who choose to downsize from their single-family homes. In 2023, 41.5% of the total renter-occupied households in the City of Worthington were one-person households, compared to 24.2% of owner-occupied households.
- City of Worthington renter households reported a higher proportion of three-person (20.4%) and four-person (11.9%) renter households, compared to three-person (17.4%) and four-person (11.6%) renter households in the overall Market Area and three (11.3%) and four-person (7.9%) households in the State of Minnesota.
- Owner households in Worthington were most likely to be two-person households (31.4%), followed by one-person households (24.2%) and three-person households (16.2%).

Size	Worthington				Market Area				Minnesota	
	Owner Occupied		Renter Occupied		Owner Occupied		Renter Occupied		Owner	Renter
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	Pct.	Pct.
1PP Household	684	24.2%	706	41.5%	1,383	23.3%	926	41.7%	22.3%	46.8%
2PP Household	885	31.4%	249	14.6%	2,235	37.7%	386	17.4%	38.8%	27.2%
3PP Household	457	16.2%	347	20.4%	882	14.9%	386	17.4%	14.7%	11.3%
4PP Household	325	11.5%	202	11.9%	622	10.5%	258	11.6%	14.3%	7.9%
5PP Household	260	9.2%	85	5.0%	494	8.3%	129	5.8%	6.4%	3.9%
6PP Household	166	5.9%	41	2.4%	227	3.8%	56	2.5%	2.2%	1.6%
7PP+ Household	46	1.6%	72	4.2%	81	1.4%	81	3.7%	1.4%	1.4%
Total	2,823	100%	1,702	100%	5,925	100%	2,220	100%	100%	100%

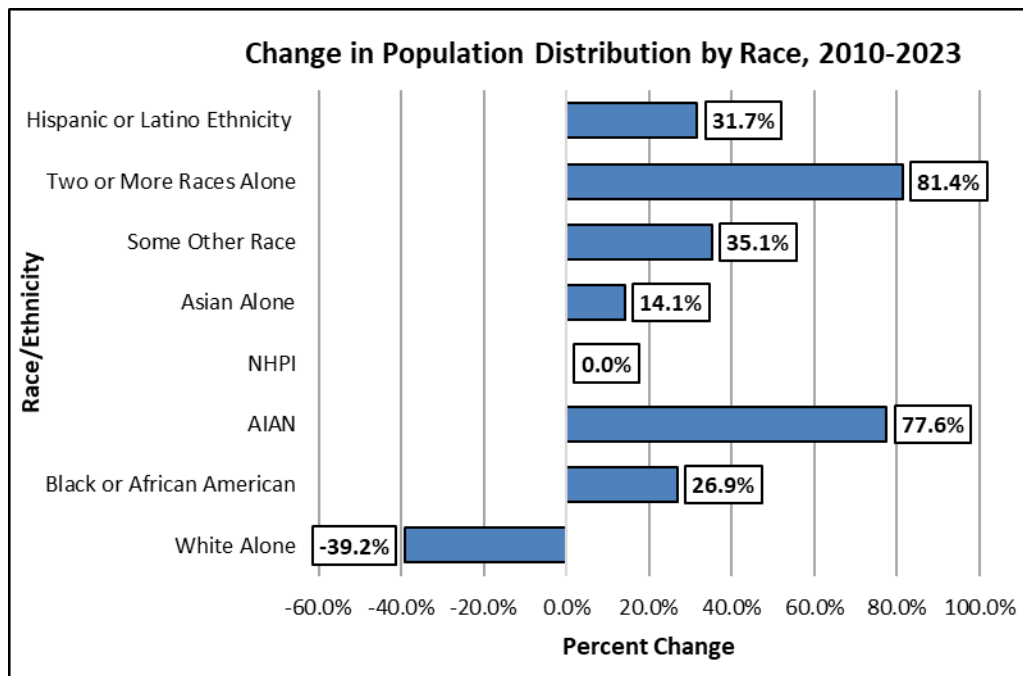
Sources: U.S. Census Bureau & Maxfield Research and Consulting, LLC.



Diversity

The population distribution by race, Table D-10 presents the diversity of the population in the Market Area for 2010 and 2023. Data for 2010 was obtained from the U.S. Census while 2023 Data was obtained from the 2020 Census with adjustments by Maxfield Research to the current year.

- In 2023, the population of the City of Worthington was more diverse than the Remainder of the Market Area. In the City of Worthington 40.5% of the population was reported as White Alone, compared to 90.1% of the Remainder of the Market Area.
- Besides White Alone, respondents were most likely to report themselves as Some Other Race (28.7%), Asian Alone (9.1%) and Black or African American Alone (6.8%).
- U.S. Census respondents that list themselves ethnically as Hispanic or Latino, racially list themselves in various race categories. As of 2023, nearly half or 47.0% of Worthington’s population reported their ethnicity as Hispanic/Latino. This is an increase of 11.6% from 35.4% of the population of Worthington in 2010. As a result, the Hispanic or Latino category is the largest race or ethnicity category in Worthington.
- In contrast, the PMA Remainder’s 2023 Hispanic or Latino population was only 7.9%, up from 3.5% in 2010.



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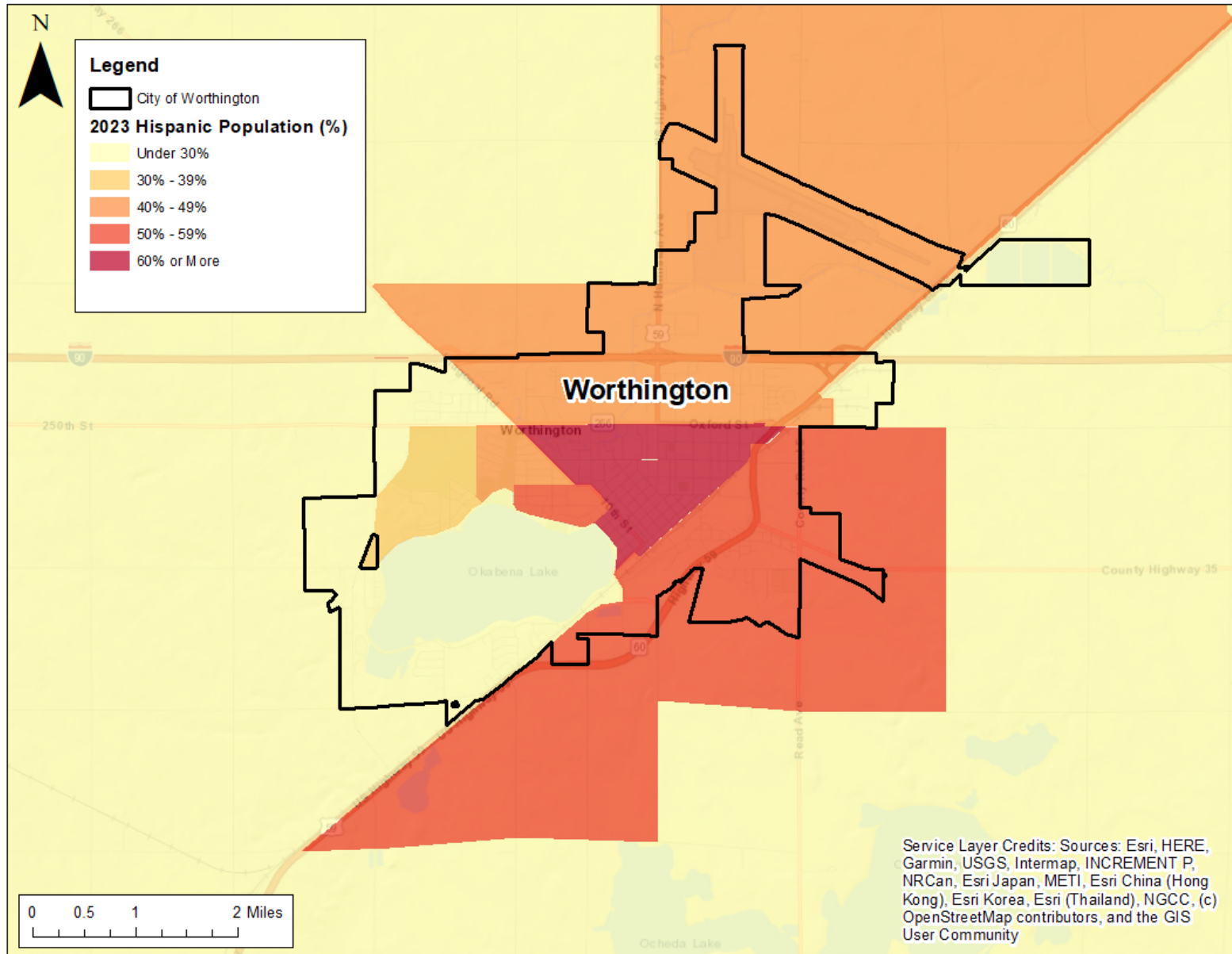
**TABLE D-10
POPULATION DISTRIBUTION BY RACE
PRIMARY MARKET AREA
2010 and 2024**

NUMBER	White Alone		Black or African American Alone		American Indian or Alaska Native Alone (AIAN)		Native Hawaiian or Pacific Islander Alone (NHPI)		Asian Alone		Some Other Race		Two or More Races Alone		Hispanic or Latino ¹ <i>Ethnicity not Race</i>	
	2010	2023	2010	2023	2010	2023	2010	2023	2010	2023	2010	2023	2010	2023	2010	2023
Worthington	7,936	5,701	698	955	91	405	9	31	1,104	1,286	2,620	4,040	306	1,647	4,521	6,614
Remainder of the PMA	8,970	8,110	47	34	20	57	1	10	66	88	141	360	105	340	328	714
Primary Market Area	16,906	13,811	745	990	111	462	10	41	1,170	1,374	2,761	4,400	411	1,987	4,849	7,328
PERCENTAGE																
Worthington	62.2%	40.5%	5.5%	6.8%	0.7%	2.9%	0.1%	0.2%	8.6%	9.1%	20.5%	28.7%	2.4%	11.7%	35.4%	47.0%
Remainder of the PMA	95.9%	90.1%	0.5%	0.4%	0.2%	0.6%	0.0%	0.1%	0.7%	1.0%	1.5%	4.0%	1.1%	3.8%	3.5%	7.9%
Primary Market Area	76.4%	59.9%	3.4%	4.3%	0.5%	2.0%	0.0%	0.2%	5.3%	6.0%	12.5%	19.1%	1.9%	8.6%	21.9%	31.8%

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

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

2023 Hispanic Population by Census Block Group: Worthington and Vicinity

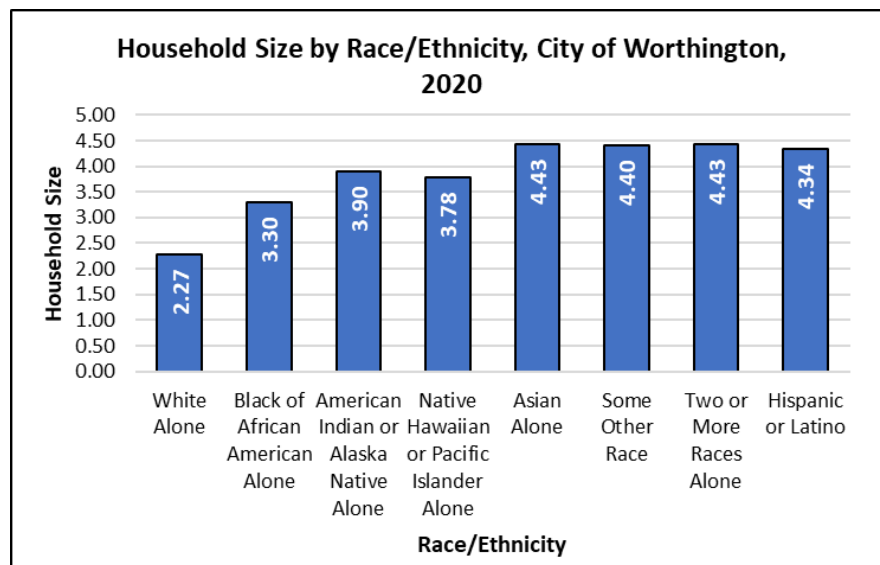


DEMOGRAPHIC ANALYSIS

Diversity and Household Size

The population distribution by race, Table D-11 presents household size by racial and ethnic origin in the Market Area for 2020. The data was obtained from the U.S. Census.

- In 2020, Worthington reported an overall household size of 3.10. The smallest average household size was reported among households where the householder is White Alone (2.27).
- The largest average household sizes in Worthington were reported among households where the householder was Asian Alone (4.43) and Two or More Races (4.43). This was followed by Some Other Race (4.40).
- Among households where the householder identified ethnically as Hispanic or Latino, average household size in Worthington was 4.34.



- Worthington's household size (3.10) was higher than the Market Area Remainder (2.49).

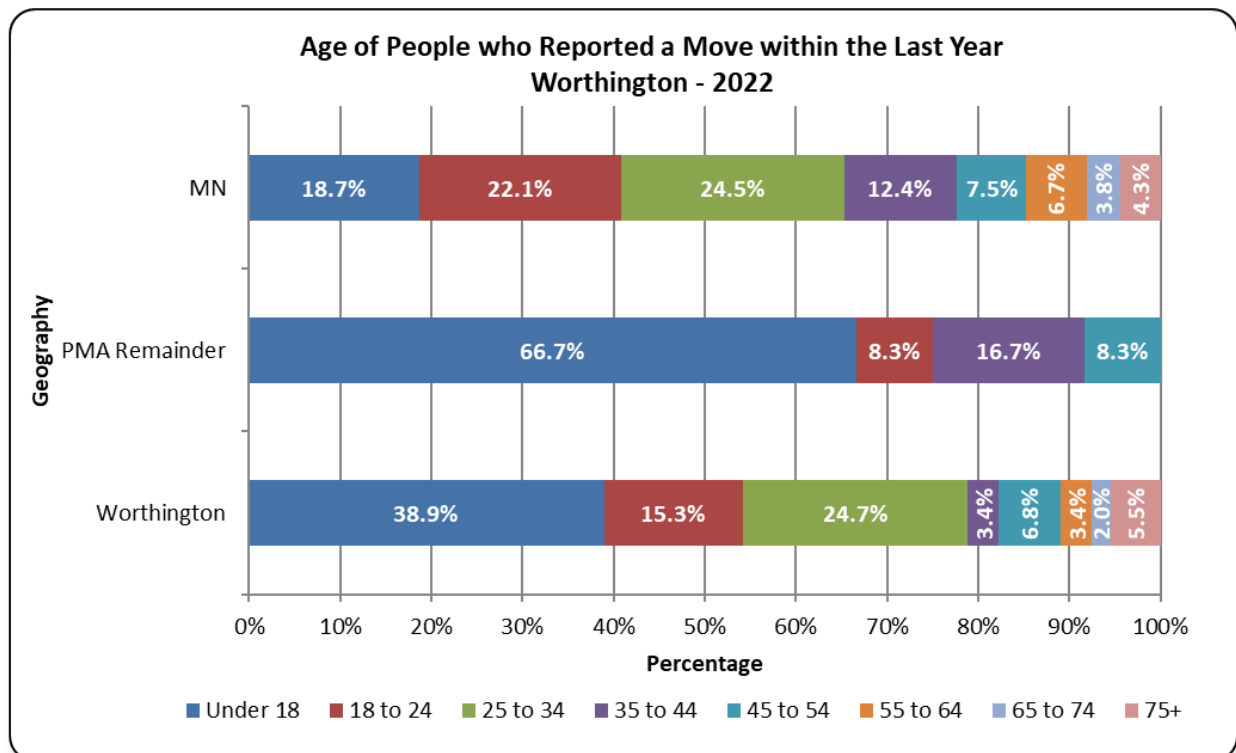
Race/Ethnicity	CITY OF WORTHINGTON	REMAINDER OF MARKET AREA	MARKET AREA
White Alone	2.27	2.38	2.33
Black of African American Alone	3.30	1.81	3.20
American Indian or Alaska Native Alone	3.90	3.63	3.87
Native Hawaiian or Pacific Islander Alone	3.78	5.47	3.86
Asian Alone	4.43	5.00	4.56
Some Other Race	4.40	3.78	4.34
Two or More Races Alone	4.43	4.93	4.51
Hispanic or Latino	4.34	4.38	4.34
Total	3.10	2.49	2.83

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

Mobility in the Past Year

Table D-12 shows the mobility patterns of PMA residents within a one-year time frame (2022 is the last year available).

- In Worthington, 87.8% of residents reported that they lived in the same house one year ago compared to 97.5% in the Remainder of the Market and 86.9% in Minnesota.
- Of the 12.2% of respondents that reported a move in Worthington, 8.1% moved from within the same county.
- A greater proportion of younger age cohorts tended to move compared to older age cohorts. In Worthington, 15.3% of those 18-24 and 24.7% of those 25-34 years old moved within the last year. Among those 55 to 64, 3.4% reported a move in the last year and among those age 65-74, only 2.0% moved within the last year.
- Mobility rises slightly among those age 75 and over, where 5.5% reported a move within the last year, with most of these moves reported within the same county. This likely reflects seniors moving from their homes into smaller homes, senior housing or with other family members.



DEMOGRAPHIC ANALYSIS

**TABLE D-12
MOBILITY IN THE PAST YEAR BY AGE FOR CURRENT RESIDENCE
PRIMARY MARKET AREA
2022**

Age	Not Moved		Moved								
	Same House		Within Same County		Different County		Different State		Abroad		
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	
Worthington											
Under 18	3,215	83.2%	560	14.5%	26	0.7%	63	1.6%	0	0.0%	
18 to 24	1,185	82.3%	102	7.1%	55	3.8%	89	6.2%	9	0.6%	
25 to 34	1,321	76.3%	279	16.1%	74	4.3%	0	0.0%	58	3.3%	
35 to 44	1,617	96.7%	44	2.6%	0	0.0%	12	0.7%	0	0.0%	
45 to 54	1,334	92.1%	18	1.2%	55	3.8%	41	2.8%	0	0.0%	
55 to 64	1,307	95.8%	31	2.3%	26	1.9%	0	0.0%	0	0.0%	
65 to 74	1,020	96.8%	23	2.2%	11	1.0%	0	0.0%	0	0.0%	
75+	1,020	91.8%	54	4.9%	16	1.4%	21	1.9%	0	0.0%	
Total	12,019	87.8%	1,111	8.1%	263	1.9%	226	1.7%	67	0.5%	
PMA Remainder											
Under 18	137	94.5%	8	5.5%	0	0.0%	0	0.0%	0	0.0%	
18 to 24	27	96.4%	1	3.6%	0	0.0%	0	0.0%	0	0.0%	
25 to 34	30	100.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
35 to 44	44	95.7%	2	4.3%	0	0.0%	0	0.0%	0	0.0%	
45 to 54	119	99.2%	0	0.0%	0	0.0%	1	0.8%	0	0.0%	
55 to 64	43	100.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
65 to 74	51	100.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
75+	21	100.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
Total	472	97.5%	11	2.3%	0	0.0%	1	0.2%	0	0.0%	
Minnesota											
Under 18	1,105,589	88.9%	74,703	6.0%	42,045	3.4%	16,735	1.3%	4,110	0.3%	
18 to 24	350,599	68.2%	67,784	13.2%	62,648	12.2%	27,751	5.4%	5,034	1.0%	
25 to 34	571,484	76.0%	84,519	11.2%	63,562	8.5%	27,831	3.7%	4,601	0.6%	
35 to 44	659,413	87.8%	46,868	6.2%	30,129	4.0%	12,452	1.7%	2,266	0.3%	
45 to 54	620,517	91.8%	27,102	4.0%	19,042	2.8%	7,452	1.1%	1,722	0.3%	
55 to 64	706,923	93.5%	23,391	3.1%	17,820	2.4%	6,274	0.8%	1,628	0.2%	
65 to 74	522,903	94.9%	13,705	2.5%	9,477	1.7%	3,930	0.7%	823	0.1%	
75+	356,574	91.8%	18,664	4.8%	8,801	2.3%	3,464	0.9%	1,055	0.3%	
Total	4,894,002	86.9%	356,736	6.3%	253,524	4.5%	105,889	1.9%	21,239	0.4%	

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

Demographic Comparison to Peer Cities

Table D-13 and Table D-14 compare the population and housing characteristics of Worthington to other cities in Southwest Minnesota and cities of a similar size throughout Minnesota. Below are key points from the table.

- Table D-13 shows that in 2022 the household size in Worthington (2.92) was higher than the household size of other Southwest Minnesota Cities and like sized cities. As noted in the demographic section, the sizable immigrant community in Worthington can account for the higher household size.

	Worthington	Luverne	Jackson	Pipestone	Windom
Demographic Summary					
Population (2022)	13,838	4,910	3,301	4,171	4,770
Households (2022)	4,570	2,065	1,609	1,817	1,955
HH Size (2022)	2.92	2.27	2.00	2.22	2.32
HH Median Income (2022)	\$58,960	\$66,394	\$65,531	\$65,144	\$54,603
Median Income Own (2022)	\$72,210	\$89,481	\$74,906	\$77,984	\$69,076
Median Income Rent (2022)	\$39,105	\$29,313	\$26,705	\$29,938	\$43,690
Housing Characteristics					
Percent Own (2022)	66.4%	72.1%	71.0%	70.7%	71.5%
Percent Rent (2022)	33.6%	27.9%	29.0%	29.3%	28.5%
Median Home Value (2022)	\$162,800	\$173,800	\$121,800	\$101,000	\$141,900
Median Contract Rent (2022)	\$736	\$499	\$618	\$509	\$658
Percent with a Mortgage (2022)	50.2%	59.9%	54.9%	57.3%	55.5%
Employment					
Avg. Weekly Wage (2022)	\$1,018	\$1,006	\$823	\$881	\$853
Unemployment Rate (2022)	3.5%	2.2%	3.0%	4.0%	5.3%

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

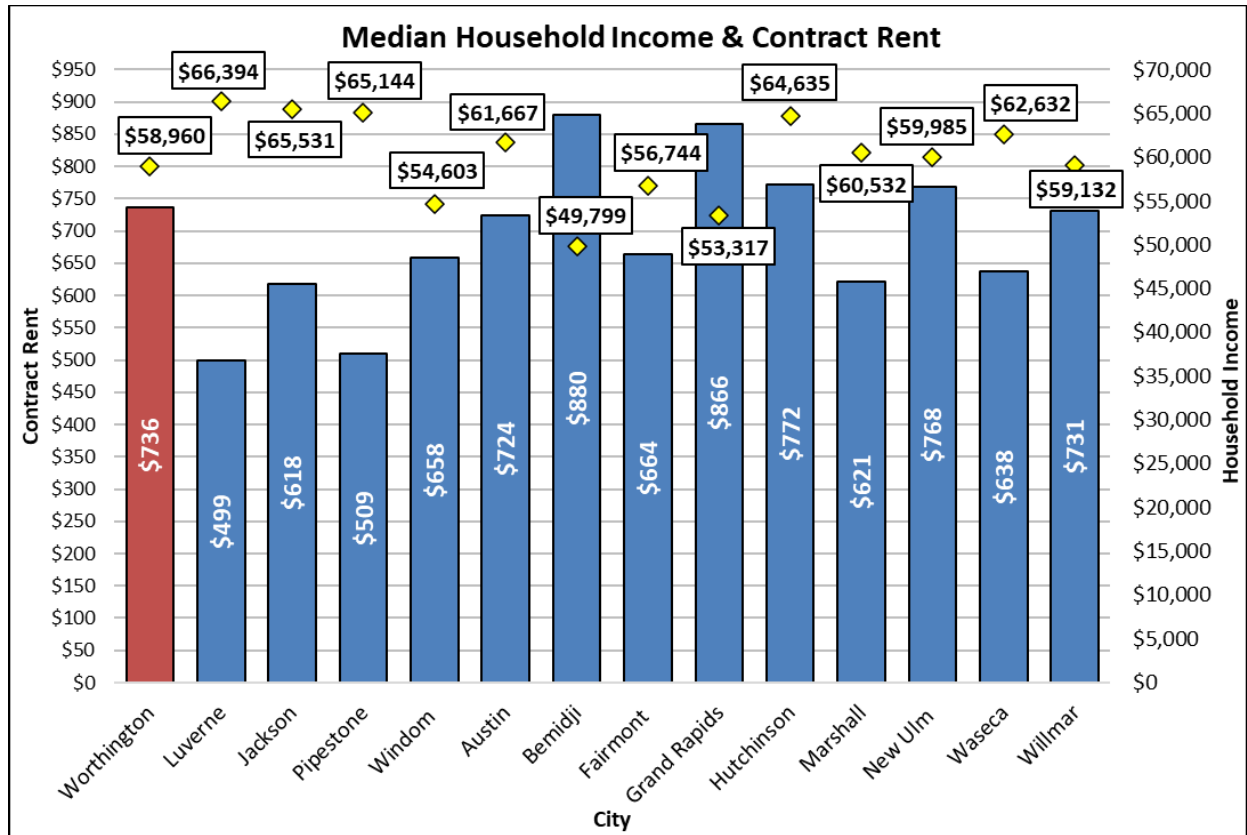
- Among Southwest Minnesota cities median income in Worthington (\$58,960) was higher than in Windom (\$54,603) but less than in Luverne (\$66,394), Jackson (\$65,531), or Pipestone (\$65,144). Across like-sized cities, Worthington only had a median income higher than Grand Rapids (\$53,317) and Bemidji (\$49,799). All other like-sized cities had higher median incomes higher than in Worthington.
- Of owner households in Southwest Minnesota, Worthington’s median income (\$72,210) was higher than only Windom (\$69,076) and less than that of Jackson (\$74,906), Pipestone (\$77,984), or Luverne (\$89,481). Across like-sized cities, Worthington owners had a higher median income (\$66,488) than only Bemidji (\$67,639) and Grand Rapids (\$68,647). All other like-sized cities had higher incomes than in Worthington.



Peer City: Luverne (Approximately 30 Minutes West of Worthington)

- Of renter households in Southwest Minnesota, Worthington's median income (\$39,105) was higher than all other cities, except for Windom (\$43,690). Across like-sized cities, Worthington renters had a higher median income (\$39,105) than all other cities, except for Hutchinson (\$42,694), New Ulm (\$42,119), and Bemidji (\$41,604).
- The homeownership rate in Worthington (66.4%) was lower than all other Southwest Minnesota cities surveyed and below the majority of like sized cities surveyed. Five like-sized cities reported ownership rates below Worthington (Bemidji – 40.5%, Marshall – 58.5%, Willmar – 60.1%, Grand Rapids – 61.2%, and Fairmont – 65.9%).
- A generally accepted standard for affordable owner-occupied housing is that a typical household can afford to pay 3.0 to 3.5 times their annual income on a single-family home. The median home value in Worthington was 2.76 times the median household income, indicating that home ownership is affordable in Worthington. Of liked size cities all but Fairmont (2.76 times) and Austin (2.26 times) were the same or less affordable.
- Among like size cities, contract rent reported in Worthington in 2022 was the fifth highest of the ten cities surveyed, placing rent cost near the middle of the size cities. However, contract rent was the highest in Worthington compared to other cities in Southwest Minnesota.
- The average weekly wage in Worthington (\$1,018) was the highest among other Southwest Minnesota cities and tied for the second highest with Willmar among peer cities with only Austin (\$1,109) having higher average weekly wages.

DEMOGRAPHIC ANALYSIS



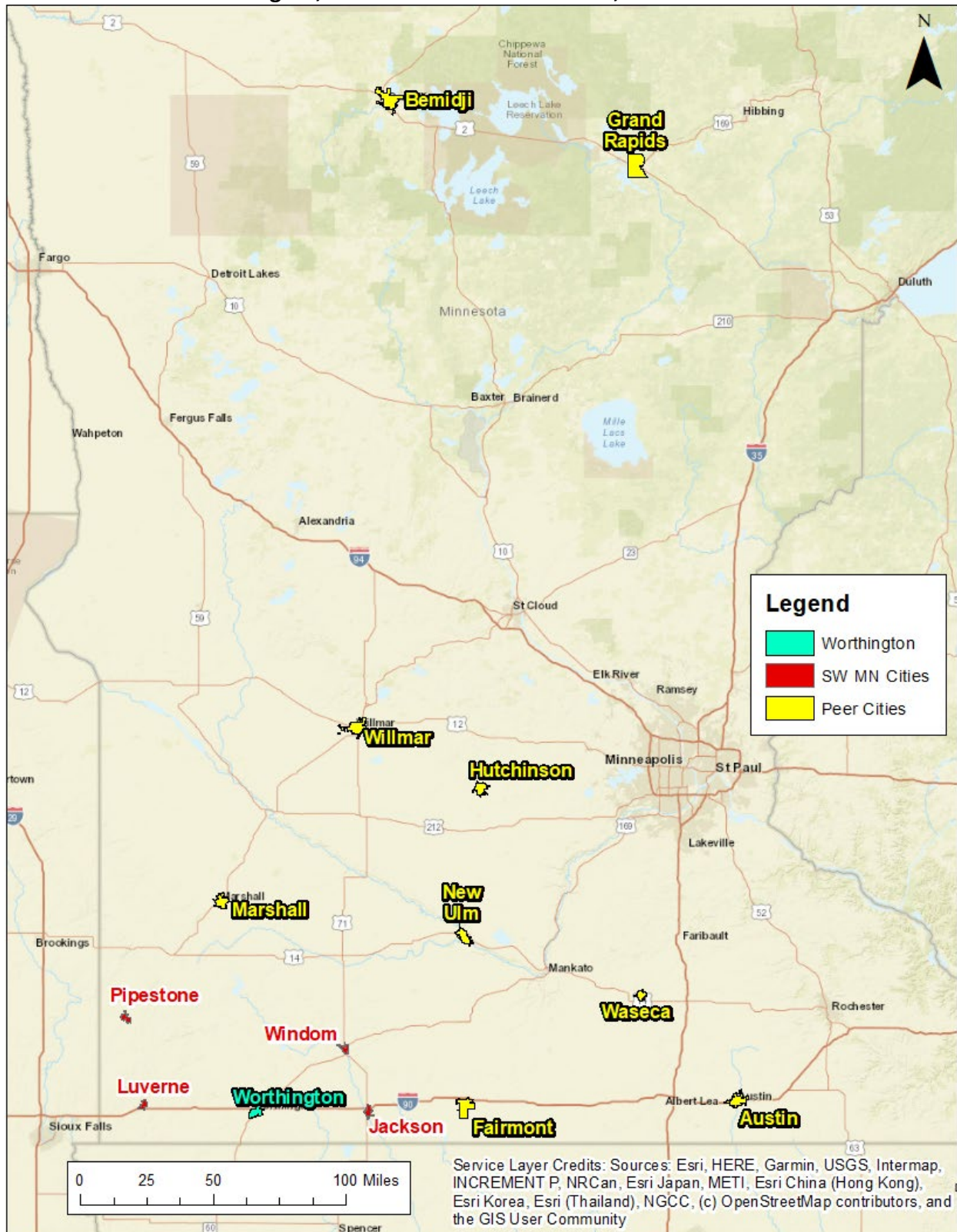
DEMOGRAPHIC ANALYSIS

**TABLE D-14
PEER CITY SUMMARY
WORTHINGTON & LIKE SIZED CITIES**

	Worthington	Austin	Bemidji	Fairmont	Grand Rapids	Hutchinson	Marshall	New Ulm	Waseca	Willmar
Demographic Summary										
Population (2022)	13,838	26,156	15,441	10,411	11,158	14,588	13,647	14,055	9,208	21,006
Households (2022)	4,570	10,172	6,451	4,750	4,618	6,368	5,351	5,938	3,584	8,065
HH Size (2022)	2.92	2.51	2.14	2.15	2.25	2.26	2.38	2.20	2.35	2.48
HH Median Income (2022)	\$58,960	\$61,667	\$49,799	\$56,744	\$53,317	\$64,635	\$60,532	\$59,985	\$62,632	\$59,132
Median Income Own (2022)	\$72,210	\$79,501	\$67,639	\$82,143	\$68,647	\$78,715	\$85,519	\$77,500	\$78,281	\$74,767
Median Income Rent (2022)	\$39,105	\$38,726	\$41,604	\$30,897	\$25,484	\$42,694	\$33,814	\$42,119	\$32,596	\$36,080
Housing Characteristics										
Percent Own (2022)	66.4%	68.3%	40.5%	65.9%	61.2%	68.3%	58.5%	73.4%	75.1%	60.1%
Percent Rent (2022)	33.6%	31.7%	59.5%	34.1%	38.8%	31.7%	41.5%	26.6%	24.9%	39.9%
Median Home Value (2022)	\$162,800	\$139,100	\$176,500	\$156,700	\$188,100	\$187,300	\$188,100	\$170,200	\$176,900	\$175,000
Median Contract Rent (2022)	\$736	\$724	\$880	\$664	\$866	\$772	\$621	\$768	\$638	\$731
Percent with a Mortgage (2022)	50.2%	63.8%	51.1%	56.0%	59.7%	61.2%	52.6%	57.0%	67.1%	60.5%
Employment										
Avg. Weekly Wage (2022)	\$1,018	\$1,109	\$964	\$1,012	\$910	\$1,007	\$1,001	\$975	\$933	\$1,018
Unemployment Rate (2022)	3.5%	3.5%	4.2%	5.3%	7.1%	4.6%	3.1%	2.8%	4.7%	5.4%

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

Worthington, Southwest Minnesota Cities, and Peer Cities



Summary of Demographic Trends

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

- The City of Worthington is the driver of population and household growth for the Market Area, while areas outside the city experience declines in population and households. The population of the City of Worthington grew by 1,481 people (13.1%) between 2000 and 2010, by 1,183 (9.3%) between 2010 and 2020, and by 118 (0.8%) between 2020 and 2023. Meanwhile, the Remainder of the Market Area reported a loss of 1,014 people (-9.8%) between 2000 and 2010, a loss of 337 people (-3.6%) between 2010 and 2020, and a loss of 13 people (-0.1%) between 2020 and 2023.
- From 2023 to 2030, population trends in the Market Area are expected to remain unchanged, with Worthington driving population (4.5% - 635 people) and household growth (4.8% - 215 households) for the Market Area, while areas outside the City are forecast to experience declines in population (-1.6% - 140 people) and households (0.7% - 25 households).
- Between 2030 and 2035 Worthington is projected to increase in population by 15,075 people (2.6%) while households in the City are projected to increase by 100 to 4,840 households (2.1%). In contrast, the PMA Remainder is forecast to decline by 25 people (-0.3%) while its households are projected to decline by 12 (-0.3%).
- From 2023 to 2028, population trends in the Market Area are expected to continue, with Worthington driving population (3.4% - 485 people) and household growth (3.9% - 175 households) for the Market Area, while areas outside the City are forecast to experience declines in population (-1.4% - 130 people) and households (-0.6% - 20 households).
- Between 2028 and 2035 Worthington is projected to increase in population by 525 people to 15,075 people (3.6%) while households in the City are projected to increase by 140 to 4,840 households (3.0%). In contrast, the PMA Remainder is forecast to decline by 35 households (-0.4%) while its households are projected to decline by 17 (-0.5%).
- From 2010 to 2023, Worthington's 65 to 74 age cohort experienced the largest proportional increase, growing by 55.3%. Similarly, in the Market Area Remainder, the 65 to 74 age group grew by 45.3%.
- Going forward, between 2023 and 2030, age cohorts for those over age 65 in Worthington are all forecast to experience continued growth, with the 75 and older age group predicted to grow by 19.2% and the 65 to 74 age cohort projected to grow by 10.7%.

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- The City of Worthington has an estimated median household income of \$55,303 in 2023. Incomes are projected to increase over the next five years to \$58,951 in 2023 (+6.6% - 1.3% annually).
- The City of Worthington had an average net worth of \$471,132 in 2023 and a median net worth of \$91,827. The Remainder of the Market Area had average net worth of \$934,523 and a median net worth of \$237,357.
- Typically, as income increases, so does the rate of homeownership. This can be seen in the PMA, where the homeownership rate increases from 53.4% of households with incomes below \$15,000 to 87.7% of households with incomes above \$150,000. Within Worthington the homeownership rate increases from 46.4% of households with incomes below \$15,000 to 81.7% of households with incomes above \$150,000.
- The proportion of rental households was higher in 2023 within the City of Worthington (37.6%) compared to the overall Market Area (27.3%).
- Between 2010 and 2023, Worthington experienced an increase in other family households (65.4% - 497 households) and living alone households (7.5% - 94 households).
- In 2023, 41.5% of the total renter-occupied households in the City of Worthington were one-person households, compared to 24.2% of owner-occupied households.
- Owner households in Worthington were most likely to be two-person households (31.4%), followed by one-person households (24.2%) and three-person households (16.2%).
- In 2023, the population of the City of Worthington was more diverse than the Remainder of the Market Area. In the City of Worthington 40.5% of the population was reported as White Alone, compared to 95.9% of the Remainder of the Market Area.
- U.S. Census respondents that list themselves ethnically as Hispanic or Latino, racially list themselves in various race categories. As of 2023, nearly half or 47.0% of Worthington's population reported their ethnicity as Hispanic/Latino. This is an increase of 11.6% from 35.4% of the population of Worthington in 2010. As a result, the Hispanic or Latino category is the largest race or ethnicity category in Worthington.
- The largest average household sizes in Worthington were reported among households where the householder was Asian Alone (4.43) and Two or More Races (4.43). This was followed by Some Other Race (4.40). Among households where the householder identified ethnically as Hispanic or Latino, average household size in Worthington was 4.34.
- In Worthington, 87.8% of residents reported that they lived in the same house one year ago compared to 97.5% in the Remainder of the Market and 86.9% throughout Minnesota.

DEMOGRAPHIC ANALYSIS

- Of the 12.2% of respondents that reported a move in Worthington, 8.1% moved from within the same county.
- Among Southwest Minnesota cities median income in Worthington (\$58,960) was higher than in Windom (\$54,603) but less than in Luverne (\$66,394), Jackson (\$65,531), or Pipestone (\$65,144). Across like-sized cities, Worthington only had a median income higher than Grand Rapids (\$53,317) and Bemidji (\$49,799). All other like-sized cities had higher median incomes higher than in Worthington.
- Of owner households in Southwest Minnesota, Worthington's median income (\$72,210) was higher than only Windom (\$69,076) and less than that of Jackson (\$74,906), Pipestone (\$77,984), or Luverne (\$89,481). Across like-sized cities, Worthington owners had a higher median income (\$66,488) than only Bemidji (\$67,639) and Grand Rapids (\$68,647). All other like-sized cities had higher incomes than in Worthington.

Employment Trends

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

Table 6 shows projected employment growth in the City of Worthington, Nobles County, the Southwest Minnesota Economic Development Region 08 (Cottonwood County, Jackson County, Lincoln County, Lyon County, Murray County, Nobles County, Pipestone County, Redwood County, and Rock County), and the State of Minnesota. Table 6 shows employment growth trends and projections from 2000 to 2035 based on the most recent Minnesota Department of Employment and Economic Development (MN DEED) employment outlook projections.

Employment characteristics are a significant component in assessing housing needs in any given market area. These trends are important to consider since 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 is particularly true among renters. Young adults entering the workforce, a primary target market for rental housing, often place great value on living near employment, education, shopping, and entertainment.

Although employment growth often parallels population 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 and Projections

TABLE E-1 EMPLOYMENT GROWTH TRENDS AND PROJECTIONS PRIMARY MARKET AREA 2000 to 2035								
Annual Employment	Worthington		Nobles County		SW MN EDR Region 8		Minnesota	
2000	6,171		9,898		52,676		2,608,844	
2005	6,333		10,223		53,866		2,637,323	
2010	8,373		10,236		53,089		2,563,391	
2015	8,467		10,390		54,682		2,774,426	
2020	8,341		10,261		51,409		2,707,821	
2021	8,336		10,270		52,201		2,774,366	
2022	8,296		10,266		53,047		2,854,990	
2023*	8,297		10,265		53,696		2,919,232	
2025 Forecast	8,346		10,328		55,618		2,994,234	
2030 Forecast	8,430		10,431		60,212		3,241,561	
2035 Forecast	8,514		10,536		65,185		3,509,319	
Change	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
2000 - 2010	2,202	35.7%	338	3.4%	413	0.8%	-45,453	-1.7%
2010 - 2023	-76	-0.9%	29	0.3%	607	1.1%	355,841	13.9%
2023* - 2030	133	1.6%	166	1.6%	6,516	12.1%	322,329	11.0%
2030 - 2035	84	1.0%	105	1.0%	4,973	8.3%	267,758	8.3%

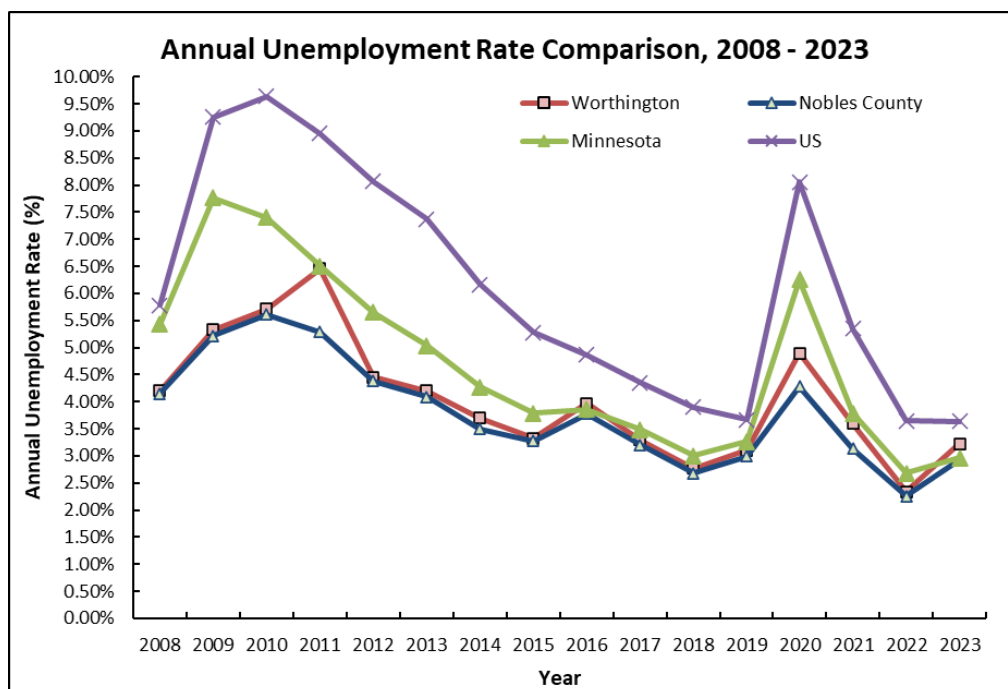
* As of 2023 Q2.
Sources: MN DEED; & Maxfield Research & Consulting, LLC.

- There were an estimated 8,297 jobs in Worthington during the second quarter of 2023, down 0.5% from 2020. In comparison, Nobles County increased by 0.04% in its total number of jobs during the same period. The Southwest Minnesota Economic Development Region 08 and the State of Minnesota increased by 4.4% and 7.8%, respectively in their number of jobs between 2020 and the second quarter of 2023.
- Worthington’s employment is anticipated to increase by 1.3% between 2023 and 2030 and by 1.0% between 2030 and 2035. Throughout Nobles County employment is projected to increase by 1.1% between 2023 and 2035 and by 0.5% between 2030 and 2035. The Southwest Minnesota Region is projected to experience a larger employment increase than either Worthington or Nobles County, increasing by 12.1% between 2023 and 2030 and by 8.3% between 2030 and 2035. In the State of Minnesota employment is anticipated to increase by 11.0% between 2023 and 2030 and by 8.3% between 2030 and 2035.

Resident Employment

Table E-2, on the following pages, shows information on the resident labor force and employment in Worthington, Nobles County, Minnesota, and the U.S. between 2008 and 2023. The data is sourced from the Minnesota Department of Employment and Economic Development (DEED). The following points summarize key employment trends that will impact the potential for development of the subject Site.

- Worthington’s employed population increased 6.5% between 2008 and 2023. In contrast, Nobles County’s employed population decreased 0.8% between 2008 and 2023. Minnesota and the US saw increases of 8.7% and 10.8%, respectively in their employed populations between the same period.
- Worthington’s labor force increased 4.0% between 2008 and 2023. In contrast, Nobles County’s labor force decreased by 2.0% between 2008 and 2023. Minnesota and the US saw increases of 6.0% and 8.3% in their labor forces between the same period.
- Worthington observed a decline in its unemployment rate from a peak high of 6.5% in 2011 to 3.2% in 2023. Similarly in Nobles County the unemployment rate dropped from a peak high of 5.6% in 2010 to 2.9% in 2023. However, unemployment again peaked in 2020 at 4.9% from 3.1% in 2019 due to the COVID 19 Pandemic prior to decreasing to 3.5% in 2021 and 2.2% in 2022.
- The below chart illustrates how the unemployment rate in Worthington and Nobles County has largely mirrored trends in Minnesota but been consistently below that of the US.



EMPLOYMENT

TABLE E-2 ANNUAL AVERAGE RESIDENT EMPLOYMENT WORTHINGTON, NOBLES COUNTY, & MINNESOTA 2008 to 2023				
Year	Labor Force	Employed	Unemployed	Unemployment Rate
Worthington				
2008	5,877	5,630	247	4.2%
2009	6,120	5,794	326	5.3%
2010	6,353	5,990	363	5.7%
2011	5,362	6,016	346	6.5%
2012	6,242	5,964	278	4.5%
2013	6,116	5,859	257	4.2%
2014	6,226	5,996	230	3.7%
2015	6,406	6,193	213	3.3%
2016	6,357	6,105	252	4.0%
2017	6,345	6,136	209	3.3%
2018	6,311	6,136	175	2.8%
2019	6,293	6,098	195	3.1%
2020	6,582	6,260	322	4.9%
2021	6,345	6,117	228	3.6%
2022	6,197	6,052	145	2.3%
2023	6,115	5,996	197	3.2%
Change 2008-2023				
Number	238	366	-50	--
Percent	4.0%	6.5%	-20.2%	--
Nobles County				
2008	11,144	10,681	463	4.2%
2009	11,615	11,009	606	5.2%
2010	11,522	10,876	646	5.6%
2011	11,509	10,900	609	5.3%
2012	11,302	10,807	495	4.4%
2013	11,071	10,618	453	4.1%
2014	11,256	10,862	394	3.5%
2015	11,552	11,174	378	3.3%
2016	11,450	11,018	432	3.8%
2017	11,392	11,027	365	3.2%
2018	11,302	10,999	303	2.7%
2019	11,261	10,924	337	3.0%
2020	11,710	11,209	501	4.3%
2021	11,308	10,954	354	3.1%
2022	11,087	10,837	250	2.3%
2023	10,917	10,596	320	2.9%
Change 2008-2023				
Number	-227	-85	-143	--
Percent	-2.0%	-0.8%	-30.9%	--
Continued				

EMPLOYMENT

**TABLE E-2
ANNUAL AVERAGE RESIDENT EMPLOYMENT
WORTHINGTON, NOBLES COUNTY, & MINNESOTA
2008 to 2023**

Year	Labor Force	Employed	Unemployed	Unemployment Rate
Minnesota				
2008	2,925,088	2,766,342	158,746	5.4%
2009	2,941,976	2,713,426	228,550	7.8%
2010	2,940,816	2,723,025	217,791	7.4%
2011	2,952,527	2,760,399	192,127	6.5%
2012	2,949,769	2,783,181	166,588	5.6%
2013	2,961,728	2,812,452	149,275	5.0%
2014	2,979,798	2,852,487	127,310	4.3%
2015	3,005,413	2,891,672	113,740	3.8%
2016	3,023,110	2,906,348	116,761	3.9%
2017	3,071,005	2,963,829	107,176	3.5%
2018	3,075,089	2,982,657	92,431	3.0%
2019	3,108,681	3,007,373	101,307	3.3%
2020	3,134,160	2,938,014	196,145	6.3%
2021	3,039,322	2,924,147	115,174	3.8%
2022	3,077,500	2,994,919	82,580	2.7%
2023	3,099,163	3,007,473	91,690	3.0%
Change 2008-2023				
Number	174,075	241,131	-67,056	--
Percent	6.0%	8.7%	-42.2%	--
US				
2008	154,286,666	145,362,500	8,924,250	5.8%
2009	154,142,000	139,877,500	14,264,583	9.3%
2010	153,888,583	139,063,916	14,824,750	9.6%
2011	153,616,666	139,869,250	13,747,416	8.9%
2012	154,974,583	142,469,083	12,505,583	8.1%
2013	155,389,166	143,929,333	11,459,833	7.4%
2014	155,921,833	146,305,333	9,616,416	6.2%
2015	157,129,916	148,833,416	8,296,333	5.3%
2016	159,187,166	151,435,833	7,751,000	4.9%
2017	160,319,750	153,337,416	6,982,250	4.4%
2018	162,075,000	155,761,000	6,313,916	3.9%
2019	163,538,666	157,538,083	6,000,583	3.7%
2020	160,742,333	147,794,750	12,947,583	8.1%
2021	161,203,916	152,580,666	8,623,250	5.3%
2022	164,287,166	158,291,083	5,996,000	3.6%
2023	167,116,416	161,036,583	6,079,916	3.6%
Change 2008-2023				
Number	12,829,750	15,674,083	-2,844,334	--
Percent	8.3%	10.8%	-31.9%	--

Sources: MN DEED & Maxfield Research & Consulting, LLC.

Covered Employment by Industry

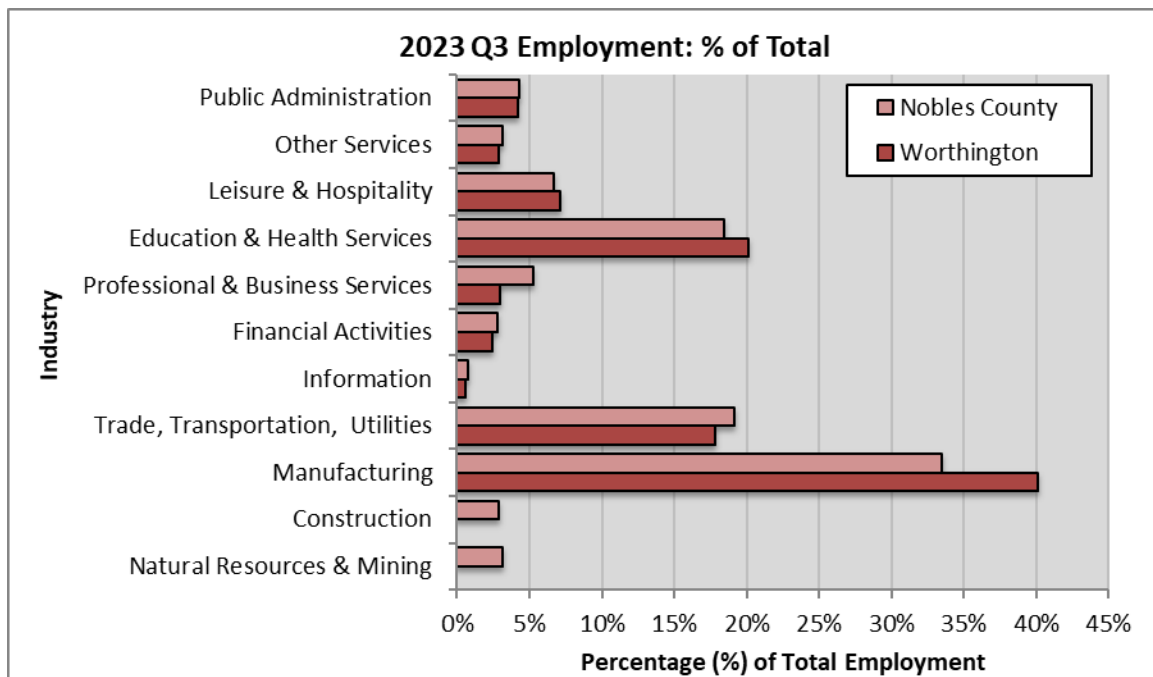
Table E-3 displays information on the employment and wage situation in Worthington compared to Nobles County. The Quarterly Census of Employment and Wages (QCEW) data is sourced from the Minnesota Department of Employment and Economic Development (DEED) for 2022 Q3 and 2023 Q3. All establishments covered under the Unemployment Insurance (UI) Program are required to report wage and employment statistics quarterly to DEED. Federal government establishments are also covered by the QCEW program.

Certain industries in the table do not display all quarterly 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. The quarterly information that is available was averaged to identify yearly industry economic activity.

TABLE E-3 QUARTERLY CENSUS OF EMPLOYMENT AND WAGES PRIMARY MARKET AREA										
Industry	2022 Q3			2023 Q3			Change 2022 Q3 - 2023 Q3			
	Establish- ments	Employ- ment	Weekly Wage	Establish- ments	Employ- ment	Weekly Wage	Employment		Wage	
	#	%	#	%	#	%	#	%	#	%
Worthington										
Total, All Industries	365	8,302	\$1,069	361	8,112	\$1,054	-190	-2.3%	(\$15)	-1.4%
Natural Resources & Mining	4	67	\$432	NA	NA	NA	--	--	--	--
Construction	30	124	\$1,035	NA	NA	NA	--	--	--	--
Manufacturing	23	3,314	\$1,326	22	3,253	\$1,300	-61	-1.8%	(\$26)	-2.0%
Trade, Transportation, Utilities	91	1,518	\$806	90	1,448	\$822	-70	-4.6%	\$16	2.0%
Information	9	44	\$971	6	47	\$944	3	6.8%	(\$27)	-2.8%
Financial Activities	28	210	\$1,337	29	195	\$1,451	-15	-7.1%	\$114	8.5%
Professional & Business Services	27	240	\$1,067	29	242	\$936	2	0.8%	(\$131)	-12.3%
Education & Health Services	61	1,674	\$1,082	60	1,631	\$1,054	-43	-2.6%	(\$28)	-2.6%
Leisure & Hospitality	33	576	\$357	33	577	\$385	1	0.2%	\$28	7.8%
Other Services	41	215	\$630	41	234	\$622	19	8.8%	(\$8)	-1.3%
Public Administration	18	317	\$1,145	18	342	\$1,091	25	7.9%	(\$54)	-4.7%
Nobles County										
Total, All Industries	629	10,215	\$1,068	629	10,018	\$1,059	-197	-1.9%	(\$9)	-0.8%
Natural Resources & Mining	49	358	\$676	49	317	\$763	-41	-11.5%	\$87	12.9%
Construction	71	301	\$1,150	72	292	\$1,079	-9	-3.0%	(\$71)	-6.2%
Manufacturing	32	2,446	\$1,325	31	3,354	\$1,303	908	37.1%	(\$22)	-1.7%
Trade, Transportation, Utilities	167	1,996	\$854	167	1,916	\$880	-80	-4.0%	\$26	3.0%
Information	15	69	\$983	12	72	\$964	3	4.3%	(\$19)	-1.9%
Financial Activities	36	270	\$1,204	38	279	\$1,213	9	3.3%	\$9	0.7%
Professional & Business Services	39	504	\$1,725	44	529	\$1,589	25	5.0%	(\$136)	-7.9%
Education & Health Services	73	1,883	\$1,051	72	1,848	\$1,024	-35	-1.9%	(\$27)	-2.6%
Leisure & Hospitality	47	673	\$348	45	667	\$376	-6	-0.9%	\$28	8.0%
Other Services	67	301	\$610	66	312	\$643	11	3.7%	\$33	5.4%
Public Administration	33	409	\$956	33	427	\$944	18	4.4%	(\$12)	-1.3%
NA: Not Assessed/Not Available										
Sources: MN DEED; Maxfield Research & Consulting, LLC.										

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- As of 2023 Q3, Manufacturing is the largest employment sector in Worthington, providing 3,253 jobs (40.1% of total employment). The Manufacturing sector is followed by the Education and Health Services sector, with 1,631 jobs (20.1%) and the Trade, Transportation, and Utilities sector with 1,448 jobs (17.9%).
- The Manufacturing Services sector is also the largest employment sector in Nobles County comprising 3,354 jobs (33.5% of total employment). The Trade, Transportation, and Utilities sector provides the second highest number of jobs (1,916 jobs) in the County (19.1% of total employment) and the Education and Health Services sector with 1,848 jobs (18.4%).

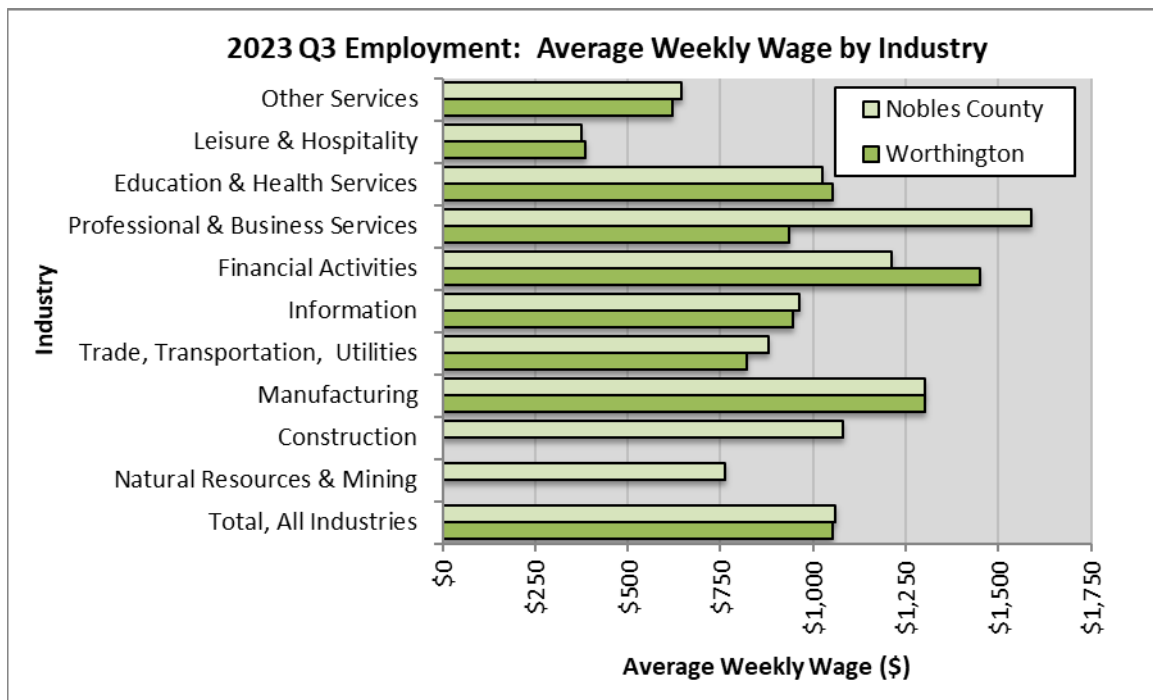


- In Worthington, total employment declined 2.3% (190 jobs) between the third quarters of 2022 and 2023. The Other Services sector saw the largest percentage growth (8.8% - 19 jobs) while the Manufacturing sector experienced the largest numeric growth, growing by 25 employees (7.9%). The Financial Activities sector experienced the largest percentage decline, 7.1% (15 jobs), while the Trade, Transportation, and Utilities sector experienced the largest numeric decline, 70 jobs (-4.6%).
- Nobles County's total employment decreased 1.9% between the third quarters of 2022 and 2023. The Manufacturing sector saw the largest numeric growth, increasing by 971 jobs (37.1%), while the Trade, Transportation, and Utilities sector experienced the largest numeric decline, decreasing by 80 jobs (-4.0%).
- The Average weekly wage in Worthington as of 2023 Q3 was \$1,054, slightly less than in Nobles County (\$1,059). Average weekly wages by industry sector in Worthington were Financial Activities, \$1,451; Manufacturing, \$1,300; Public Administration, \$1,091; Education and

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Health Services, \$1,054; Information, \$944; Professional and Business Services, \$936; Trade, Transportation, and Utilities (\$822), Other Services (\$622); and Leisure and Hospitality, \$385.

- Industries by weekly wages in Nobles County were, as follows: Professional and Business Services, \$1,589; Manufacturing, \$1,303; Financial Activities, \$1,213; Construction, \$1,079; Education & Health Services, \$1,024; Information, \$964; Public Administration, \$944; Trade, Transportation, and Utilities, \$880; Natural Resources and Mining, \$763; Other Services, \$643; and Leisure and Hospitality, \$376.



Commuting Patterns

Proximity to employment is often a primary consideration when choosing where to live, since transportation costs often accounts for a large proportion of households' budgets. Table E-5 highlights the commuting patterns of workers in the City of Worthington in 2020 (the most recent data available), based on Employer-Household Dynamics data from the U.S. Census Bureau.

- As shown in Table E-4, on the following page, nearly 46% (45.8%) of those who work in Worthington also live in Worthington. Sioux Falls, South Dakota is home to 2.6% of Worthington's workers while Adrian, Minnesota and Brewster, Minnesota are home to an additional 1.8% and 1.4%, respectively of Worthington's workers.

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- Among workers living in Worthington, 84.1% work in Worthington. Many workers living in Worthington are also commuting to Windom, Minnesota (4.7%), Chandler, Minnesota (3.7%), Sioux Falls, South Dakota (1.9%), and Mankato, Minnesota (1.1%).

TABLE E-4 COMMUTING PATTERNS WORTHINGTON 2021					
Home Destination			Work Destination		
Place of Residence	Count	Share	Place of Employment	Count	Share
Worthington city, MN	4,389	45.8%	Worthington city, MN	4,389	84.1%
Sioux Falls city, SD	249	2.6%	Windom city, MN	244	4.7%
Adrian city, MN	194	2.0%	Chandler city, MN	194	3.7%
Brewster city, MN	184	1.9%	Sioux Falls city, SD	97	1.9%
Sibley city, IA	154	1.6%	Mankato city, MN	55	1.1%
Pipestone city, MN	132	1.4%	Pipestone city, MN	51	1.0%
Fulda city, MN	114	1.2%	Rochester city, MN	51	1.0%
Luverne city, MN	103	1.1%	Marshall city, MN	47	0.9%
Ellsworth city, MN	102	1.1%	Jackson city, MN	45	0.9%
Lakefield city, MN	86	0.9%	Wells city, MN	45	0.9%
All Other Locations	3,879	40.5%	All Other Locations		0.0%
Total All Jobs	9,586		Total All Jobs	5,218	

Home Destination = Where workers live who are employed in Worthington
 Work Destination = Where workers are employed who live in Worthington

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



Sioux Falls, South Dakota: 2nd Largest Home Destination and 4th Largest Work Destination for Worthington

Inflow/Outflow

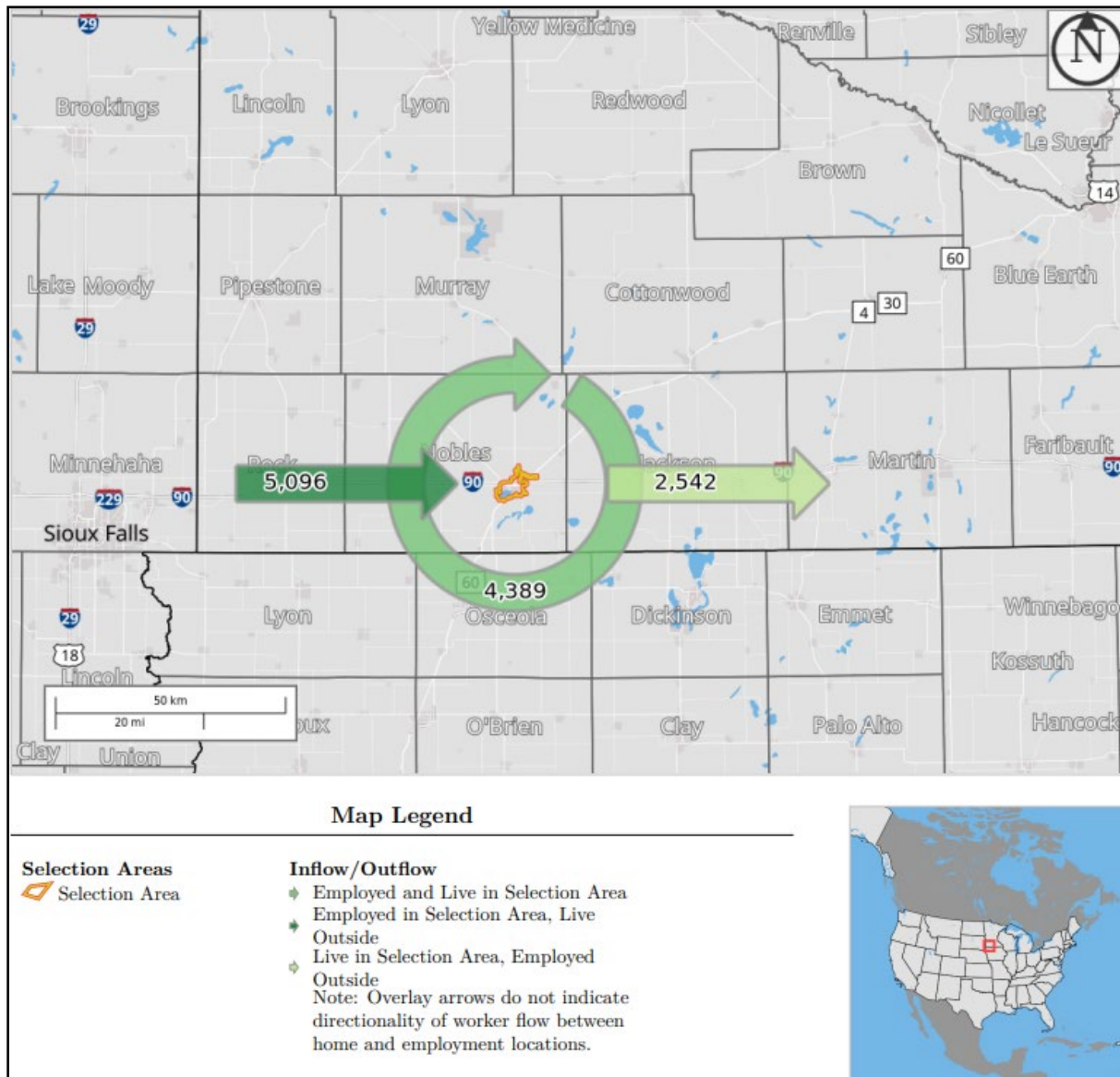
Table E-5, on the following page, provides a summary of the inflow and outflow of workers in the City of Worthington. Outflow reflects the number of workers living in the City of Worthington but employed outside of the city. Inflow measures the number of workers that are employed in the City of Worthington but live outside the city. Interior flow reflects the number of workers that both live and work in the City of Worthington.

- Nearly half of workers (46.3%) employed in Worthington also live in Worthington. As a result, over half of workers (53.7%) employed in Worthington commute into the City from elsewhere. These inflow workers are most likely to be age 30 to 54 (49.8%) and more than \$3,333 per month (59.5%).
- Among workers living in Worthington 63.3% are also working in Worthington, while 36.7% of workers living in Worthington commute to employment outside the city.
- Over half of outflow workers are aged 30 to 54 (49.6%). A lower proportion of outflow workers (36.3%) compared to inflow workers earn more than \$3,333 per month.
- Interior flow workers are more likely to work in the Goods Producing industry (52.0%), compared to inflow workers (36.3%) and outflow workers (49.6%).

	Outflow		Inflow		Interior Flow	
City Total	2,542	100.0%	5,096	100.0%	4,389	100.0%
<u>By Age</u>						
Workers Aged 29 or younger	704	27.7%	1,239	24.3%	1,171	26.7%
Workers Aged 30 to 54	1,372	54.0%	2,540	49.8%	2,243	51.1%
Workers Aged 55 or older	466	18.3%	1,317	25.8%	975	22.2%
<u>By Monthly Wage</u>						
Workers Earning \$1,250 per month or less	548	21.6%	912	17.9%	791	18.0%
Workers Earning \$1,251 to \$3,333 per month	978	38.5%	1,152	22.6%	1,020	23.2%
Workers Earning More than \$3,333 per month	1,016	40.0%	3,032	59.5%	2,578	58.7%
<u>By Industry</u>						
"Goods Producing"	1,262	49.6%	1,850	36.3%	2,281	52.0%
"Trade, Transportation, and Utilities"	368	14.5%	988	19.4%	658	15.0%
"All Other Services"	912	35.9%	2,258	44.3%	1,450	33.0%

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

Inflow/Outflow of Workers, City of Worthington



Source: US Census: Longitudinal Employment-Household Dynamics, 2020

Major Employers

Table E-6 shows the major employers in Worthington based off data from the City of Worthington. The following are key points from the table.

- The largest employer in Worthington is JBS, employing 2,400 full time employees, followed by the ISD 518 with 470 employees, Prairie Holdings Group, employing 408 employees, and Sanford Medical Group, employing 300 employees.

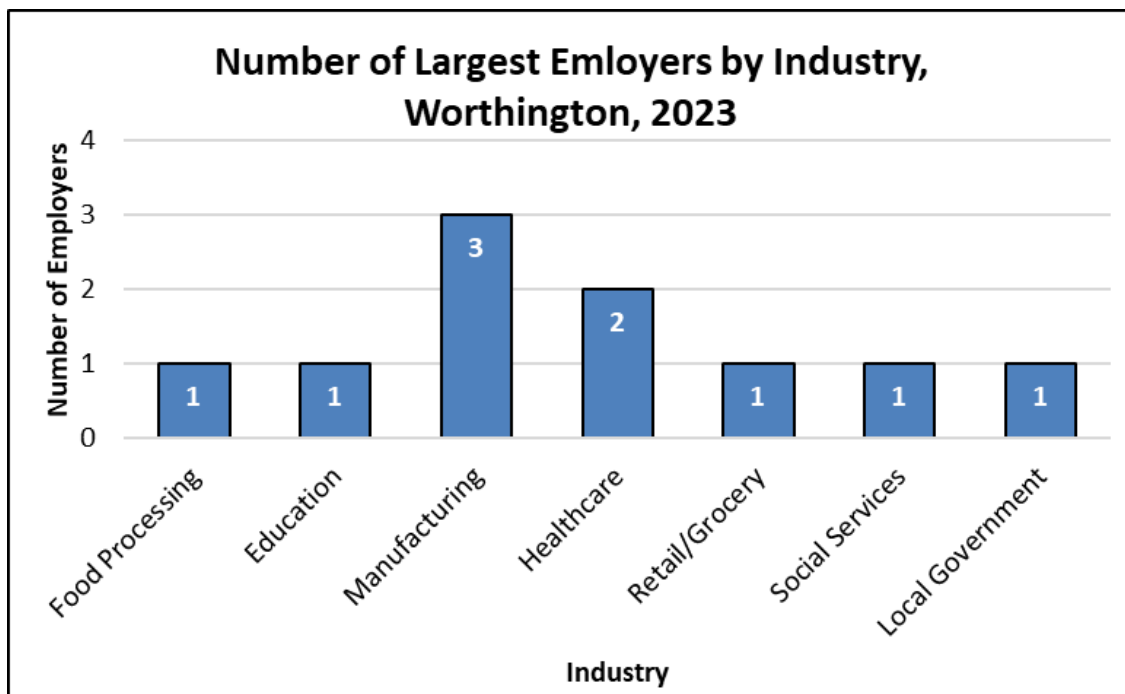
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- Other employers with 250 or more employees include Walmart, with approximately 250 to 300 employees and Bedford Industries with 269 employees.
- Among major employers the industry with the most employers was manufacturing (three employers), followed by the Healthcare industry (two major employers).
- Worthington’s ten largest employers accounted for approximately 58% to 59% of the city’s largest employers.

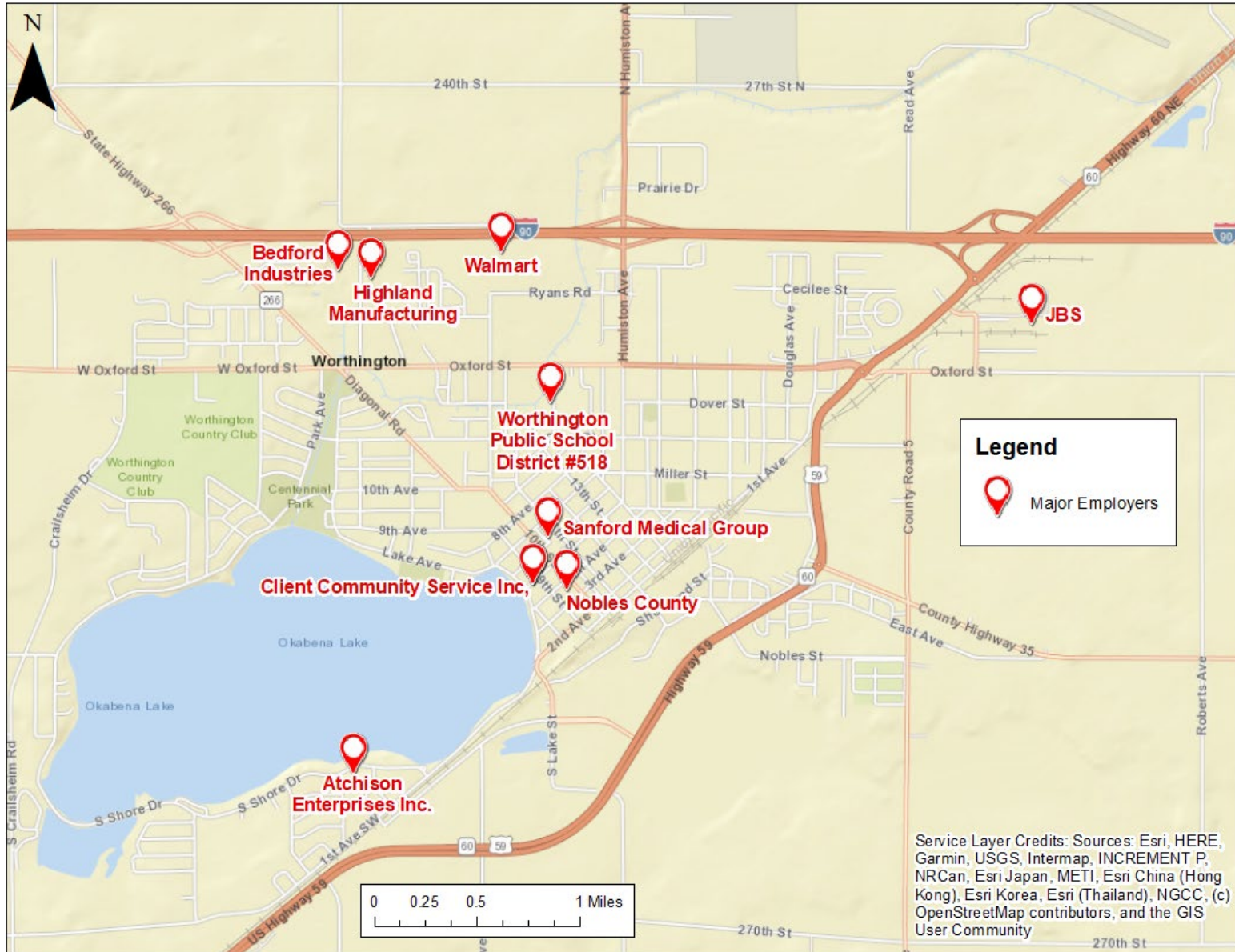
**TABLE E-6
MAJOR EMPLOYERS
CITY OF WORTHINGTON
2023**

Name	Industry	Approximate Employee Size
JBS	Food Processing	2,400
School District - ISD 518	Education	470
Prairie Holdings Group	Manufacturing	408
Sanford Medical Group	Healthcare	300
Walmart	Retail/Grocery	250 - 300
Bedford Industries	Manufacturing	269
Client Community Service, Inc.	Social Services	175
Atchison Enterprises Inc.	Healthcare	170
Nobles County	Local Government	157
Highland Manufacturing	Manufacturing	130 - 150
Totals		4,729 - 4,799

Sources: City of Worthington & Maxfield Research and Consulting LLC.



Worthington Major Employers



Select Worthington Major Employers



Highland Manufacturing



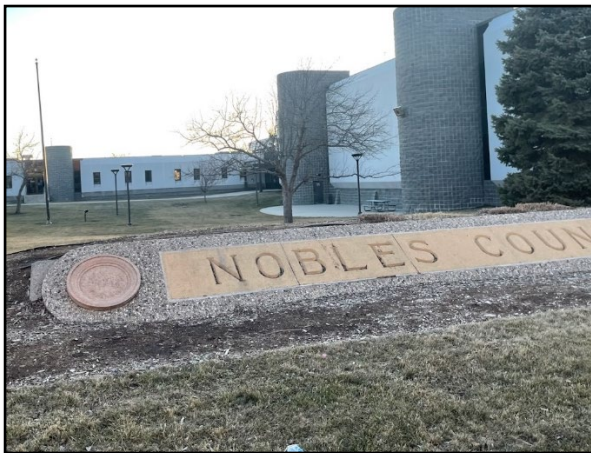
JBS



Walmart



Bedford Industries



Nobles County - Government Center



Sanford Worthington Medical Center

Select Worthington Major Employers (Continued)



Sanford Medical Clinic



Hy-Vee Grocery Store



Fareway Meat and Grocery



Forbidden Barrel Brewing Company

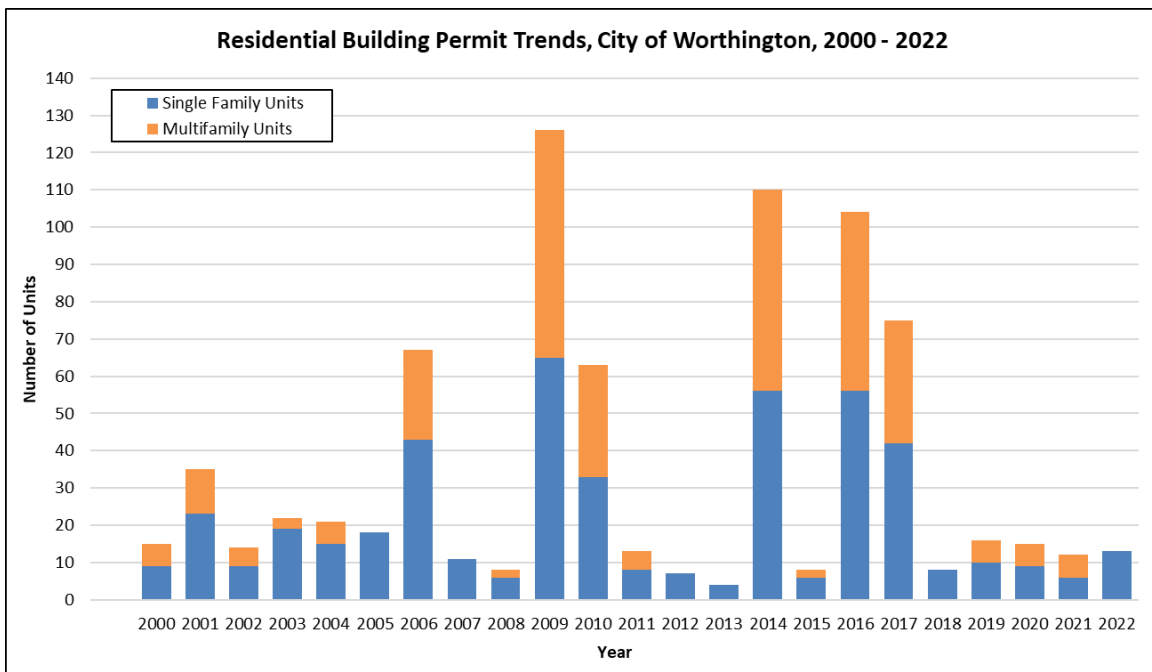
Introduction

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 Worthington and the Market Area by reviewing data on the age of the existing housing supply; examining residential building trends since 2000; and reviewing housing data from the American Community Survey that relates to the Worthington area.

Residential Construction Trends 2000 to 2022

Maxfield Research obtained data from HUD’s State of the Cities Data System (SOCDS) on the number of building permits issued for new housing units from 2000 to 2022. Table HC-1 displays permits issued for single-family and multifamily dwellings. Multifamily units usually include both for-sale (condominium, townhomes, and townhomes) and rental projects. The following are key points about housing development since 2000.

- The City of Worthington permitted 476 single-family units and 309 multi-family units between 2000 and 2022.
- In the twelve years between 2000 and 2012, 266 single family permits were issued in Worthington, with an average of about 22 single family permits per year. In the next ten years, from 2012 to 2022, Worthington permitted 217 single family homes, with an average of about 18 permits per year.



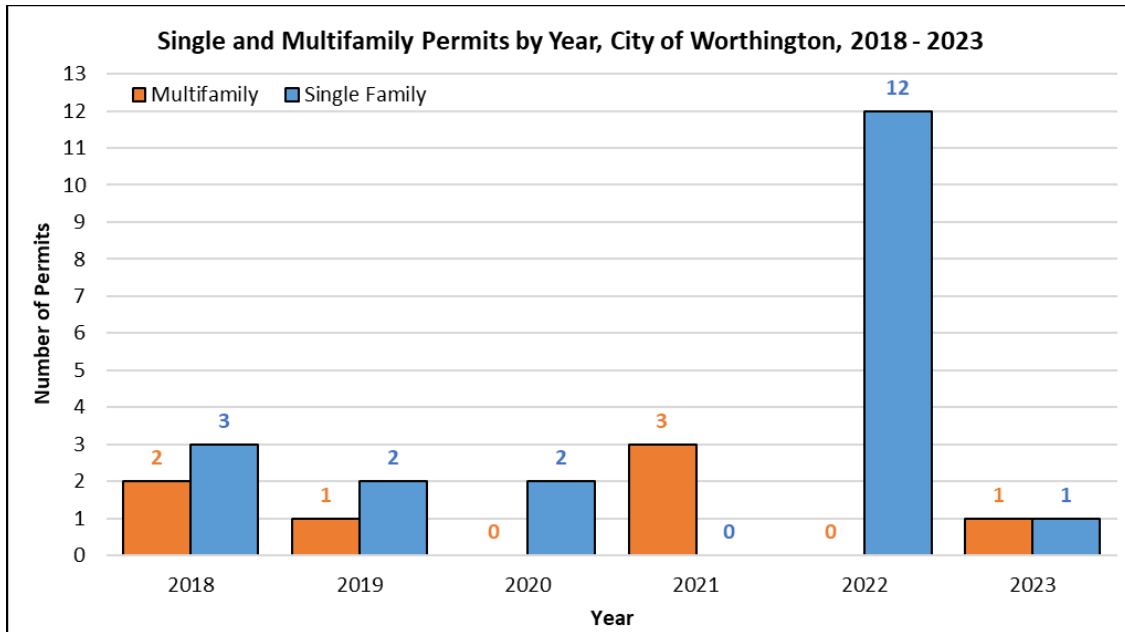
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- In the twelve years between 2000 and 2012, 154 multifamily family permits were issued in Worthington, with an average of about 13 multifamily permits per year. In the next ten years, from 2012 to 2022, Worthington permitted 155 multifamily homes, with an average of about 16 permits per year.

TABLE HC-1 RESIDENTIAL BUILDING PERMIT TRENDS CITY OF WORTHINGTON 2000 - 2022					
City of Worthington					
	Single-family	Multifamily Total Units	---- Multifamily ----		Total Units
			Units in 2-4 unit Multifamily Structures	Units in 5 or more unit Multifamily Structures	
2000	9	6	6	0	15
2001	23	12	12	0	35
2002	9	5	5	0	14
2003	19	3	3	0	22
2004	15	6	6	0	21
2005	18	0	0	0	18
2006	43	24	0	24	67
2007	11	0	0	0	11
2008	6	2	2	0	8
2009	65	61	0	61	126
2010	33	30	12	18	63
2011	8	5	5	0	13
2012	7	0	0	0	7
2013	4	0	0	0	4
2014	56	54	6	48	110
2015	6	2	2	0	8
2016	56	48	0	48	104
2017	42	33	6	27	75
2018	8	0	0	0	8
2019	10	6	6	0	16
2020	9	6	6	0	15
2021	6	6	6	0	12
2022	13	0	0	0	13

Sources: HUD State of the Cities Data Systems (SOCDS); Maxfield Research and Consulting, LLC.

Maxfield Research also obtained single and multifamily permit data, by year, between 2018 and 2023 from the City of Worthington. Between 2018 and 2023 city data indicates Worthington averaged only about three single family permits and one multifamily permit; much less than what data from HUD’s State of the Cities Data System (SOCDS) indicates. A graph, on the following page, displays single family and multifamily permits issued by year in Worthington according to city data. The chart represents issued permits not total units.



Peer Cities Residential Construction Trends

Table HC-2 illustrates single family and multifamily totals from 2000 to 2022 for Southwest Minnesota cities and Table HC-3 shows the same data for like sized cities throughout the State. The following points summarize building permit trends. Data is sourced from HUD’s State of the Cities Data System (SOCDS).

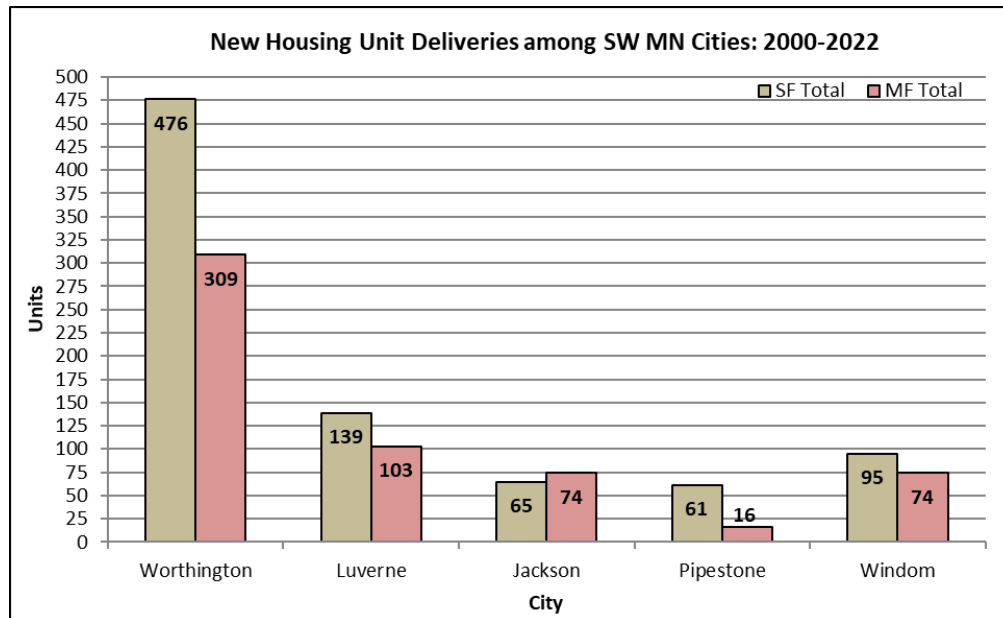
- The City of Worthington reported the highest number of residential units permitted between 2000 and 2022 compared to other Southwest Minnesota cities. The City of Worthington reported 785 units permitted, while other Southwest Minnesota cities reported between 77 and 242 residential units permitted.

Year	Worthington			Luverne			Jackson			Pipestone			Windom		
	SF	MF	Total	SF	MF	Total	SF	MF	Total	SF	MF	Total	SF	MF	Total
2000-2004	75	32	107	30	12	42	21	6	27	30	10	40	50	8	58
2005-2009	143	87	230	41	8	49	21	26	47	19	0	19	13	2	15
2010-2014	108	89	197	12	12	24	14	0	14	7	2	9	4	0	4
2015-2019	122	89	211	47	7	54	6	42	48	5	4	9	17	0	17
2020-2022	28	12	40	9	64	73	3	0	3	0	0	0	11	64	75
Total	476	309	785	139	103	242	65	74	139	61	16	77	95	74	169

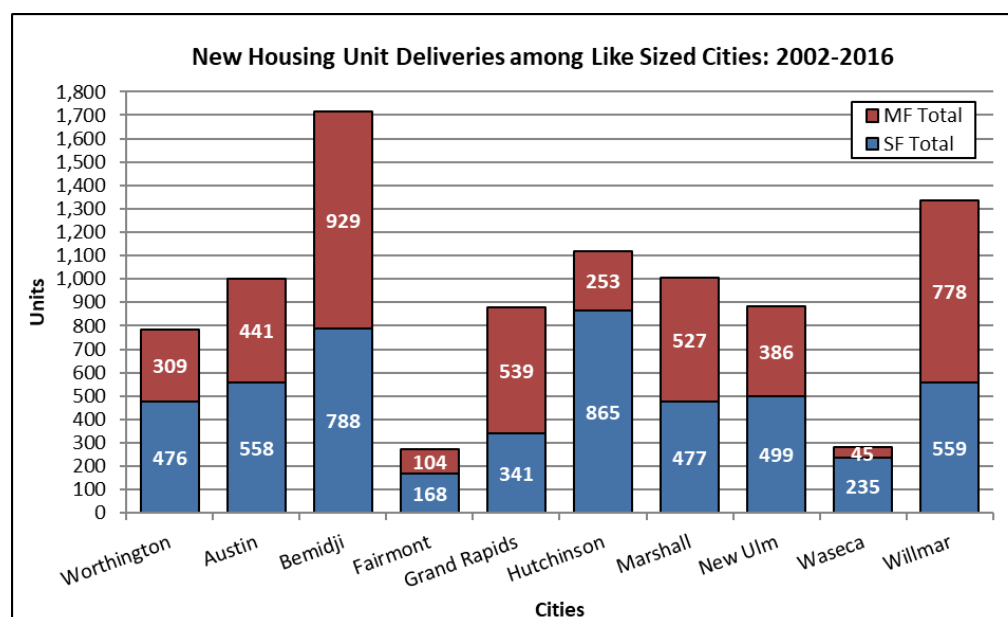
Sources: HUD State of the Cities Data System (SOCDS); Maxfield Research and Consulting LLC

HOUSING CHARACTERISTICS

- Between 2010 and 2014, the number of single-family permits fell in each city compared to the five previous years.



- Most of the like sized cities surveyed reported more residential units permitted between 2000 and 2022 than Worthington. Bemidji reported the most residential units permitted (1,717), many of which were student housing units. Six other cities reported permitted units at or above 880 units compared to 785 in Worthington.
- Bemidji, Grand Rapids, Marshall, and Willmar all issued more multifamily than single family units between 2000 and 2022. In comparison, 1.54 times more single family than multifamily units were issued in Worthington between 2000 and 2024.



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HC-3 RESIDENTIAL CONSTRUCTION BUILDING PERMITS ISSUED WORTHINGTON & LIKED SIZED CITIES 2000 to 2022															
Year	Worthington			Austin			Bemidji			Fairmont			Grand Rapids		
	SF	MF	Total	SF	MF	Total	SF	MF	Total	SF	MF	Total	SF	MF	Total
2000-2004	75	32	107	266	205	471	234	159	393	82	62	144	92	34	126
2005-2009	143	87	230	111	62	173	220	91	311	34	40	74	109	120	229
2010-2014	108	89	197	54	0	54	139	150	289	16	2	18	74	100	174
2015-2019	122	89	211	98	82	180	127	347	474	23	0	23	41	173	214
2020-2022	28	12	40	29	92	121	68	182	250	13	0	13	25	112	137
Total	476	309	785	558	441	999	788	929	1,717	168	104	272	341	539	880

Year	Hutchinson			Marshall			New Ulm			Waseca			Willmar		
	SF	MF	Total	SF	MF	Total	SF	MF	Total	SF	MF	Total	SF	MF	Total
2000-2004	373	91	464	232	116	348	122	201	323	116	37	153	225	126	351
2005-2009	214	4	218	113	105	218	131	4	135	61	8	69	144	70	214
2010-2014	50	0	50	47	93	140	85	116	201	10	0	10	57	36	93
2015-2019	133	110	243	48	124	172	111	57	168	23	0	23	106	162	268
2020-2022	95	48	143	37	89	126	50	8	58	25	0	25	27	384	411
Total	865	253	1,118	477	527	1,004	499	386	885	235	45	280	559	778	1,337

Sources: HUD State of the Cities Data System (SOCDS); Maxfield Research and Consulting LLC.

American Community Survey

The American Community Survey (“ACS”) is an ongoing statistical survey administered by the U.S. Census Bureau that is sent to approximately 3 million addresses annually. The survey gathers data previously contained only in the long form of the decennial census. As a result, the survey is ongoing and provides a more “up-to-date” portrait of demographic, economic, social, and household characteristics every year, not just every ten years. The most recent ACS highlights data collected between 2018 and 2022. Tables HC-4 to HC-8 show key data for Worthington, The Primary Market Area (PMA) Remainder, and Minnesota.

Age of Housing Stock

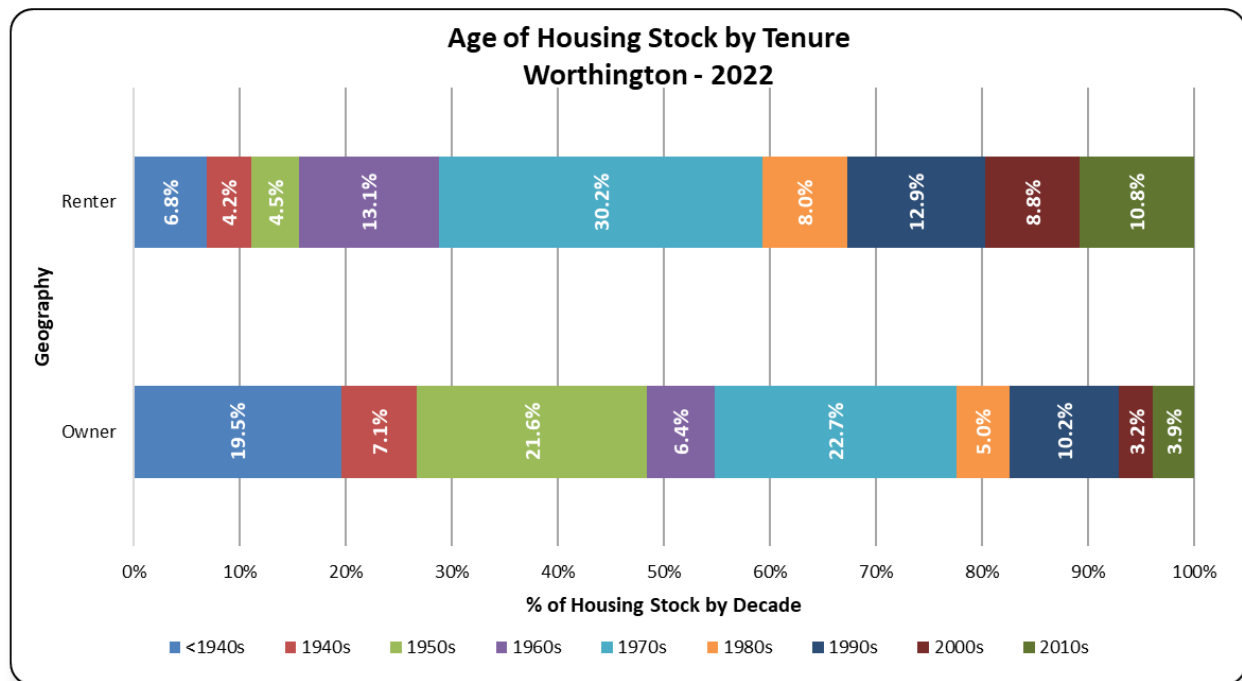
The graph on the following page shows the age distribution of the housing stock in 2021 based on data from the U.S. Census Bureau American Community Survey (5-Year). Table HC-4 includes the number of housing units built in the Market Area, prior to 1940 and during each decade since.

- The PMA Remainder is estimated to have 3,377 housing units, of which 86.3% are owner-occupied and 13.7% are renter-occupied. Renter occupied units are more prevalent in the

HOUSING CHARACTERISTICS

City of Worthington compared to the PMA Remainder. Of the 4,570 housing units, 33.6% were renter-occupied in the City of Worthington.

- The median age of housing in the City of Worthington was 1972 compared to 1956 in the PMA Remainder, and 1979 in Minnesota. Worthington’s renter occupied housing reported a slightly newer median age (1977) compared to owner occupied housing (1964).
- In Minnesota, like Worthington, renter occupied housing (1980) reported newer median ages compared to owner occupied housing (1979)
- In the PMA renter occupied and owner-occupied housing both reported the same median age (1956).
- Housing built in the 1970s accounted for the largest proportion of housing in Worthington (25.3%), followed by housing built in the 1950s (15.8%) and prior to the 1940s (15.2%). Among renter-occupied housing, the largest proportion was built in the 1970s (30.2%), followed by the 1960s (13.1%) and the 1990s (12.9%).



HOUSING CHARACTERISTICS

**TABLE HC-4
AGE OF HOUSING STOCK
PRIMARY MARKET AREA
2022**

Total Units	Med. Yr. Built	Year Unit Built																				
		<1940		1940s		1950s		1960s		1970s		1980s		1990s		2000s		2010s		2020s		
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	
City of Worthington																						
Owner-Occupied	3,036	1964	591	19.5%	216	7.1%	655	21.6%	194	6.4%	690	22.7%	153	5.0%	311	10.2%	97	3.2%	118	3.9%	11	0.4%
Renter-Occupied	1,534	1977	104	6.8%	64	4.2%	69	4.5%	201	13.1%	464	30.2%	122	8.0%	198	12.9%	135	8.8%	165	10.8%	12	0.8%
Total	4,570	1972	695	15.2%	280	6.1%	724	15.8%	395	8.6%	1,154	25.3%	275	6.0%	509	11.1%	232	5.1%	283	6.2%	23	0.5%
PMA Remainder																						
Owner-Occupied	2,913	1956	991	34.0%	219	7.5%	416	14.3%	236	8.1%	444	15.2%	164	5.6%	159	5.5%	178	6.1%	105	3.6%	1	0.0%
Renter-Occupied	464	1956	165	35.6%	51	11.0%	71	15.3%	30	6.5%	36	7.8%	54	11.6%	32	6.9%	22	4.7%	3	0.6%	0	0.0%
Total	3,377	1956	1,156	34.2%	270	8.0%	487	14.4%	266	7.9%	480	14.2%	218	6.5%	191	5.7%	200	5.9%	108	3.2%	1	0.0%
Minnesota																						
Owner-Occupied	1,631,701	1979	258,993	15.9%	72,810	4.5%	172,632	10.6%	137,730	8.4%	214,922	13.2%	198,117	12.1%	229,486	14.1%	240,098	14.7%	99,069	6.1%	7,844	0.5%
Renter-Occupied	624,425	1980	91,686	14.7%	22,160	3.5%	43,639	7.0%	70,531	11.3%	110,439	17.7%	85,325	13.7%	68,772	11.0%	62,714	10.0%	66,260	10.6%	2,899	0.5%
Total	2,256,126	1979	350,679	15.5%	94,970	4.2%	216,271	9.6%	208,261	9.2%	325,361	14.4%	283,442	12.6%	298,258	13.2%	302,812	13.4%	165,329	7.3%	10,743	0.5%

Note: The median year built for the PMA Remainder is weighted and only includes cities/townships with available data.

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

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

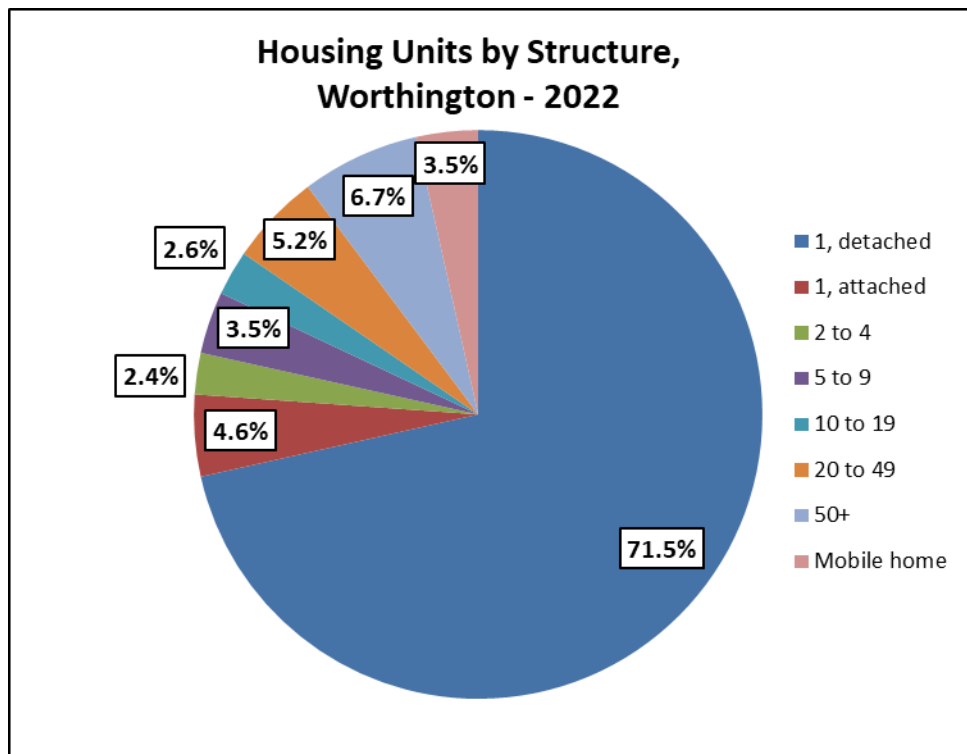
Table HC-5 shows the housing stock in the Market Area by type of structure and tenure as of 2022.

- The dominant housing type in Worthington is the single-family detached home, representing an estimated 91.0% of all owner-occupied housing units and 25.7% of renter-occupied housing units as of 2022.

Units in Structure	Worthington				PMA Remainder				Minnesota			
	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.
1, detached	2,764	91.0%	395	25.7%	5,627	94.6%	755	37.8%	1,387,971	85.1%	112,334	18.0%
1, attached	180	5.9%	25	1.6%	190	3.2%	52	2.6%	128,292	7.9%	49,277	7.9%
2	16	0.5%	88	5.7%	16	0.3%	93	4.7%	11,571	0.7%	35,294	5.7%
3 to 4	16	0.5%	140	9.1%	16	0.3%	150	7.5%	9,042	0.6%	37,403	6.0%
5 to 9	14	0.5%	99	6.5%	14	0.2%	134	6.7%	7,624	0.5%	42,057	6.7%
10 to 19	0	0.0%	230	15.0%	0	0.0%	243	12.2%	5,413	0.3%	70,303	11.3%
20 to 49	12	0.4%	285	18.6%	12	0.2%	285	14.3%	10,626	0.7%	105,074	16.8%
50 or more	0	0.0%	155	10.1%	0	0.0%	155	7.8%	23,581	1.4%	162,987	26.1%
Mobile home	34	1.1%	117	7.6%	74	1.2%	131	6.6%	47,054	2.9%	9,167	1.5%
Boat, RV, van, etc.	0	0.0%	0	0.0%	0	0.0%	0	0.0%	527	0.0%	529	0.1%
Total	3,036	100%	1,534	100%	5,949	100%	1,998	100%	1,631,701	100%	624,425	100%

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

- Outside of Worthington, in the PMA Remainder, the single-family detached home is even more dominant than in the City of Worthington, accounting for 94.6% of owner-occupied housing and 37.8% of renter-occupied housing.
- In Minnesota, the single-family detached home accounts for 85.1% of owner-occupied housing and 18.0% of renter-occupied housing.
- Renter-occupied housing types vary in size in the City of Worthington. After single family homes, units in 20 to 49-unit structures accounted for 18.6% of renter-occupied units, 10.1% of renter occupied units are in 50 or more-unit structures and 9.1% of units are in 3-to-4-unit buildings.



Owner-Occupied Housing Units by Mortgage Status

Table HC-6 shows mortgage status and average values from the American Community Survey for 2022 (5-Year). Mortgage status provides information on the cost of homeownership when analyzed in conjunction with mortgage payment data. A mortgage refers to all forms of debt where the property is pledged as security for repayment of debt. A first mortgage has priority claim over any other mortgage or if it is the only mortgage. A second (and sometimes third) mortgage is called a “junior mortgage,” a home equity line of credit (HELOC) would also fall into this category. Finally, a housing unit without a mortgage is owned free and clear and is debt free.

- In Worthington, 50.2% of housing units have a mortgage. Units with a mortgage in Worthington reported a higher median value (\$165,600) compared to housing units without a mortgage (\$158,200).
- Outside of Worthington, in the PMA Remainder, housing units are more likely to not have a mortgage (54.8%) than to have a mortgage (45.2%).

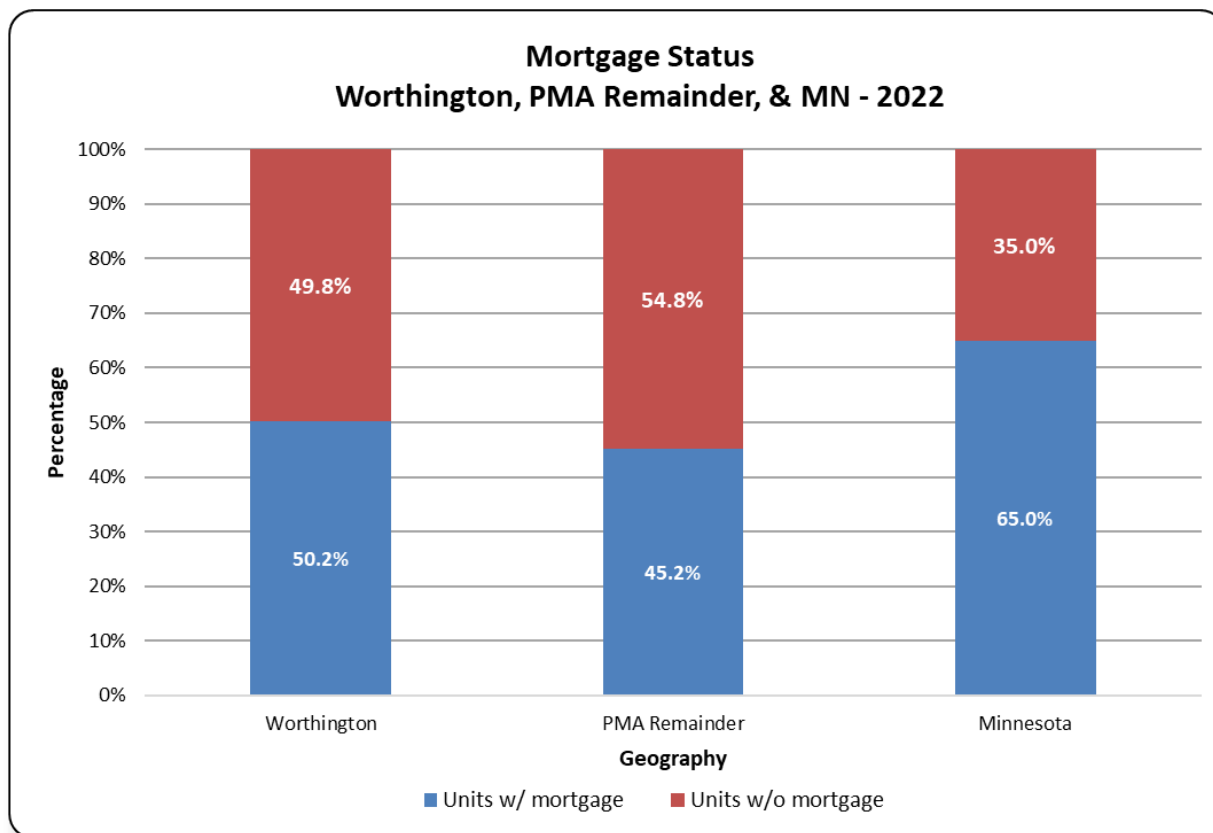
HOUSING CHARACTERISTICS

**TABLE HC-6
OWNER-OCCUPIED HOUSING UNITS BY MORTGAGE STATUS
PRIMARY MARKET AREA
2022**

Mortgage Status	Worthington		PMA Remainder		Minnesota	
	No.	Pct.	No.	Pct.	No.	Pct.
Housing units without a mortgage	1,512	49.8%	1,595	54.8%	570,840	35.0%
Housing units with a mortgage/debt	1,524	50.2%	1,318	45.2%	1,060,861	65.0%
<i>Second mortgage only</i>	2	0.1%	33	1.1%	29,851	1.8%
<i>Home equity loan only</i>	16	0.5%	117	4.0%	15,513	1.0%
<i>Both second mortgage and equity loan</i>	0	0.0%	0	0.0%	3,723	0.2%
<i>No second mortgage or equity loan</i>	1,506	49.6%	1,158	39.8%	909,404	55.7%
Total	3,036	100.0%	2,913	100.0%	1,631,701	100.0%
Median Value by Mortgage Status						
Housing units with a mortgage		\$165,600		\$239,591		\$165,600
Housing units without a mortgage		\$158,200		\$157,180		\$158,200

Note: The median year built for the PMA Remainder is weighted and only includes cities/townships with available data.

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

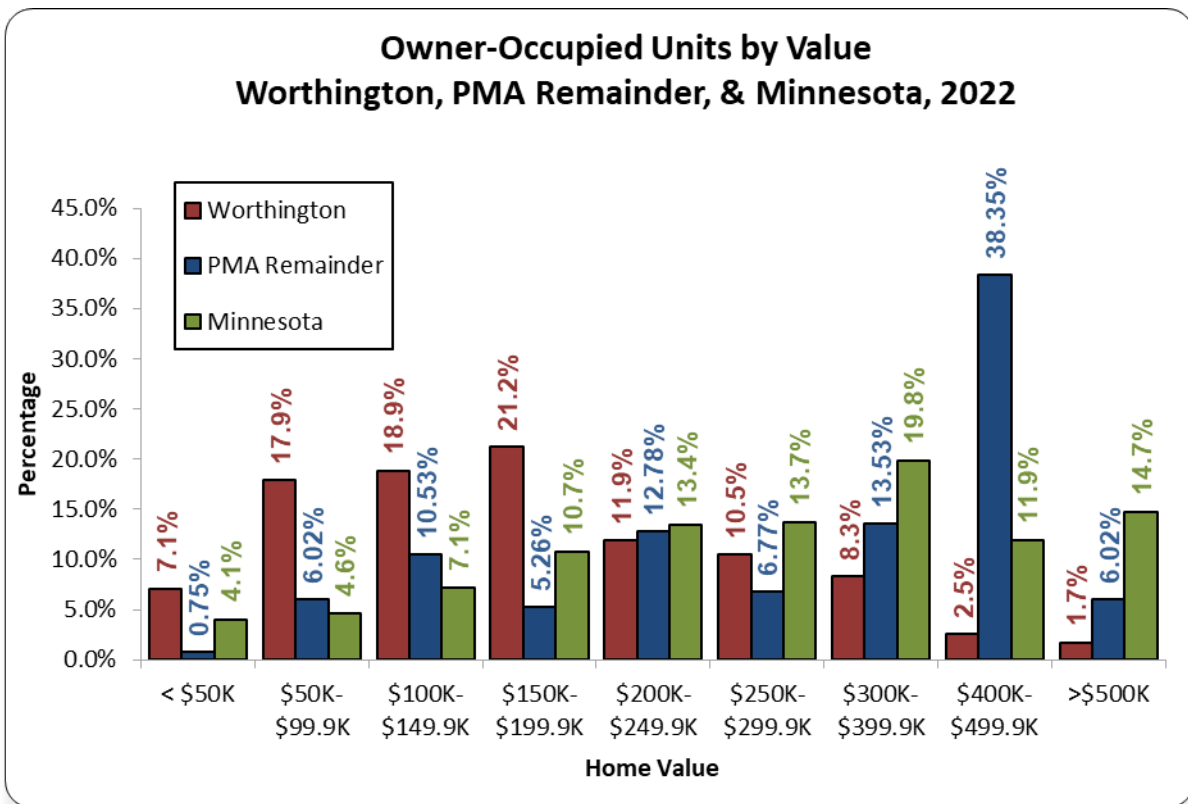


Owner-Occupied Housing Units by Value

Table HC-7 presents data on housing values summarized by nine price ranges. Housing value refers to the estimated price point the property would sell if the property were for sale. For single-family and townhome properties, value includes both the land and the structure. For condominium units, value refers to only the unit.

TABLE HC-7 OWNER-OCCUPIED UNITS BY VALUE PRIMARY MARKET AREA 2022						
Home Value	Worthington		PMA Remainder		Minnesota	
	No.	Pct.	No.	Pct.	No.	Pct.
Less than \$50,000	216	7.1%	1	0.8%	66,087	4.1%
\$50,000-\$99,999	544	17.9%	8	6.0%	75,107	4.6%
\$100,000-\$149,999	573	18.9%	14	10.5%	116,195	7.1%
\$150,000-\$199,999	644	21.2%	7	5.3%	174,705	10.7%
\$200,000-\$249,999	360	11.9%	17	12.8%	219,286	13.4%
\$250,000-\$299,999	318	10.5%	9	6.8%	223,170	13.7%
\$300,000-\$399,999	252	8.3%	18	13.5%	323,885	19.8%
\$400,000-\$499,999	77	2.5%	51	38.3%	193,882	11.9%
Greater than \$500,000	52	1.7%	8	6.0%	239,384	14.7%
Total	3,036	100.0%	133	100.0%	1,631,701	100.0%
Median Home Value	\$162,800		\$174,756		\$286,800	
Note: The median year built for the PMA Remainder is weighted and only includes cities/townships with available data.						
Sources: U.S. Census Bureau - American Community Survey & Maxfield Research and Consulting LLC.						

- Over 40% (40.1%) of homes in the City of Worthington were valued between \$100,000 and \$200,000. An additional 17.9% of homes were valued between \$50,000 and \$99,999.
- Only 23.0% of homes in Worthington were valued at or more than \$250,000, compared to 64.7% of homes in the PMA Remainder, and 60.1% of homes throughout Minnesota.
- The median value of homes in the City of Worthington (\$162,800) is less than that in both the PMA Remainder (\$174,756) and throughout Minnesota (\$286,800).



Renter-Occupied Units by Contract Rent

Table HC-8 presents information on the monthly housing costs for renters, called contract rent (also known as asking rent). Contract rent is the monthly rent agreed to regardless of any utilities, furnishings, fees, or services that may be included.

- The median contract rent in Worthington was \$736 in 2022. This was more than in the PMA Remainder (\$568) but less than throughout Minnesota (\$1,074). Based on a 30% allocation of income to housing, a household in Worthington would need an income of about \$29,400 to afford the median rent in Worthington.
- Nearly 93% (92.8%) of renter occupied units in Worthington reported a contract rent. This percentage was more than in the PMA Remainder (80.0%) but less than throughout Minnesota (95.9%). The most reported contract rent in Worthington was between \$750 and \$999, accounting for 29.8% of renter occupied units followed by between \$500 and \$749, accounting for 28.0% of renter occupied units.
- The rental market in the PMA Remainder is composed differently than in the City of Worthington, with a higher proportion of low-cost units and nontraditional rental units requiring no rent. For example, 20.0% of rental units in the PMA Remainder reported no contract rent, compared to 7.2% of rental units in Worthington and 4.1% of rental units in

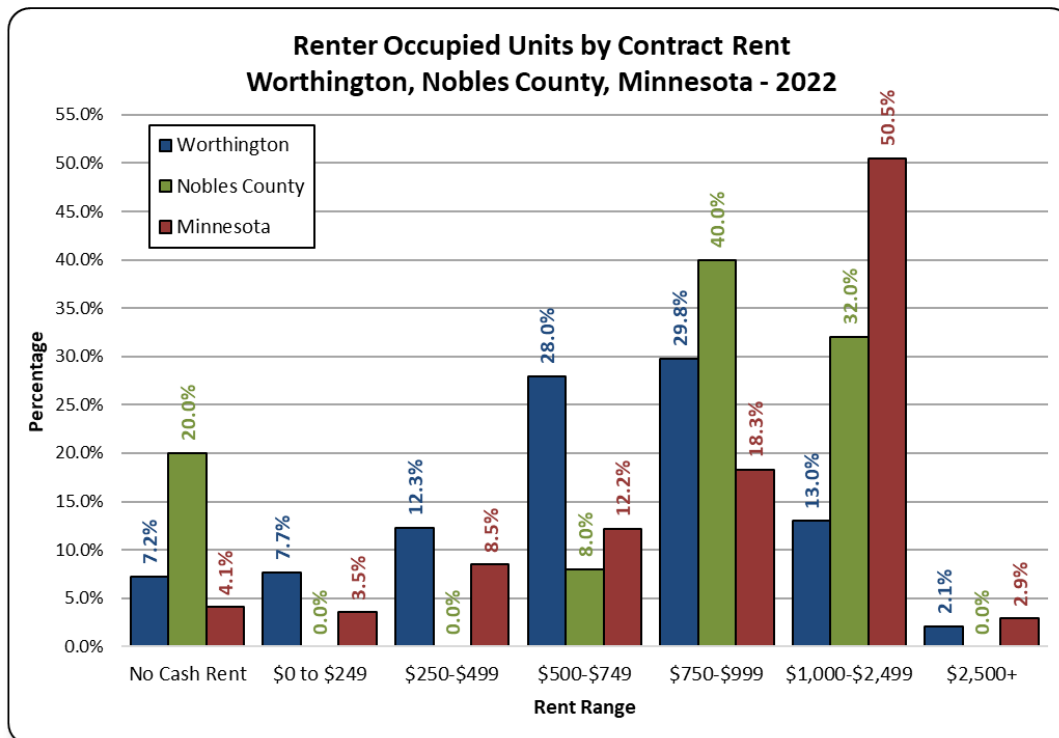
HOUSING CHARACTERISTICS

Minnesota. Among rental units that reported a contract rent in the PMA Remainder, the highest proportion (40.0%) asked between \$750 and \$999 in rent followed by \$1,000 to \$2,499 (32.0%).

Contract Rent	Worthington		PMA Remainder		Minnesota	
	No.	Pct.	No.	Pct.	No.	Pct.
No Cash Rent	111	7.2%	5	20.0%	25,698	4.1%
Cash Rent	1,423	92.8%	20	80.0%	598,727	95.9%
\$0 to \$249	118	7.7%	0	0.0%	22,123	3.5%
\$250-\$499	188	12.3%	0	0.0%	53,014	8.5%
\$500-\$749	429	28.0%	2	8.0%	76,103	12.2%
\$750-\$999	457	29.8%	10	40.0%	114,266	18.3%
\$1,000-\$2,499	199	13.0%	8	32.0%	315,290	50.5%
\$2,500+	32	2.1%	0	0.0%	17,931	2.9%
Total	1,534	100.0%	25	100.0%	624,425	100.0%
Median Contract Rent	\$736		\$568		\$1,074	

Note: The median year built for the PMA Remainder is weighted and only includes cities/townships with available data.

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



Planned and Proposed Housing Projects

- There are currently no pending rental or senior projects in Worthington at the time of this study. A small rental duplex project opened in February 2024.



New Duplex: Facing Southeast



New Duplex: Facing North

Introduction

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

Overview of Rental Market Conditions

Maxfield Research utilized data from the American Community Survey (ACS) to summarize rental market conditions in Worthington, Nobles County, the PMA, and Minnesota. The ACS is an ongoing survey conducted by the United States Census Bureau that provides data every year rather than every ten years as presented by the decennial census. We use this data because these figures are not available from the decennial census.

Table R-1, on the following page, presents a breakdown of median gross rent and monthly gross rent ranges by number of bedrooms in renter-occupied housing units from the 2018-2022 ACS in Worthington, in comparison to Nobles County, the PMA, and Minnesota. Gross rent is defined as the amount of the contract rent plus the estimated average monthly cost of utilities (electricity, gas, and water and sewer) and fuels (oil, coal, wood, etc.) if these are paid by the renter.

- A median gross rent of \$871 was reported in Worthington. Nobles County had a median gross rent of \$852, which is less than Minnesota's overall median gross rent of \$1,178. The median gross rent for the PMA was \$859. However, the PMA's weighted median gross rent was calculated only with county subdivisions with available data (The majority of subdivisions were missing data).
- Two-bedroom units were the most common unit type in Worthington (38.9%), Nobles County (36.1%), and the PMA (37.2%), which are like the State's proportion of two-bedroom units (37.1%).
- Worthington's one-bedroom units made up 28.4% of its total units, its three or more-bedroom units made up 29.5% of its total units, and its units with no bedrooms made up 3.1% of total units. Similarly, Minnesota's one-bedroom units made up 32.8% of its total units, its three or more-bedroom units made up 22.9% of its total units, and its units with no bedrooms made up 7.2% of total units.

RENTAL MARKET ANALYSIS

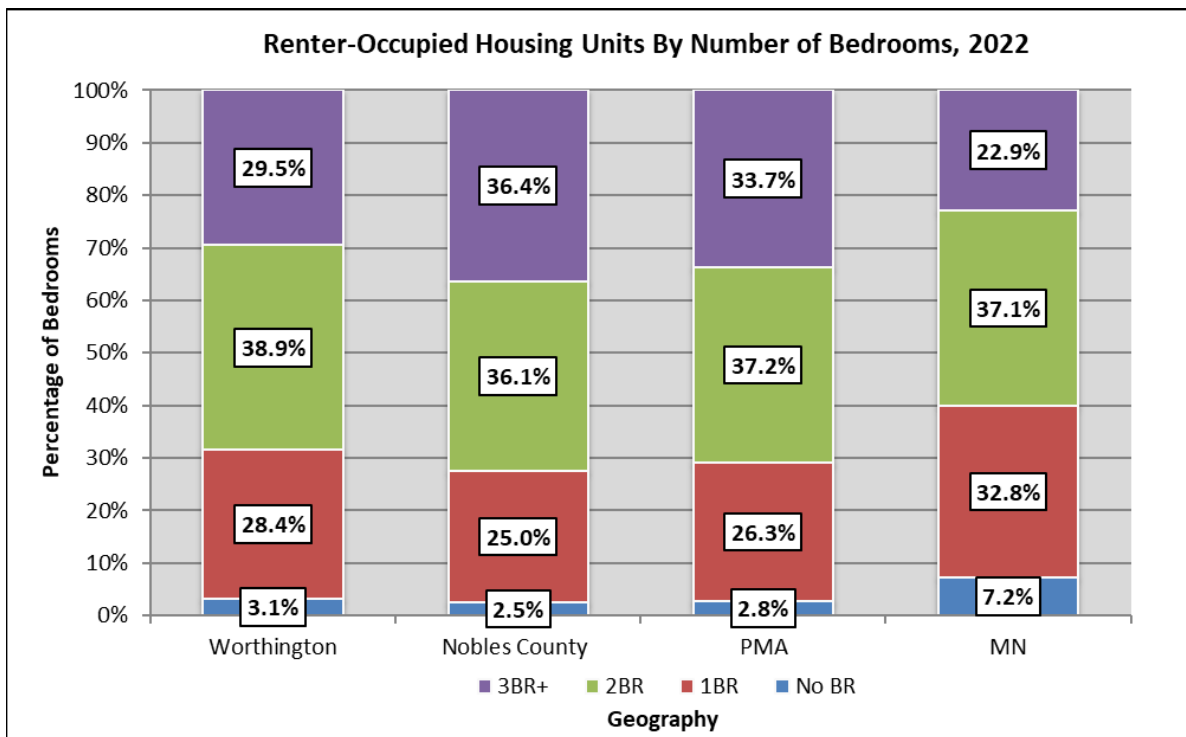
**TABLE R-1
BEDROOMS BY GROSS RENT, RENTER-OCCUPIED HOUSING UNITS
PRIMARY MARKET AREA
2022**

	Worthington		Nobles County		PMA		MN
	#	% of Total	#	% of Total	#	% of Total	% of Total
Total:	1,534	100.0%	1,963	100.0%	3,532	100.0%	100.0%
Median Gross Rent	\$871		\$852		\$859		\$1,178
No Bedroom	48	3.1%	50	2.5%	98	2.8%	7.2%
Less than \$300	17	1.1%	17	0.9%	34	1.0%	0.4%
\$300 to \$499	0	0.0%	0	0.0%	0	0.0%	0.6%
\$500 to \$749	31	2.0%	31	1.6%	62	1.8%	1.1%
\$750 to \$999	0	0.0%	0	0.0%	0	0.0%	1.9%
\$1,000 to \$1,499	0	0.0%	0	0.0%	0	0.0%	2.0%
\$1,500 or more	0	0.0%	0	0.0%	0	0.0%	1.1%
No cash rent	0	0.0%	2	0.1%	2	0.1%	0.2%
1 Bedroom	436	28.4%	490	25.0%	930	26.3%	32.8%
Less than \$300	39	2.5%	475	24.2%	85	2.4%	2.3%
\$300 to \$499	85	5.5%	46	2.3%	188	5.3%	3.1%
\$500 to \$749	162	10.6%	103	5.2%	351	9.9%	3.9%
\$750 to \$999	84	5.5%	185	9.4%	168	4.8%	5.8%
\$1,000 to \$1,499	35	2.3%	84	4.3%	71	2.0%	11.5%
\$1,500 or more	21	1.4%	36	1.8%	42	1.2%	5.9%
No cash rent	10	0.7%	21	1.1%	25	0.7%	0.4%
2 Bedrooms	597	38.9%	709	36.1%	1,313	37.2%	37.1%
Less than \$300	31	2.0%	31	1.6%	62	1.8%	0.7%
\$300 to \$499	46	3.0%	52	2.6%	98	2.8%	1.0%
\$500 to \$749	102	6.6%	146	7.4%	255	7.2%	3.1%
\$750 to \$999	196	12.8%	217	11.1%	413	11.7%	5.9%
\$1,000 to \$1,499	164	10.7%	182	9.3%	346	9.8%	13.8%
\$1,500 or more	16	1.0%	16	0.8%	32	0.9%	11.3%
No cash rent	42	2.7%	65	3.3%	107	3.0%	1.2%
3 or More Bedrooms	453	29.5%	714	36.4%	1,191	33.7%	22.9%
Less than \$300	0	0.0%	0	0.0%	0	0.0%	0.3%
\$300 to \$499	13	0.8%	35	1.8%	62	1.8%	0.6%
\$500 to \$749	30	2.0%	77	3.9%	112	3.2%	1.3%
\$750 to \$999	101	6.6%	152	7.7%	254	7.2%	2.4%
\$1,000 to \$1,499	200	13.0%	243	12.4%	445	12.6%	5.5%
\$1,500 or more	50	3.3%	89	4.5%	139	3.9%	10.4%
No cash rent	59	3.8%	118	6.0%	179	5.1%	2.3%

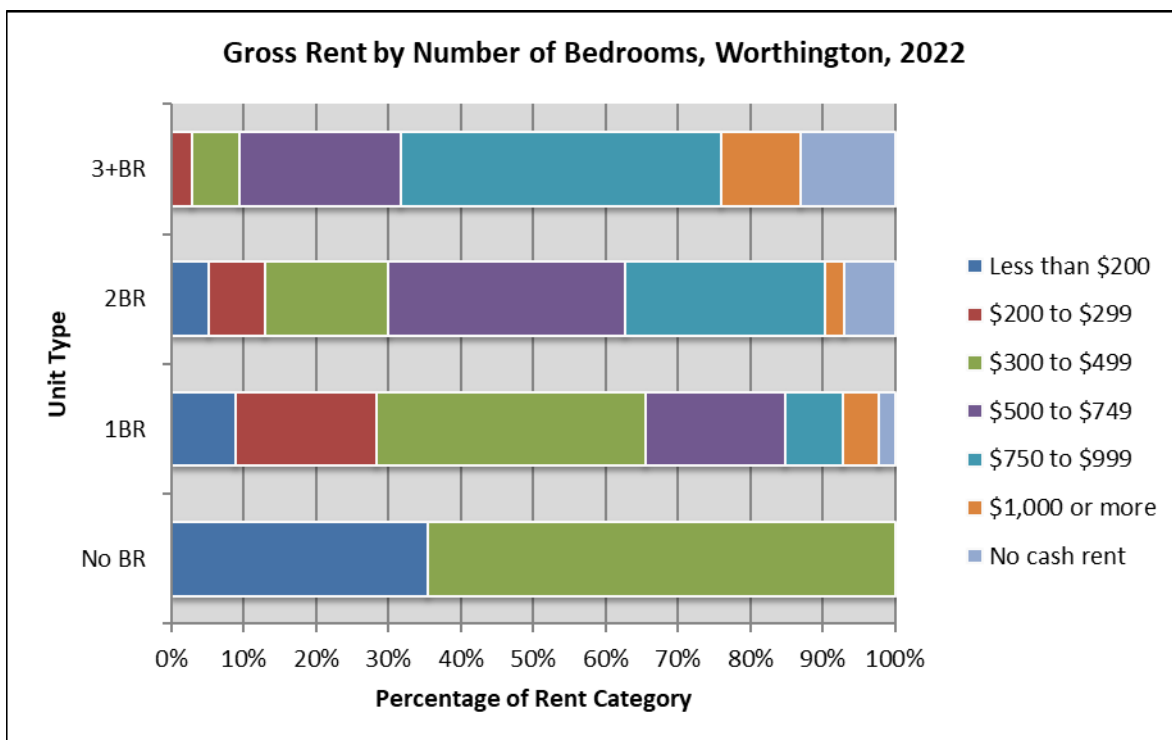
NA: Not Assessed.

Note: The PMA's median household income is weighted and only includes county subdivisions with available data.

Sources: American Community Survey; Maxfield Research and Consulting LLC.



- Nearly 64% (63.8%) of units in Worthington reported a gross rent of over \$500. In addition, 34.4% of one-bedroom units, 70.0% of two-bedroom units, and 90.5% of three-bedrooms reported rents over \$500. Of units with no bedroom, none reported rents over \$500. All units with no bedroom reported rents of \$499 or less.



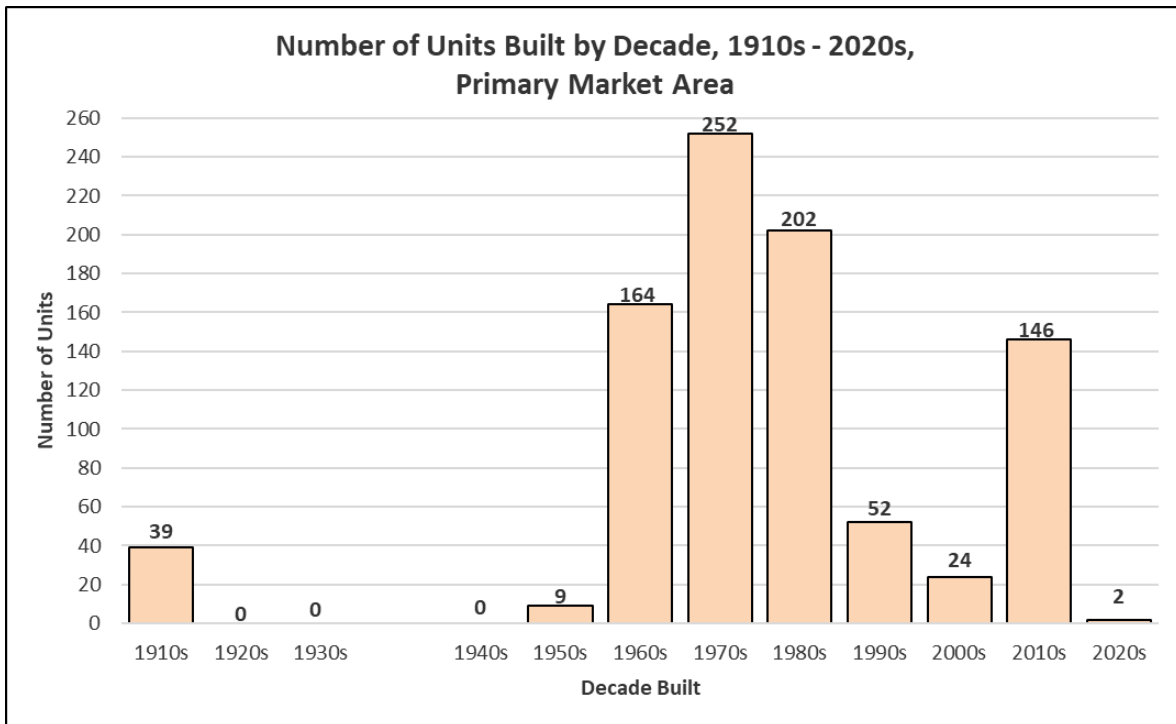
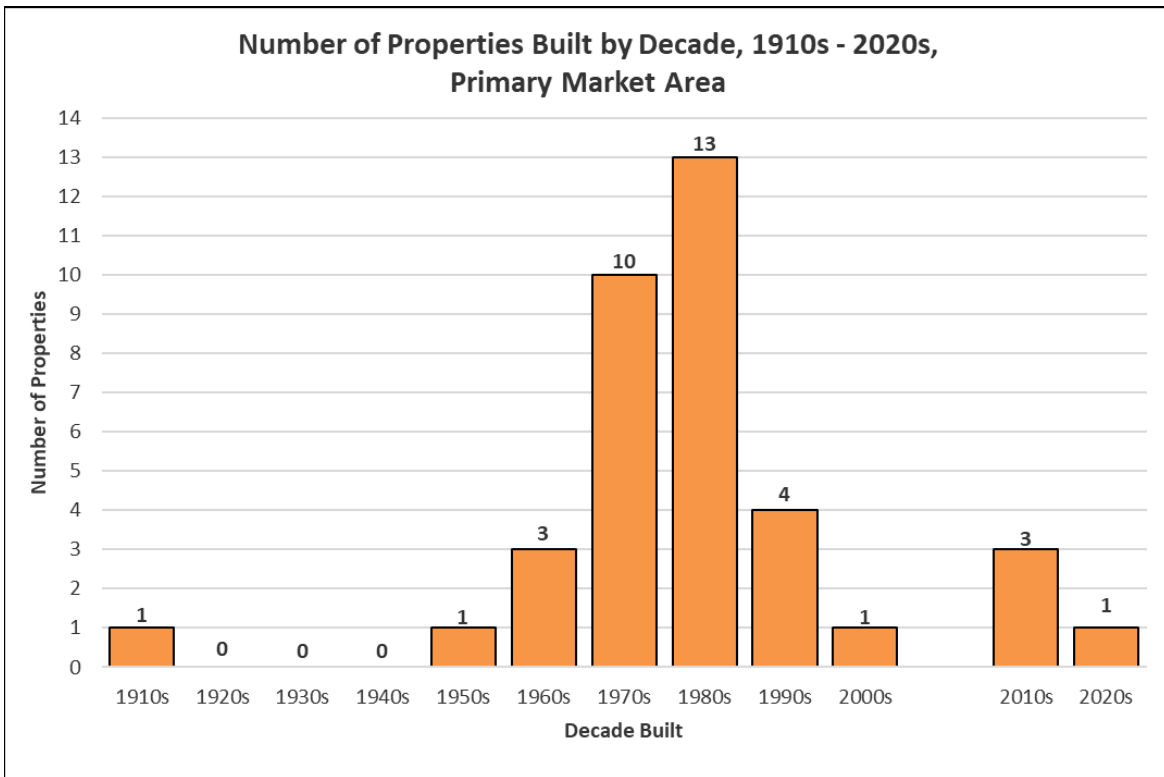
RENTAL MARKET ANALYSIS

General-Occupancy Rental Properties

A survey of Worthington’s general occupancy rental market included eighteen market rate, five affordable, nine subsidized apartment properties, and one mixed income property (Viking Terrace) as of Winter 2023. These properties represent a combined total of 771 units, including 385 market rate units, 176 affordable units, and 329 subsidized units.

Table R-2 summarizes Market Area by address, city, year built, type of unit, and number of units for larger Primary Market Rate General occupancy properties. In addition, Table R-3 is a more detailed analysis with larger rental properties while Table R-4 is a summary of Table R-3.

Property Name	Address	City	Built	Type	Units
New Duplex Project	1704 Grand Ave./1601 Cecilee St.	Worthington	2024	MR	2
Grand Terrace Apartments	1585 Grand Ave.	Worthington	2017	Aff	50
Rising Sun Estate Townhomes	East Ave. & Reed Ave.	Worthington	2015	MR	48
New Castle Townhomes	2218 Castlewood Dr.	Worthington	2011	Aff	48
Okabena Estates	2257 Nobles St	Worthington	2006	MR	24
Willow Court Townhomes	1545-1627 Darling Dr.	Worthington	1997	Aff	24
Prairie Acres Apartments	733 Lucy Dr.	Worthington	1995	MR	8
Prairie Acres Townhomes	733 Lucy Dr.	Worthington	1995	MR	8
Lucy Square Townhomes	901 Lucy Dr.	Worthington	1994	Sub	12
Castlewood Knolls Apartments	2169 & 2205 Cecilee St.	Worthington	1989	Sub	24
Stately Manor	1525 Darling Dr.	Worthington	1987	Aff	24
College Way Apartments	1535/1555/1556 Collegeway	Worthington	1984	MR	27
Brittany Apartments	1505-1515 Darling St.	Worthington	1984	Sub	24
Oakwood Apartments	401 Oak St.	Ellsworth	1982	Sub	12
Windsor Apartments	1213 6th Ave	Worthington	1982	Sub	16
Thomas Apartments	135 Thompson Ave S	Rushmore	1981	Sub	8
Westside Apartments	520 Arkansas Ave.	Adrian	1980	MR	14
Whispering Pines	401 6th Ave.	Wilmont	1980	MR	8
Slade Apartments	120 Maine Ave.	Adrian	1980	MR	16
Halter Manor I	612 4th Ave.	Round Lake	1980	Aff	16
Halter Manor II	401 6th Ave.	Round Lake	1980	Sub	6
Lakeview Apartments	302 Lake St.	Worthington	1980s*	MR	7
Country Village Apartments	1450 Knollwood Dr.	Worthington	1979	MR	24
Lenore Manor	808 Thompson Ave.	Worthington	1979	Sub	12
Sunrise Heights	606 9th St.	Brewster	1979	Sub	12
Nobles Square Apartments	2175 Nobles St.	Worthington	1977	Sub	48
Prairie Village Apartments	1537 Clary St.	Worthington	1975	MR	24
Shalom Manor	706 James Blvd.	Worthington	1975	MR	8
Golf Park Apartments	1550 & 1522 Collegeway	Worthington	1974	MR	48
Viking Terrace Apartments	1456 Burlington Ave N.	Worthington	1974	MR/Aff/Sub	59**
Schlueter Apartments	508 Arkansas Ave.	Adrian	1974	Aff	8
Johnson Apartments	702 10th St.	Worthington	1971	MR	9
Atrium Hi-Rise	819 10th St	Worthington	1965	Sub	104
Inn Towne Apartments	802-808 10th St.	Worthington	1964	MR	24
Laketown Place	1923 Dover St.	Worthington	1963	MR	36
Southside Efficiency Apartments	720 E. Gateway Dr .	Worthington	1950	MR	9
Thompson Apartments	1009 3rd Ave.	Worthington	1912	MR	39
Totals:					890
*Estimated					
**Includes 2 market rate, 6 affordable, and 51 subsidized units.					
Sources: Costar, Real Estate Listing Sites; Property Management Companies; Nobles County/Beacon; Live Smoke Free; & Maxfield Research and Consulting, LLC.					



RENTAL MARKET ANALYSIS

TABLE R-3 GENERAL OCCUPANCY RENTAL PROJECTS PRIMARY MARKET AREA WINTER 2023												
Project Name/Location	Year Built	Units	Total Vacant	Unit Mix	Unit Size		Monthly Rent		Avg Rent	Rent Per Sq Ft.		Amenities/Comments
					Min	Max	Min	Max		Min	Max	
MARKET RATE RENTAL PROJECTS												
New Duplex Project 1704 Grand Ave./1601 Cecilee St. Worthington	2024	2	0	2 3BR	1,400		\$1,400		\$1,400	\$1.00		All appliances, attached garage, patio, tenant pays all utilities, both units will be leased upon completion - February 1, 2024.
Rising Sun Estate Townhomes East Ave & Reed Ave Worthington	2015	48	0	16 1BR 32 2BR	950 - 950 1,300 - 1,300		\$950 \$1,050		\$950 \$1,050	\$1.00 \$0.81		Dishwasher, in-unit washer and dryer, and attached garage. Tenant pays utilities. Waitlist.
Okabena Estates Apartments 2257 Nobles St Worthington	2006	24	0	4 - 1BR 17 - 2BR 3 - 3BR	658 - 707 933 - 1,054 1,410		\$900 \$1,055 - \$1,115 \$1,275		\$900 \$1,085 \$1,275	\$1.37 \$1.06 - \$1.13 \$0.90		Close to shopping and restaurants, patio, electric fireplace, open floor plans, garages for additional fee. Rent includes all utilities except electric. Common laundry, walk-in closets, patios/balconies.
Prairie Acres Apartments 733 Lucy Dr Worthington	1995	8	0	2 - 1BR 6 - 2BR	590 775		\$650 \$745		\$650 \$745	\$1.10 \$0.96		Convenient to retail and commercial district, single stall garages available for rent, softened water. Common laundry, all utilities included except electric, waiting List.
Prairie Acres Townhomes 733 Lucy Dr Worthington	1995	8	0	4 - 2BR 4 - 3BR	990 1,350		\$850 \$910		\$850 \$910	\$0.86 \$0.67		Convenient to retail and commercial district, attached garages available for rent, softened water. Laundry hook ups, all utilities included except electric, waiting List.
College Way Apartments 1535/1555/1556 Collegeway Worthington	1984	27	0	3 - studio 3 - 1BR 1 - 3BR 20 - 4BR	600 750 1,000 1,500		\$432 \$557 \$693 \$1,320		\$432 \$557 \$693 \$1,320	\$0.72 \$0.74 \$0.69 \$0.88		Note -4 bedroom units with individual leases available for \$330 per bedroom, approximately 1/3 of four bedrooms rented on individual leases, able to rent on individual leases starting with two people, on-site laundry, water and garbage included in rent.
Country Village Apartments 1450 Knollwood Dr Worthington	1979	24	0	2 - 2BR 22 - 3BR	810 1,015 - 1,265		\$598 \$675 - \$772		\$598 \$724	\$0.74 \$0.61 - \$0.67		Air conditioning, balcony/patio, dishwasher, laundry facilities.
Golf Park Apartments 1550 & 1522 Collegeway Worthington	1974	48	0	18 - 1BR 30 - 2BR	570 800		\$630 \$810		\$630 \$810	\$1.11 \$1.01		Air conditioning, dishwasher, laundry facility. Heat, water, and trash/sewer is included. Prices are going up March 1st.
Continued												

RENTAL MARKET ANALYSIS

R-3 (CONTINUED)										
GENERAL OCCUPANCY RENTAL PROJECTS										
PRIMARY MARKET AREA										
WINTER 2023										
MARKET RATE RENTAL PROJECTS										
Inn Towne Apartments 802-808 10th St <i>Worthington</i>	1964	24	0	8 - 1BR 16 - 2BR	N/A N/A	N/A N/A	N/A N/A	N/A N/A	N/A N/A	Inn Towne Court Apartments features laundry facilities, dishwasher, balcony, patio, and on site property management.
Prairie Village Apartments 1537 Clary St/936 McMillan St <i>Worthington</i>	1975	24	0	2 - 1BR 22 - 2BR	700 900	\$600 \$750	\$600 \$750	\$0.86 \$0.83		Laundry facilities. Heat, garbage, and water are included. Two buildings (each with 12 units).
Shalom Manor 706 James Blvd <i>Worthington</i>	1975	8	0	N/A - 1BR N/A - 2BR	N/A N/A	575 700	-- --	N/A N/A		Includes air conditioning, laundry facility, patio/deck, garage, and off street parking.
Thompson Apartments 1009 3rd Ave <i>Worthington</i>	1912	39	1	8 - studio 23 - 1BR 8 - 2BR	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A		Mixed use building in Downtown Worthington. Apartments are remodeled and feature an open floor plan with vaulted ceilings.
Viking Terrace Apartments 1456 Burlington Ave N <i>Worthington</i>	1974	2	0	2 - 2BR	624	\$760	\$760	\$1.22		Remodeled, ample closet space, geo thermal heating/cooling, picnic shelter, close to shopping. Heat, water, sewer included. Patio/balconies, playground
Laketown Place 1923 Dover St <i>Worthington</i>	1963	24	1	4 - studio 20 - 1BR	N/A N/A	\$900 N/A	-- --	-- --		Features off street parking.
Whispering Pines 401 6th Ave <i>Wilmont</i>	1980	8	0	5 - 1BR 3 - 2BR	550 750	\$403 \$446	\$403 \$446	\$0.73 \$0.59		Exterior and interior remodeled.
Market Rate Total		318	2	0.6%						
Continued										

RENTAL MARKET ANALYSIS

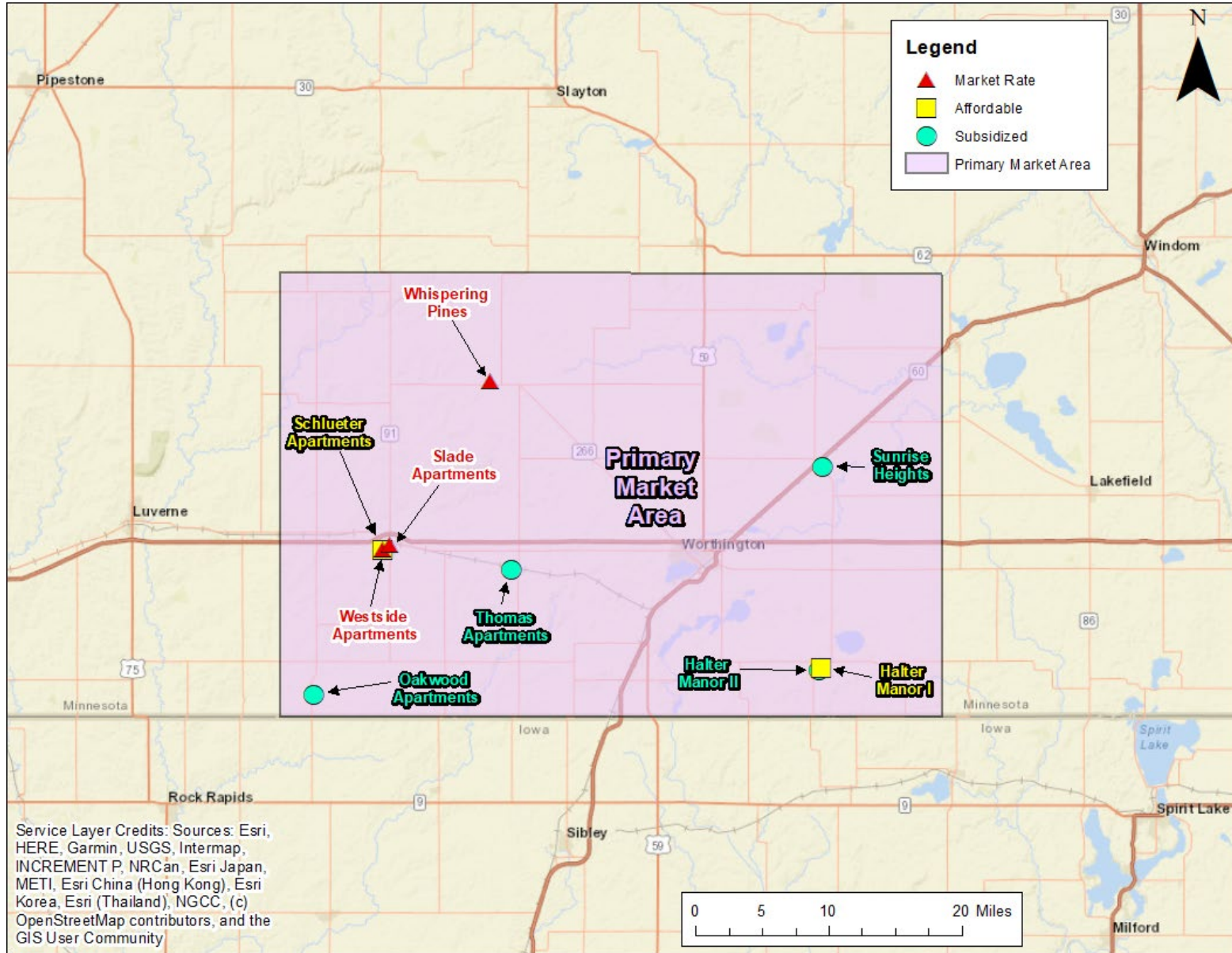
TABLE R-3 (CONTINUED)										
SELECTED NEWER MARKET-RATE GENERAL OCCUPANCY RENTAL PROJECTS										
PRIMARY MARKET AREA										
WINTER 2023										
AFFORDABLE RENTAL PROJECTS										
Grand Terrace Apartments 1585 Grand Ave Worthington	2017	50	3	8 - 1BR 31 - 2BR 11 - 3BR	672 - 689 906 - 976 1,221 - 1,223	\$675 \$795 - \$845 \$950	\$675 \$820 \$950	\$0.98 - \$1.00 \$0.87 - \$0.88 \$0.78 - \$0.78	Community room, outdoor community space, Section 8 accepted, playground, fitness center, on-site laundry, patio/balcony.	
New Castle Townhomes 2218 Castlewood Dr Worthington	2011	30	1	12 - 2BR 14 - 3BR 4 - 4BR	1,334 - 1,437 1,396 - 1,460 1,599 - 1,620	\$865 \$1,000 - \$1,300 \$1,150	\$865 \$1,150 \$1,150	\$0.60 - \$0.65 \$0.72 - \$0.89 \$0.71 - \$0.72	Rain gardens, native landscaping, courtyard, tornado safe room, master suite with walk-in closet, open floor plans, close to shopping and restaurants, in-unit laundry, playground, attached garages, patio/balcony.	
Willow Court Townhomes 1545-1627 Darling Dr Worthington	1997	24	0	24 - 3BR	1,300	\$900	\$900	\$0.69	Smoke free, bi-level unit, open floor plans, private entrances, laundry hook-ups, attached garage, playground, patio/balcony.	
Stately Manor 1525 Darling Dr Worthington	1987	24	5	10 - 1BR 14 - 2BR	500 - 550 650 - 800	\$529 - \$639 \$599 - \$739	\$584 \$669	\$1.06 - \$1.28 \$0.92 - \$1.14	Heat, water, sewer included, close to college and shopping, non-smoking, Rural Development property.	
Halter Manor I 612 4th Ave Round Lake	1980	16	6	15 - 1BR 1 - 2BR	650 750	\$750 \$764	\$750 \$764	\$1.15 \$1.02	Off street parking, on-site laundry, community room, storage unit.	
Sunrise Heights 606 9th St Brewster	1979	12	0	5 - 1BR 7 - 2BR	800 900	\$650 \$750	\$650 \$750	\$0.81 \$0.83	All utilities included, except electricity which costs \$47/mo for a one bedroom and \$60/mo for a two bedroom. Formerly a subsidized property. Became a market rate property in 2018.	
Schlueter Apartments 508 Arkansas Ave Adrian	1974	8	0	1 - 1BR 7 - 2BR	N/A N/A	N/A N/A	N/A N/A	N/A N/A	Features laundry facility and off street parking.	
Viking Terrace Apartments 1456 Burlington Ave N Worthington	1974	6	2	1 - 1BR 4 - 2BR 1 - 3BR	624 810 1,100	\$690 \$875 \$1,052	\$690 \$875 \$1,052	\$1.11 \$1.08 \$0.96	Remodeled, ample closet space, geo thermal heating/cooling, picnic shelter, close to shopping. Heat, water, sewer included. Patio/balconies, playground.	
Affordable Total		170	17	10.0%						
Continued										

RENTAL MARKET ANALYSIS

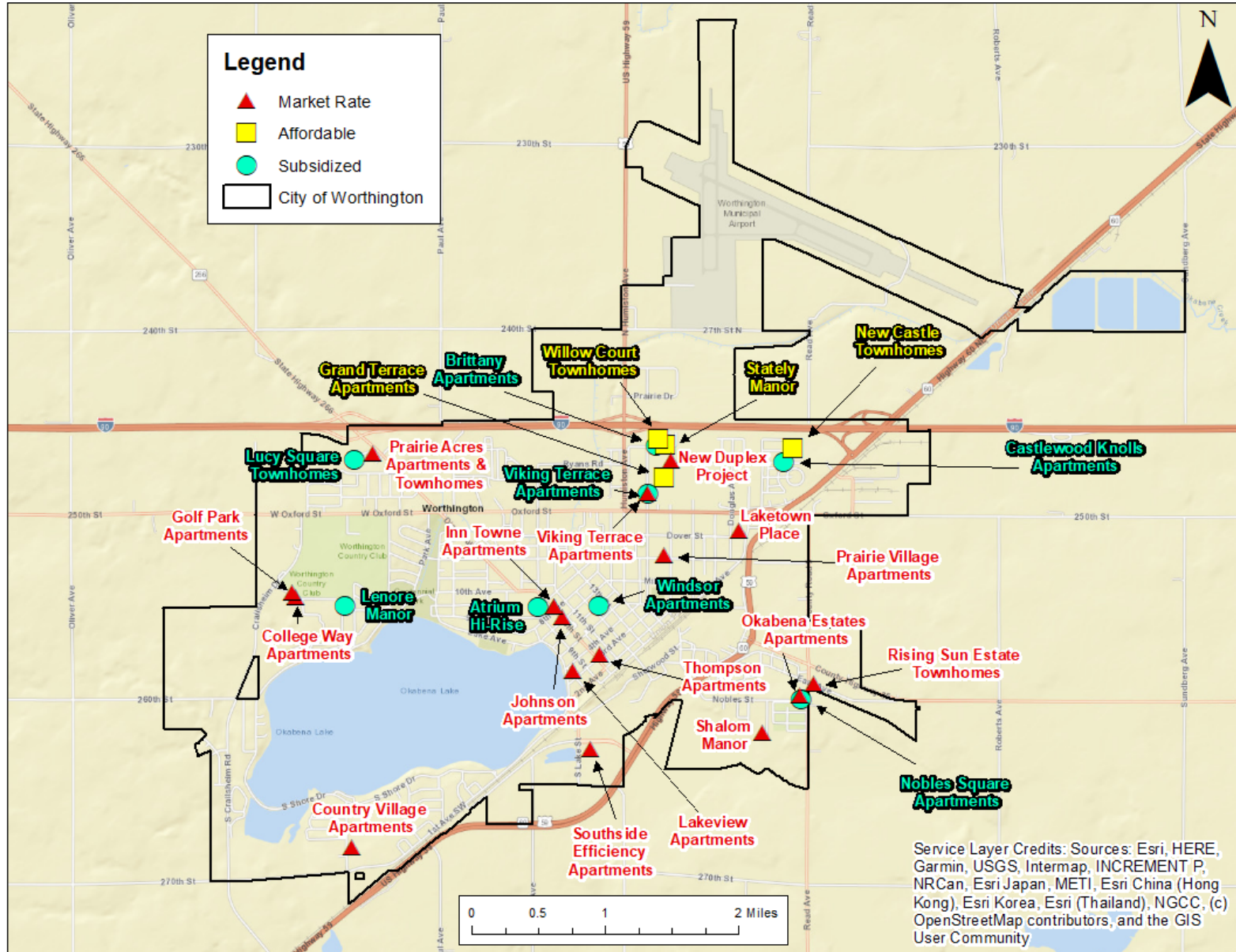
TABLE R-3 (CONTINUED)										
SELECTED NEWER MARKET-RATE GENERAL OCCUPANCY RENTAL PROJECTS										
PRIMARY MARKET AREA										
WINTER 2023										
SUBSIDIZED RENTAL PROJECTS										
Lucy Square Townhomes 901 & 903 Lucy Dr Worthington	1994	12	2	4 - 2BR 8 - 3BR	N/A N/A	30% of Income 30% of Income	-- --	-- --		Smoke free, family housing, close to retail and commercial district. Laundry hook-ups, playground, water/sewer included.
Castlewood Knolls Apartments 2169 & 2205 Cecilee St Worthington	1989	24	2	10 - 1BR 14 - 2BR	800 1,000	\$623 \$702	\$623 \$702	\$0.78 \$0.70		Heat, water, sewer included, on-site laundry, secured entries, smoke-free, extra storage, large windows, next to college, close to grocery store and mall, nearby park. Rural Development property.
Brittany Apartments 1505-1515 Darling St Worthington	1984	24	2	12 - 1BR 12 - 2BR	800 1,000	\$608 \$647	\$608 \$647	\$0.76 \$0.65		Includes laundry facilities and off street parking. Heat, water, and trash/sewer are included in rent.
Oakwood Apartments 401 Oak St Ellsworth	1982	12	5	12 - 1BR	550	30% of Income	--	--		Grocery store, post office, hardware store and school within walking distance. Snow removal and lawn care. Recently renovated community room, main floor laundry room.
Windsor Apartments 1213 6th Ave Worthington	1982	16	2	15 - 1BR 1 - 2BR	600 - 650 700	\$0 - \$879 \$0 - \$1,023	\$440 \$512	\$1.35 - \$1.47 \$0.00 - \$1.46		For disabled residents with no age restrictions. Includes off street parking. Water, sewer, and trash are included. Heat is the responsibility of tenants
Halter Manor II 612 4th Ave Round Lake	1980	6	1	4 - 1BR 2 - 2BR	650 750	\$690 - \$725 \$710 - \$745	\$708 \$728	\$1.06 - \$1.12 \$0.95 - \$0.99		Off street parking and on-site laundry. Water, sewer, and trash are included.
Lenore Manor 808 Thompson Ave Worthington	1979	12	0	5 - 1BR 7 - 2BR	N/A N/A	N/A N/A	N/A N/A	N/A N/A		Rural Development Program, all utilities included, tenant pays for electricity.
Nobles Square Apartments 2175 Nobles St Worthington	1977	48	4	8 - 1BR 32 - 2BR 8 - 3BR	592 - 617 753 - 806 907 - 990	\$705 - \$725 \$790 - \$810 \$845 - \$865	\$715 \$800 \$855	\$1.19 - \$1.22 \$1.00 - \$1.05 \$0.87 - \$0.93		Spacious layouts, convenient access to Walmart, Hy-Vee, Fairway grocery, fou blocks from the mall, close to MN West campus, rural development. Water and sewer included.
Viking Terrace Apartments 1456 Burlington Ave N Worthington	1974	51	1	18 - 1BR 26 - 2BR 7 - 3BR	624 810 1,100	30% of Income 30% of Income 30% of Income	-- -- --	-- -- --		Remodeled, ample closet space, geo thermal heating/cooling, picnic shelter, close to shopping. Heat, water, sewer included. Patio/balconies, playground.
Atrium Hi-Rise 819 10th St Worthington	1965	104	0	104 - 1BR	N/A	30% of Income	--	--		Smoke free, convenient to downtown, cable available for additional fee. Heat, water, sewer, electric included. Waiting list.
Subsidized Total		309	19	6.1%						
Total		797	38	4.8%						

Sources: Costar, Real Estate Listing Sites; Property Management Companies; Nobles County/Beacon; Live Smoke Free; & Maxfield Research and Consulting, LLC.

Market Area General Occupancy Properties



Worthington General Occupancy Properties



Market Rate

- The two newest market rate general occupancy rental properties in the Market Area are a New Duplex project and Rising Sun Estate Townhomes. The New Duplex project opened in 2024 and two units while Rising Sun Estate Townhomes opened in 2015, is owned and operated by the Worthington HRA, and comprises 48 units.
- A total of two vacancies were found among the market rate rental properties, resulting in a vacancy rate of 0.6%. Stabilized equilibrium is considered 5% to allow for adequate unit turnover and property choice for renters. Therefore, the current vacancy rate is well-below market equilibrium and indicates a shortage of rental housing.
- Sizes for market rate units ranged from 550 square feet for a one-bedroom unit at Whispering Pines to 1,500 square feet for a four-bedroom unit at Collegeway Apartments (Note that four-bedroom units are rented per bedroom). If excluding Collegeway Apartments, three-bedroom units at Okabena Estates are the PMA's largest units at 1,410 square feet.
- Rents range from \$330 for a bedroom unit in a four-bedroom apartment at Collegeway Apartments (\$432 for a studio unit at Collegeway Apartments if accounting for a full unit) to \$1,400 for a three-bedroom unit at the new duplex project. The average monthly rent for surveyed market rate apartments in the city is \$873. Note that the average monthly rent of affordable, income restricted surveyed properties is only 5.9% less at \$822. This indicates the much of the supply of market rate housing is affordable.
- Average rent per square foot for surveyed market rate rentals is \$0.89 with one-bedroom units being the highest at \$1.02 and three-bedroom units the lowest at \$0.69 rent per square foot.

Affordable

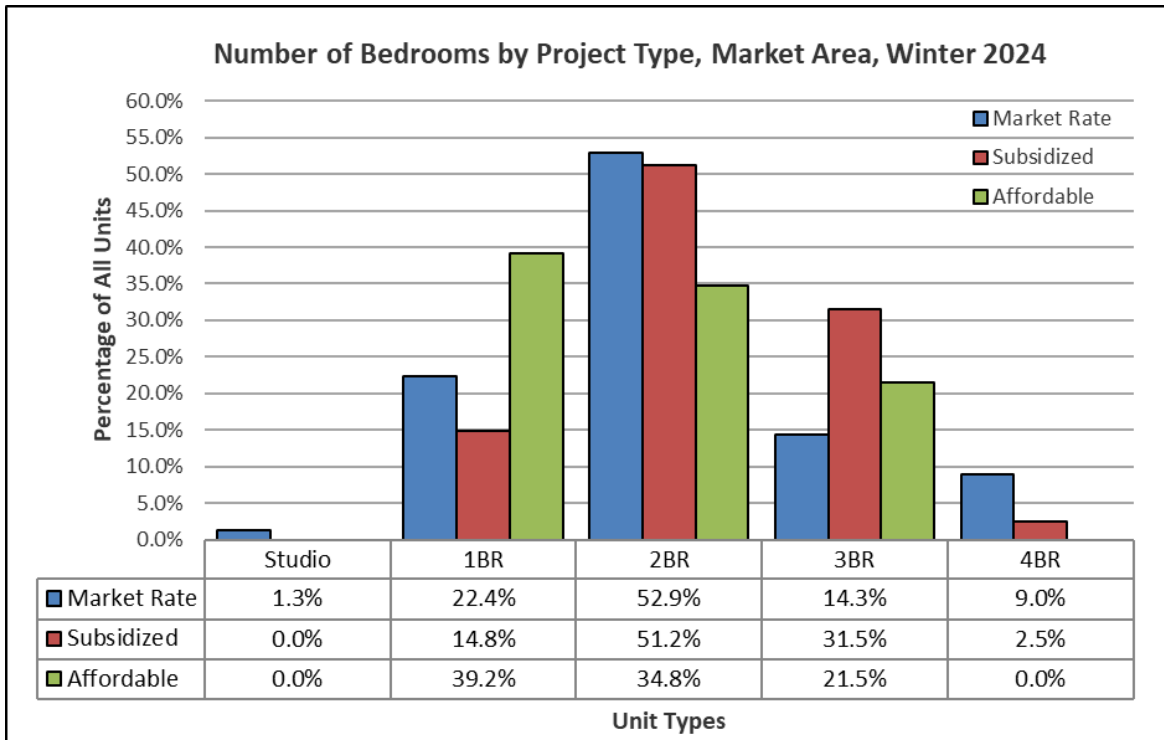
- Eight general occupancy properties in the PMA with affordable units are surveyed. Total units in these properties account for 170 units.
- Typically, tax credit rental properties should be able to maintain vacancy rates of 3% or less in most housing markets. The vacancy rate for affordable units is currently 10.0% (17 vacant units), above market equilibrium. However, the affordability of market rate units also means that many who qualify for income restricted housing are also able to afford market rate units. Because of the wages of many jobs in Worthington, workers earn more than the area median income and do not qualify for affordable housing.

RENTAL MARKET ANALYSIS

Subsidized

- Seven subsidized properties in the Market Area with subsidized units are surveyed. These properties constitute 309 units.
- Typically, deep-subsidy rental properties should be able to maintain vacancy rates of 3% or less in most housing markets. The vacancy rate of deep subsidy units is 6.1% (19 vacant units), above market equilibrium.

TABLE R-4 UNIT TYPE SUMMARY GENERAL OCCUPANCY RENTAL DEVELOPMENTS PRIMARY MARKET AREA WINTER 2024						
Market Rate				Monthly Rents		
Unit Type	Total Units	% of Total	Avg. Size	Range Low - High	Avg. Rent	Avg. Rent/ Sq. Ft.
Studio	3	1.3%	600	\$432 - \$432	\$432	\$0.72
1BR	50	22.4%	715	\$900 - \$900	\$727	\$1.02
2BR	118	52.9%	983	\$598 - \$1,115	\$890	\$0.92
3BR	32	14.3%	1,203	\$630 - \$1,400	\$840	\$0.69
4BR	20	9.0%	1,500	\$1,320 - \$1,320	\$1,320	\$0.88
Total:	223	100.0%	988	\$432 - \$1,400	\$873	\$0.89
Affordable				Monthly Rents		
Unit Type	Total Units	% of Total	Avg. Size	Range Low - High	Avg. Rent	Avg. Rent/ Sq. Ft.
1BR	24	14.8%	638	\$529 - \$690	\$633	\$1.01
2BR	83	51.2%	906	\$750 - \$875	\$776	\$0.89
3BR	51	31.5%	1,304	\$764 - \$1,150	\$959	\$0.74
4BR	4	2.5%	1,610	\$1,150 - \$1,150	\$1,150	\$0.71
Total:	162	100.0%	1,009	\$529 - \$1,150	\$822	\$0.86
Subsidized				Monthly Rents		
Unit Type	Total Units	% of Total	Avg. Size	Range Low - High	Avg. Rent	Avg. Rent/ Sq. Ft.
1BR	71	39.2%	663	NA - NA	NA	NA
2BR	63	34.8%	876	NA - NA	NA	NA
3BR	39	21.5%	837	NA - NA	NA	NA
4BR	8	4.4%	949	NA - NA	NA	NA
Total:	181	100.0%	787	NA - NA	NA	NA
Note: Only properties with available information are included - explains why totals do not add up to totals in R-3.						
NA: Not Applicable/Not Assessed.						
Source: Maxfield Research and Consulting, LLC						



- Two of the newest five properties in the Market Area are affordable projects. Amenities reported among newer properties include in unit laundry (newest projects) or laundry facilities and garages or off-street parking. Most utilities are paid by landlords.
- Among market rate, affordable and subsidized developments affordable developments were the newest with an average year built of 2002 in the Market Area. The average year built for both market rate and subsidized projects was 1975.

Natural Occurring Affordable Housing (e.g., Unsubsidized Affordable)

Although affordable housing is typically associated with an income-restricted property, there are other housing units in communities that indirectly provide affordable housing. Some housing units that were not developed or designated with income guidelines (e.g., assisted) yet are more affordable or as equally affordable than those with income restricted 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 government agencies. Property values on these units tend to be lower based on a combination of factors, such as: age of structure, location, condition, size, functional obsolescence, etc.

According to the *Joint Center for Housing Studies of Harvard University*, the privately unsubsidized housing stock supplies three times as many low-cost affordable units than assisted projects nationwide. Unlike assisted rental developments, most unsubsidized affordable units are scattered across small properties (one-to-four-unit structures) or in older multifamily structures. Many of these older developments are vulnerable to redevelopment due to their age, modest rents, and deferred maintenance.

Because many of these properties have affordable rents, project-based and private housing markets cannot be easily separated. Some households income-qualify for both market rate and project-based affordable housing. Therefore, it is important to identify the naturally occurring affordable housing stock to quantify the proportion of renters that might be eligible for housing assistance based on income. Table R-5 illustrates maximum rent limits based on household size and area median income while table R-6 depicts maximum income limits based on household size and area median monthly income. Table R-7 estimates the number of affordable units needed by area median income (AMI). The section concludes with a summary table (R-8).

- Among the 67 market rate units inventoried by unit mix and monthly rents, 61.1% of the units are affordable to households at 50% AMI. Together with 12.3% of the units affordable at 60% AMI, over 73% of the market rate rental housing inventory is affordable to households with incomes between 50% and 60% AMI (See Table R-8). In addition, 26.6% of units are affordable to households at 30% of AMI.
- An estimated 64.5% of market rate one-bedroom units are affordable at 50% of AMI and another 31.1% are affordable at 30% AMI (See Table R-8).
- Of two-bedroom units, 67.5% are affordable at 50% AMI, 37.3% are affordable at 30% AMI and 29.0% are affordable at 30% AMI. (See Table R-8).
- None of the inventoried market rate units have monthly rents that would be affordable to households earning 80% of AMI. Households at this income level would qualify for “work-force” housing. In addition, no inventoried market rate units have monthly rents affordable to households earning 100% or 120% of AMI.

RENTAL MARKET ANALYSIS

**TABLE R-5
MONTHLY RENTS BASED ON INCOME LIMITS, HOUSEHOLD SIZE, & AMI
NOBLES COUNTY - 2023**

Unit Type ¹	HHD Size		Max. Rent Based on Household Size (@30% of Income)											
	Min	Max	30%		50%		60%		80%		100%		120%	
			Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
Studio	1	1	\$464	-\$464	\$773	-\$773	\$927	-\$927	\$1,236	-\$1,236	\$1,545	-\$1,545	\$1,854	-\$1,854
1BR	1	2	\$464	-\$530	\$773	-\$883	\$927	-\$1,059	\$1,236	-\$1,412	\$1,545	-\$1,765	\$1,854	-\$2,118
2BR	2	4	\$530	-\$662	\$883	-\$1,103	\$1,059	-\$1,323	\$1,412	-\$1,764	\$1,765	-\$2,205	\$2,118	-\$2,646
3BR	3	6	\$596	-\$768	\$993	-\$1,280	\$1,191	-\$1,536	\$1,588	-\$2,330	\$1,985	-\$2,560	\$2,382	-\$3,072
4BR	4	8	\$662	-\$874	\$1,103	-\$1,456	\$1,323	-\$1,748	\$1,764	-\$2,330	\$2,205	-\$2,913	\$2,646	-\$3,495

Note: 4-person Nobles County AMI is \$79,300 (2023)
Sources: HUD, MHFA, Maxfield Research & Consulting, LLC

**TABLE R-6
MONTHLY INCOME BASED ON HOUSEHOLD SIZE AND AREA MEDIAN INCOME
NOBLES COUNTY - 2023**

Unit Type ¹	HHD Size		Max. Rent Based on Household Size (@30% of Income)											
	Min	Max	30%		50%		60%		80%		100%		120%	
			Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
Studio	1	1	\$18,540	-\$18,540	\$30,900	-\$30,900	\$37,080	-\$37,080	\$49,440	-\$49,440	\$61,800	-\$61,800	\$74,160	-\$74,160
1BR	1	2	\$18,540	-\$21,180	\$30,900	-\$35,300	\$37,080	-\$42,360	\$49,440	-\$56,480	\$61,800	-\$70,600	\$74,160	-\$84,720
2BR	2	4	\$21,180	-\$26,460	\$35,300	-\$44,100	\$42,360	-\$52,920	\$56,480	-\$70,560	\$70,600	-\$88,200	\$84,720	-\$105,840
3BR	3	6	\$23,820	-\$30,720	\$39,700	-\$51,200	\$47,640	-\$61,440	\$63,520	-\$93,200	\$79,400	-\$102,400	\$95,280	-\$122,880
4BR	4	8	\$26,460	-\$34,950	\$44,100	-\$58,250	\$52,920	-\$69,900	\$70,560	-\$93,200	\$88,200	-\$116,500	\$105,840	-\$139,800

Note: 4-person Nobles County AMI is \$79,300 (2023)
Sources: HUD, MHFA, Maxfield Research & Consulting, LLC

RENTAL MARKET ANALYSIS

TABLE R-7
MULTIFAMILY MARKET RATE RENTAL DEVELOPMENTS
ASSESSMENT OF MARKET RATE RENTAL HOUSING BY AFFORDABILITY CALCULATION
PRIMARY MARKET AREA
WINTER 2024

Unit Type/Project Name	Total Units	Rent Range		Min. Income Needed to Afford ¹	Units that are Market Rate Affordability by AMI ²					
		Min	Max		30%	50%	60%	80%	100%	120%
Studio										
College Way Apartments	20	\$432 - \$432		\$17,280 - \$17,280	20	--	--	--	--	--
Total/ Average	20				20	0	0	0	0	0
One-Bedroom										
Rising Sun Estate Townhomes	16	\$950 - \$950		\$38,000 - \$38,000	--	--	16	--	--	--
Okabena Estates Apartments	4	\$900 - \$900		\$36,000 - \$36,000	--	--	4	--	--	--
Prairie Acres Apartments	2	\$650 - \$650		\$26,000 - \$26,000	--	2	--	--	--	--
College Way Apartments	3	\$557 - \$557		\$22,280 - \$22,280	--	3	--	--	--	--
Golf Park Apartments	18	\$630 - \$630		\$25,200 - \$25,200	--	18	--	--	--	--
Prairie Village Apartments	2	\$600 - \$600		\$24,000 - \$24,000	--	2	--	--	--	--
Total/ Average	2				0	25	20	0	0	0
Two-Bedroom										
Rising Sun Estate Townhomes	32	\$1,050 - \$1,050		\$42,000 - \$42,000	--	32	--	--	--	--
Okabena Estates Apartments	17	\$1,055 - \$1,115		\$42,200 - \$44,600	--	8	9	--	--	--
Prairie Acres Apartments	6	\$745 - \$745		\$29,800 - \$29,800	--	6	--	--	--	--
Prairie Acres Townhomes	4	\$850 - \$850		\$34,000 - \$34,000	--	4	--	--	--	--
Country Village Apartments	22	\$598 - \$598		\$23,920 - \$23,920	22	--	--	--	--	--
Golf Park Apartments	30	\$810 - \$810		\$32,400 - \$32,400	--	30	--	--	--	--
Prairie Village Apartments	22	\$750 - \$750		\$30,000 - \$30,000	--	22	--	--	--	--
Viking Terrace Apartments	2	\$760 - \$760		\$30,400 - \$30,400	--	2	--	--	--	--
Whispering Pines	3	\$446 - \$446		\$17,840 - \$17,840	3	--	--	--	--	--
Total/ Average	3				25	104	9	0	0	0
Three Bedroom										
New Duplex Project	2	\$1,400	\$1,400	\$56,000 - \$56,000	--	--	2	--	--	--
Prairie Acres Townhomes	4	\$850 - \$850		\$34,000 - \$34,000	--	4	--	--	--	--
College Way Apartments	1	\$693 - \$693		\$27,720 - \$27,720	1	--	--	--	--	--
Country Village Apartments	22	\$675 - \$772		\$27,000 - \$30,880	21	1	--	--	--	--
Total/ Average	22				22	5	2	0	0	0
Four Bedroom										
College Way Apartments	20	\$1,320 - \$1,320		\$52,800 - \$52,800	--	20	--	--	--	--
Total/ Average	20				0	20	0	0	0	0

¹ Based on a 30% allocation of income to housing for general-occupancy. Senior housing is excluded from the calculation.

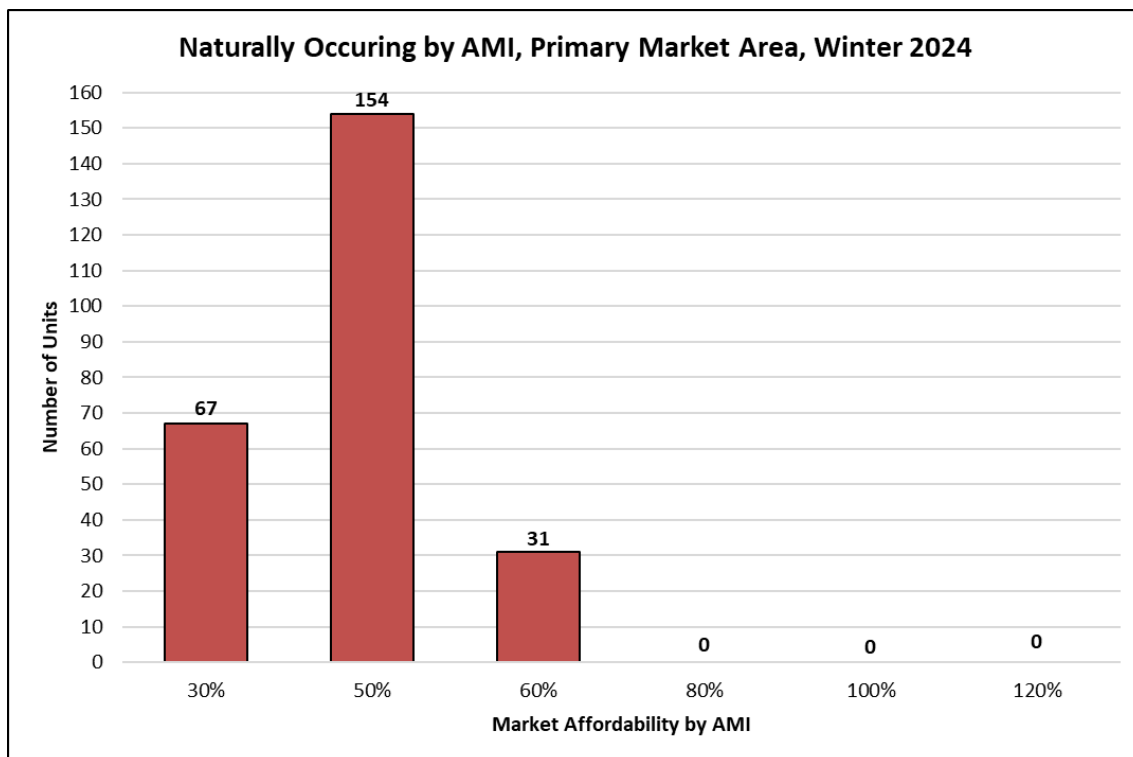
² Market rate housing that has rents that could be classified as "unsubsidized affordable" units based on the monthly rents and adjusted for household size.

Source: Maxfield Research & Consulting, LLC.

RENTAL MARKET ANALYSIS

TABLE R-8 MULTIFAMILY MARKET RATE RENTAL DEVELOPMENTS NATURAL OCCURRING SUMMARY PRIMARY MARKET AREA WINTER 2024						
Unit Type	Market Rate Affordability by AMI					
	30%	50%	60%	80%	100%	120%
Studio	20	0	0	0	0	0
1 BR	0	25	20	0	0	0
2 BR	25	104	9	0	0	0
3 BR	22	5	2	0	0	0
4 BR	0	20	0	0	0	0
Subtotal	67	154	31	0	0	0
Pct. Of Total	26.6%	61.1%	12.3%	0.0%	0.0%	0.0%
Pct. Of Affordability Category						
Studio	29.9%	0.0%	0.0%	-	-	-
1 BR	0.0%	16.2%	64.5%	-	-	-
2 BR	37.3%	67.5%	29.0%	-	-	-
3 BR	32.8%	3.2%	6.5%	-	-	-
4 BR	0.0%	13.0%	0.0%	-	-	-

Source: Maxfield Research & Consulting, LLC.



Market Rate General Occupancy Rental Housing Properties



Rising Sun Estate Townhomes (Worthington)



New Duplex Project (Worthington)



Laketown Place (Worthington)



Golf Park Apartments (Worthington)



Buffalo Ridge Apartments (Worthington)



Collegeway Apartments (Worthington)

Affordable General Occupancy Rental Housing Properties



Stately Manor (Worthington)



Grand Terrace (Worthington)



New Castle Townhomes (Worthington)



Viking Terrace (Worthington) – Aff, MR, and Sub



Schlueter Apartments (Adrian)

Subsidized General Occupancy Rental Housing Properties



Sunrise Heights (Brewster)



Brittany Apartments (Oakwood)



Thomas Apartments (Rushmore)



Atrium High Rise (Worthington)



Nobles Square (Worthington)



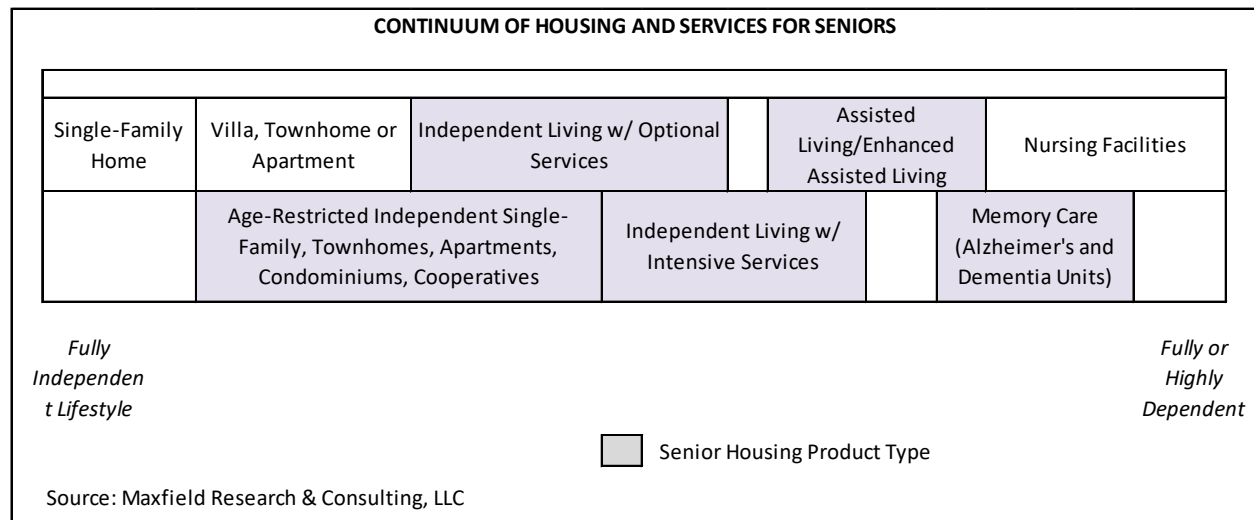
Brittany Apartments (Worthington)

Introduction

This section provides an assessment of the market support for senior housing (active adult, independent living, assisted living and memory care) in Worthington. An overview of the demographic and economic characteristics of the senior population in Worthington is presented along with an inventory of existing senior housing developments in the city. Demand for senior housing is calculated based on demographic, economic and competitive factors that would impact demand for additional senior housing units in Worthington. Our assessment concludes with an estimation of the proportion of city demand that could be captured by senior housing communities located in Worthington.

Senior Housing Defined

Senior housing is a concept that generally refers to the integrated delivery of housing and services to seniors. However, as Figure 1 illustrates, senior housing embodies a wide variety of product types across the service-delivery spectrum.



Products range from independent apartments and/or townhomes with virtually no services on one end, to highly specialized, service-intensive assisted living units or housing geared for people with dementia-related illnesses (termed "memory care") on the other end of the spectrum.

In general, independent senior housing attracts people 65 and older while assisted living typically attracts people 80 and older who need assistance with activities of daily living (ADLs). For analytical purposes, Maxfield Research and Consulting, LLC classifies senior housing into five primary categories based on the level and type of services offered as described in the following figure.

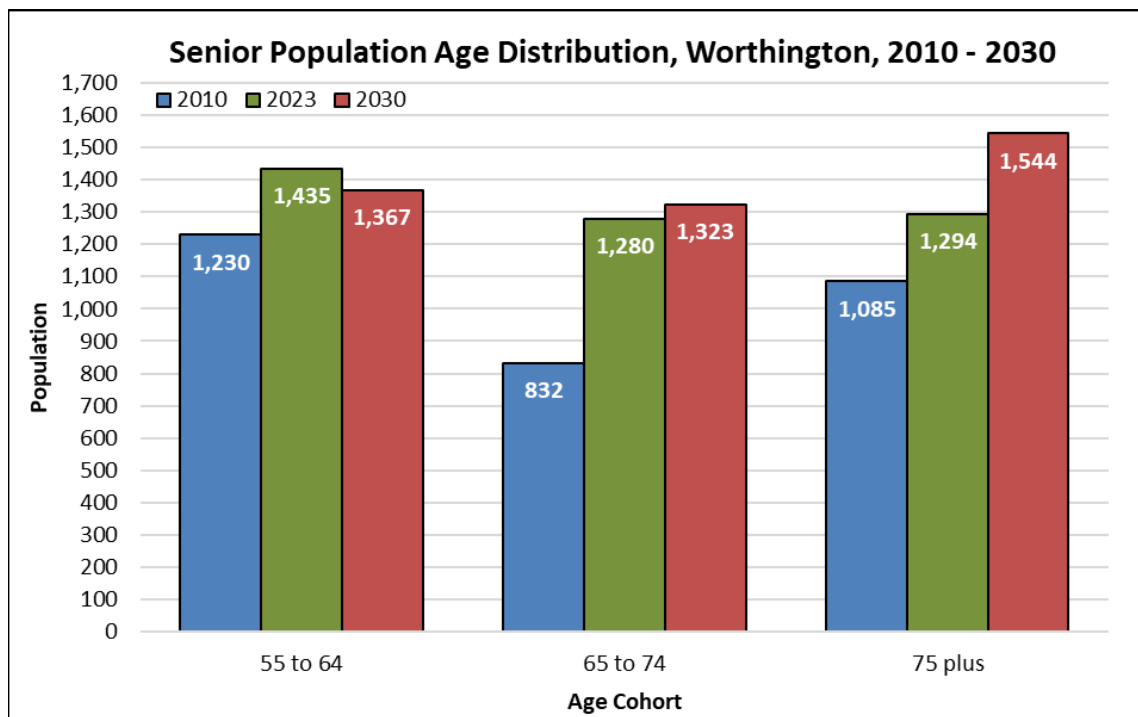
- ***Active Adult*** properties (or independent living without services available) are like a general-occupancy building, in that they offer virtually no services but have age-restrictions (typically 55 or 62 or older). Residents are generally age 70 or older if in an apartment-style building. Organized entertainment, activities and occasionally a transportation program represent the extent of services typically available at these properties. Because of the lack of services, active adult properties generally do not command the rent premiums of more service-enriched senior housing. Active adult properties can have a rental or owner-occupied (condominium or cooperative) format.
- ***Independent Living*** properties (or independent 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 rent. These properties often 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 75 or older. Rents are also above those of the active adult buildings. 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 health situation), who need 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 addresses housing needs almost exclusively for 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, and private insurance as well as use of private funds.

Older Adult (Age 55+) Population and Household Trends

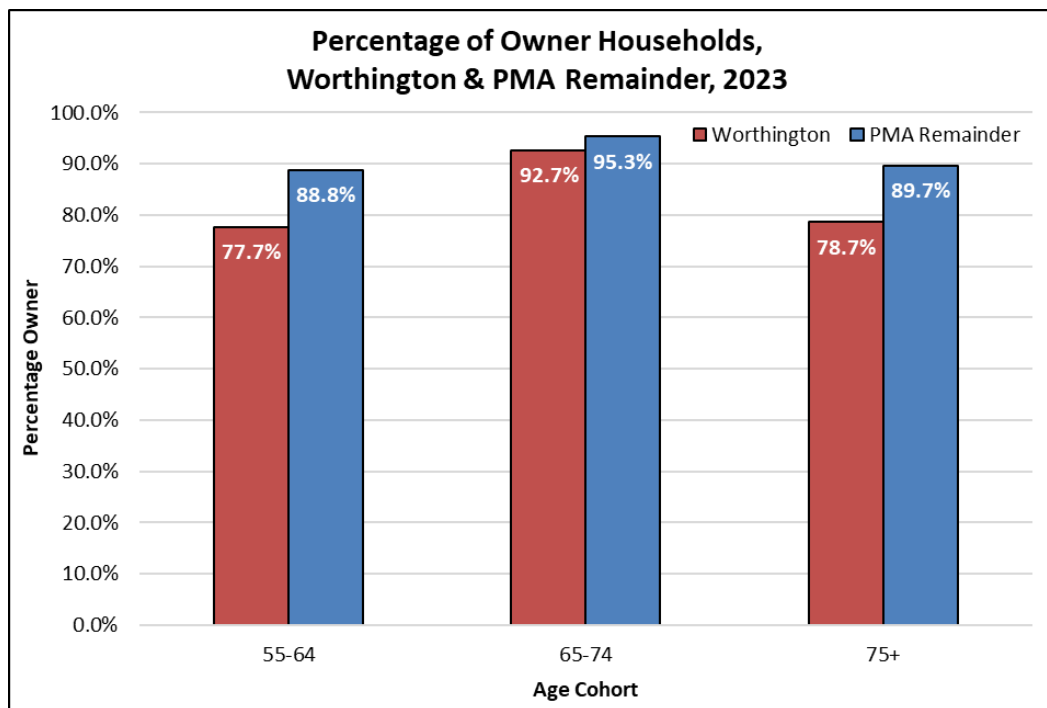
The Demographic Analysis section of this study presented general demographic characteristics of Worthington’s population in comparison to the PMA Remainder and overall Market Area. The following points summarize key findings from that section as they pertain to the older adult population in Worthington and the PMA Remainder.

- The fastest growing age group in Worthington was the 65 to 74 cohort, which experienced a 53.8% increase in population between 2010 and 2023, adding 448 people. Similarly, this same age group had the largest percentage growth (46.3%) in the PMA Remainder.
- Over the next five years, the second fastest population growth in Worthington is projected in the 75 plus age cohort, which is forecast to experience a 19.3% increase in population, an addition of 250 people. In the PMA Remainder, the 75 plus (19.0%) and the 65 to 74 (18.7%) age groups are forecast to see the largest percent growth.



SENIOR HOUSING ANALYSIS

- The primary market for service-enhanced housing (IL, AL and MC) is senior households age 75 and older. While individuals in their 50s and 60s typically do not comprise the market base for service-enhanced senior housing, they often have elderly parents to whom they provide support when they decide to relocate to senior housing. Since elderly parents typically prefer to be near their adult caregivers, growth in the older adult age cohort (age 55 to 64) generally results in additional demand for senior housing products.
- Homeownership information lends insight into the number of households that may still have homes to sell and could potentially supplement their incomes from the sales of their homes to support monthly fees for alternative housing.
- Worthington maintains high rates of homeownership in the older adult age cohorts. The homeownership rate as of 2023 is 77.7% for households 55 to 64 (66.2% in the overall PMA). Seniors typically begin moving into senior housing alternatives or more convenient housing such as apartment buildings or twin homes in their mid- to late 70s. This movement pattern is demonstrated by the drop in homeownership between the 65 to 74 age cohort (92.7%) and the 75+ age cohort (78.7%).



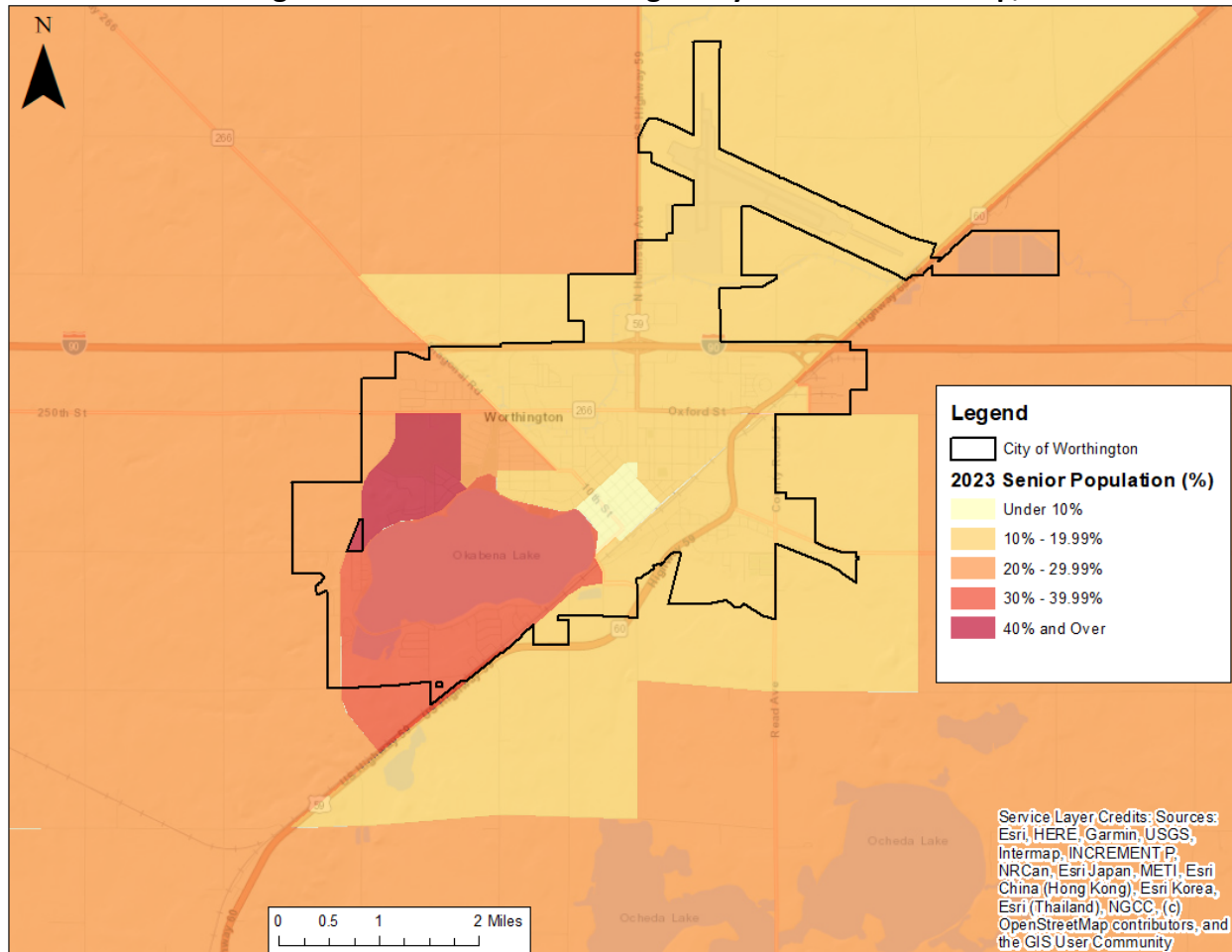
- With a homeownership rate of 85.2% for all Worthington households age 65 or older and 92.9% of all PMA Remainder households age 65 or older, a large number of residents would be able to use proceeds from the sales of their homes toward senior housing alternatives. The resale of single-family homes would allow additional senior households to qualify for market rate housing products, since equity from the home sale could be used as supplemental income for alternative housing. These considerations are factored into our demand calculations.

Senior Housing in Worthington and the Market Area

As of Winter 2023/Spring 2024, Maxfield Research identified eight senior housing developments of varying service levels in the Market Area. Combined, these projects contain a total of 348 units with 22 vacancies resulting in an overall vacancy rate of 6.3%. Generally, the equilibrium for senior housing ranges from a 5% to 7% vacancy rate.

Table S-1 provides information on the senior occupancy projects in the Market Area. Information in the table number of units, unit mix, number of vacant units, rents, and general comments about each project where available. Table S-2 provides information on the amenities available at senior projects in the Market Area where available. A map, on the following page, displays the percentage of 2023 seniors in each census block in Worthington.

Percentage of Seniors 65+ in Worthington by Census Block Group, 2023



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

Affordable/Subsidized Active Adult

- There are 125 affordable, subsidized active adult units in the Worthington Market Area at three properties, representing the largest senior service level in the Market Area.
- Subsidized units, apart from one two-bedroom unit at Buffalo Ridge, were exclusively one-bedroom units of independent living.
- Common community amenities include a community room and a picnic area.

Market Rate Active Adult

- There are 32 active adult ownership units in the Market Area at the Homestead Cooperative. Resident's purchase a unit and pay a monthly fee.
- Amenities at Homestead Cooperative include cable TV, emergency pull cord system, laundry hook-up, and common area laundry facilities.

Market Rate Independent Living

- There is one development in the Market Area, Ecumen Meadows, offering independent living units. All independent living units were housed with assisted living units as an option. These units were able to be designated as congregate or assisted living depending on the current needs of the resident. Therefore, the 41 surveyed independent living units could change as residents service needs change.
- Examples of amenities at Ecumen Meadows included exercise classes, educational workshops, and spiritual care.
- Services included in the resident's base rate included two meals a day, 24-hour emergency response, and two daily checks.
- Rates for independent living units at Ecumen Meadows range from \$2,580 for a studio unit to \$4,185 for a two-bedroom unit.

Market Rate Assisted Living

- After affordable/subsidized active adult units, assisted living units represented the second largest number of units with 88 units in the Market Area. There were 78 assisted living units in Worthington and 10 units Adrian. Seven units were reported vacant (Six vacant units at Ecumen Meadows and one vacant unit at Golden Horizons).

SENIOR HOUSING ANALYSIS

- Residents at assisted living developments were able to receive services on an a la carte basis, adding and removing services, such as medication management, transfers, bathing, on an as needed basis.
- Residents of assisted living developments received meals, weekly housekeeping, weekly laundry, scheduled activities and transportation. The development was likely to include a community room and dining room.
- The rates for assisted living rise as residents need more services, developments in the Markets reported rates starting at approximately \$2,600 and reaching nearly \$4,400.

Memory Care

- There were four developments in the Market Area with memory care units, offering 62 units. Of those 62 units, 40 were in Worthington and 22 were in Adrian.
- The rates at the developments offering memory care ranged from \$2,620 to \$5,562. There were seven vacancies reported in the memory care properties (Six vacancies at County Living Cottages and one vacancy at Golden Horizons).
- Memory care units are secure, include meals, and activities and services, as needed for residents.

Skilled Nursing

- There are three skilled nursing developments in the Market Area, Crossroads and South Shore Care Centers in Worthington and Parkview Manor in Ellsworth.
- Crossroads Care Center also maintains the Reflections Care unit which serves patients with memory care needs.
- South Shore Care Center specializes in caring for those with a need for short term and long-term rehabilitation needs. There are also transitional care beds. Patients can receive nursing care, occupational therapy, speech therapy and physical therapy. South Shore Care Center also offers hospice and respite care services.
- Patients at both centers can participate in activities, such as fitness classes and church programs, and entertainment programs such as sing-a-longs, musical guests and monthly birthday celebrations.
- Parkview Manor provides short and long-term rehabilitation services, offering 37 beds.

SENIOR HOUSING ANALYSIS

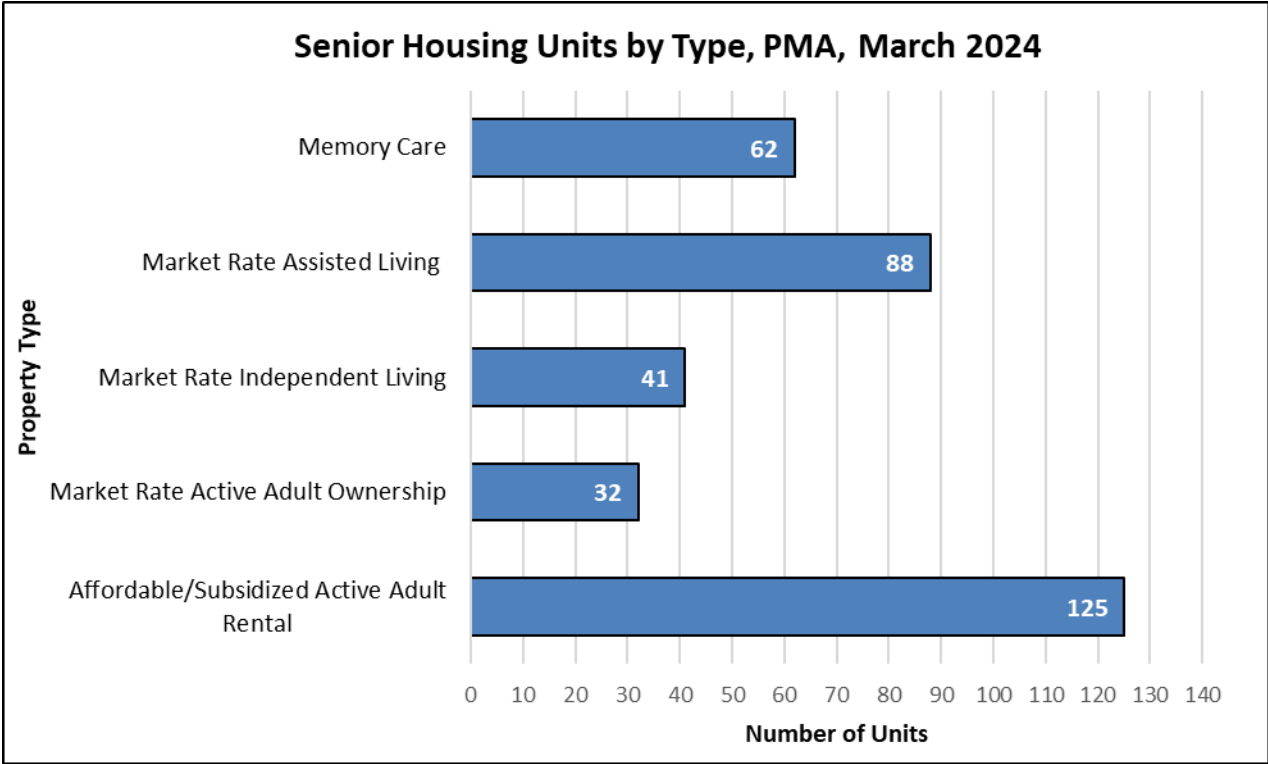
S-1 SENIOR OCCUPANCY RENTAL HOUSING PRIMARY MARKET AREA WINTER 2023/SPRING 2024												
Project Name/Location	Year Built	Units	Vacant	Unit Mix	Unit Size		Monthly Rent		Avg Rent	Rent Per Sq Ft.		Amenities/Comments
					Min	Max	Min	Max		Min	Max	
AFFORDABLE/SUBSIDIZED ACTIVE ADULT RENTAL												
Buffalo Ridge 2107 Nobles St Worthington	2009	19	2	18 - 1BR 1 - 2BR	650 - 750 850		\$50 - \$615 \$50 - \$750	\$333 \$400		\$0.08 - \$0.95 \$0.06 - \$0.88		Subsidized property. Secured entry, spacious community room, elevator, gathering areas, garbage chute. Open floor plan, picnic/grill area. Maintenance, lawn care, snow removal
Okabena Tower 212 12th St Worthington	1977	60	0	60 - 1BR	600		30% Income	N/A		N/A		Subsidized property. Convenient access to public transportation, community, elevator. Heat and trash removal are included.
Sunshine Apartments 1620 Clary St Worthington	1991	46	0	46 - 1BR	620		\$670	\$670		\$1.08		Subsidized property. On-site staff, controlled access, pool table, surface parking, and outside services can be contracted if residents need meals or home care. Waiver from Rural Development to allow tenants above income limits.
MARKET RATE ACTIVE ADULT OWNERSHIP												
Homestead Cooperative 1150 Crailsheim Dr Worthington	1995	32	N/A	14 - 1BR 18 - 2BR	N/A N/A		N/A N/A	N/A N/A		N/A N/A		55+, Local van service, cable TV, emergency pull cord system, laundry hook-up in unit and free common laundry facilities
MARKET RATE INDEPENDENT LIVING												
Ecumen Meadows 1801 Collegeway Worthington	2011/1991	41	* 6	N/A - Studio N/A - 1BR N/A - 2 BR	440 595 - 845 820 - 995		\$2,580 - \$2,645 \$3,035 - \$3,770 \$3,470 - \$4,185	\$2,613 \$3,403 \$3,828		\$5.86 - \$6.01 \$4.46 - \$5.10 \$4.21 - \$4.23		Two meals served restaurant style, personal trainer program, exercise class weekdays, salon, spiritual care, 24-hr emergency response, wireless included, outdoor patio, whirlpool spa, pet-friendly, educational workshops, two daily checks. Electric, gas, water, trash, cable, and Wifi is provided. Second occupant is an additional \$165 a month.
<i>Continued</i>												

SENIOR HOUSING ANALYSIS

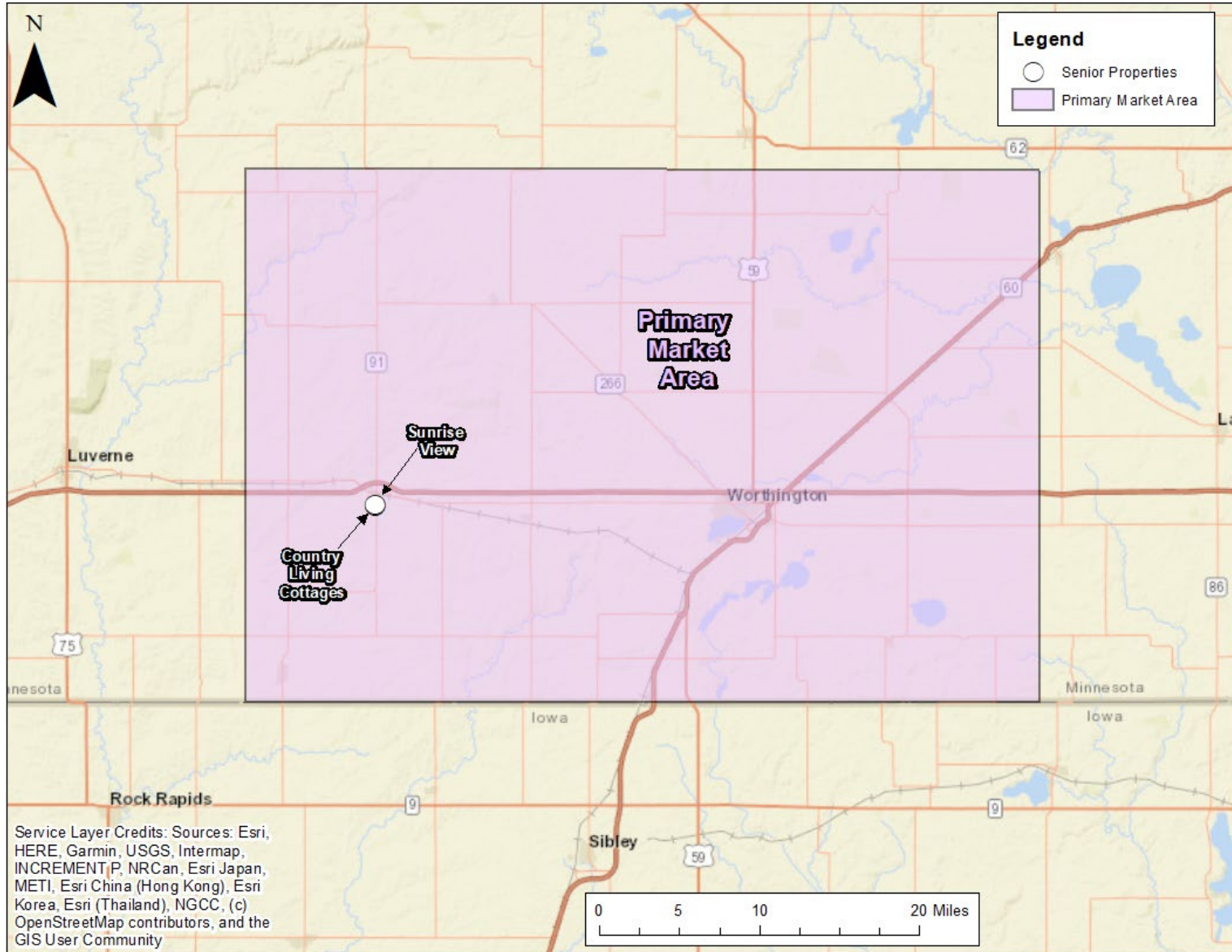
S-1 (CONTINUED)										
SENIOR OCCUPANCY RENTAL HOUSING										
PRIMARY MARKET AREA										
WINTER 2023/SPRING 2024										
MARKET RATE ASSISTED LIVING										
Ecumen Meadows 1801 Collegeway Worthington	2011/1991	53	*	6	N/A - Studio N/A - 1BR N/A - 2 BR	440 595 - 845 820 - 995	\$2,580 - \$2,645 \$3,035 - \$3,770 \$3,470 - \$4,185	\$2,613 \$3,403 \$3,828	\$5.86 - \$6.01 \$4.46 - \$5.10 \$4.21 - \$4.23	Two meals served restaurant style, personal trainer program, exercise class weekdays, salon, spiritual care, 24-hr emergency response, wireless included, outdoor patio, whirlpool spa, pet-friendly, educational workshops, two daily checks. Electric, gas, water, trash, cable, and Wifi is provided. Second occupant is an additional \$165 a month.
Golden Horizons 1790 Collegeway Worthington	2003	25		1	13 - Suite 2 - Suite 6 - 1BR 4 - 1BR+D	335 350 500 750	\$3,193 - \$3,516 \$3,941 \$4,265 \$4,371	\$3,355 \$3,941 \$4,265 \$4,371	\$9.53 - \$10.50 \$11.26 \$8.53 \$5.83	Daily wellness check, monthly wellness vitals, 24/7 staff, emergency monitoring system, three meals per day, fruit and snacks available, housekeeping/laundry services, daily activities, transportation for appointments and activities, appointment assistance, and maintenance. Additional services are available for an extra cost. Second person rent is an additional \$1,061.
Country Living Cottages 200 W 7th st Adrian	2010	10		0	10 - 1BR	270	\$3,000	\$3,000	\$11.11	Meals included, planned activities, staffed 24-hours a day, laundry and housekeeping, on-site beauty salon, transportation, studio units with bathroom/walk-in shower, shared living room, kitchen, dining room and activity room. Services added a la carte basis, fees based on 15 minutes of services.
MEMORY CARE										
Ecumen Meadows 1801 Collegeway Worthington	2011/1991	14		0	14 - Studio	325	\$2,620	\$2,620	\$8.06	Private suite with private bath, family dining area, support for activities of daily living, personalize health care plan, daily trash removal, personal grooming assistance, bathing/bath assistance, transfer assistance, comfort checks, escort to meals and programs, emergency response system, medication management, music/aroma therapy. Full with a waitlist. Second occupant is an additional \$330 a month.
Country Living Cottages 200 W 7th st Adrian	2010	10		6	10 - 1BR	270	\$4,000	\$4,000	\$14.81	Staffed and secured 24-hours a day, meals included, planned activities, laundry and housekeeping, on-site beauty salon, transportation, studio units with bathroom/walk-in shower, shared living room, kitchen, dining room and activity room.
Golden Horizons 1790 Collegeway Worthington	2003	16		1	16 - 1BR	240 - 478	\$4,811 - \$6,313	\$5,562	\$20.05 - \$26.30	Daily wellness check, monthly wellness vitals, 24/7 staff, emergency monitoring system, three meals per day, fruit and snacks available, housekeeping/laundry services, daily activities, transportation for appointments and activities, appointment assistance, and maintenance. Additional services are available for an extra cost. Second person rent is an additional \$1,061.
Sunrise View 603 Louisiana Ave Adrian	1959	22		N/A	8 - Private Bath 14 Semi Bath	180 225	N/A N/A	-- --	-- --	Three meals a day, snacks, housekeeping, laundry, scheduled activities, cable tv, paid utilities, attached clinic, beauty salon on site. Offer respite and hospice care.
Total		348	22	6.3%	Vacancy Rate¹					
*Units can be occupied as either independent or assisted living units, unit count reflects room designations at the time of the survey										
¹ Vacancy rate is calculated based on properties where both the number of units and vacancies were provided										
N/A: Not Assessed/Not Applicable.										
Sources: Maxfield Research and Consulting, LLC										

SENIOR HOUSING ANALYSIS

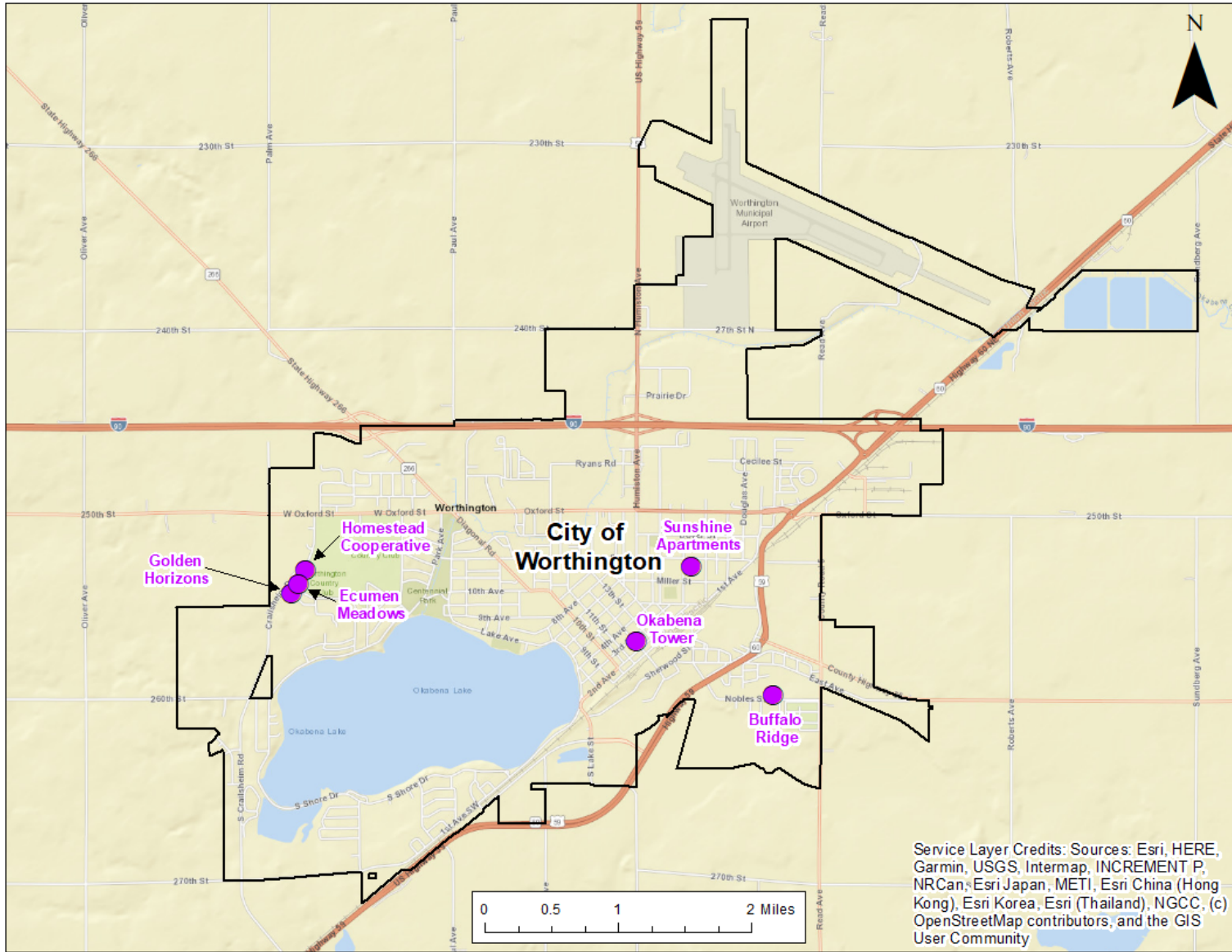
- Affordable/subsidized active adult rentals accounted for most senior units in the Market Area, accounting for nearly a third of all senior housing units (35.9% of all senior units).
- Assisted living units (88 units) also accounted for high percentage of senior units making up over one quarter of all units (25.3%).
- There were no market rate active adult rentals in the Market Area.



Market Area Senior Properties



Worthington Senior Properties



Select Senior Properties



Sunrise View Assisted Living (Adrian)



Country Living Cottages (Adrian)



Golden Horizons (Worthington)



Sunshine Apartments (Worthington)



Okabena Towers (Worthington)



Homestead Cooperative (Worthington)

Introduction

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

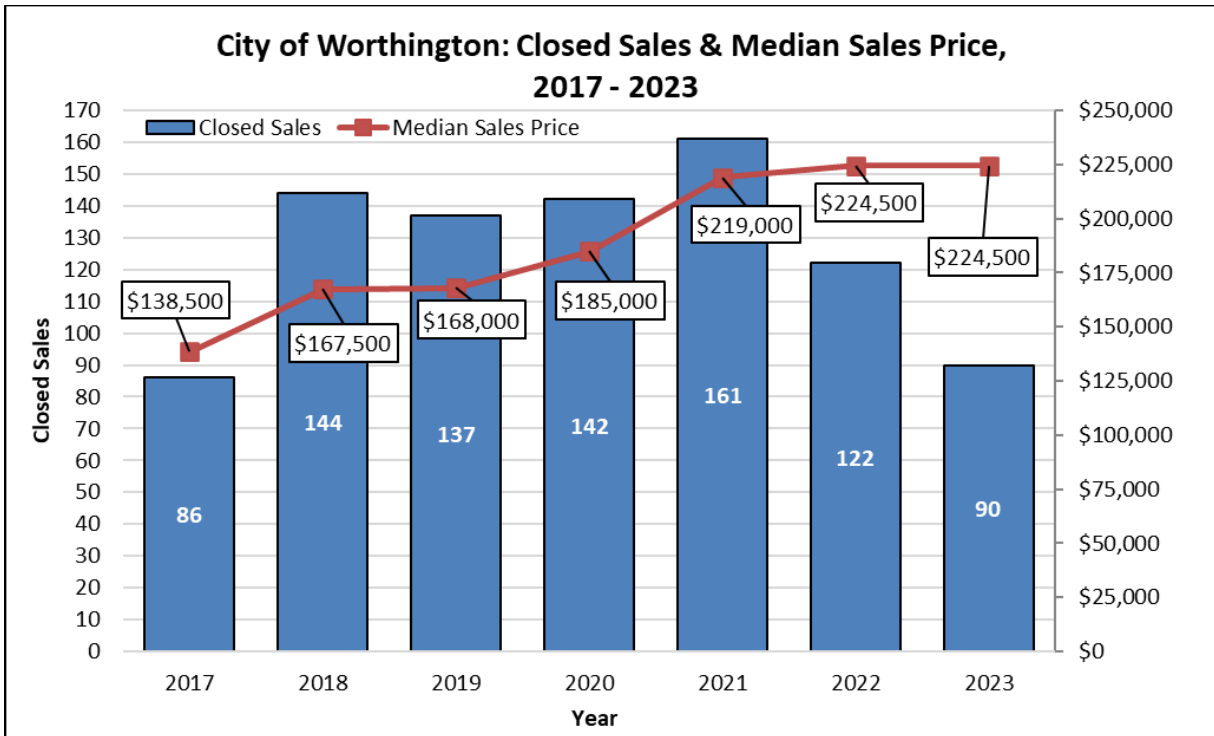
Overview of For-Sale Housing Market Conditions

Table FS-1 presents home resale data in the City of Worthington from 2017 through 2023. The data displays the number of closed sales and median sales prices. Data is from the West Central Association of Realtors (WCAAR). Note that data for Worthington via WCAAR is only available back to 2017. The following are key points observed from our analysis of this data.

- From 2017 to 2023, there were an average of 126 sales per year, with the highest number of sales recorded in 2021 (161) and the lowest number of sales recorded in 2017 (86).
- Worthington’s median sale price rose from \$138,500 in 2017 to \$224,500 in 2023, an increase of 62.1% (\$189,571). Between 2017 and 2022 the City’s median sales price rose annually prior to remaining the same at \$224,500 in 2022 and 2023. Over the past six years Worthington’s median sales price averaged 8.7% annual growth.

TABLE FS-1 RESIDENTIAL REALES WORTHINGTON 2017 through 2023			
Year	Number of Sales	Median Sales Price	Median Sales % Change
2017	86	\$138,500	--
2018	144	\$167,500	20.9%
2019	137	\$168,000	0.3%
2020	142	\$185,000	10.1%
2021	161	\$219,000	18.4%
2022	122	\$224,500	2.5%
2023	90	\$224,500	0.0%
17' - 23'			
Pct. Change		62.1%	
Average		126	\$189,571 8.7%

Sources: West Central Association of Realtors & Maxfield Research and Consulting LLC.

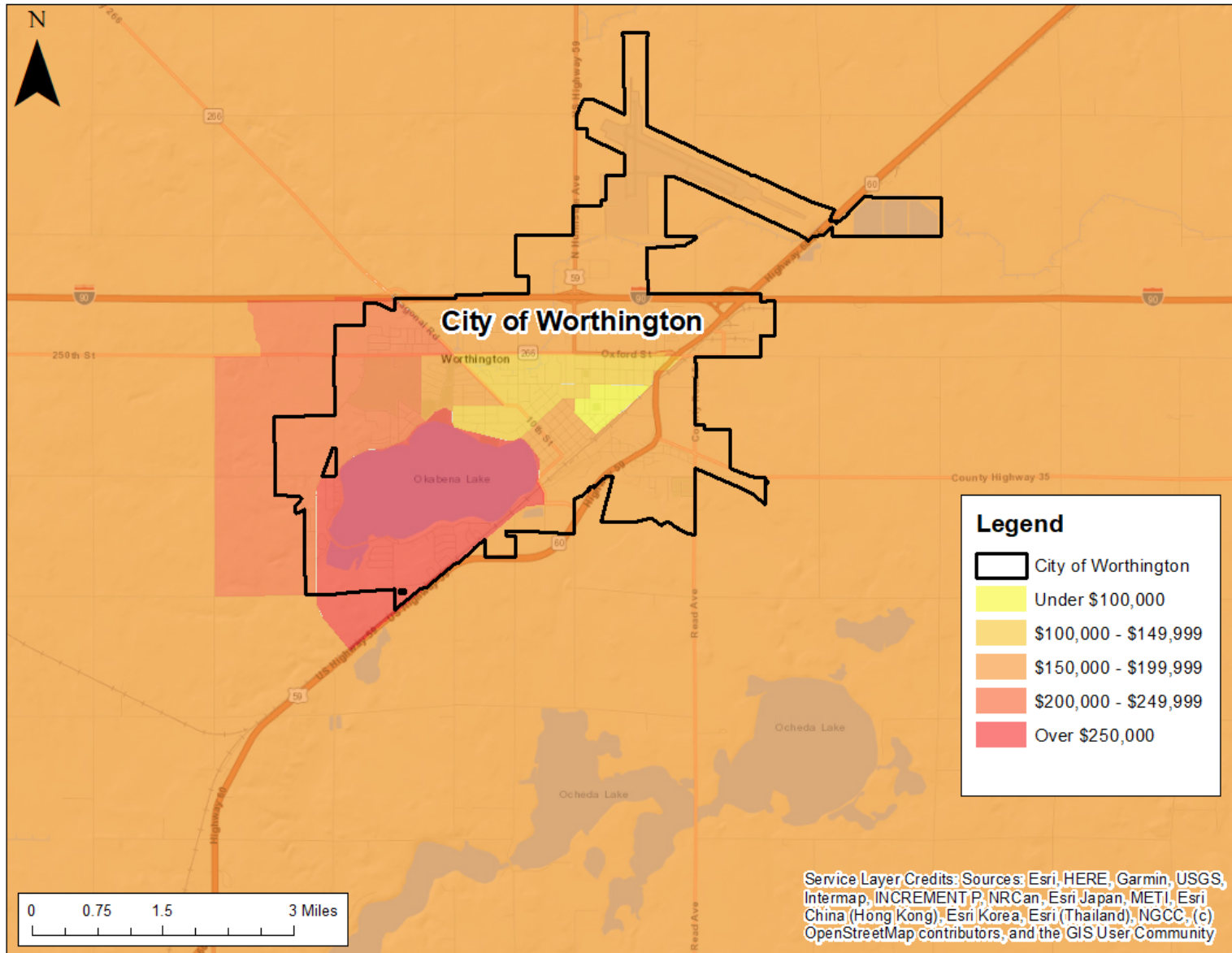


Housing Values

The map on the following page displays the assessed value for homes classified as residential single unit dwellings in the City of Worthington. The following are key points observed from our analysis of this data.

- Homes on the lake, and to the east and south, recorded the highest assessed values. Another area with higher assessed home values was in the northwestern corner of the city.
- The lowest assessed values were recorded in the central neighborhoods of the city, generally the oldest parts of the city.

2023 Median Home Value by Census Block, City of Worthington



Current Supply of Homes on the Market

To examine the current market more closely for available owner-occupied housing in the Worthington Market Area, we reviewed the current supply of homes on the market (listed for sale). Table FS-2 shows homes currently listed for sale in the Worthington PMA in ten price ranges. The data was provided by the is based on active listings in October 2023.

- As of October 2023, there were 21 homes listed for sale in Worthington and nine homes listed in the Remainder of the Market Area. All the active home listings were for single-family homes, there were no listing for multi-family homes.
- The median list price for a single-family home is \$299,990 while in the Remainder of the Market Area it is \$314,771. The median sale price is generally a more accurate indicator of housing values in a community than the average sale price. Average sale prices can be easily skewed by a few very high-priced or low-priced home sales in any given year, whereas the median sale price better represents the pricing of most homes in a given market.
- Based on a median list price of \$299,900, the income required to afford a home at this price would be about \$85,686 to \$99,967, based on the standard of 3.0 to 3.5 times the median income (and assuming these households do not have a high level of debt). A household with significantly more equity (in an existing home and/or savings) could afford a higher priced home. In the City of Worthington 31.0% of households have annual incomes at or above \$85,686 while in the Market Area 34.6% have annual incomes at or above \$85,686.

**TABLE FS-2
HOMES CURRENTLY LISTED FOR-SALE
PRIMARY MARKET AREA
OCTOBER 2023**

Price Range	City of Worthington		Remainder of PMA		Market Area Total	
	Single-Family		Single-Family		Single-Family	
	No.	Pct.	No.	Pct.	No.	Pct.
< \$100,000	0	0.0%	0	0.0%	0	0.0%
\$100,000 to \$149,999	1	4.8%	0	0.0%	2	6.7%
\$149,999 to \$199,999	3	14.3%	1	11.1%	4	13.3%
\$200,000 to \$249,999	3	14.3%	4	44.4%	7	23.3%
\$250,000 to \$299,999	4	19.0%	1	11.1%	4	13.3%
\$300,000 to \$349,999	5	23.8%	2	22.2%	6	20.0%
\$350,000 to \$399,999	2	9.5%	1	11.1%	3	10.0%
\$400,000 to \$449,999	0	0.0%	0	0.0%	0	0.0%
\$450,000 to \$499,999	2	9.5%	0	0.0%	3	10.0%
\$500,000 and Over	1	4.8%	0	0.0%	1	3.3%
Total	21	100%	9	100%	30	100%
Median	\$304,450		\$229,900		\$297,250	
Average	\$315,535		\$266,578		\$299,333	

Sources: Realtor.com & Maxfield Research and Consulting LLC.

FOR SALE MARKET ANALYSIS

- Two-thirds of Worthington’s listings were priced at or above \$250,000. In comparison, in the Remainder of the Market Area, 44.4% of homes were listed at or above \$250,000.

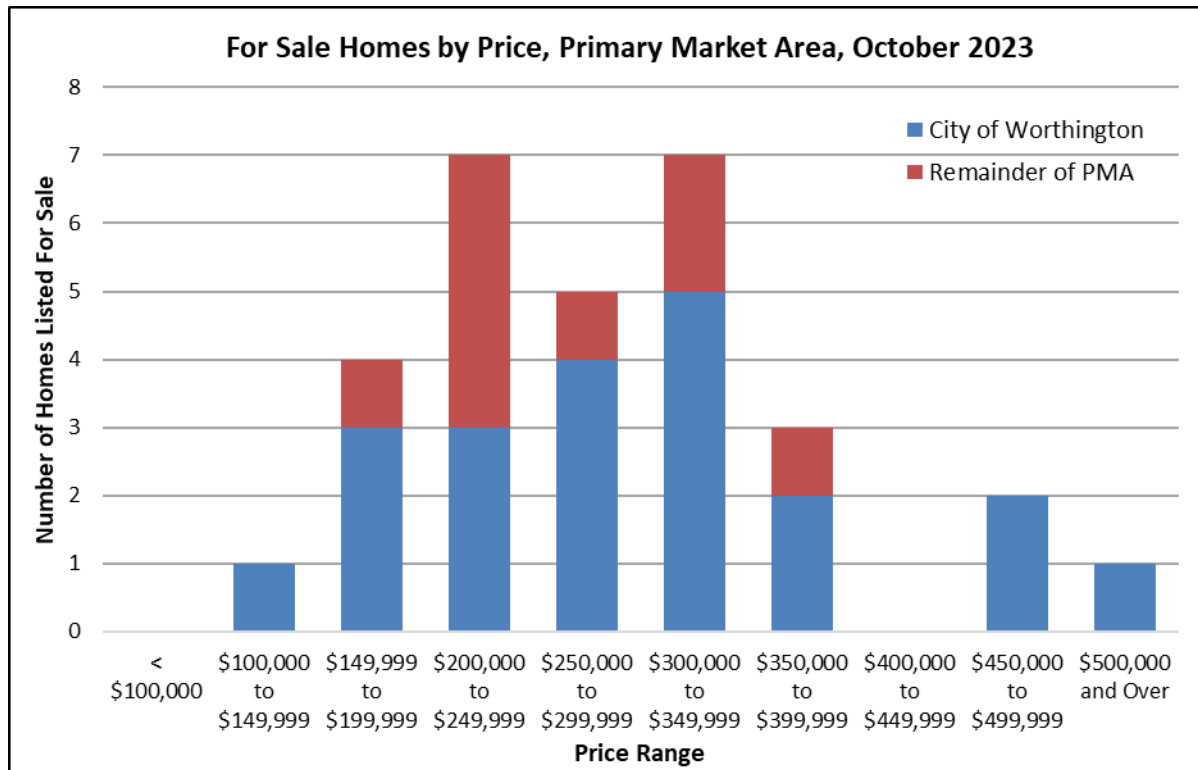


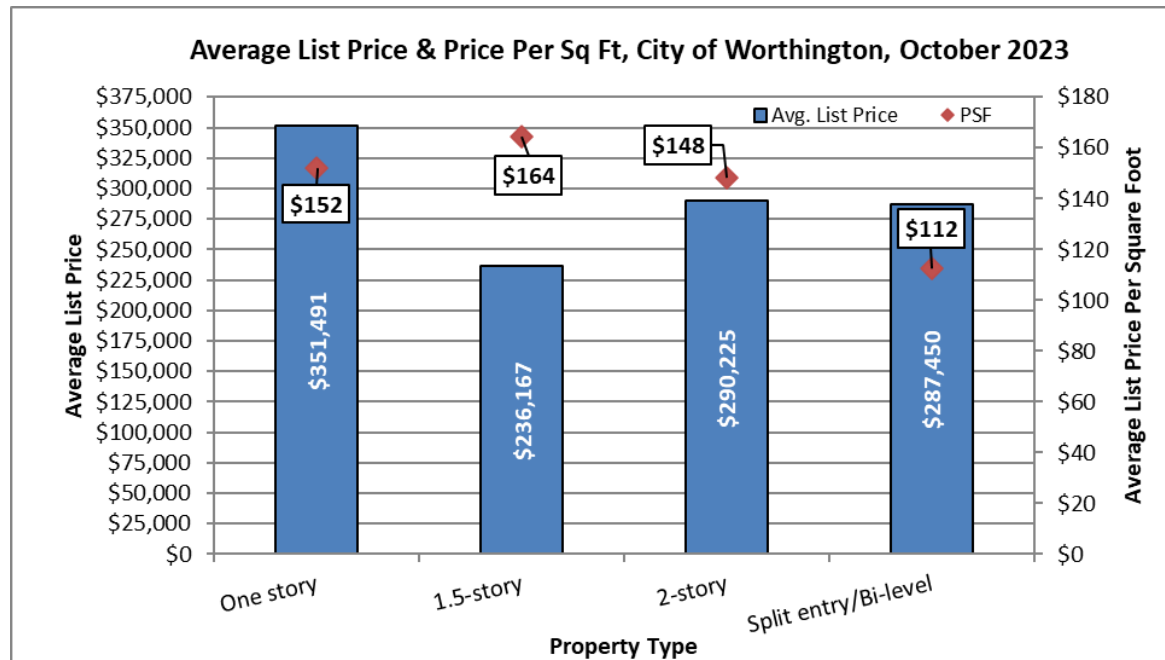
Table FS-3 shows homes currently listed for sale in the Worthington PMA by property style and pricing. The data was provided by the is based on active listings in October 2023.

- One story homes accounted for the largest proportion of homes on the market (39.1%). The list price for one story homes averaged \$351,491 and an average size of 2,315 square feet.
- Split entry/Bi-level homes reported the largest average size, at 2,559 square feet but the lowest average list price per square foot at \$112 (\$287,450 average list price). These homes accounted for 4.3% of all listings.
- Two story homes, accounting for 26.1% of listings, were the oldest homes, with an average age of 1922 and reported the lowest average list price, \$236,167.
- One and a half story homes accounted for 30.4% of homes on the market (39.1%). The list price for one story homes was the lowest across all property types averaging \$236,167. In addition, the square footage for one and a half story homes was also the lowest across all property types, averaging 1,438 square feet.

**TABLE FS-3
ACTIVE LISTINGS BY HOUSING TYPE
CITY OF WORTHINGTON
OCTOBER 2023**

Property Type	Listings	Pct.	Avg. List Price	Avg. Size (Sq. Ft.)	Avg. List Price Per Sq. Ft.	Avg. Bedrooms	Avg. Bathrooms	Avg. Age of Home
Single-Family								
One story	11	39.1%	\$351,491	2,315	\$152	3	3	1979
1.5-story	3	30.4%	\$236,167	1,438	\$164	3	2	1935
2-story	4	26.1%	\$290,225	1,956	\$148	4	2	1922
Split entry/Bi-level	2	4.3%	\$287,450	2,559	\$112	3	3	1972
Total	20	100.0%	\$315,535	2,136	\$153	3	2	1960

Sources: Realtor.com; Zillow; & Maxfield Research and Consulting LLC



Lot Supply

Maxfield Research identified five newer subdivisions in the PMA with lots available. Please note; this does not include scattered, infill lots.

- Glenwood Heights 1st Addition, located in southwestern Worthington, has mostly been built out and only five vacant lots remain. Lots average 0.31 acres and homes range from approximately \$268,000 to \$569,000.
- Glenwood Heights 2nd and 3rd Addition, also in southwestern Worthington, will have 68 total lots when fully built out. Of the 68 lots, 37 currently have infrastructure and one of those 37 lots has been sold. Thus, 36 lots are classified as vacant. The lots average 0.41 acres and \$61,241.
- Wagner Addition is located south of Glenwood Heights 1st, 2nd, and 3rd Additions and has 8 total lots, of which 6 are vacant. In addition, a permit has been issued for a third home to be built. Lots at Wagner Addition average 0.46 acres.
- Cecilee Addition, located in northeastern Worthington, comprises 18 total lots, of which 14 lots remain vacant. Homes average 0.32 acres.
- As illustrated in Table HC-4, in the Housing Characteristics section, the median year built of owner-occupied units in the City of Worthington is 1964, well below the median year built of owner-occupied units throughout Minnesota (1979). Combine this with the small number of new subdivisions in Worthington points to a lack of newer for sale housing options in the city. In addition, currently high interest rates make home ownership difficult.
- A map, on the following page, shows the location of new Worthington subdivisions.

Subdivision/location	No. of Lots/Units	Vacant Lots	Average Lot Size (Acres)	Lot Size Range	Avg Lot Cost	Home Price (Min-Max)
Glenwood Heights 1st Addition Sterling Avenue	32	5	0.31	0.25 - 0.55	\$69,000	\$268,100 - \$568,900
Glenwood Heights 2nd & 3rd Addition* Sterling Avenue	37	36	0.41	0.18 - 0.89	\$61,241	N/A
Ocheda Heights Addition 297th Street	16	8	2.01	0.40 - 2.20	\$29,900	\$649,900
Cecilee Addition Cecilee Street	18	14	0.32	0.20 - 1.79	N/A	N/A
Wagner Addition Sutherland Drive	8	6	0.46	0.31 - 0.63	N/A	\$642,100
Total	111	69	--	0.18 - 2.20	--	\$268,100 - \$649,900
*One lot has been sold. 37 lots have infrastructure, however the total build-out is 68 total lots						
Sources: Local real estate companies; Real Estate Listing sites; Nobles County; Local News Sources; City of Worthington; & Maxfield Research and Consulting LLC.						

New Subdivisions



Worthington New Subdivisions



Northland Park Second Addition



Country Living Cottages (Adrian)



Glenwood Heights 1st Addition



Glenwood Heights 2nd and 3rd Addition



Ocheda Heights Addition



Ocheda Heights Addition

Land Use

A map on the following page displays Worthington’s current zoning map with a legend to show detailed zoning districts.

Worthington Zoning District Examples



PUD – Planned Unit Development
(Wagner Addition Subdivision)



B-2 Central Business District
(Downtown Worthington)

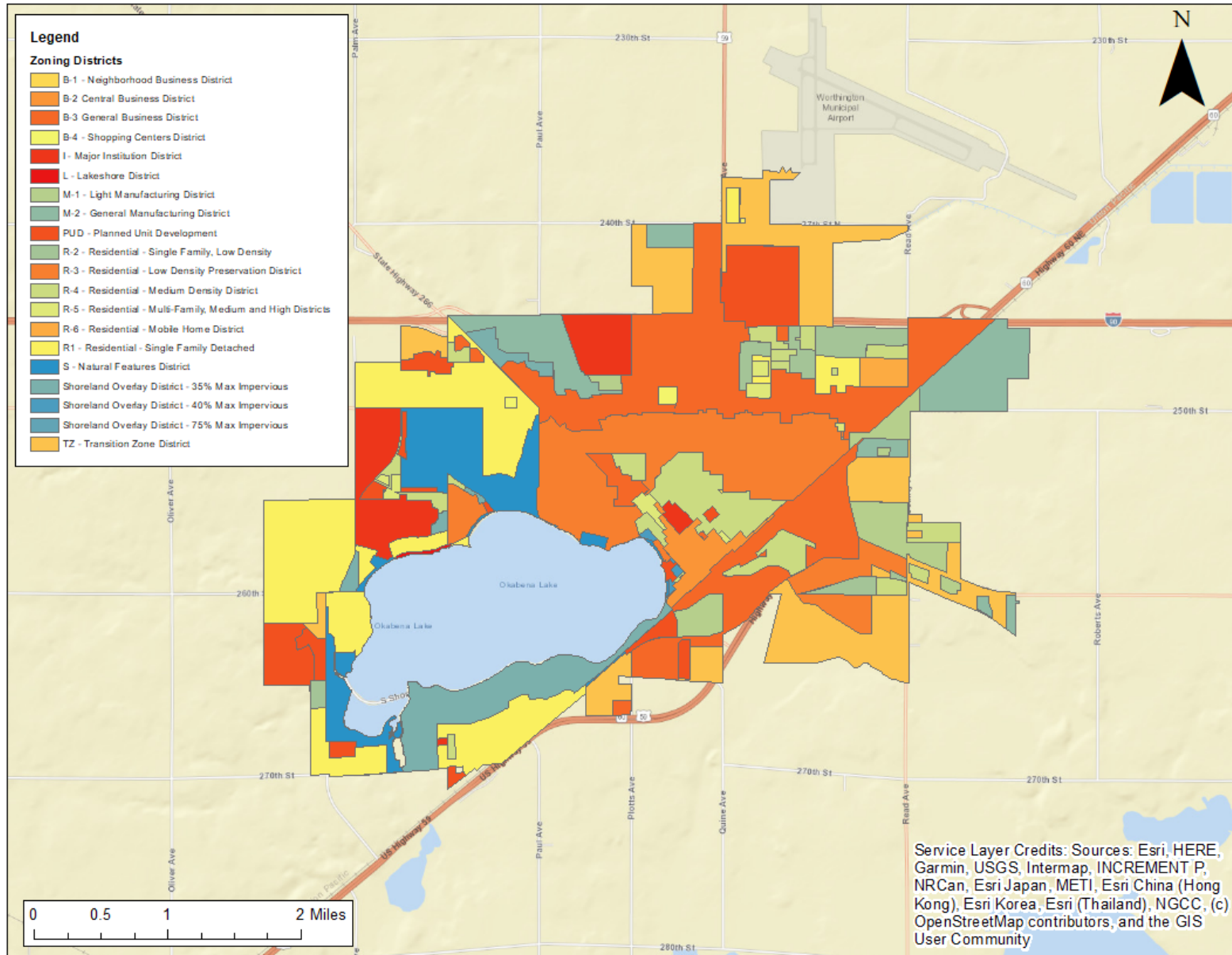


B-4 Residential – Medium Density District
(Single Family Home Near Downtown Worthington)



S Natural Features District
(GreatLife Golf & Fitness Club – Worthington)

Worthington Zoning Map



Mobile Home Parks

Maxfield Research identified one mobile home park within the city, Sungold Heights, with 106 units.

Real Estate Agent Interviews

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

- Buyers of all ages are buying in Worthington and across all price points. Homes under \$200,000 are especially needed. However, with the cost of construction, this will be a hard price point to construct.
- In the past year, Worthington homes averaged pricing in the low to mid \$200,000s and varied in time sold.
- Large homes with three bedrooms are mentioned as especially popular with buyers. This makes sense given the high persons per household in Worthington (3.11 persons per household) compared to the PMA Remainder (2.46 persons per household), Southwest Minnesota Region (2.46 persons per household), and State of Minnesota (2.53 persons per household).
- Realtors stressed that, currently, all areas of the city are selling well. However, the western portion of the city was seen as more desirable. This part of Worthington is home to Lake Okabena and area schools.



Lake Okabena with Homes in Distance

- Those selling are not limited to one age group. Although, the high cost of homes may limit the ability of younger households to buy their first home.

School District

School Districts impact for sale home values in a community. A city with a strong school district and tax base helps keep its for sale properties increase in value.

District Overview

According to US News and World Report’s 2023-2024 Rankings, Worthington High School had 1,061 students in grades 9-12, a 22:1 student to teacher ratio, and ranked as the 22nd best high school in the state.³

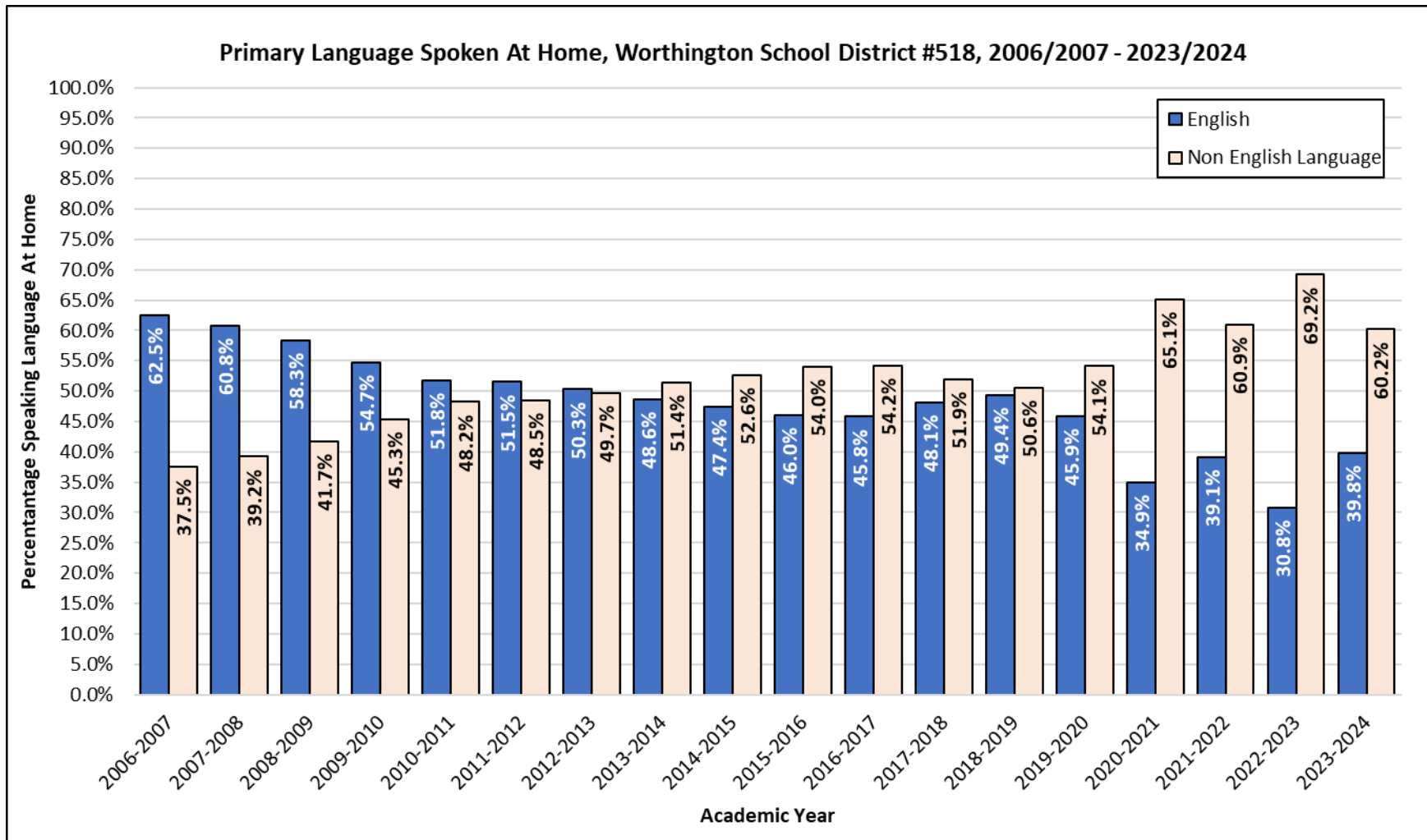
Chart FS-5, below, displays the percentage of students who speak, English, Spanish, or another language at home in the Worthington School District. The final category is the percentage of students who speak a non-English language at home in the Worthington District. Information is from the Minnesota Department of Education data.

- Between the 2006/2007 school year and 2023/2024 school year the number of students who spoke English at home in the Worthington School District decreased from 62.5% to 39.8% of all students. Those speaking Spanish at home in the Worthington School District increased from 27.6% to 47.2% of all students while those speaking a language other than English or Spanish increased from 9.9% to 13.0% of all students.

Academic Year	English	Spanish	Other Language	Non English Language
2006-2007	62.5%	27.6%	9.9%	37.5%
2007-2008	60.8%	29.2%	10.0%	39.2%
2008-2009	58.3%	29.9%	11.8%	41.7%
2009-2010	54.7%	31.4%	13.9%	45.3%
2010-2011	51.8%	35.1%	13.1%	48.2%
2011-2012	51.5%	35.1%	13.4%	48.5%
2012-2013	50.3%	36.5%	13.2%	49.7%
2013-2014	48.6%	38.3%	13.1%	51.4%
2014-2015	47.4%	39.7%	12.9%	52.6%
2015-2016	46.0%	41.3%	12.7%	54.0%
2016-2017	45.8%	41.3%	12.9%	54.2%
2017-2018	48.1%	40.0%	11.9%	51.9%
2018-2019	49.4%	38.1%	12.5%	50.6%
2019-2020	45.9%	41.6%	12.5%	54.1%
2020-2021	34.9%	49.8%	15.3%	65.1%
2021-2022	39.1%	46.8%	14.1%	60.9%
2022-2023	30.8%	54.3%	14.9%	69.2%
2023-2024	39.8%	47.2%	13.0%	60.2%

Sources: Minnesota Department of Education & Maxfield Research and Consulting LLC.

³ “Worthington Senior High School.” *U.S. News & World Report*, <https://www.usnews.com/education/best-high-schools/minnesota/districts/worthington-public-school-district/worthington-senior-high-school-11184>. Accessed 1 Sept. 2023.



District Maps

The maps, on the following pages, depict boundaries of the Worthington Public School District, neighboring school districts, and the City of Worthington.

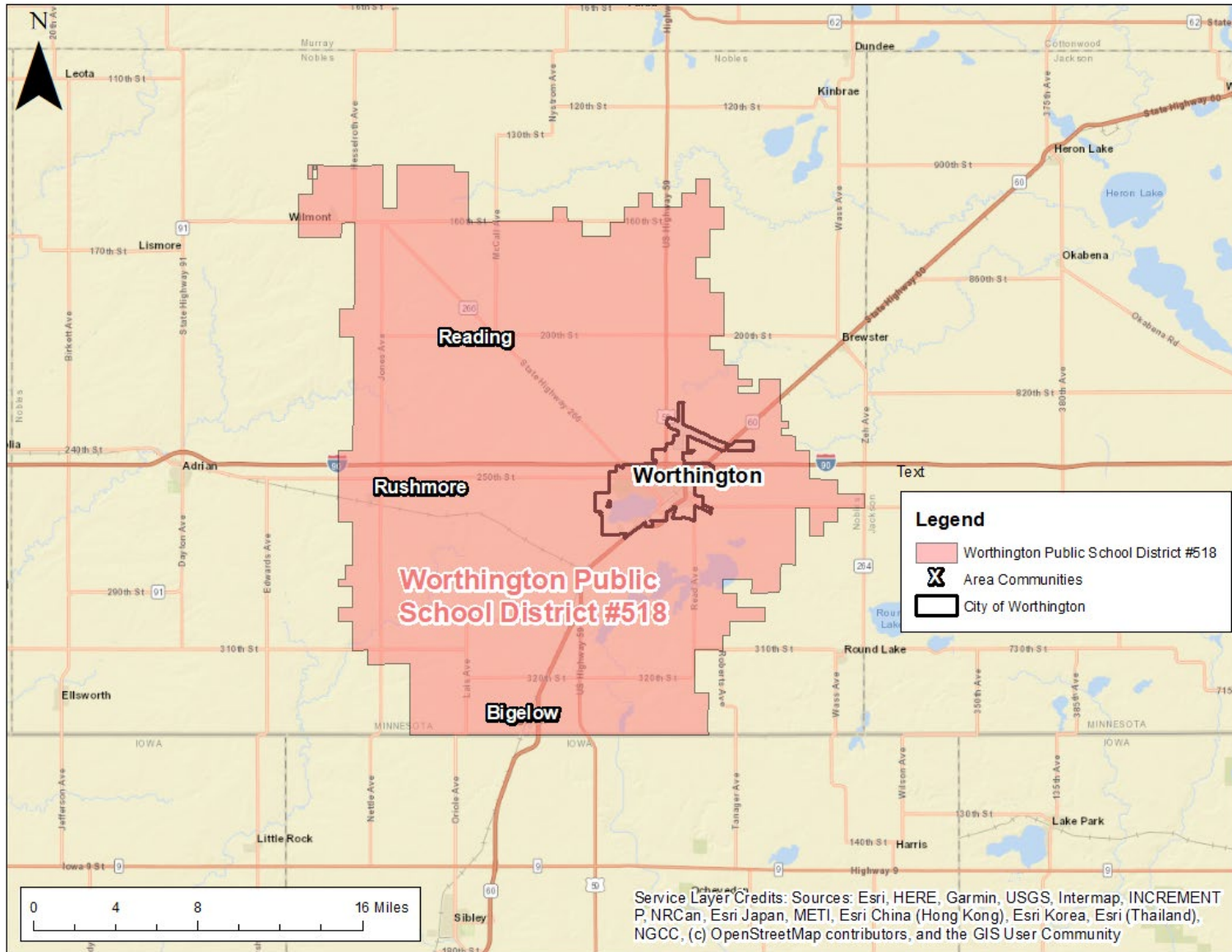


Worthington High School

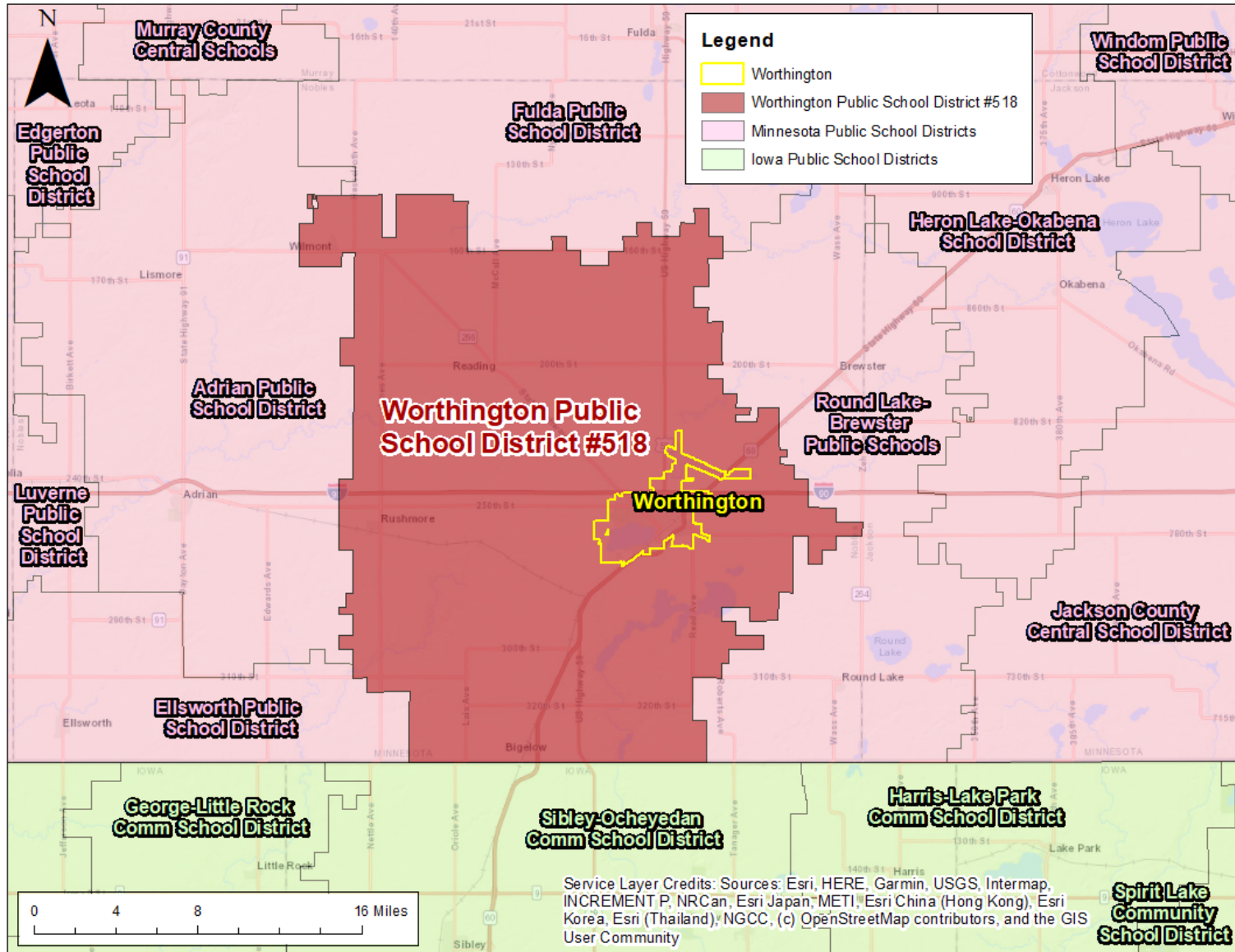


Worthington Football Field – Trojan Field

City of Worthington and Worthington School District #518 Boundaries



Worthington School District #518 and Neighboring School Districts



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.

Generally, housing that is income-restricted to households earning at or below 80% of Area Median Income (AMI) is considered affordable. However, many individual properties have income restrictions set anywhere from 30% to 80% of AMI. Rent is not based on income but instead is a contract amount that is affordable to households within the specific income restriction segment. Moderate-income housing, often referred to as “workforce housing,” refers to both rental and ownership housing. Hence the definition is broadly defined as housing that is income-restricted to households earning between 50% and 120% AMI. Figure 1 below summarizes income ranges.

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: Nobles County 4-person AMI = \$79,300 (2023)	

Naturally Occurring Affordable Housing (i.e. Unsubsidized Affordable)

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. Because of these factors, housing costs tend to be lower.

According to the *Joint Center for Housing Studies of Harvard University*, the privately unsubsidized housing stock supplies three times as many low-cost affordable units than assisted

projects nationwide. Unlike assisted rental developments, most unsubsidized affordable units are scattered across small properties (one-to-four-unit structures) or in older multifamily structures. Many of these older developments are vulnerable to redevelopment due to their age, modest rents, and deferred maintenance.

Because many of these housing units have affordable rents, project-based and private housing markets cannot be easily separated. Some households (typically those with household incomes of 50% to 60% AMI) income-qualify for both market rate and project-based affordable housing.

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 Nobles County. 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 project was placed into service. Fair market rent is the amount needed to pay gross monthly rent at modest rental housing in a given area. This table is used as a basis for determining the payment standard amount used to calculate the maximum monthly subsidy for families at financially assisted housing.

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 persons per unit. For each additional bedroom, the maximum household size increases by two persons.

HOUSING AFFORDABILITY & DEVELOPMENT COSTS

**TABLE HA-1
MHFA/HUD INCOME AND RENT LIMITS
NOBLES COUNTY- 2023 (EFFECTIVE 5/15/2023)**

Income Limits by Household Size								
	1 pph	2 pph	3 pph	4 pph	5 pph	6 pph	7 pph	8 pph
30% of median	\$18,540	\$21,180	\$23,820	\$26,460	\$28,590	\$30,720	\$32,820	\$34,950
50% of median	\$30,900	\$35,300	\$39,700	\$44,100	\$47,650	\$51,200	\$54,700	\$58,250
60% of median	\$37,080	\$42,360	\$47,640	\$52,920	\$57,180	\$61,440	\$65,640	\$69,900
80% of median	\$49,440	\$56,480	\$63,520	\$70,560	\$76,240	\$81,920	\$87,520	\$93,200
100% of median	\$61,800	\$70,600	\$79,400	\$88,200	\$95,300	\$102,400	\$109,400	\$116,500
120% of median	\$74,160	\$84,720	\$95,280	\$105,840	\$114,360	\$122,880	\$131,280	\$139,800
Maximum Gross Rent								
	EFF	1BR	2BR	3BR	4BR			
30% of median	\$463	\$529	\$595	\$661	\$714			
50% of median	\$772	\$882	\$992	\$1,102	\$1,191			
60% of median	\$927	\$1,059	\$1,191	\$1,323	\$1,429			
80% of median	\$1,236	\$1,412	\$1,588	\$1,764	\$1,906			
100% of median	\$1,545	\$1,765	\$1,985	\$2,205	\$2,382			
120% of median	\$1,854	\$2,118	\$2,382	\$2,646	\$2,859			
Fair Market Rent								
	EFF	1BR	2BR	3BR	4BR			
Fair Market Rent	\$618	\$702	\$924	\$1,183	\$1,241			

Sources: MHFA; HUD; Novogradac; & Maxfield Research and Consulting LLC.

HOUSING AFFORDABILITY & DEVELOPMENT COSTS

**TABLE HA-2
MAXIMUM RENT BASED ON HOUSEHOLD SIZE AND AREA MEDIAN INCOME
NOBLES COUNTY - 2023 (EFFECTIVE 5/15/2023)**

Unit Type ¹	HHD Size		Maximum Rent Based on Household Size (@30% of Income)											
	Min	Max	30%		50%		60%		80%		100%		120%	
			Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
Studio	1	1	\$464	\$464	\$773	\$773	\$927	\$927	\$1,236	\$1,236	\$1,545	\$1,545	\$1,854	\$1,854
1BR	1	2	\$464	\$530	\$773	\$883	\$927	\$1,059	\$1,236	\$1,412	\$1,545	\$1,765	\$1,854	\$2,118
2BR	2	4	\$530	\$662	\$883	\$1,103	\$1,059	\$1,323	\$1,412	\$1,764	\$1,765	\$2,205	\$2,118	\$2,646
3BR	3	6	\$596	\$768	\$993	\$1,280	\$1,191	\$1,536	\$1,588	\$2,048	\$1,985	\$2,560	\$2,382	\$3,072
4BR	4	8	\$662	\$874	\$1,103	\$1,456	\$1,323	\$1,748	\$1,764	\$2,330	\$2,205	\$2,913	\$2,646	\$3,495

¹ One-bedroom plus den and two-bedroom plus den units are classified as 1BR and 2BR units, respectively. To be classified as a bedroom, a den must have a window and closet.

Note: 4-person Nobles County AMI is \$79,300 (2023)

Sources: HUD, MHFA, Novogradac, Maxfield Research and Consulting LLC.

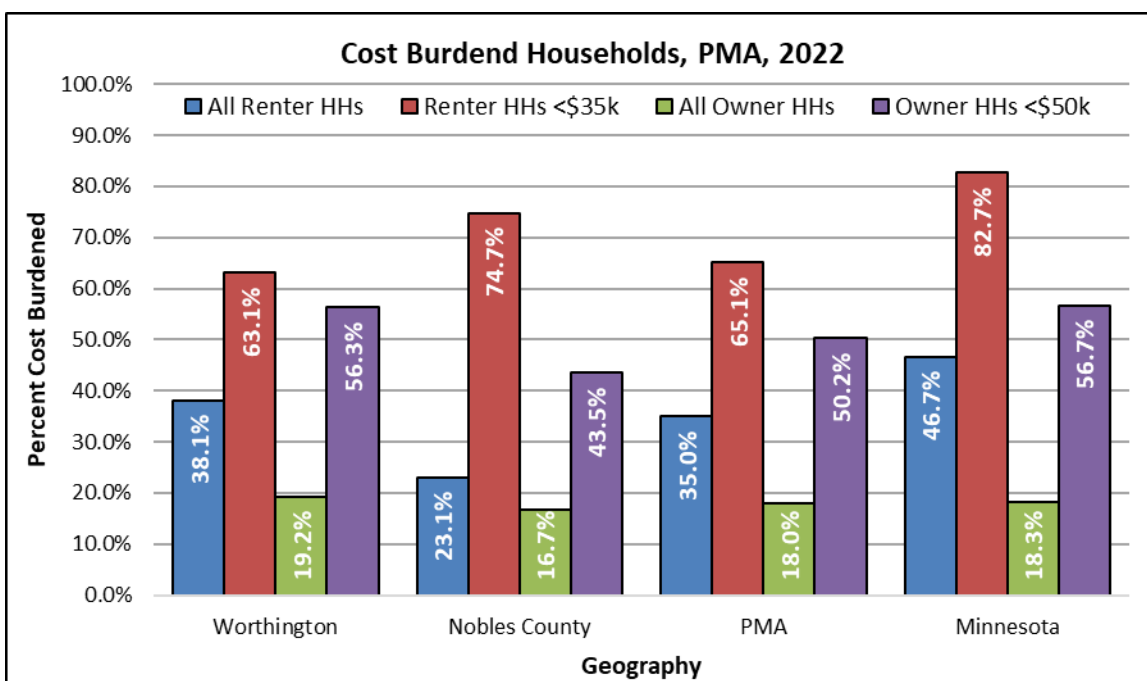
Housing Cost Burden

Table HA-3 shows the number and percentage of owner and renter households in the Market Area that pay 30% or more of their gross income for housing with a comparison to the State of Minnesota. This information was compiled from the American Community Survey’s 2022 estimates. This information is different than the 2000 Census which separated households that paid 35% or more in housing costs. 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.

- Among all owner households, 19.2% of owner households in Worthington and 16.7% of owner households in the PMA were considered cost burdened in 2022. In addition, the proportion of cost burdened households in Nobles County (16.7%) was lower than the proportion in the State of Minnesota (18.3%).



HOUSING AFFORDABILITY & DEVELOPMENT COSTS

- The proportion of owner household with incomes less than \$50,000 that are considered cost burdened (56.3%) is nearly three times the amount among all owner households (19.2%) in the City of Worthington.
- Compared to owner households, the proportion of cost burdened households is higher for renter households. Among all renter households, 38.1% are considered cost burdened in the City of Worthington and 63.1% of renter households in Worthington earning less than \$35,000 are cost burdened.

TABLE HA-3 HOUSING COST BURDEN PRIMARY MARKET AREA 2022								
	Worthington		Nobles County		PMA		Minnesota	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Owner Households								
All Owner Households	3,036		5,726		5,949		1,631,701	
Cost Burden 30% or greater	581	19.2%	1,018	16.7%	1,065	18.0%	297,746	18.3%
Owner Households w/ incomes <\$50,000	899		1,661		1,708		317,495	
Cost Burden 30% or greater	500	56.3%	813	43.5%	848	50.2%	175,498	56.7%
Renter Households								
All Renter Households	1,534		1,963		1,998		624,425	
Cost Burden 30% or greater	529	38.1%	614	23.1%	614	35.0%	275,577	46.7%
Renter Households w/ incomes <\$35,000	580		708		709		231,952	
Cost Burden 30% or greater	310	63.1%	384	74.7%	384	65.1%	176,143	82.7%
Median Contract Rent¹	\$736		\$703		NA		\$1,074	
¹ Median Contract Rent 2022								
Note: Calculations exclude households not computed.								
NA: Not Assessed. The majority of PMA cities are missing contract rent data.								
Sources: American Community Survey 2018-2022 estimates & Maxfield Research and Consulting LLC.								

Housing 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 Worthington Housing and Redevelopment Authority. 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 Payment Standards. The household then pays approximately 30% of their adjusted gross income 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% AMI based on household size, as shown in Table HA-1. The following are key points about the Housing Choice Voucher Program in the City of Worthington.

- The Worthington Housing and Redevelopment Authority currently has 196 vouchers leased up and three issued.
- There are 322 people are on the waiting list for the voucher program, as a result, some may wait for several months to a year for a voucher.
- The vouchers serve a seven-county area in Southwest Minnesota, including Cottonwood, Jackson, Murray, Lincoln, Lyon, Nobles and Redwood Counties.

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 the following page illustrates key housing metrics based on housing costs and household incomes in the Worthington Market Area. The table estimates the percentage of Worthington Market Area householders that can afford rental and for-sale housing based on a 30% allocation of income to housing. Housing costs are based on averages in Worthington.

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 6.750% 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 2022 ACS adjusted to 2023 by Maxfield Research

Rental Housing

- Background check on tenant to ensure credit history
- 30% allocation of income
- Renter household income per 2022 ACS adjusted to 2023 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.

- A little over 60% (60.4%) of Worthington PMA households could afford to buy an entry-level home (\$170,000). The move-up market in Worthington, with houses offered at \$265,000, is affordable to 40.0% of PMA households. Executive level homes (\$375,000) are affordable to 22.8% of the households in the PMA.
- Narrowing the population to owner households increases the proportion of the population who can afford single family homes. The move up market is affordable to 47.2% of existing homeowners and the executive market is affordable to 28.1% of homeowners.
- Over 70% (70.1%) of Worthington PMA households could afford to buy an entry-level town-home/twin home/condominium (\$155,000). The move-up market in Worthington, with homes offered at \$250,000, is affordable to 42.5% of PMA households. Executive level homes (\$325,000) are affordable to 29.3% of the households in the PMA.
- Narrowing the population to owner households increases the proportion of the population who can afford single family homes. The move up market is affordable to approximately 50% (49.9%) of existing homeowners and the executive market is affordable to 35.7% of homeowners.
- The existing rental market of one-bedroom units is affordable to 79.1% of all households and 67.7% of renter households. Three-bedroom units are affordable to 69.6% of all households and 54.6% of renter households.
- New rental development would be more expensive, reducing the proportion of households who are able to afford the proposed rents. Among all households, one-bedroom new rentals would be able affordable to 64.8% of households and three-bedrooms would be affordable to 55.4% of households.
- However, when the population is limited to current renter households, new one-bedroom units become affordable to just 46.2% of renter households and three-bedroom units are affordable to 34.02% of renter households.

HOUSING AFFORDABILITY & DEVELOPMENT COSTS

TABLE HA-4 PRIMARY MARKET AREA 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	\$170,000	\$265,000	\$375,000	\$155,000	\$250,000	\$325,000
Pct. Down Payment	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Total Down Payment Amt.	\$17,000	\$26,500	\$37,500	\$15,500	\$25,000	\$32,500
Estimated Closing Costs (rolled into mortgage)	\$5,100	\$7,950	\$11,250	\$4,650	\$7,500	\$9,750
Cost of Loan	\$158,100	\$246,450	\$348,750	\$144,150	\$232,500	\$302,250
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)	-\$967	-\$1,508	-\$2,134	-\$882	-\$1,422	-\$1,849
(plus) Prop. Tax	-\$142	-\$221	-\$313	-\$129	-\$208	-\$271
(plus) HO Insurance/Assoc. Fee for TH	-\$57	-\$88	-\$125	-\$100	-\$100	-\$100
(plus) PMI/MIP (less than 20%)	-\$69	-\$107	-\$151	-\$62	-\$101	-\$131
Subtotal monthly costs	-\$1,234	-\$1,924	-\$2,722	-\$1,174	-\$1,832	-\$2,351
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	\$49,364	\$76,949	\$108,891	\$46,941	\$73,260	\$94,039
Pct. of ALL Worthington HHDS who can afford¹	60.4%	40.0%	22.8%	62.4%	42.5%	29.3%
No. of Worthington HHDS who can afford¹	4,919	3,261	1,854	5,080	3,466	2,389
Pct. of Worthington owner HHDS who can afford²	68.7%	47.2%	28.1%	70.1%	49.9%	35.7%
No. of Worthington owner HHDS who can afford²	4,051	2,783	1,656	4,134	2,942	2,103
No. of Worthington owner HHDS who cannot afford²	1,846	3,114	4,240	1,762	2,955	3,794
Rental (Market Rate)						
	Existing Rental			New Rental		
	1BR	2BR	3BR	1BR	2BR	3BR
Monthly Rent	\$700	\$850	\$950	\$1,100	\$1,250	\$1,400
Annual Rent	\$8,400	\$10,200	\$11,400	\$13,200	\$15,000	\$16,800
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	\$28,000	\$34,000	\$38,000	\$44,000	\$50,000	\$56,000
Pct. of ALL Worthington HHDS who can afford¹	79.1%	73.1%	69.6%	64.8%	59.9%	55.4%
No. of Worthington HHDS who can afford¹	6,442	5,951	5,671	5,274	4,877	4,513
Pct. of Worthington renter HHDS who can afford²	67.7%	60.1%	54.6%	46.2%	37.7%	34.0%
No. of Worthington renter HHDS who can afford²	1,523	1,351	1,228	1,038	849	765
No. of Worthington renter HHDS who cannot afford²	726	898	1,021	1,211	1,400	1,484
¹ Based on 2022 household income for ALL households adjusted to 2023 by Maxfield Research.						
² Based on 2022 ACS household income by tenure adjusted to 2023 by Maxfield Research.						
Source: Maxfield Research & Consulting, LLC.						

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 Worthington Market Area. This section of the report presents our estimates of housing demand in Worthington from 2023 through 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 40's
4. *Empty-nesters (persons whose children have grown and left home) and never-nesters (persons who never have children)*
 - Prefer owning but will consider renting their housing
 - Some will move to alternative lower-maintenance housing products
 - Generally, couples in their 50's or 60's
5. *Younger independent seniors*
 - Prefer owning but will consider renting their housing
 - Will often move (at least part of the year) to retirement havens in the Sunbelt and desire to reduce their responsibilities for upkeep and maintenance
 - Generally, in their late 60's or 70's

6. *Older seniors*

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

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

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

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

Housing Demand Overview

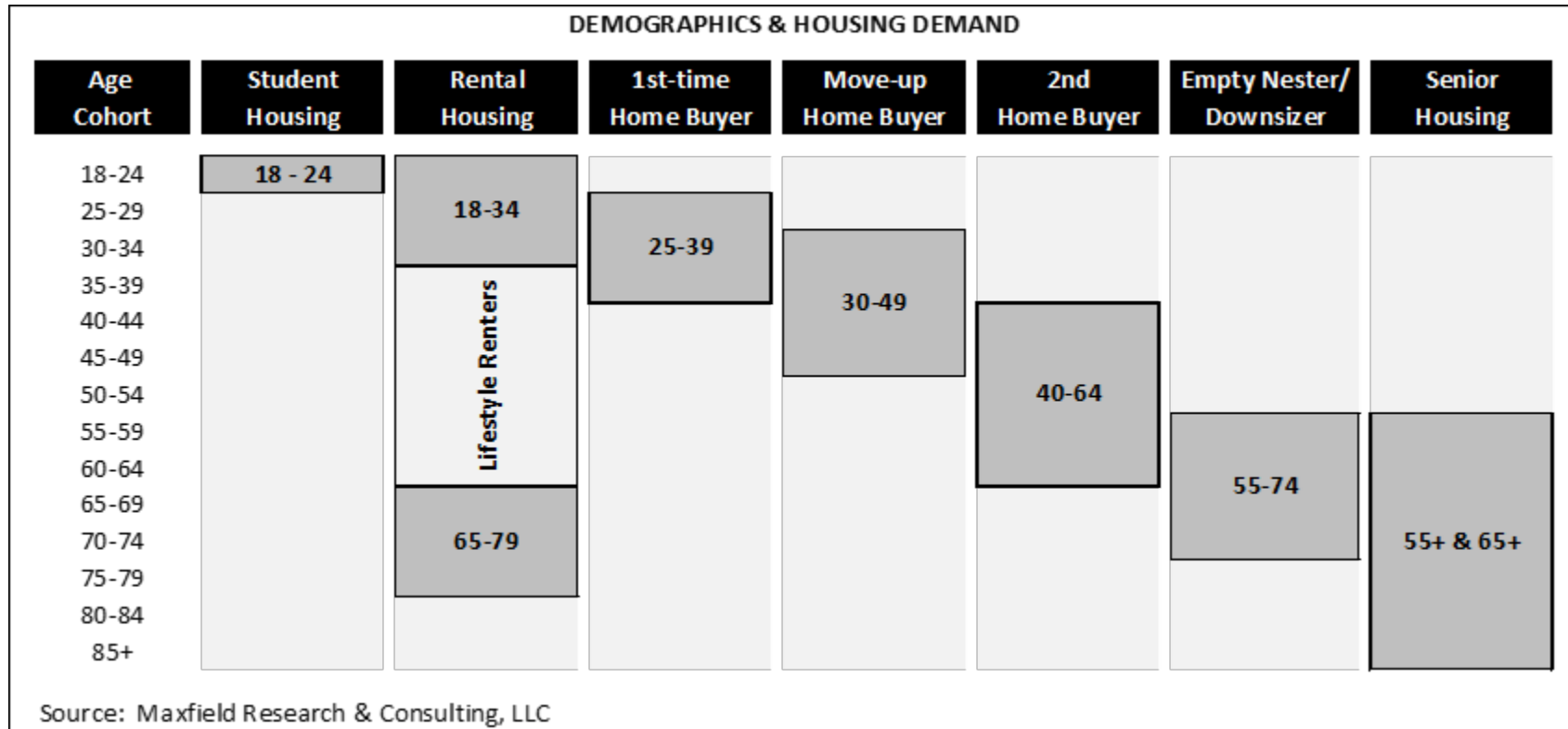
The previous sections of this assessment focused on demographic and economic factors driving demand for housing in the Worthington Market Area. In this section, we utilize findings from the economic and demographic analysis to calculate demand for new general occupancy housing units.

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

HOUSING DEMAND ANALYSIS



HOUSING DEMAND ANALYSIS

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

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

Source: Maxfield Research & Consulting, LLC

Economy & Job Growth

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

Consumer Choice/Preferences

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

Supply (Existing Housing Stock)

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

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

Housing Finance

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

In the wake of the Great Recession, lending tightened forcing some potential buyers to remain on the sidelines. As a result, demand for rental housing increased. However, a loosening of the mortgage requirements is now occurring, enabling more people to enter the home buyer market and take advantage of low interest rates.

Mobility

It is important to note that demand is somewhat fluid between other Southwest Minnesota communities, as well as communities in South Dakota and Iowa. Demand may be impacted by strong development activity in Sioux Falls.

Estimated Demand for For-Sale Housing

Table HD-1 presents our demand calculations for general occupancy for-sale housing in the PMA between 2023 to 2030 while table HD-2 does the same with for sale housing demand between 2030 and 2035.

The 65 and older cohort is typically not a target market for new single-family homes as many of these households will remain in their single-family homes or may relocate to owned multifamily or a senior housing option. As a result, we only include those 65 and under. Using household income by age of householder data, the PMA is expected to add no new households from 2023 to 2030. We estimate that 68.9% would choose to own their housing, which produces demand for no new general occupancy for-sale housing units from 2023 to 2030 and 38 units from 2030 to 2035.

Additional demand is also forecast from existing PMA households through turnover. There are an estimated 3,823 owner-occupied households under 65 in the PMA. Based on mobility data from the Census Bureau, an estimated 24.4% of owner households will turn over in a seven-year period, resulting in 933 existing households projected to turn over. Finally, we estimate 15.0% of the existing owner households would seek new for-sale housing, resulting in demand for 140 for-sale units to 2030 and 106 units to 2035. Combining demand from projected household growth and demand from existing owner households leaves demand at 140 for sale units to 2030 and 144 units to 2035.

Next, we estimate that 25.0% of the total demand for new for-sale units in the PMA will come from people currently living outside of the PMA. A portion of this market will be former residents of the area, such as “snowbirds” heading south for the winters. Adding demand from outside the PMA to the existing demand potential, results in a total estimated demand for 187 for-sale housing units to 2030 and 192 units to 2035.

Based on land availability, building trends, and demographic shifts (increasing older adult population), we estimate that 65.0% of the for-sale owners will prefer traditional single-family product types while the remaining 35.0% will prefer a maintenance-free multi-family product (i.e. twin homes, townhomes, or condominiums).

The identified platted lots that are under construction or approved are subtracted from the total. After subtracting the current lot supply (69 SF lots and 0 MF units) in the PMA, demand calls for 52 single-family lots and 65 multifamily lots/units to 2030 and 56 single-family lots and 67 multifamily lots/units to 2035 in the PMA. We project that 75.0% of single family and 90.0% of multifamily demand will be capturable in Worthington resulting in demand for 39 single family and 59 multifamily units/lots in the city in 2030 and 42 single family and 61 multifamily units/lots in 2035.

HOUSING DEMAND ANALYSIS

TABLE HD-1 FOR-SALE HOUSING DEMAND PRIMARY MARKET AREA 2023 to 2030																							
Demand from Projected Household Growth																							
Projected household growth under age 65 in the PMA 2023 to 2030 ¹			0																				
(times) % propensity to own ²	x	68.9%																					
(equals) Projected demand from new HH growth	=		<u>0</u>																				
Demand from Existing Owner Households																							
Number of owner households under age 65 in the PMA, 2023 ³			3,823																				
(times) Estimated % of owner turnover age 64 and younger, 2023 to 2030)	x	24.4%																					
(equals) Total existing households projected to turnover between 2023 and 2030	=		<u>933</u>																				
(times) Estimated % desiring new owner housing	x	15.0%																					
(equals) Demand from existing households			<u>140</u>																				
(equals) Total demand from HH growth and existing HHs 2023 to 2030	=		140																				
(times) Ownership demand generated from outside the PMA			25.0%																				
(equals) Total demand potential for ownership housing, 2023 to 2030			187																				
		<table border="1"> <thead> <tr> <th></th> <th style="text-align: center;">Single Family</th> <th style="text-align: center;">Multi- family*</th> </tr> </thead> <tbody> <tr> <td>(times) Percent desiring for-sale single-family vs. multifamily⁵</td> <td style="text-align: center;">x 65.0%</td> <td style="text-align: center;">35.0%</td> </tr> <tr> <td>(equals) Total demand potential for new single-family & multifamily for-sale housing</td> <td style="text-align: center;">= 121</td> <td style="text-align: center;">65</td> </tr> <tr> <td>(minus) Units marketing or approved platted lots (undeveloped and developed lots)</td> <td style="text-align: center;">- 69</td> <td style="text-align: center;">0</td> </tr> <tr> <td>(equals) Excess demand for new general occupancy for-sale housing</td> <td style="text-align: center;">= 52</td> <td style="text-align: center;">65</td> </tr> <tr> <td>(times) Percent of Market Area demand capturable by Worthington</td> <td style="text-align: center;">x 75.0%</td> <td style="text-align: center;">90.0%</td> </tr> <tr> <td>(equals) number of units supportable by Worthington</td> <td style="text-align: center;">39</td> <td style="text-align: center;">59</td> </tr> </tbody> </table>		Single Family	Multi- family*	(times) Percent desiring for-sale single-family vs. multifamily ⁵	x 65.0%	35.0%	(equals) Total demand potential for new single-family & multifamily for-sale housing	= 121	65	(minus) Units marketing or approved platted lots (undeveloped and developed lots)	- 69	0	(equals) Excess demand for new general occupancy for-sale housing	= 52	65	(times) Percent of Market Area demand capturable by Worthington	x 75.0%	90.0%	(equals) number of units supportable by Worthington	39	59
	Single Family	Multi- family*																					
(times) Percent desiring for-sale single-family vs. multifamily ⁵	x 65.0%	35.0%																					
(equals) Total demand potential for new single-family & multifamily for-sale housing	= 121	65																					
(minus) Units marketing or approved platted lots (undeveloped and developed lots)	- 69	0																					
(equals) Excess demand for new general occupancy for-sale housing	= 52	65																					
(times) Percent of Market Area demand capturable by Worthington	x 75.0%	90.0%																					
(equals) number of units supportable by Worthington	39	59																					
¹ Estimated household growth of those under 65 based on 2021 American Community Survey, Five Year Estimates with adjustments by Maxfield Research and Consulting, LLC.																							
² Pct. of owner households under the age of 65 (ACS 2023).																							
³ Based on household turnover and mobility data (2021 American Community Survey, Five Year Estimates).																							
⁴ Based on new construction sales data, building permit data, and growing projections by age group.																							
⁵ Multifamily demand includes demand for townhomes, twinhomes, and condominium units.																							
Source: Maxfield Research & Consulting, LLC.																							

HOUSING DEMAND ANALYSIS

TABLE HD-2 FOR-SALE HOUSING DEMAND PRIMARY MARKET AREA 2030 to 2035																							
Demand from Projected Household Growth																							
Projected household growth under age 65 in the PMA 2030 to 2035 ¹		57																					
(times) % propensity to own ²	x	66.5%																					
(equals) Projected demand from new HH growth	=	<u>38</u>																					
Demand from Existing Owner Households																							
Number of owner households under age 65 in the PMA, 2030 ³		4,075																					
(times) Estimated % of owner turnover age 64 and younger, 2030 to 2035)	x	17.4%																					
(equals) Total existing households projected to turnover between 2030 and 2035	=	709																					
(times) Estimated % desiring new owner housing	x	15.0%																					
(equals) Demand from existing households		106																					
(equals) Total demand from HH growth and existing HHs 2030 to 2035	=	144																					
(times) Demand from outside Worthington Market Area		25.0%																					
(equals) Total demand potential for ownership housing, 2030 to 2035		192																					
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	Single Family	Multi- family*																					
(times) Percent desiring for-sale single-family vs. multifamily ⁵	x 65.0%	35.0%																					
(equals) Total demand potential for new single-family & multifamily for-sale housing	= 125	67																					
(minus) Units marketing or approved platted lots (undeveloped and developed lots) ⁶	- 69	0																					
(equals) Excess demand for new general occupancy for-sale housing	= 56	67																					
(times) Percent of Market Area demand capturable by Worthington	x 75.0%	90.0%																					
(equals) number of units supportable by Worthington	42	61																					
		42	61																				
¹ Estimated household growth of those under 65 based on 2021 American Community Survey, Five Year Estimates with adjustments by Maxfield Research and Consulting, LLC.																							
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⁴ Based on new construction sales data, building permit data, and growing projections by age group.																							
⁵ Multifamily demand includes demand for townhomes, twinhomes, and condominium units.																							
Source: Maxfield Research & Consulting, LLC.																							

Estimated Demand for General-Occupancy Rental Housing

Table HD-3 presents our calculation of general-occupancy rental housing demand in the PMA between 2023 and 2030 while table HD-4 presents rental housing demand in the PMA between 2030 and 2035. The analysis identifies potential demand for rental housing that is generated from new households and turnover households. A portion of the demand will be drawn from existing households in the PMA that want to upgrade their housing situations.

Although the 65 and older cohort is not typically a primary target market for new general occupancy rental housing, the rising cost of owned housing and senior options has encouraged more

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seniors to move into the general occupancy market before considering age-restricted options. As such, we include all age groups. At a propensity to rent of 28.0% of the total, demand from household growth equals no new units between 2023 and 2030 and 16 units between 2030 and 2035.

Demand will also occur from existing renter households through turnover. As of 2023, there are an estimated 2,020 renter households in the PMA. Based on mobility data from the Census Bureau, an estimated 83.8% of renter households will turn over in a seven-year period, resulting in 1,692 existing households projected to turn over. Finally, we estimate 16.0% of the existing renter households will seek new rental housing, resulting in demand for 271 rental units to 2030 and 201 units to 2035. Adding demand from household growth increases rental demand to 271 units in 2030 and to 217 units in 2035.

Next, we estimate that 25.0% of the total demand for new rental units in the PMA will come from people currently living outside of the Market Area. Adding demand from outside the PMA to the existing demand potential, results in a total estimated demand for 361 rental housing units to 2030 and 289 rental housing units to 2035.

Based on a review of rental household incomes and sizes and monthly rents at existing projects, we estimate that approximately 23.0% of the total demand will be for subsidized housing (50.0% or less AMI), 16.0% will be for affordable housing (51% to 80% AMI) and 61.0% will be for market rate housing (80% AMI or above and non-income restricted).

Next, we subtract housing developments under construction or pending in the PMA, since these projects will satisfy some of the calculated demand for general occupancy rental housing. Pending units are subtracted at 95.0% occupancy.

After subtracting units under construction or pending (one duplex currently) at 95.0% occupancy results in demand for 83 subsidized units, 58 affordable units and 220 market rate units between 2023 and 2030 and 66 subsidized, 46 affordable, and 176 market rate units between 2030 and 2035.

We project that 90.0% of deep subsidy units, 90.0% of shallow subsidy units, and 80.0% of market rate units will be capturable in Worthington resulting in demand for 75 deep subsidy, 52 shallow subsidy, and 176 market rate units in the city in 2030 and 60 deep subsidy, 42 shallow subsidy, and 141 market rate units in 2035.

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TABLE HD-3 RENTAL HOUSING DEMAND PRIMARY MARKET AREA 2023 to 2030			
Demand from Projected Household Growth			
Projected HH growth under age 65 in the Worthington Market Area 2023 to 2030 ¹			0
(times) Estimated % to be renting their housing ²	x	28.0%	
(equals) Projected demand from new HH growth	=		0
Demand from Existing Renter Households			
Number of renter households in the PMA, 2023 ³			2,020
(times) Estimated % of renter turnover between 2023 & 2030 ⁴	x	83.8%	
(equals) Existing Renter Households Projected to Turnover, 2023 to 2030	=		1,692
(times) Estimated percent desiring new rental housing ⁵	x	16.0%	
(equals) Demand from existing households			271
(equals) Total demand from HH growth and existing HHs 2023 to 2030	=		271
(times) Demand from outside Worthington Market Area			25.0%
(equals) Total demand potential for rental housing, 2023 to 2030			361
		Subsidized	Affordable
(times) Percent of rental demand by product type ⁶	x	23.0%	16.0%
(equals) Total demand potential for general-occupancy rental housing units	=	83	220
(minus) Units under construction or pending ⁷	-	0	0
(equals) Excess demand for new general occupancy rental housing	=	83	58
(times) Percent of Market Area demand capturable by Worthington	x	90.0%	80.0%
(equals) number of units supportable by Worthington		75	176
¹ Projected household growth			
² Renter Households in 2023			
³ Renter households age 64 and younger plus 20% of renter households age 65 and older.			
⁴ Based on household turnover and mobility data (2017-2021 American Community Survey).			
⁵ Source - The Upscale Apartment Market: Trends and Prospects. Prepared by Jack Goodman of Hartrey Advisors for the National Multi Housing Council.			
⁶ Based on a combination of current rental product, income limits, and household incomes of area renters.			
⁷ Pending competitive units at 95% occupancy.			
Source: Maxfield Research & Consulting, LLC.			

HOUSING DEMAND ANALYSIS

TABLE HD-4 RENTAL HOUSING DEMAND PRIMARY MARKET AREA 2030 to 2035			
Demand from Projected Household Growth			
Projected HH growth under age 65 in the Worthington Market Area 2030 to 2035 ¹			57
(times) Estimated % to be renting their housing ²	x	28.0%	
(equals) Projected demand from new HH growth	=		16
Demand from Existing Renter Households			
Number of renter households in the PMA, 2030 ³			2,096
(times) Estimated % of renter turnover between 2030 & 2035 ⁴	x	59.8%	
(equals) Existing Renter Households Projected to Turnover, 2030 to 2035	=		1,254
(times) Estimated percent desiring new rental housing ⁵	x	16.0%	
(equals) Demand from existing households			201
(equals) Total demand from HH growth and existing HHs 2030 to 2035	=		217
(times) Demand from outside Worthington Market Area			25.0%
(equals) Total demand potential for rental housing, 2030 to 2035			289
		Subsidized	Affordable
(times) Percent of rental demand by product type ⁶	x	23.0%	16.0%
(equals) Total demand potential for general-occupancy rental housing units	=	66	46
(minus) Units under construction or pending ⁷	-	0	0
(equals) Excess demand for new general occupancy rental housing	=	66	46
(times) Percent of Market Area demand capturable by Worthington	x	90.0%	80.0%
(equals) number of units supportable by Worthington		60	42
		141	
¹ Projected household growth			
² Renter Households in 2030			
³ Renter households age 64 and younger plus 20% of renter households age 65 and older.			
⁴ Based on household turnover and mobility data (2017-2021 American Community Survey).			
⁵ Source - The Upscale Apartment Market: Trends and Prospects. Prepared by Jack Goodman of Hartrey Advisors for the National Multi Housing Council.			
⁶ Based on a combination of current rental product, income limits, and household incomes of area renters.			
⁷ Pending competitive units at 95% occupancy.			
Source: Maxfield Research & Consulting, LLC.			

Estimated Demand for Active Adult (55+) Housing

Table HD-5 presents our demand calculations for market rate active adult/few services housing in the PMA for 2023 and 2030 while table HD-6 presents market rate active adult/few services housing demand in the PMA between 2030 and 2035.

To determine demand for active adult housing, the potential market is reduced to those households that are both age and income qualified. The age-qualified market is defined as older adults 55 and older, although most of these properties will primarily attract households age 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 \$30,000 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 PMA in 2023 to be 2,975 households, decreasing to 2,891 in 2030, and 2,748 in 2035.

Adjusting to include appropriate long-term capture rates for each age cohort (1.5% of households age 55 to 64, 7.5% of households age 65 to 74, and 15.0% of households age 75 and over) results in a market rate demand potential for 191 active adult (55+) units in 2023, 200 households in 2030, and 186 households in 2035.

Some additional demand will come from outside the PMA. We estimate that 30% of the demand will be generated by seniors currently residing outside the PMA. This demand will consist primarily of parents of adult children living in the Market Area, individuals who live just outside the Market Area and have an orientation to the area, as well as former residents who desire to return. Demand increases to 272 units after accounting for outside demand. These numbers are 285, and 266, respectively in 2030 and 2035.

Next, demand is apportioned between ownership and rental housing. Based on the age distribution, homeownership rates and current product available in the PMA, we estimate that 45.0% of the PMA's demand will be for adult ownership housing (122 units) and 55.0% will be for rental housing (150 units). In 2030 there will be demand for 128 adult ownership housing units and 157 units for rental housing. By 2035 there will be demand for 120 adult ownership housing units and 146 units for rental housing

Next, we subtract existing and pending competitive market rate units in Worthington (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 92 adult owner-occupied units and 150 active adult rental units. In 2030 there will be demand for 98 adult ownership housing units and 157 units for rental housing. By 2035 there will be demand for 90 adult ownership housing units and 146 units for rental housing

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We project that 75.0% of market rate active adult owner units and 75.0% of market rate active adult rental units will be capturable in Worthington resulting in demand for 69 market rate active adult owner units and 112 market rate active adult rental units in 2023.

Adjusting for inflation, we have estimated that households with incomes of \$47,500 or more and homeowners with incomes of \$37,500 to \$47,499 would income qualify for market rate independent senior housing in 2030. These figures increase to \$57,500 or more and homeowners with incomes of \$47,500 to \$57,499 in 2040. Considering the growth in the older adult base and the income distribution of the older adult population in 2030, the methodology estimates demand for 74 adult owner-occupied units and 118 active adult rental units in Worthington (67 adult owner-occupied units and 110 active adult rental units in 2035). The demand is cumulative, meaning any additional units developed over the period would reduce the demand in 2030 and 2035.

TABLE HD-5 MARKET RATE ACTIVE ADULT HOUSING DEMAND PRIMARY MARKET AREA 2023 & 2030						
	2023			2030		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of >\$40,000 ¹	1,154	876	496	1,066	971	553
# of Households w/ Incomes of \$30,000 to \$39,999 ¹	+ 184	192	138	75	124	148
(times) Homeownership Rate	x 83.5%	94.0%	83.2%	x 83.5%	94.0%	83.2%
(equals) Total Potential Market Base	= 1,308	1,057	611	= 1,129	1,087	676
(times) Potential Capture Rate	x 1.5%	7.5%	15.0%	x 1.5%	7.5%	15.0%
(equals) Demand Potential	= 20	79	92	= 17	82	101
Potential Demand from Primary Market Area	= 191			= 200		
(plus) Demand from Outside Worthington MA (30%)	+ 82			+ 86		
(equals) Total Demand Potential	= 272			= 285		
	Owner-Occupied	Renter-Occupied		Owner-Occupied	Renter-Occupied	
(times) % by Product Type	x 45%	x 55%		x 45%	x 55%	
(equals) Demand Potential by Product Type	= 122	= 150		= 128	= 157	
(minus) Existing and Pending MR Active Adult Units ²	- 30	- 0		- 30	- 0	
(equals) Excess Demand for MR Active Adult Units	= 92	= 150		= 98	= 157	
(times) Percent that could be captured in Worthington	x 75%			x 75%		
(equals) Excess market rate active adult demand in Worthington	= 69	112		74	118	

¹ 2030 calculations define income-qualified households as all households with incomes greater than \$47,500 and homeowner households with incomes between \$37,500 and \$47,499.

² Existing and pending are deducted at market equilibrium (95% occupancy).

Source: Maxfield Research & Consulting, LLC

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TABLE HD-6 MARKET RATE ACTIVE ADULT HOUSING DEMAND PRIMARY MARKET AREA 2030 & 2035						
	2030			2035		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of >\$47,500 ¹	1,066	971	553	1,029	916	505
# of Households w/ Incomes of \$37,500 to \$47,499 ¹	+ 75	124	148	+ 87	127	128
(times) Homeownership Rate	x 83.5%	94.0%	83.2%	x 83.5%	94.0%	83.2%
(equals) Total Potential Market Base	= 1,129	1,087	676	= 1,101	1,036	612
(times) Potential Capture Rate	x 1.5%	7.5%	15.0%	x 1.5%	7.5%	15.0%
(equals) Demand Potential	= 17	82	101	= 17	78	92
Potential Demand from Primary Market Area	= 200			= 186		
(plus) Demand from Outside Worthington MA (30%)	+ 86			+ 80		
(equals) Total Demand Potential	= 285			= 266		
	Owner-Occupied		Renter-Occupied	Owner-Occupied		Renter-Occupied
(times) % by Product Type	x 45%		x 55%	x 45%		x 55%
(equals) Demand Potential by Product Type	= 128		= 157	= 120		= 146
(minus) Existing and Pending MR Active Adult Units ²	- 30		- 0	- 30		- 0
(equals) Excess Demand for MR Active Adult Units	= 98		= 157	= 90		= 146
(times) Percent that could be captured in Worthington	x 75%			x 75%		
(equals) Excess market rate active adult demand in Worthington	= 74		= 118	= 67		= 110

¹ 2035 calculations define income-qualified households as all households with incomes greater than \$52,500 and homeowner households with incomes between \$42,500 and \$52,499.

² Existing and pending are deducted at market equilibrium (95% occupancy).

Source: Maxfield Research & Consulting, LLC

Estimated Demand for Subsidized/Affordable Active Adult Housing

Table HD-7 presents our demand calculations for subsidized/affordable active adult (55+ or 62+) housing in the PMA for 2023 and 2030 while table HD-8 presents subsidized/affordable active adult housing demand in the PMA between 2030 and 2035.

To arrive at the potential age and income qualified base for low income and affordable housing, we include all older adult (55+) households with incomes less than \$40,000. We exclude 55+ homeowner households with incomes between \$30,000 and \$39,999, as these households are most likely to have additional equity that could be converted to monthly income following the sales of their single-family homes.

Households in need-based situations (either requiring services or financial assistance) more readily move to housing alternatives than those in non-need-based situations. Therefore, the capture rate among each age group is higher than for market rate housing. Capture rates are

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employed at 5.0% for households age 55 to 64, 15.0% for households age 65 to 74 and 30.0% for households age 75 and older.

Seniors in need-based situations are less selective when securing housing than those in non-need-based situations. Typically, demand is high for these developments because households seeking assisted housing are more likely to search in a broader geographic area. This is accounted for by demand from outside the market area (40.0%).

Using the methodology described above results in a demand potential for 409 subsidized or affordable senior units (523 units in 2030 and 583 units in 2035). After adjusting for product type, demand results for 184 subsidized units and 225 affordable units in 2023 (235 subsidized and 288 affordable units in 2030 and 262 subsidized and 321 affordable units in 2035).

Next, we subtract existing competitive units from the overall demand. There are 78 existing subsidized independent units and 46 existing pending affordable units in Worthington - minus a vacancy factor of 3.0% to allow for sufficient consumer choice and turnover). After subtracting these units there is demand for 106 affordable and 180 subsidized age-restricted units in 2023.

Adjusting for inflation, we estimate that households with incomes up to \$47,500 would be candidates for financially assisted independent housing in 2023. We reduce the potential market by homeowner households earning between \$37,500 and \$47,499 that would exceed income-restrictions once equity from their home sales is converted to monthly income (Incomes up to \$57,500 with a reduction for those making between \$47,500 to \$57,499 in 2035). Following the same methodology, we project demand in the PMA for 157 affordable and 243 deep subsidy age-restricted units in 2030 and 184 affordable and 276 deep subsidy age-restricted units in 2035.

We project that 75.0% of deep subsidy units and 75.0% of shallow subsidy units will be capturable in Worthington resulting in demand for 79 shallow subsidy and 135 deep subsidy units in 2023. In 2030 there is demand for 118 shallow subsidy and 182 deep subsidy units while in 2035 there is demand for 138 shallow subsidy and 207 deep subsidy units in 2035.

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**TABLE HD-7
SUBSIDIZED/AFFORDABLE ACTIVE ADULT HOUSING DEMAND
PRIMARY MARKET AREA
2023 & 2030**

	2023			2030				
	Age of Householder			Age of Householder				
	55-64	65-74	75+	55-64	65-74	75+		
# of Households w/ Incomes of <\$40,000	371	467	752	319	512	929		
Less Households w/ Incomes of \$30,000 to \$39,999 ¹	- 184	- 192	- 138	- 75	- 124	- 148		
(times) Homeownership Rate	x 83.5%	x 94.0%	x 83.2%	x 83.5%	x 94.0%	x 83.2%		
(equals) Total Potential Market Base	= 217	= 287	= 638	= 257	= 396	= 806		
(times) Potential Capture Rate	x 5.0%	x 15.0%	x 30.0%	x 5.0%	x 15.0%	x 30.0%		
(equals) Demand Potential	= 11	= 43	= 191	= 13	= 59	= 242		
(equals) Potential Demand from Primary Market Area	= 245			314				
(plus) Demand from Outside Worthington MA (40%)	+ 163			+ 209				
(equals) Total Demand Potential	= 409			= 523				
	<u>Subsidized</u>		<u>Affordable</u>		<u>Subsidized</u>		<u>Affordable</u>	
(times) % by Product Type	x 45.0%	x 55.0%	x 45.0%	x 55.0%	x 45.0%	x 55.0%	x 55.0%	
(equals) Demand Potential by Product Type	= 184	= 225	= 235	= 288	= 235	= 288	= 288	
(minus) Existing and Pending Aff Active Adult Units ²	- 78	- 45	- 78	- 45	- 78	- 45	- 45	
(equals) Excess Demand for Aff/Sub Units	= 106	= 180	= 157	= 243	= 157	= 243	= 243	
(times) Percent that could be captured in Worthington	x 75.0%		x 75.0%		x 75.0%		x 75.0%	
(equals) Excess sub/aff independent demand in Worthington	= 79	135	118	182	118	182	182	

¹ 2028 calculations define income-qualified households as all households with incomes less than \$47,500. Homeowner households with incomes between \$37,500 and \$47,499 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

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TABLE HD-8 SUBSIDIZED/AFFORDABLE ACTIVE ADULT HOUSING DEMAND PRIMARY MARKET AREA 2028 & 2035								
	2030			2035				
	Age of Householder			Age of Householder				
	55-64	65-74	75+	55-64	65-74	75+		
# of Households w/ Incomes of <\$47,500	319	512	929	372	582	992		
Less Households w/ Incomes of \$37,500 to \$47,499 ¹	- 75	- 124	- 148	- 87	- 127	- 128		
(times) Homeownership Rate	x 83.5%	x 94.0%	x 83.2%	x 83.5%	x 94.0%	x 83.2%		
(equals) Total Potential Market Base	= 257	= 396	= 806	= 299	= 462	= 885		
(times) Potential Capture Rate	x 5.0%	x 15.0%	x 30.0%	x 5.0%	x 15.0%	x 30.0%		
(equals) Demand Potential	= 13	= 59	= 242	= 15	= 69	= 266		
(equals) Potential Demand from Primary Market Area	= 314			= 350				
(plus) Demand from Outside Worthington MA (40%)	+ 209			+ 233				
(equals) Total Demand Potential	= 523			= 583				
	<u>Subsidized</u>		<u>Affordable</u>		<u>Subsidized</u>		<u>Affordable</u>	
(times) % by Product Type	x 45.0%		x 55.0%		x 45.0%		x 55.0%	
(equals) Demand Potential by Product Type	= 235		= 288		= 262		= 321	
(minus) Existing and Pending Independent Units ²	- 78		- 45		- 78		- 45	
(equals) Excess Demand for Aff/Sub Units	= 157		= 243		= 184		= 276	
(times) Percent that could be captured in Worthington	x 75.0%		x 75.0%		x 75.0%		x 75.0%	
(equals) Excess sub/aff independent demand in Worthington	= 118		= 182		= 138		= 207	
¹ 2025 calculations define income-qualified households as all households with incomes less than \$52,500. Homeowner households with incomes between \$42,500 and \$52,499 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 Housing

Table HD-9 presents our demand calculations for independent living housing in the PMA in 2023 and 2030 while table HD-10 presents independent living housing demand in the PMA between 2030 and 2035.

The potential age- and income-qualified base for independent living senior housing includes all senior (65+) households with incomes of \$40,000 or more as well as homeowner households with incomes between \$30,000 and \$39,999 who would qualify with the proceeds from the sales of their homes. The proportion of income-qualified homeowners is based on the estimated 2023 homeownership rates of PMA seniors, which are then adjusted over time based on long-term homeownership trends. The number of age, income, and asset-qualified households in the PMA is estimated to be 1,668 households in 2023 (1,763 households in 2030 and 1,648 households in 2035).

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Demand for independent living housing 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 16.0% of households age 75 and older) results in a local demand potential for 114 independent living units in 2023 (124 units in 2030 and 113 units in 2035).

We estimate that seniors currently residing outside of the PMA will generate 35% of the demand. Together, the demand from PMA seniors and demand from seniors who are willing to locate to the PMA totals 175 independent living units in 2023. Next, we subtract existing/pending independent living units in Worthington leaving demand for 148 units in 2023.

Adjusting for inflation, we estimate that households with incomes of \$47,500 or more and senior homeowners with incomes between \$37,500 and \$47,499 would qualify for independent living housing in 2030 (\$57,500 or more and senior homeowners between \$47,500 and \$57,499 in 2035). Following the same methodology, leaves demand at 164 units in 2030 and 147 units in 2035.

We project that 75.0% of units will be capturable in Worthington resulting in demand for 111 units in 2023. In 2030 there is demand for 123 units while in 2035 there is demand for 111 units.

TABLE HD-9 INDEPENDENT LIVING DEMAND PRIMARY MARKET AREA 2023 & 2030				
	2023		2030	
	Age of Householder 65-74	75+	Age of Householder 65-74	75+
# of Householders w/ Incomes of \$40,000+ in 2023 / \$47,500K in 2030	876	496	971	553
(plus) HHs w/ Incomes of \$30,000 to \$39,999 in '23 & \$37,500 to \$47,499 in '30	192	138	124	148
(times) Homeownership Rate	x 94.0%	83.2%	x 94.0%	83.2%
(equals) Potential Market	= 181	115	= 116	123
(equals) Total Potential Market Base	= 1,057	611	= 1,087	676
(times) Potential Capture Rate of Independent Living Demand ¹	x 1.5%	16.0%	x 1.5%	16.0%
(equals) Potential Demand	= 16	+ 98	= 16	+ 108
Total Local Demand Potential	= 114		= 124	
(plus) Demand from Outside the PMA (35%)	+ 61		+ 67	
(equals) Total Demand Potential	= 175		= 191	
(minus) Existing & Pending Competitive Units ²	- 27		- 27	
(equals) Total Independent Living Demand Potential	= 148		= 164	
(times) Percent of PMA demand capturable by the City of Worthington	x 75.0%		x 75.0%	
(equals) number of units supportable by the City of Worthington	= 111		= 123	

¹ 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.).

² Competitive existing and pending units at 95% occupancy (market equilibrium).

Source: Maxfield Research & Consulting, LLC.

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TABLE HD-10 INDEPENDENT LIVING DEMAND PRIMARY MARKET AREA 2030 & 2035				
	2030		2035	
	Age of Householder		Age of Householder	
	65-74	75+	65-74	75+
# of Householders w/ Incomes of \$47,500+ in 2030 / \$52,500K in 2035	971	553	916	505
(plus) HHs w/ Incomes of \$37,000 to \$42,500 in '30 & \$47,500 to \$53,499 in '35	124	148	127	128
(times) Homeownership Rate	x 94.0%	83.2%	x 94.0%	83.2%
(equals) Potential Market	= 116	123	= 120	106
(equals) Total Potential Market Base	= 1,087	676	= 1,036	612
(times) Potential Capture Rate of Independent Living Demand ¹	x 1.5%	16.0%	x 1.5%	16.0%
(equals) Potential Demand	= 16	+ 108	= 16	+ 98
Total Local Demand Potential	= 124		= 113	
(plus) Demand from Outside the PMA (35%)	+ 67		+ 61	
(equals) Total Demand Potential	= 191		= 174	
(minus) Existing & Pending Competitive Units ²	- 27		- 27	
(equals) Total Independent Living Demand Potential	164		147	
(times) Percent of PMA demand capturable by the City of Worthington	x 75.0%		x 75.0%	
(equals) number of units supportable by the City of Worthington	= 123		= 111	
<p>¹ 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.).</p> <p>² Competitive existing and pending units at 95% occupancy (market equilibrium).</p> <p>Source: Maxfield Research & Consulting, LLC.</p>				

Estimated Demand for Assisted Living Housing

Table HD-11 presents our demand calculations for assisted living senior housing in the PMA in 2023 and 2030 while table HD-12 presents assisted living housing demand in the PMA between 2030 and 2035. The 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 2018. 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 over age 75. In 2023, there are an estimated 2,076 seniors ages 75 and over in the Market Area. The number is projected to increase to 2,474 people in 2030 and 2,511 people in 2035.

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 CDC and National Center for Health Statistics (Health, United States, 2018 Health and Aging Chartbook), 25.5% of 75-to-79-year-olds, 33.6% of 80-to-84-year-olds and 51.6% of 85+ year olds are unable to perform or need help with ADLs. Applying these percentages to the senior population yields a potential assisted living market of an estimated 754 seniors in the Market Area in 2023, 882 seniors in 2030, and 895 seniors in 2035.

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 PMA 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 PMA. Households with incomes of \$40,000 could afford monthly assisted living fees of approximately \$2,667 by allocating a high proportion of their income toward the fees (roughly 80%).

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 would income-qualify based on assets – their homes, in particular.

We estimate the income-qualified percentage to be all seniors in households with incomes at or above \$40,000 plus 40% of the estimated seniors in owner households with incomes below \$40,000 (who will spend down assets, including home-equity, to live in assisted living housing). This results in a total potential market of 451 seniors from the Market Area in 2023 (513 seniors in 2030 and 499 seniors in 2035).

Because most 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 65+ in the PMA living alone, or 54.4%, based on 2010 Decennial Census data. This results in a total base of 245 age/income-qualified singles in 2023 (279 in 2030 and 272 in 2035).

The 2009 Overview of Assisted Living found that 12% of residents in assisted living were couples. Including couples results in a total of 277 age/income-qualified seniors needing assistance in the Market Area in 2023 (316 in 2030 and 307 in 2035).

We estimate that 60% of the qualified market needing significant assistance with ADLs could 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 market

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penetration rate of 40% results in demand for 111 assisted living units in 2023 (126 units in 2030 and 123 units in 2035).

We estimate that a portion of demand for assisted living units in the PMA (30%) will come from outside the area. This secondary demand will include seniors currently living just outside the area, former residents, and parents of adult children who desire supportive housing near their adult children. Applying this figure increases the total potential demand to 158 assisted living units in 2023 (180 units in 2030 and 176 units in 2035).

Next, existing/pending assisted living units at a 93% occupancy rate are subtracted from overall demand. An additional 15% of units are subtracted from existing and pending assisted living units to account for units occupied by Elderly Waiver residents. After subtracting 15% for EW units and the 93% occupancy rate, a total of 33 units are deducted as competitive giving a total excess demand of 61 assisted living units in 2023 (83 units in 2030 and 79 units in 2035).

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 most limit the number of waivers accepted within the community to no more than 15% to 20%. Some small facilities may accept higher amounts of residents on waivers and some new facilities will not accept waivers from first-time residents.

We project that 70.0% of units will be capturable in Worthington resulting in demand for 43 units in 2023. In 2030 there is demand for 58 units while in 2035 there is demand for 55 units.

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TABLE HD-11 MARKET RATE ASSISTED LIVING DEMAND PRIMARY MARKET AREA 2023 & 2030						
Age group	2023			2030		
	People	Percent Needing Assistance ¹	Number Needing Assistance ¹	People	Percent Needing Assistance ¹	Number Needing Assistance ¹
75 - 79	853	25.5%	218	1,013	25.5%	259
80 - 84	530	33.6%	178	730	33.6%	246
85+	692	51.6%	357	730	51.6%	377
Total	2,076		754	2,474		882
(times) Percent Income-Qualified ²			x 59.8%			x 58.2%
Total potential market			451			513
(times) Percent living alone (2010 Census of 75+)			x 54.4%			x 54.4%
(equals) Age/income-qualified singles needing assistance			= 245			= 279
(plus) Proportion of demand from couples (12%) ³			+ 32			+ 37
(equals) Total age/income-qualified market needing assistance			= 277			= 316
(times) Potential penetration rate ⁴			x 40.0%			x 40.0%
(equals) Potential demand from PMA residents			= 111			= 126
(plus) Proportion from outside the PMA (30%)			+ 48			+ 54
(equals) Total potential assisted living demand			= 158			= 180
(minus) Existing market rate assisted living units ⁵			- 97			- 97
(equals) Total excess market rate assisted living demand			61			83
(times) Percent of Market Area demand capturable by the City of Worthington			70.0%			70.0%
(equals) Number of units supportable by the City of Worthington			= 43			= 58
<p>¹ The percentage of seniors unable to perform or having difficulty with ADLs, based on the publication Health, United States, 2018 Health and Aging Chartbook, conducted by the Centers for Disease Control and Prevention and the National Center for Health Statistics.</p> <p>² Includes households with incomes of \$40,000 or more (\$47,500 in 2030) plus 40% of the estimated owner households with incomes below \$40,000 (\$47,500 in 2030) who will spend down assets, including home-equity, in order to live in assisted living housing).</p> <p>³ The 2018 Overview of Assisted Living (a collaborative project of AAHSA, ASHA, ALFA, NCAL & NIC) found that 12% of assisted living residents are couples.</p> <p>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.</p> <p>⁵ Existing and pending units at 93% occupancy. We exclude 15.0% of units to account for seniors utilizing public subsidy.</p>						
Source: Maxfield Research & Consulting, LLC.						

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TABLE HD-12 MARKET RATE ASSISTED LIVING DEMAND PRIMARY MARKET AREA 2030 & 2035						
Age group	2030			2035		
	People	Percent Needing Assistance ¹	Number Needing Assistance ¹	People	Percent Needing Assistance ¹	Number Needing Assistance ¹
75 - 79	1,013	25.5%	259	1,028	25.5%	263
80 - 84	730	33.6%	246	741	33.6%	249
85+	730	51.6%	377	741	51.6%	383
Total	2,474		882	2,511		895
(times) Percent Income-Qualified ²			x 58.2%			x 55.8%
Total potential market			513			499
(times) Percent living alone (2010 Census of 75+)			x 54.4%			x 54.4%
(equals) Age/income-qualified singles needing assistance			= 279			= 272
(plus) Proportion of demand from couples (12%) ³			+ 37			+ 36
(equals) Total age/income-qualified market needing assistance			= 316			= 307
(times) Potential penetration rate ⁴			x 40.0%			x 40.0%
(equals) Potential demand from PMA residents			= 126			= 123
(plus) Proportion from outside the PMA (30%)			+ 54			+ 53
(equals) Total potential assisted living demand			= 180			= 176
(minus) Existing market rate assisted living units ⁵			- 97			- 97
(equals) Total excess market rate assisted living demand			83			79
(times) Percent of Market Area demand capturable by the City of Worthington			70.0%			70.0%
(equals) Number of units supportable by the City of Worthington			= 58			= 55
¹ The percentage of seniors unable to perform or having difficulty with ADLs, based on the publication Health, United States, 2018 Health and Aging Chartbook, conducted by the Centers for Disease Control and Prevention and the National Center for Health Statistics.						
² Includes households with incomes of \$47,500 or more (\$52,500 in 2040) plus 40% of the estimated owner households with incomes below \$47,500 (\$52,500 in 2040) who will spend down assets, including home-equity, in order to live in assisted living housing.						
³ The 2018 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. We exclude 15.0% of units to account for seniors utilizing public subsidy.						
Source: Maxfield Research & Consulting, LLC.						

Estimated Demand for Memory Care Housing

Table HD-13 presents our demand calculations for market rate memory care senior housing in the PMA in 2023 and 2030 while table HD-14 presents memory care housing demand in the PMA between 2030 and 2035.

Demand is calculated by starting with the estimated Market Area senior (age 65+) population in 2023 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, 2021), 5.0% of seniors ages 65 to 74 years, 13.1% of seniors ages 75 to 84, and 33.1% of seniors ages 85+ are afflicted with Alzheimer's Disease. This yields a potential market of 534 seniors in the Primary Market Area in 2023 (607 seniors in 2030 and 616 seniors in 2035).

According to data from the National Institute of Aging, about 20% 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 107 seniors in the PMA in 2023 (121 units in 2030 and 123 units in 2035).

Because of the staff-intensive nature of dementia care, typical monthly fees for this type of housing start at about \$4,000 or more. A portion of the seniors in the Market Area will have high incomes that they can use to cover the costs of private pay memory care housing (\$60,000+), but many other seniors (or family member of seniors) will be willing to spend down assets and/or would receive financial assistance to afford memory care housing. Based on our review of senior household incomes in the Market Area, homeownership rates, and home sale data, we estimate that 50.2% of all seniors in the Market Area have incomes and/or assets to sufficiently cover the costs for memory care housing in 2023. This figure accounts for 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 potential market by 50.2% results in a total of 54 income-qualified seniors with Alzheimer's or dementia in the Market Area in 2023 (62 households in 2030 and 60 households in 2035).

We estimate that 30% of the overall demand for memory care housing would come from outside of the PMA. As a result, demand increases by 23 units in 2023 to 77 units (90 units in 2030 and 86 units in 2035).

We reduce the demand potential by accounting for the existing/pending memory care product in the PMA. There are 24 units; however, we reduce the competitive units to include memory care units at a 7% vacancy rate and a portion of units occupied by residents utilizing Elderly Waiver. Subtracting these competitive units results in demand for 59 units as of 2023 (72 units in 2030 and 68 units in 2035).

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We project that 70.0% of units will be capturable in Worthington resulting in demand for 42 units in 2023. In 2030 there is demand for 50 units while in 2035 there is demand for 48 units.

TABLE HD-13 MEMORY CARE DEMAND PRIMARY MARKET AREA 2023 & 2030		
	2023	2030
65 to 74 Population	2,468	2,733
(times) Dementia Incidence Rate ¹	x 5.0%	x 5.0%
(equals) Estimated Senior Pop. with Dementia	= 123	= 137
75 to 84 Population	1,384	1,743
(times) Dementia Incidence Rate ¹	x 13.1%	x 13.1%
(equals) Estimated Senior Pop. with Dementia	= 181	= 228
85+ Population	692	730
(times) Dementia Incidence Rate ¹	x 33.1%	x 33.1%
(equals) Estimated Senior Pop. with Dementia	= 229	= 242
(equals) Total Population with Dementia	534	607
(times) Percent Needing Specialized Memory Care Assistance	x 20.0%	20.0%
(equals) Total Need for Dementia Care	= 107	= 121
(times) Percent Income/Asset-Qualified ²	x 50.7%	x 51.7%
(equals) Total Income-Qualified Market Base in the PMA	= 54	= 63
(plus) Demand from Outside the Study Area (30%)	+ 23	+ 27
Total Demand for Memory Care Units	77	90
(minus) Existing and Pending Memory Care Units ³	- 18	- 18
(equals) Excess Demand Potential	= 59	= 72
(times) Percent of Market Area demand capturable by the City of Worthington	x 70.0%	x 70.0%
(equals) Number of Units Supportable in the City of Worthington	42	50
¹ Alzheimer's Association: Alzheimer's Disease Facts & Figures (2021)		
² Includes seniors with incomes at \$60,000 or above (\$67,000 in 2030) plus 25% 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 and pending units at 93% occupancy. We exclude 20% of units to account for seniors utilizing public subsidy.		
Source: Maxfield Research & Consulting, LLC.		

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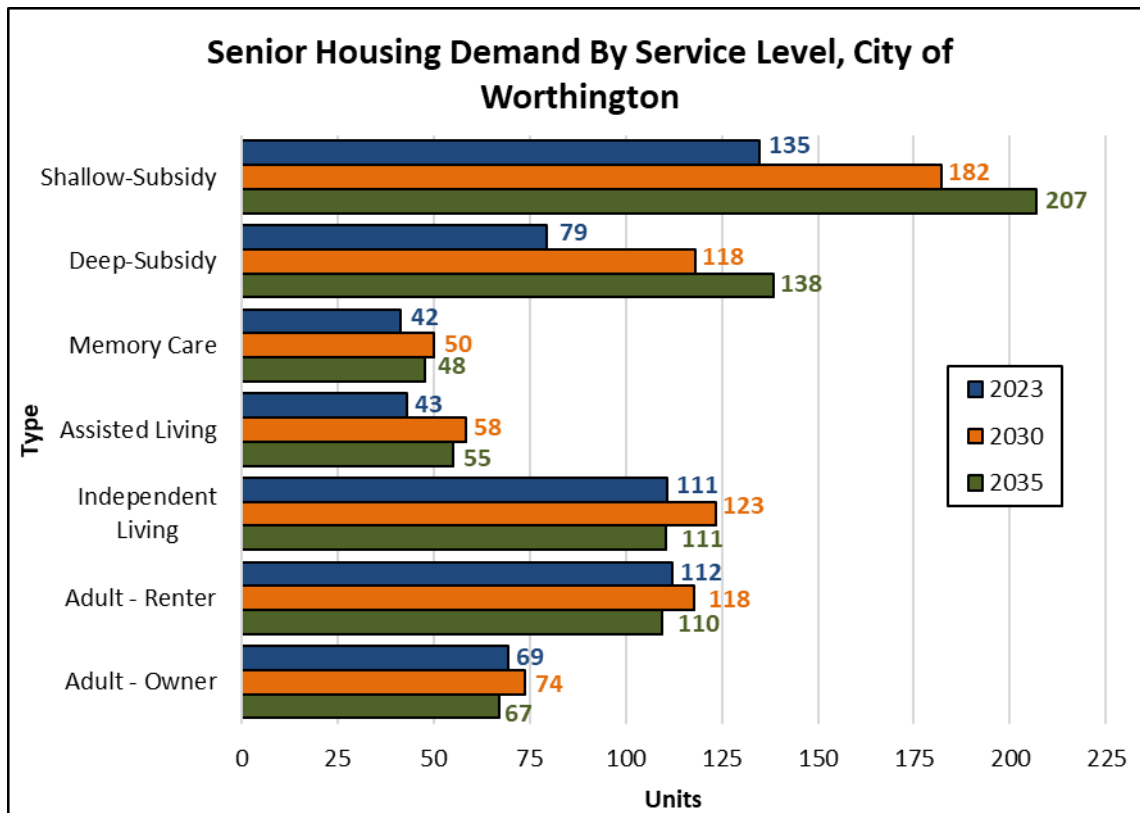
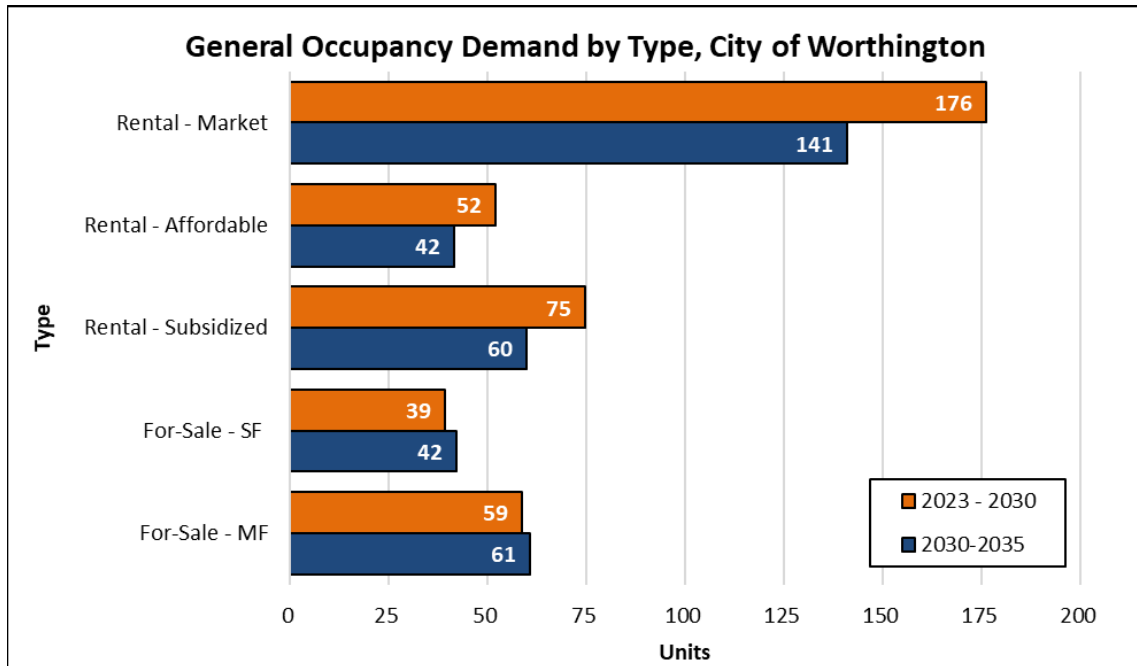
TABLE HD-14 MEMORY CARE DEMAND PRIMARY MARKET AREA 2030 & 2035		
	2030	2035
65 to 74 Population	2,733	2,774
(times) Dementia Incidence Rate ¹	x <u>5.0%</u>	x <u>5.0%</u>
(equals) Estimated Senior Pop. with Dementia	= 137	= 139
75 to 84 Population	1,743	1,769
(times) Dementia Incidence Rate ¹	x <u>13.1%</u>	x <u>13.1%</u>
(equals) Estimated Senior Pop. with Dementia	= 228	= 232
85+ Population	730	741
(times) Dementia Incidence Rate ¹	x <u>33.1%</u>	x <u>33.1%</u>
(equals) Estimated Senior Pop. with Dementia	= 242	= 245
(equals) Total Population with Dementia	607	616
(times) Percent Needing Specialized Memory Care Assistance	x <u>20.0%</u>	<u>20.0%</u>
(equals) Total Need for Dementia Care	= 121	= 123
(times) Percent Income/Asset-Qualified ²	x <u>51.7%</u>	x <u>49.1%</u>
(equals) Total Income-Qualified Market Base in the PMA	= 63	= 60
(plus) Demand from Outside the Study Area (30%)	+ 27	+ 26
Total Demand for Memory Care Units	90	86
(minus) Existing and Pending Memory Care Units ³	- 18	- 18
(equals) Excess Demand Potential	= 72	= 68
(times) Percent of Market Area demand capturable by the City of Worthington	x 70.0%	x 70.0%
(equals) Number of Units Supportable in the City of Worthington	50	48
¹ Alzheimer's Association: Alzheimer's Disease Facts & Figures (2021)		
² Includes seniors with incomes at \$67,000 or above (\$72,000 in 2035) plus 25% 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 and pending units at 93% occupancy. We exclude 20% of units to account for seniors utilizing public subsidy.		
Source: Maxfield Research & Consulting, LLC.		

Introduction/Overall Housing Recommendations

This section summarizes demand calculated for specific housing products in Worthington and recommends development concepts to meet the housing needs for the city. All recommendations are based on findings of this analysis. The following table and charts display calculated demand by product type. Housing demand is highly contingent on projected household growth and land availability; household growth may be higher if additional land is made available for housing development/redevelopment.

TABLE CR-1 HOUSING DEMAND SUMMARY CITY OF WORTHINGTON 2023			
General Occupancy Housing Demand			
	2023-2030	2030-2035	
For-Sale Units (After vacant lot supply absorbed)	98	103	
Detached Single-Family*	39	42	
Other Owned General Occupancy Units**	59	61	
General Occupancy Rental Units	303	242	
Market Rate	176	141	
Shallow-Subsidy^	52	42	
Deep-Subsidy^	75	60	
Total General Occupancy Housing Units	401	345	
Senior Demand			
	2023	2030	2035
Market Rate Active Adult	182	192	177
Owner-Occupied	69	74	67
Renter-Occupied	112	118	110
Affordable Active Adult	214	300	345
Deep-Subsidy^	79	118	138
Shallow-Subsidy^	135	182	207
Service-Enhanced Senior Housing	195	232	213
Independent Living w/ Services	111	123	111
Assisted Living	43	58	55
Memory Care	42	50	48
Total Senior Housing Units	591	723	735
* After single family lots have been absorbed.			
** Attached single-family (i.e. townhomes, twin homes), condominiums, etc.			
^Shallow-subsidy = affordable to households at 30% to 60% AMI			
^Deep-subsidy = affordable to households at 30% AMI or less			
Source: Maxfield Research & Consulting, LLC.			

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Based on the finding of the analysis and demand calculations, Table CR-2 provides a summary of recommended development concepts by product type for Worthington. These proposed concepts are intended to act as a development guide to meet the housing needs of existing and

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future households in Worthington. The recommended development types and development timeframes are not identical to the demand figures listed in Table CR-1 and reflect the number of units we recommend be developed in the short-term.

CR-2 RECOMMENDED HOUSING DEVELOPMENT CITY OF WORTHINGTON 2024 to 2035				
	Purchase Price/ Monthly Rent Range ¹	No. of Units	Pct. of Total	Development Timing
Owner-Occupied Homes - New Construction				
<i>Single Family</i> ²				
Entry-level	<\$250,000	30 - 35	33.3%	2024+
Move-up	\$275,000 - \$350,000	35 - 40	38.5%	2024+
Executive	\$375,000+	25 - 30	28.2%	2025+
Total		90 - 105	100.0%	
<i>Townhomes/Detached Townhomes/Twinhomes</i> ²				
Entry-level	<\$200,000	20 - 25	31.0%	2024+
Move-up	\$250,000 - \$300,000	25 - 30	37.9%	2024+
Executive	\$350,000+	20 - 25	31.0%	2025+
Total		65 - 80	100.0%	
Total Owner-Occupied		155 - 185		
General Occupancy Rental Housing				
<i>Market Rate Rental Housing</i>				
Apartment-style	\$1,000/1BR - \$1,400/3BR	175 - 200	77.3%	2024+
Townhomes	\$1,250/2BR - \$1,400/3BR	50 - 60	22.7%	2024+
Total		225 - 260	100.0%	
<i>Affordable Rental Housing</i>				
Apartment-style	Moderate Income ³	60 - 70	65.0%	2025+
Townhomes	Moderate Income ³	30 - 40	35.0%	2025+
Total		90 - 110	100.0%	
Total Renter-Occupied		315 - 370		
Senior Housing (i.e. Age Restricted)				
Active Adult Affordable Rental	Moderate Income ³	175 - 200	37.5%	2024+
Active Adult Market Rate Rental ⁴	\$1,000/1BR - \$1,275/2BR+	90 - 100	19.0%	2025+
Independent Living	\$2,000/Studio - \$3,000/2BR	90 - 100	19.0%	2026+
Assisted Living	\$2,600/Studio - \$4,200/2BR	50 - 60	11.0%	2026+
Memory Care	\$3,400/Studio - \$6,000/2BR	40 - 45	8.5%	2027+
Total		465 - 535	100.0%	
Total - All Units		935 - 1,090		
¹ Pricing in 2024 dollars. Pricing can be adjusted to account for inflation. ² Recommendations include the absorption of some existing previously platted lots. ³ Affordability subject to income guidelines per MHFA. See Table HA-1 for Nobles County Income limits. ⁴ In order to develop an Market Rate Active Adult housing, it will need to combined with Active Adult Affordable Rentals in a mixed-income senior community Note - Recommended development does not coincide with total demand. Worthington may not be able to accommodate all recommended housing types based on a variety of factors (i.e. development constraints, land availability, etc.)				
Source: Maxfield Research & Consulting, LLC.				

Recommended Housing Product Types

The following section details the recommended development types based on demographic and employment trends, housing preferences and projected demand. The most significant needs in the near term are the development of market rate rental units and increasing the supply of lots for single family homes.

For-Sale Housing

Single-Family Housing

Table HD-1 identified demand for 81 single-family housing units in Worthington through 2035 when subtracting out the existing lot inventory.

A portion of demand for entry-level homes, which we generally classify as homes priced under \$250,000, will be satisfied by turnover of existing single-family homes as the current owners move into newer housing products built, such as move-up single-family homes, twinhomes, rental housing and senior housing. Most entry-level buyers will seek out existing older homes due to the lower price points compared to new construction.

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 generally desired because of a lifestyle change, such as a new job or a growing family. Based on our interviews with Worthington Realtors, move-up homes are generally priced from \$275,000 to \$350,000.

Executive-level homes are loosely defined as those homes priced above \$375,000. Most of the executive-level homes would be build-to-suit new construction in a new development or on larger acreages located outside the city proper.

For-Sale Multifamily Housing

A growing number of household's desire alternative housing types such as townhouses, detached townhomes, 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 some housing markets, younger households also find purchasing multifamily units to be more affordable than purchasing new single-family homes.

Interest in the for-sale multi-family market is expected to continue to grow. Realtors in Worthington reported that downsizing seniors are particularly interested in the for-sale multifamily market. The senior population is expected to experience some of the largest growth between 2023 and 2035. The population between ages of 65 and 84 is expected to increase by

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11.4% in the City of Worthington from 2023 to 2035. The growing demand for multi-family for sale listings is further reflected in listings selling within 30 days, climbing prices because of short supply and increasing interest from developers to build multi-family for sale homes.

For future development, attached units could be developed as twin homes, detached town-homes or villas, townhomes/row homes, or any combination. Because the main target market is empty-nesters and young seniors, most townhomes should be one-level, or at least have a master suite on the main level if a unit is two-stories. Entry level multifamily homes in Worthington should begin in price at a little under \$200,000. Move up multifamily homes should range in price from \$250,000 to \$300,000 while executive level homes should be priced at \$350,000 and up.

The following provides greater detail into townhome and twin home style housing.

- *Twin homes*– By definition, a twin home is two units with a shared wall with each owner owning half of the lot the home is on. 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).

Traditionally most twin home developments have been designed with the garage being the prominent feature of the home; however, today's newer twin homes have much more architectural detail. Many higher-end twin home developments feature designs where one garage faces the street and the other to the side yard. This design helps reduce the prominence of the garage domination with two separate entrances.

Twin homes are also a preferred for-sale product by builders in today's market as units can be developed as demand warrants. Because twinhomes bring higher density and economies of scale to the construction process, the price point can be lower than stand-alone single-family housing. Twin homes will continue to be in demand as many older adults and seniors will move to this housing product with substantial equity in their existing single-family home and will be willing to purchase a maintenance-free home that is priced like their existing single-family home. The twinhomes should be association-maintained with 40' - to 50'-wide lots on average.

- *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 like 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 between 1,600 and 1,800 square feet. The main level living area usually features a master bedroom, great room, dining room, kitchen, and laundry room while offering a "flex room" that could be another bedroom, office, media room, or

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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, workshop, 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.

- *Side-by-Side and Back-to-Back Townhomes* – This housing product is designed with three or four or more separate living units in one building and can be built in a variety of configurations. With the relative affordability of these units and multi-level living, side-by-side and back-to-back townhomes have the greatest appeal among entry-level households without children, young families and singles and/or roommates across the age span. However, two-story townhomes would also be attractive to middle-market, move-up, and empty-nester buyers. Many of these buyers want to downsize from a single-family home into maintenance-free housing, many of which will have equity from the sale of their single-family home.
- *Duplex/Triplex/Quadplex* – These structures are two to four separate units with a common wall. Many buyers and real estate investors seek out duplexes to live in one of the units while renting the other side. Duplexes can also be a popular concept for families who desire to have relatives next door resulting in a multi-generation housing arrangement. Further, triplexes and quadplexes offer single level and maintenance free living with the affordability associated with a higher density of development.

General Occupancy Rental Housing

Our competitive inventory identified that the vacancy rates for all types of general occupancy rental product is at or below market equilibrium indicating pent-up demand for rental housing. Due to the age and positioning of the existing rental supply a portion of units are priced at or below guidelines for affordable housing, which indirectly satisfies demand from households that income-qualify for financially assisted housing. Employers reported a desire for newer rental properties among new employees with additional and updated amenities that are not offered in older developments in Worthington.

Maxfield Research and Consulting, LLC calculated demand for 317 market rate, 94 affordable and 135 subsidized rental housing units in Worthington through 2035. Due to the economies of scale when constructing multifamily rental housing, new construction can be difficult to achieve in smaller, rural communities given development costs and achievable monthly rents.

- *Market Rate Rental* – Maxfield Research recommends the development of market rate rental housing immediately. A new rental project(s) will have a diverse resident profile, including young to mid-age professionals as well as singles and couples

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across the age span. Seniors and older adults will also be a target market for a new rental project in Worthington.

There is demand for 317 units through 2035. New market rate product will be developed across multiple buildings and developments across the next decade. We recommend new middle-market to upper-middle market rental project(s) with an initial 175 to 200 units through 2030 that will continue to attract new employees relocating to Worthington, empty-nesters looking to transition to a maintenance free lifestyle, as well as couples and singles of all ages. To appeal to a wide target market, we suggest a market rate apartment project with a unit mix consisting of one-bedroom units, two-bedroom units, and three-bedroom units to meet the needs of the diverse population and family structure in Worthington.

Monthly contract rents (in 2024 dollars) should range from \$1,000 for a one-bedroom unit to \$1,400 for a two-bedroom den or three-bedroom unit. Average market rate rents in Worthington are \$0.89 per square foot, thus we recommend that monthly rents at a new development should charge on average \$1.20 to \$1.25 per square foot to be financially feasible. Monthly rents can be trended up by 2.0% annually prior to occupancy to account for inflation depending on overall market conditions. However, because these are top rents, incentives or a private-public partnership will be needed to bring down the cost of the rental units.

New market rate rental units should be designed with contemporary amenities that include open floor plans, higher ceilings, in-unit washer and dryer, full appliance package, central air-conditioning, and garage parking.

- Market Rate General Occupancy Rental Townhomes– In addition to the recommended traditional multi-story apartment projects, we find demand exists for townhome rental units. These units were reported by employers as popular alternative to apartments for those families and young professionals relocating to Worthington who need to rent until they find a home for purchase. Townhome units are also able to support the larger family sizes of Worthington’s diverse population. An additional 50 to 60 rental townhome units could be supported in Worthington through the next decade. We recommend a project with rents starting at approximately \$1,250 for two-bedroom units to \$1,400 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 or Townhomes– Rental apartments or townhomes affordable to moderate-income households would be in demand in Worthington. These projects would have income-restrictions established by HUD and would likely target households with incomes between 50% to 80% of area median income. However, based on interviews with employers and developers, workforce units with affordability up to 120% AMI would be well received, meeting the need for additional rental units among workers earning too much to qualify for

affordable housing. We recommend a project with 60 to 70 apartment units and 30 to 40 townhomes over the next decade. Units should feature central air conditioning, full appliance package, in-unit washer/dryer, and covered parking. Such developments are popular with families that cannot afford housing options in the for-sale market or market rate rentals.

Senior Housing

As illustrated in Table CR-1, demand exists for almost all types of senior housing product types in Worthington. In 2035 there is demand for about 177 new market rate active adult senior units, 207 new shallow subsidy senior units, and 138 new subsidized senior units, and 213 service-based senior housing units in Worthington through 2035. The development of additional senior housing serves a two-fold purpose in meeting the housing needs in Worthington: as older adult and senior residents can relocate to new age-restricted housing in Worthington, and existing homes and rental units that were occupied by seniors become available to other new households. Hence, development of additional senior housing does not mean the housing needs of younger households are neglected; it simply means that a greater percentage of housing need is satisfied by housing unit turnover. The types of housing products needed to accommodate the aging population base are discussed individually in the following section.

- Active Adult Rental – Demand was projected for 177 market rate active adult rental units in Worthington in 2035 (110 market rate active adult rental units and 67 for sale market rate active adult units). Currently, there are 32 market rate active adult rental projects in the Market Area (*Homestead Cooperative*). There may be seniors who are currently residing in general-occupancy housing that would consider relocating to a newer active adult product.

We recommend a new project of 90 to 100 units be developed. The project should offer modest rents with base monthly rents starting at \$1,000 per month for one-bedroom units to \$1,275 or more for two-bedroom units. The project should offer transportation, activities, and optional services for housekeeping, etc.

However, even with significant demand, active adult developments can be difficult to develop in small communities. The projects are not need based and therefore seniors may choose to remain in their homes or downsize to alternative housing options like a twin home rather than choose an active adult community where rents may be higher than other housing alternatives.

- Affordable and Subsidized Senior Few Services Rental – Demand for affordable/subsidized senior housing is approximately 345 units in Worthington in 2035. Although there is a high demand for subsidized product; it will be difficult to develop given the financing challenges. Affordable senior housing will likely be a low-income tax credit project through the Minnesota Housing Finance Agency (MHFA). MHFA recently

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started to consider affordable senior housing projects under the tax credit program and is slowly starting to expand financing for this product type. As a result, any income-restricted senior housing will most likely be affordable targeting incomes at 50% to 60% of Area Median Income.

- Independent Living – Demand was calculated for 111 independent living units in 2035. Based on this demand, we recommend approximately 90 to 100 independent living units with a mix of one-bedroom, one-bedroom plus den, and two-bedroom units. Monthly rents should range from \$2,000 for studio units to \$3,000 for two-bedroom units. The monthly fees should include all utilities (except telephone and basic cable/satellite television) and the following services:
 - I'm OK program;
 - Daily noon meal;
 - Regularly scheduled van transportation;
 - Social, health, wellness, and educational programs;
 - 24-hour emergency call system; and
 - Complimentary use of laundry facilities.

In addition, 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.

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

- Assisted Living and Memory Care Senior Housing – Based on our analysis, we project demand to support an additional 55 assisted living units and 48 memory care units in Worthington through 2035.

We recommend a 50 to 60 unit assisted living development with a mix of studio, and one-bedroom, and a few two-bedroom units with base monthly rents ranging from \$2,000 to \$3,000. In addition, we recommend the development of a memory care facility with 40 to 45 units. Memory care unit mix should be mostly studios and one-bedroom units with a few two-bedroom units for couples with base monthly rents ranging from \$3,400 to \$6,000. Memory care units should be in a secured, self-contained wing located on the first floor of a building and should feature its own dining and common area amenities including a secured outdoor patio and wandering area.

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

- Three meals per day;
- Weekly housekeeping and linen service;
- Two loads of laundry per week;
- Weekly health and wellness clinics;
- Meal assistance;
- Regularly scheduled transportation;
- Professional activity programs and scheduled outings;
- Nursing care management;
- I'm OK program;
- 24-hour on site staffing;
- Personal alert pendant with emergency response; and
- Nurse visits every other month.

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

Like the assisted living facility, the memory care facility could be developed in conjunction with an existing senior living facility or developed as a standalone project.

Challenges and Opportunities

Table CR-2 identified and recommended housing types that would satisfy the housing needs in Worthington over the next ten years. The following were identified as the greatest challenges and opportunities for developing the recommended housing types, arranged alphabetically.

- **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 located 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 locating within an attic or basement within the home. Legally, however, an ADU is still a part of the original parcels 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.

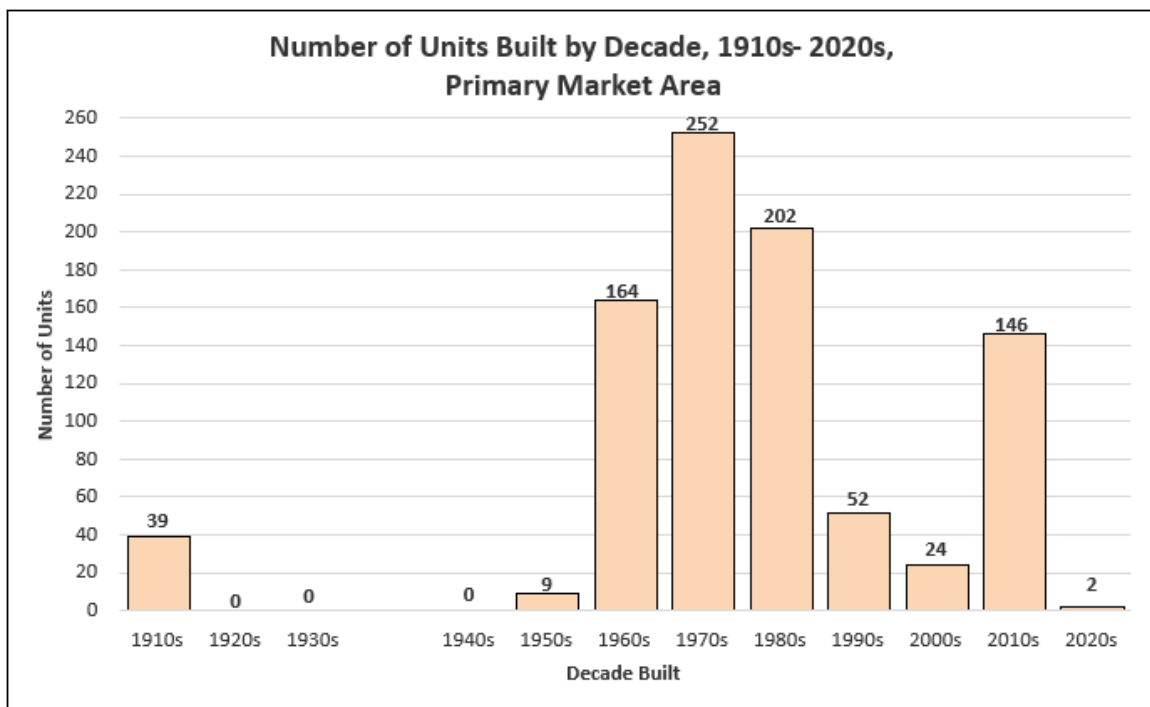
Maxfield Research recommends that local planning departments review their existing zoning code and if not already permitted, revise zoning codes to ensure ADUs can be a permitted use. Since the pandemic, the demand for ADUs has continued to increase as many homeowners have sought to move family members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

- **Affordable Housing/Naturally Occurring Affordable Housing (NOAH).** Tables HA-1 and HA-2 identified Nobles County Area Median Incomes (“AMI”) and the fair market rents by bedroom type. Of surveyed market rate units in the PMA, nearly 88% were affordable at or below 50% of AMI while the remaining 12% were affordable at or below 50% of AMI. Thus, even market rates units in Worthington could be considered affordable.
- Based on current home prices, about 60% of Worthington householders could afford to purchase an entry-level home given today’s pricing (see Table HA-4). The minimum income required to purchase an entry level house is \$49,364, less than the 2023 median income in Worthington of \$55,303. Likewise, most households (79.1%) can also afford the average market rate rent of a one-bedroom unit at an existing market rate rental project in

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Worthington. The minimum income required to rent a one-bedroom apart is \$28,000. Because of the relative affordability of homes for purchase, some householders who would not consider purchasing may do so earlier since the cost to own an entry-level home is on-par with rental housing costs. We do note, however, that not all householders will have the credit scores and down payment that would qualify them to purchase for-sale housing.

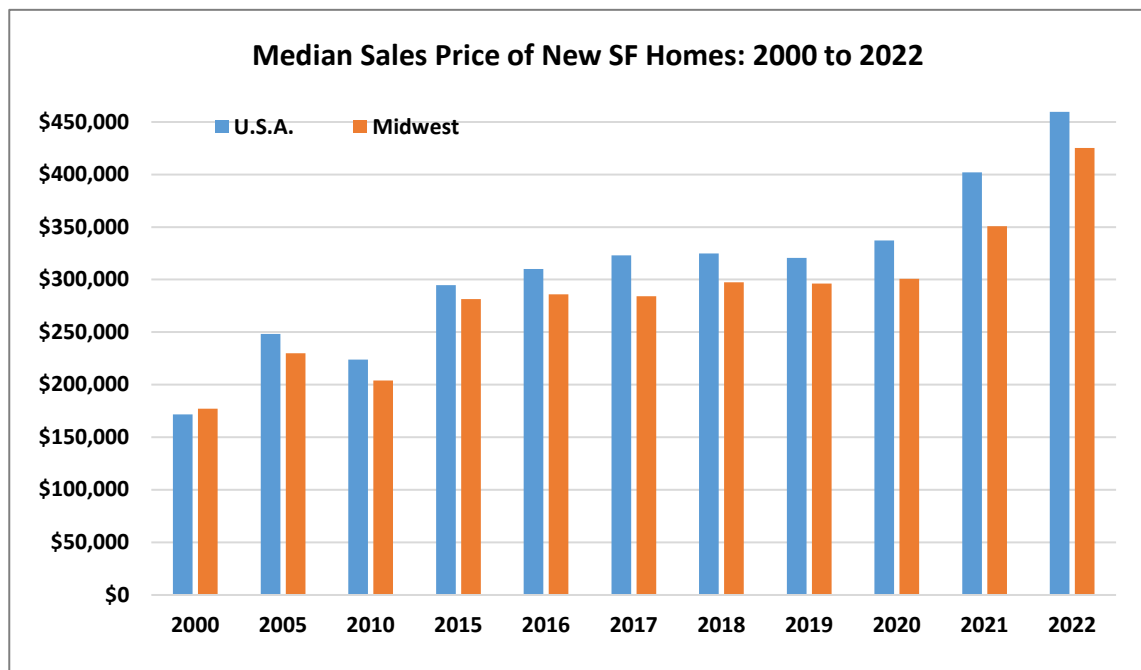
- **Age of Rental Housing Stock.** The Rental Market Analysis section of the report, excluding the city’s new duplex, which opened in 2024, identified the newest market rate general occupancy housing product as Grand Terrace Apartments, a 50-unit affordable project. The overall general occupancy rental housing stock of surveyed properties in the PMA has a median year built of 1982. Most of the rental housing stock lacks the contemporary amenities many of today’s renters seek. Many renters today seek the following unit amenities: in-unit laundry, covered parking, walk-in closets, balconies/patios, oversized windows, and individually controlled heating and air-conditioning. Community amenities tenants desire today include community rooms with kitchens and big screen TV’s, fitness centers, Wi-Fi, extra storage, and the inclusion of environmentally responsible design and features. Despite a few newer projects that have been recently completed, several of these features and amenities are not offered in many rental housing products in and near Worthington.



- **Capturing Commuters.** Over 5,000 people (5,096 people) commute to Worthington for work. With preferences trending toward a desire to reduce commuting times, Worthington may be able to capture those commuting into the city with the right housing product at the right price.

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- **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 a number of 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 Worthington is difficult to achieve under \$275,000. 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.



- **COVID-19 Impacts.** The COVID-19 pandemic has had both direct and indirect effects on the housing industry. The senior housing industry was directly impacted as the virus affected older adults at a much higher rate. Senior properties hit record high vacancy rates and many seniors continue to age in place as long as possible as they have avoided living in a shared space. At the same time, many ex-urban communities and counties benefit from the pandemic-related housing boom.

Historically, the unemployment rate in Worthington has, most years, been lower than the State of Minnesota. In addition, the city has had an unemployment rate below that of the US. Prior to the pandemic in 2019, the unemployment rate in Worthington was 3.1%, before jumping to 4.9% in 2020. The unemployment rate has since dropped to 3.6% in 2021 and 2.3% in 2022 prior to increasing to 3.2% in 2023.

Despite the pandemic impacts over the past four years, the local real estate market has performed above expectations and strong demand remains for housing. Supply remains at an all-time low, yet pricing is remaining steady (but some appreciation) due few homes for sale. The pandemic has changed buyer preferences; both internally and externally. Buyers have a greater desire for outdoor features, green space, more square footage, flexible spaces for home offices, and healthy living conditions. Buyers are also trading location for more home by locating further from their place of employment. There is also a preference toward new construction and the new home market has been strong since 2020 as builders have not kept the pace with demand.

On the rental side, social distancing initially had an impact on common corridor apartment buildings as all communal areas were shut down and tenants could not utilize amenities. Since the pandemic, the demand for smaller unit sizes has waned as renters desire larger spaces as they work from home, utilize for fitness, etc. With telecommuting and work from home being the norm tenants are seeking a separation of work and live spaces as well as access to balconies and patios to provide fresh air and extra space. There has been strong demand for townhome-style rentals or a building that has been designed with a separate entrance to eliminate the possible of interacting with others and catching the virus. These trends and preferences have continued since the pandemic has waned.

- **Demolition Programs.** Due to the aging of the housing stock, there are situations when communities are proactive and knock down houses that have been vacant or have deferred maintenance in the community. Many local governments have programs that demolish blighted and abandoned homes that are beyond repair. Blighted and/or abandoned homes lower the property values in the neighborhood, financially drain community resources, are unsafe, and can contribute to overall community decline or disinvestment. We recommend the City of Worthington initiate programs and ordinances to address blighted structures. Demolished home lots can be put to productive reuse as future housing sites, land banks, community gardens, parks, green space, etc.

Demolition costs vary widely based on numerous factors such as if the home contains asbestos or lead-based paint, foundations/basements, soil contaminations, reuse/deconstruction of building materials, etc.

Municipalities fund demolition programs from a variety of sources. Many larger cities can rely on CDBG fund or neighborhood stabilization funds, while some states can look to the “Hardest Hit Program” that provided federal funds to 18 states who can then tailor programs to their individual needs. Some cities have relied on funding from TIF, funds from the general fund, EDA grants, and state blight reduction programs.

- **Economies of Scale.** Economies of scale refer to the increase in efficiency of production as the number of goods being produced is increased. Typically, companies or organizations achieving economies of scale lower the average cost per unit through increased production since fixed costs are shared over an increased number of goods. In the housing

development industry, generally the more units that are constructed the greater the efficiency. For example, larger homebuilders negotiate volume discounts in materials and subcontractors, are more efficient in the land entitlement process, leverage the power of technology, and have greater access and lower costs of capital. In multifamily housing, typically the higher the number of units equates into a lower per unit costs. Because of this, construction costs in larger communities such as in Mankato or Sioux Falls can be lower than found in many communities in the Worthington Market Area.

Although Table CR-1 showcased demand for many housing products in Worthington through 2035, many of the products will require some density for the project to be financially feasible. Because demand may not be high enough to support various stand-alone housing concepts new development may require private/public partnerships or the combination of multiple product types to ensure the project can be developed.

- **Financing Barriers/Infrastructure Costs and Private/Public Partnerships.** One of the key challenges facing housing development in rural communities is financing. Finding banks to finance projects is difficult as most lenders require substantial equity contributions from the developer. As discussed in a previous bullet (*Developers' Carrying Costs*), developers are typically required to upfront residential subdivisions and pay for the cost of water, sewer, curb and gutter, utilities, etc. Because of the substantial cost to fund improvements, most builders/developers do not have the assets or equity to fund the project and lenders have conservative underwriting standards. Furthermore, private investors seek targeted returns on investment and liquidity that cannot be guaranteed as lot absorption/takedowns is an unknown factor. The City of Worthington and Worthington Public Utilities have established a Housing Fund (detailed below) to address the barrier of upfront infrastructure costs.

In addition to the Housing Fund, we recommend exploring other private/public partnerships to entice housing development. 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 in the Worthington Market Area, it will likely require innovative partnerships to stimulate housing development. We also recommend exploring additional partnerships with major employers in Worthington that could assist housing product by donating into a housing trust fund that would be designated for housing projects that would best serve workers in Worthington.

- **Housing Fund.** The Worthington City Council appropriated \$1.5 million to a new housing fund, and Worthington Public utilities has promised to match the funding. The concept

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behind the fund is to reduce the upfront costs for housing developers with the City purchasing the land and installing the infrastructure. Developers would then buy and develop the lots, upon selling the lots and homes, developers would repay the City, replenishing the fund.

- **Housing Resources & 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. The following bullet points outline a variety of resources available:

State Resources/USDA (National):

Greater Minnesota Housing Fund – The Greater Minnesota Housing Fund (“GMHF”) supports, preserves, and creates affordable housing in the 80 counties outside the core Twin Cities Metro Area. The GMHF provides numerous programs, financing mechanisms, technical support, and research to support production of affordable housing across Greater Minnesota.

<http://www.gmhf.com/>

Minnesota Housing Finance Agency (“Minnesota Housing”) – Minnesota Housing is a housing finance agency whose mission is to finance affordable housing for low- and moderate-income households across Minnesota. Minnesota Housing partners with for-profit, non-profit, and governmental sectors to help develop and preserve affordable housing. The organization provides numerous products and services for both the single-family and multi-family housing sectors. The organization’s five strategic priorities are as follows:

- Preserve federally subsidized rental housing;
- Promote and support successful homeownership;
- Address specific and critical needs in rental housing markets;
- Prevent and end homelessness, and;
- Prevent foreclosure and support community recover.

<http://www.mnhousing.gov/>

Minnesota Department of Employment and Economic Development – MN DEED offers community development funding through two programs for projects that assist communities stay vital and pursue economic development.

- The Small Cities Development Program offers state grant funds in three general categories.
 - Housing grants provide funds to rehabilitate local housing stock. Local governments lend the funds to projects benefiting low- and moderate-

- income persons and may be used for owner-occupied, rental, single-family or multifamily projects.
- Public facility grants are directed toward wastewater treatment projects.
- Comprehensive grants can include housing and public facility activities. It may also include economic development activity in which loans are provided to businesses for building, façade improvements, code violations and health and safety issues.
- Workforce Housing Development Program targets communities in Greater Minnesota where housing shortages hinder the ability of businesses to attract workers.
- *USDA Rural Development* – Housing support is available through the “Housing and Community Assistance” program that is part of USDA Rural Development. The program is designed to improve housing options in rural communities and operates a variety of programs including homeownership assistance, housing rehabilitation and preservation, rental assistance, loan administration, energy efficiency, etc.

Regional Resources and Programs:

Nobles Home Initiative: The program provides tax abatement on the construction of a new single-family home, duplex, or multi-family complex. Construction, to qualify, had previously needed to occur between April 1, 2014, and December 31, 2022. However, the initiative has since been extended to 2027 by Nobles County.⁴ Tax abatement applies to 100% of the County’s share of real estate taxes on the new construction structure for five years, taxes are collected on the land and any additional structures on the lot.

Southwest Minnesota Housing Partnership: SWMHP offers support with a wide range of development processes. Cities, counties and townships can access community development planning. Other Partnership services include access to low interest mortgages and closing costs assistance, rehabilitation assistance, construction management services.

Southwestern Minnesota Opportunity Council: The Southwestern Minnesota Opportunity Council is a Community Action Agency administers the Rehabilitation Loan Program in Nobles, Rock, Murray and Pipestone. The Rehabilitation Loan Program is funded by the Minnesota Housing Finance Agency to make basic and necessary improvements that make a home more livable and energy efficient, including mechanical, structural and energy updates, and compliance with housing codes for low income and disabled residents.

Participants receive a \$27,000 loan with a maximum loan term of 15 years for real property and 10 years for mobile or manufactured homes. Loans are eligible to be forgiven if the

⁴ Buntjer, Julie. “Nobles County extends tax abatement program to encourage construction of new homes.” *The Globe*, 28 Oct. 2022. <https://www.dglobe.com/news/local/nobles-county-extends-tax-abatement-program-to-encourage-construction-of-new-homes>. Accessed 30 Apr. 2024.

property is not sold, the title is not transferred, or the loan holders ceases to occupy the property during the loan term.

In addition to the resources available at the state and regional level, the City of Worthington can explore a toolbox of housing programs that would aid in the enhancement of the city's housing stock. The following is a sampling of potential programs that could be explored:

- Architectural Pro Bono Assistance: Local architects and/or architectural students volunteer their time to design site plans for non-profit developers or governmental agencies to provide a baseline for developers and funders.
- Brush Pick-Up: Schedule an annual brush pick-up in the spring months so property owners can properly dispose of any trees, brush, which are removed by the local government and recycled and/or composted.
- Construction Management Services – Assist homeowners regarding local building codes, reviewing contractor bids, etc.
- Density Bonuses – Since the cost of land can be a significant barrier to housing affordability, increasing densities can result in lower housing costs by reducing the land costs per unit. Communities can offer density bonuses to encourage higher-density residential development while also promoting an affordable housing component.
- Historic Preservation – Encourage residents to preserve historic housing stock in neighborhoods with turn-of-the-century character through restoring and preserving architectural and building characteristics. Typically funded with low interest rates on loans for preservation construction costs.
- Home Fair – Provide residents with information and resources to promote improvements to the housing stock. Typically offered on a weekend in early spring where homeowners can meet and ask questions to architects, landscapers, building contractors, lenders, building inspectors, Realtors, etc.
- 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. This program is contingent on proximity to these programs.
- Home Sale Point of Sale - City ordinance requiring an inspection prior to the sale or transfer of residential real estate. The inspection is intended to prevent adverse conditions and meet minimum building codes. Sellers are responsible for incurring any costs for the inspection. Depending on the community, evaluations are completed by city inspectors or 3rd party licensed inspectors.
- 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.) Program – 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.

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- Land Banking – Land Banking is a program of acquiring land with the purpose of developing later. 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.
- Mobile Home Improvements – Offer low or no-interest loans to mobile homeowners for rehabilitation. Establish income-guidelines based on family size and annual gross incomes.
- Property Improvement Contest – Local residents nominate properties for recognizing quality exterior property improvements, facades, landscaping, etc. Property owners who are recognized receive a prize and are highlighted in local media. Typically administered in the spring to fall months.
- Realtor Forum - Typically administered by local governments 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.
- Redevelopment Credit – remove a substandard home with new construction.
- Remodeling Advisor – Partner with local architects and/or builders to provide ideas and general cost estimates for property owners.
- Rental Collaboration – Local government 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.
- Rental License – Licensing rental properties in the communities. Designed to ensure all rental properties meet local building and safety codes. Typically enforced by the fire marshal or building inspection department. Should require annual license renewal.
- Rent to Own - Income-eligible families rent for a specified length of time with the end-goal of buying a home. The HRA or other public agency saves a portion of the monthly rent that will be allocated for a down payment on a future house.
- Senior Housing Regeneration Program - Partnership between multiple organizations that assists seniors transitioning to alternative housing options such as senior housing, condominiums, townhomes, etc.
- Tax Abatement: A temporary reduction in property taxes over a specific 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. TIF funds can be used to provide a direct subsidy to a particular housing project, or they can also be used to promote

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affordable housing by setting aside a portion of TIF proceeds into a dedicated fund from other developments receiving TIF.

- 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.

In addition, there are over 3,800 people who commute to Worthington for work from other cities. Given the right product and price point some of these commuters could be convinced to shorten their commutes and relocate to Worthington.

- **Job Growth/Employment.** Historically, low unemployment rates have driven both existing home purchases and new-home purchases. Lack of job growth leads to slow or diminishing household growth, which in-turn relates to reduced housing demand. The City of Worthington's unemployment rate peaked in 2011 at 6.5%. This rate was lower than the peak unemployment rate of 7.8% in the State of Minnesota (2009) and 9.6% in the U.S. (2010) but higher than the unemployment rate in Nobles County (5.6% - 2010). The unemployment rate trended downward in the 2010s prior to increasing during the pandemic and more recently decreasing. Although the low unemployment rate is generally considered positive news, an exceptionally low unemployment rate can be challenging for employers looking to add additional staff. The average weekly wage during the third quarter of 2023 was \$1,054, which translates to a yearly income of \$54,808. Based on an estimated income of \$54,808=, households could afford a monthly rent or mortgage of \$1,370. The average weekly wage in Nobles County (\$1,059) is 0.5% higher than the average weekly wage in the City of Worthington. Although the lower wages can be attractive to some companies looking to expand in the region; the lower wages do not support new housing development as employees earning the average wage in the region cannot afford the housing costs that would be necessitated for new construction.
- **Inflation.** U.S. inflation rates hit a new 40-year high of nearly 9% in 2022, the biggest yearly increase since December 1981. Rampant price increased for nearly every good and service and specifically energy and food costs are having an impact on American consumers and will eventually affect housing affordability. As a result, the Federal Reserve has been implementing interest rate hikes and increasing borrowing costs to hopefully offset a recession. As interest rates have increased for-sale housing demand has slowed and demand for rental housing has increased. This has resulted in higher housing costs for both buyers and renters. Housing assets are in higher demand during inflationary times as real estate values tend to hedge inflation and investors seek out rental housing assets as equity continues to grow. In the short term, household balance sheets will continue to be stretched as rising costs affect Worthington area residents. This could hinder some housing production in the near term as new construction is difficult to pencil for entry-level homeowners. Finally, the high inflation of homeowners insurance is having a major impact on housing affordability as many homeowners are facing premium increases of 20% or more in the past year while

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auto insurance policies are also up over 20% in 2024. These insurance policies are impacting housing affordability on the buy side as well as existing homeowners that need to cut expenses in other areas to alleviate upward pressure on insurance costs.

- **Land Banking/Land Acquisition.** Land Banking is a program of acquiring land with the purpose of developing later. After a holding period, the land can be sold to a developer (often at a price lower than market) with the purpose of developing housing. The City of Worthington should consider establishing a land bank to which private land may be donated and public property may be held for future housing development.

Similarly, land acquisition is a tool used by many governmental authorities to set aside land for a variety of public purposes; including new development/redevelopment, infrastructure projects, recreation, conservation, etc. Many local governments consider land acquisition and land banking as a strategy for stimulating private sector development.

- **Land Availability/Supply.** Table FS-4 inventoried newer subdivision with available lots (excluding scattered or infill lots). At the time of our survey, there were 75 vacant lots in Worthington. Over the past five years, Worthington averaged three to four single family units annually. Maxfield Research & Consulting recommends a minimum of a three- to five-year lot supply for growing communities and consumer choice. Given the recent lot absorption trends the vacant lot supply In Worthington should be able to meet short term housing demand.



Glenwood Heights – For Sale Lots



Northland Park 2nd Addition – For Sale Lot

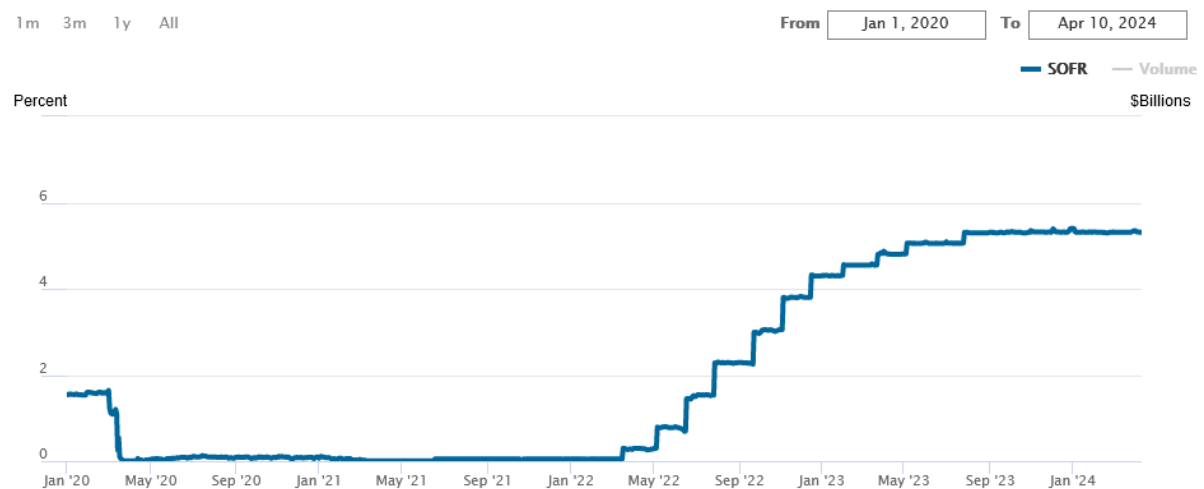
- **Lender Underwriting/Financing:** Due to inflation, the Federal Reserve has raised interest rates 11x to attempt to keep inflation in-check. The increased borrowing costs has not only impacted mortgages, lines of credit, credit cards, etc. but also the ability to finance new housing construction. Whether it would be new infrastructure for a new housing subdivision or a new multifamily building, the cost of money has ballooned, and developers and investors are either putting projects on the shelf or waiting out the market for lower rates.

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Commercial real estate loan volume has dropped sharply as borrowing costs and tighter underwriting have resulted in projects no longer penciling. Most commercial real estate loans are tied to the 10-year Treasury, LIBOR, or SOFR (Secured Overnight Financing Rate). The chart below shows SOFR rates were 0% between 2020 until early 2022; today they are at 5.31%. Lenders often quote the SOFR rate + approximately 200 to 250 basis points, resulting in an interest rate today of about 7.3% to 7.8% for many borrowers. Lenders also require more equity (often upwards of 40%) or deposits in the bank, thus only well-positioned investors and developers can move forward today.

Although we find strong housing demand for all housing types in Worthington, some projects are likely to be “on-hold” until the financing market loosens up in 2025 and beyond.

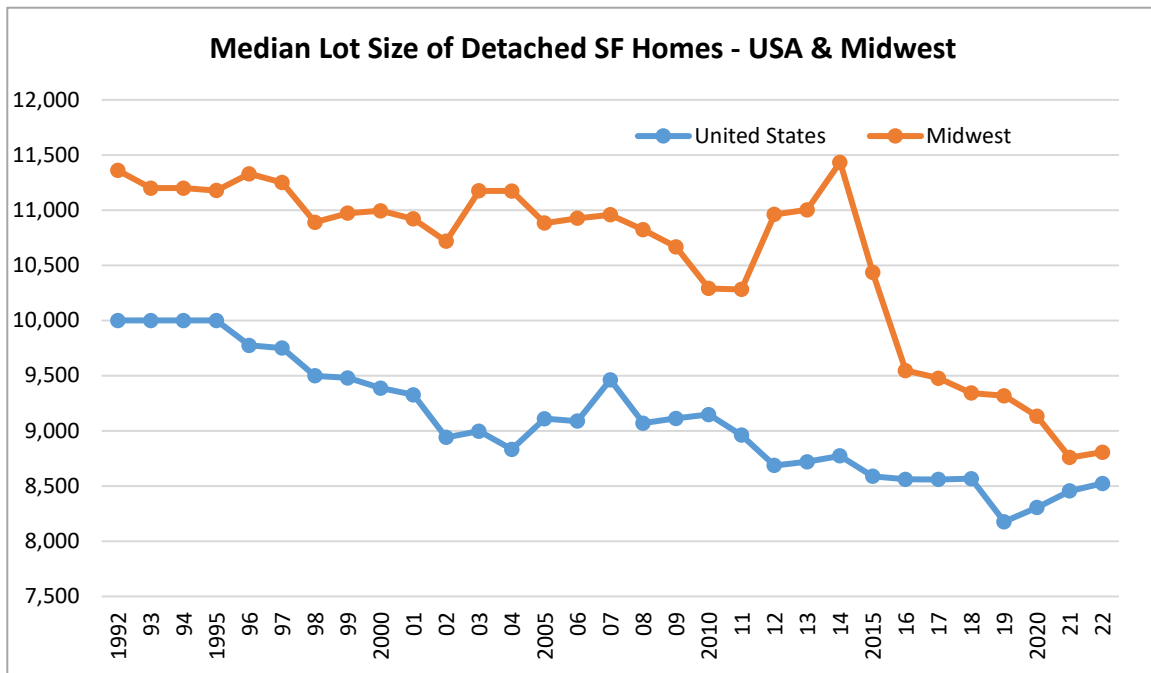
SECURED OVERNIGHT FINANCING RATE CHART



- **Lot Size:** Across Iowa, 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.

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 to increase density and absorb higher land development costs across more units. Many newer single-family subdivisions across the Midwest now

offer 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. To curb rising costs, we recommend allowing compressed lot sizes for new construction to help alleviate costs and maintain affordability.



- Lifestyle Renters.** Historically, householders rented because they could not afford to buy or did not have the credit to qualify for a mortgage. Today that is no longer the case, and many householders are renting by choice. High-income renters represent the fastest growing market segment of the rental market today; having grown 48% over the past decade. Demand is being driven by the Millennials, would-be buyers on the side-lines (due to high sales prices and mortgage rates), and empty nesters. As a result, rental housing is one of the preferred real estate asset classes today across country, even despite higher interest rates and tighter lender underwriting. Lifestyle renters are attracted to developments offering excellent finishing quality, extensive common area facilities, and typically focus on an environment providing a more social experience.
- Mobility/Rural 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

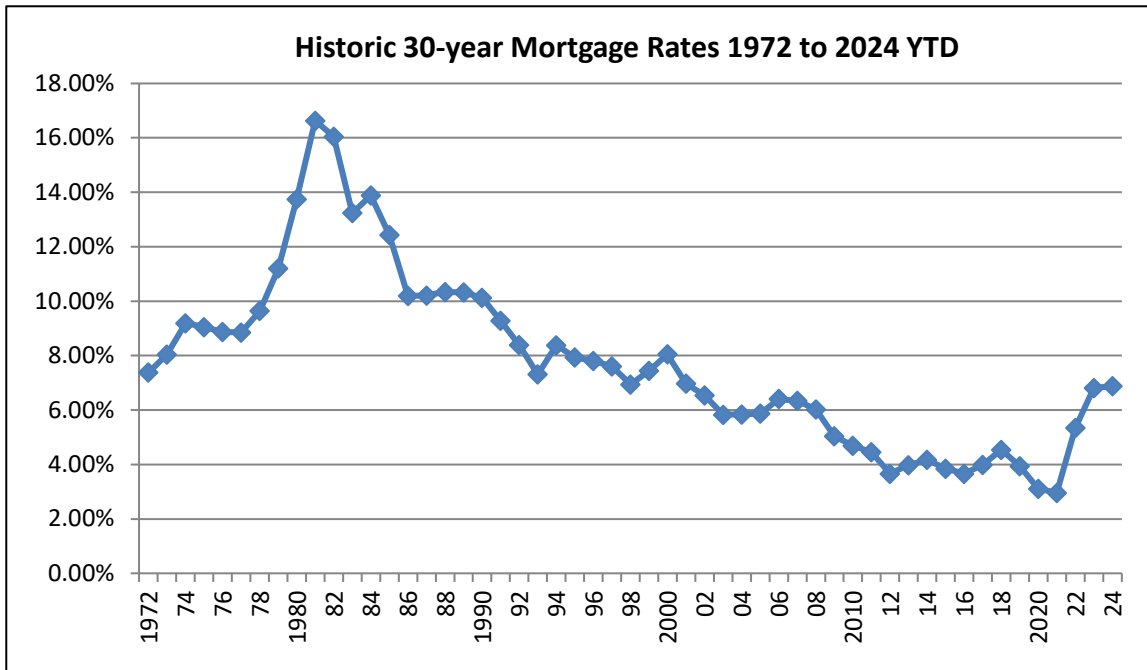
Areas to the suburbs, exurbs, and rural areas. Households moved to lesser denser populated areas, lower tax states, sought larger homes and yards, and traded-up due to the lower cost of housing.

Many suburban communities 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. Rural 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 Worthington’s proximity to the Sioux Falls area, Mankato area, and Iowa Lakes, Worthington is well-positioned to capture household growth that traditionally may have located closer into larger communities. We recommend marketing strategies on branding Worthington’s lifestyle, amenities, and more affordable housing stock.

- **Mortgage Rates.** Mortgage rates play a crucial part in housing affordability. Lower mortgage rates result in a lower monthly mortgage payment and buyers receiving more home for their dollar. Rising interest rates often require homebuyers to raise their down payment to maintain the same housing costs. Mortgage rates have stayed at historic lows for most of the past decade trending under 4.5% (30-year fixed) since around 2010. At the on-set of the COVID-19 pandemic, rates plummeted to at or near an all-time low under 3% for part of 2020 and most of 2021. However, due to a 40-year high inflation the Federal Reserve began hiking rates in 2022 to slow the economy and curtail inflation. The Federal Reserve has implemented 11 rate hikes over the past two years. As a result, the cost of for-sale housing has increased significantly, and many would-be-buyers are on the sidelines and have been priced out of the market. Compared to early in 2022, mortgage payments in Winter of 2024 are on average about 65% higher than the beginning of 2022 (3.25% vs. near 7%). As a result, affordability has been crushed and a housing market reset is in play.

The following charts illustrate historical mortgage rate averages as compiled by Freddie Mac. The Freddie Mac Market Survey (PMMS) has been tracking mortgage rates since 1972 and is the most relied upon benchmark for evaluating mortgage interest market conditions. The Freddie Mac survey is based on 30-year mortgages with a loan-to-value of 80%.



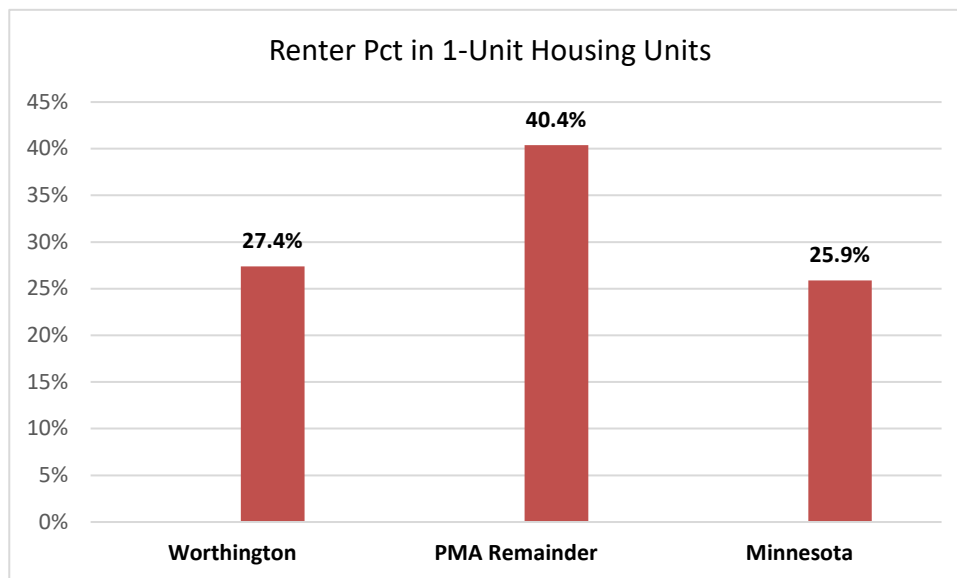
- Rental Housing Licensing.** The City of Worthington requires landlords to obtain a license for rental properties. Rental licensing programs address life, safety, general welfare and health issues, provide standards for safe housing conditions and address standards for building maintenance. However, compliance and enforcement to achieve these benchmarks remain a challenge in many cities, including Worthington. Cities must balance licensing fees with the cost of staff time to ensure enforcement. There are several rental licensing methods that could be reviewed to improve the effectiveness of the rental licensing program in Worthington.
- Single-Family Rental Housing Demand.** Table HC-5 showed that 27% of the rental housing inventory in Worthington in 2024 is within single-unit housing structures. Another 6% of units were located within an attached structure such a townhome or twin home. Nationwide, it is estimated that 25 of the 43 million rental households in the United States (58%) reside in both single-family rentals, townhomes, duplexes, triplexes, and quads. Single-family units, townhomes, and condominiums make-up about 34% of all rental units in the country and 38% in the State of Minnesota.

Based on information from realtors and property managers, the demand for single family rentals is extremely high throughout southwestern Minnesota especially among professionals relocating to for employment. A large percentage of renters have sought out single-family homes versus traditional multifamily rental developments. Maxfield Research finds strong demand for lower-density rental housing units that are often attractive to families with children and other larger household types (multigenerational, etc.) as they move into a community and desire to rent before they buy. Zoning codes and ordinances should

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balance the strong demand for single-family rentals and townhomes against the for-sale market.

A recent study by Freddie Mac identified the market share of single-family rentals (“SFR”) by ownership type across the country. The study found that 88% of SFR are owned by investors with between 1 and 10 homes. Institutional investors make-up only 1% of the market share today; even though they are they have the financial backing and can acquire larger portfolios.



- **Unit Sizes.** Typically, the cost of developing housing with more than one or two bedrooms can be prohibitive. However, there is a need, and potential opportunities, for larger rental units in the City of Worthington. As shown in Table D-11, the average housing size in Worthington varies significantly based on race and ethnicity. The average household size ranged from 2.27 for households identifying as White Alone to 4.43 for householders identifying as Some Other Race. Among householders identifying as ethnically Hispanic, the average household size was 4.34. Large families need housing with three or four bedrooms. Further, rental units three or four bedrooms offering individual leases could fill need for both students and workers willing to live with roommates to reduce their monthly housing expenses.

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 like 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 the only services available at these properties. Because of the lack of services, active adult properties typically do not command the rent premiums of more service-enriched senior housing.

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

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

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

Area Median Income “AMI” – AMI is the midpoint in the income distribution within a specific geographic area. 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 health situation), who need 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.

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:

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- **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-way (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 – Nobles County 2023

	Fair Market Rent				
	EFF	1BR	2BR	3BR	4BR
Fair Market Rent	\$618	\$702	\$924	\$1,183	\$1,241

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.

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Gross Rent – The monthly housing cost to a tenant which equals the Contract Rent provided for in the lease, plus the estimated cost of all utilities paid by tenants. Maximum Gross Rents for Nobles County in 2018 are as follows:

Gross Rent Nobles County – 2023

	Maximum Gross Rent				
	EFF	1BR	2BR	3BR	4BR
30% of median	\$463	\$529	\$595	\$661	\$714
50% of median	\$772	\$882	\$992	\$1,102	\$1,191
60% of median	\$927	\$1,059	\$1,191	\$1,323	\$1,429
80% of median	\$1,236	\$1,412	\$1,588	\$1,764	\$1,906
100% of median	\$1,545	\$1,765	\$1,985	\$2,205	\$2,382
120% of median	\$1,854	\$2,118	\$2,382	\$2,646	\$2,859

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

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

HUD Project-Based Section 8 – A federal government program that provides rental housing for very low-income families, the elderly, and the disabled in privately owned and managed rental units. The owner reserves some or all of the units in a building in return for a federal

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government guarantee to make up the difference between the tenant's contribution and the rent. A tenant who leaves a subsidized project will lose access to the project-based subsidy.

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

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

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

Income limits – Maximum 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.

MAXIMUM RENT BASED ON HOUSEHOLD SIZE AND AREA MEDIAN INCOME NOBLES COUNTY - 2023 (EFFECTIVE 5/15/2023)														
Unit Type ¹	HHD Size		Maximum Rent Based on Household Size (@30% of Income)											
	Min	Max	30%		50%		60%		80%		100%		120%	
			Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
Studio	1	1	\$464	-\$464	\$773	-\$773	\$927	-\$927	\$1,236	-\$1,236	\$1,545	-\$1,545	\$1,854	-\$1,854
1BR	1	2	\$464	-\$530	\$773	-\$883	\$927	-\$1,059	\$1,236	-\$1,412	\$1,545	-\$1,765	\$1,854	-\$2,118
2BR	2	4	\$530	-\$662	\$883	-\$1,103	\$1,059	-\$1,323	\$1,412	-\$1,764	\$1,765	-\$2,205	\$2,118	-\$2,646
3BR	3	6	\$596	-\$768	\$993	-\$1,280	\$1,191	-\$1,536	\$1,588	-\$2,048	\$1,985	-\$2,560	\$2,382	-\$3,072
4BR	4	8	\$662	-\$874	\$1,103	-\$1,456	\$1,323	-\$1,748	\$1,764	-\$2,330	\$2,205	-\$2,913	\$2,646	-\$3,495

¹ One-bedroom plus den and two-bedroom plus den units are classified as 1BR and 2BR units, respectively. To be classified as a bedroom, a den must have a window and closet.

Note: 4-person Nobles County AMI is \$79,300 (2023)

Sources: HUD, MHFA, Novogradac, Maxfield Research and Consulting LLC.

Independent living (with services available) – Independent living 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 active adult housing in part to encourage socialization among residents. Independent living properties attract a slightly older target market than active adult housing, typically seniors 75 years of age or older. Rents are also above those of the active adult buildings, even excluding the services.

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

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

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

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

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

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

Market rate rental housing – Housing that does not have any income-restrictions. Some properties will have income guidelines, which are minimum annual incomes required 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.

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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 extremely 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 – 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 55 years of age or older. Today, senior housing includes an entire spectrum of housing alternatives. Maxfield Research and 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.

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

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

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

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

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