

Comprehensive Housing Needs Analysis City of Big Lake, Minnesota

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July 22, 2016

Ms. Hanna Klimmek
Community Development Director
City of Big Lake
160 Lake Street North
Big Lake, MN 55309

Dear Ms. Klimmek:

Attached is the *Comprehensive Housing Needs Analysis for Big Lake, Minnesota* conducted by Maxfield Research and Consulting, LLC. The study projects housing demand from 2016 through 2025, and provided recommendations on the amount and type of housing that could be built in Big Lake to satisfy demand from current and future residents over the next decade.

The study identifies a potential demand for approximately 661 new housing units through 2025. About 75% of the total demand was for general occupancy rental and for-sale housing; while senior housing accounted for 25% of the demand. Demand was highest for for-sale multifamily (168 units) followed by for-sale single-family (140 units). The current lot supply is sufficient to meet demand of for-sale housing through this decade; however additional lots will need to be platted between 2020 and 2025 to meet future housing demand.

Based on our findings, we found demand for most housing products with most demand for maintenance free for-sale and diversified, for-sale general occupancy housing products. We recommend maintenance-free products such as townhomes/twinhomes to fulfill this need for for-sale owner-occupied multifamily, and entry-level to move-up single family homes. Detailed information regarding recommended housing concepts can be found in the *Recommendations* section at the end of the report.

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

Sincerely,

MAXFIELD RESEARCH AND CONSULTING, LLC

A handwritten signature in black ink that reads "Matt Mullins".

Matt Mullins
Vice President

A handwritten signature in black ink that reads "Mace Wescott".

Mace Wescott
Associate

Attachment

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Purpose and Scope of Study

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

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

Demographic Analysis

- As of the 2010 Census, the City of Big Lake had 10,060 people and 3,377 households. The City of Big Lake is forecast to grow by 2,000 people and 657 households between 2010 and 2025.
- The 25 to 44-year-old age cohorts are accounting for a significant percentage of the total population (35% as of 2010, and 32% by 2026) in the Market Area. Baby boomers (comprising the age groups 45 to 54 and 55 to 64 in 2010), accounted for an estimated 16% of the Market Area’s population. Between 2010 and 2025, the age 65 to 74 cohort will have the highest growth by percentage growing by 261 people, or 81.8%). The growth in this age cohort can be primarily attributed to the baby boom generation aging into their young senior years.
- The Big Lake Market Area had an estimated median household income of \$78,971 in 2016. Non-senior household median incomes peak in the 45 to 54 age group at \$91,610. The median income for seniors age 65+ is \$38,806.
- In 2016, the Big Lake Market Area had an average net worth of \$712,255 and a median net worth of \$238,404.
- Between 2000 and 2010, homeownership rates decreased from 91.9% to 89% in the Big Lake Market Area and decreased from 84.3% to 82.5% in the City of Big Lake.
- Married with children households accounted for the highest household type percentage in 2010 at 35%.

EXECUTIVE SUMMARY

- Compared to peer cities in 2014, the City of Big Lake had the highest percent of owner-households (82.5%), but the lowest median home value (\$152,500).
- Compared to peer cities from 2004 to 2015, the City of Big Lake was similar in that it had 703 single and multi-family building permits, while Becker had the lowest number (313 building permits) and Elk River had the most (1,608 building permits) single and multifamily building permits.

Employment Analysis

- Sherburne County had an unemployment rate of 3.4% in May 2016 which is similar to the State of Minnesota (3.3%).
- Of the roughly 4,025 workers who work in the PMA, 7% live in Big Lake. The remaining workers are commuting from mostly Elk River (8.5%) and Monticello (7.2%).

Housing Characteristics

- The City of Big Lake issued permits for the construction of 1,669 new residential units from 2000 to May 2016. Beginning in 2007, building permits declined rapidly and from 2007 to 2015; averaging 25 units per year since.
- The majority of the homes in Big Lake were built in the 2000's (roughly 40%) while 47% of the Market Area's housing stock was built in the 1990's.
- Approximately 87% of Big Lake homeowners have a mortgage compared to 70% of Minnesota homeowners that have a mortgage. About 22% of homeowners with mortgages also have a second mortgage or home equity loan.
- The median owner-occupied home in the City of Big Lake is \$152,500 in 2014. Approximately 78% of the owner-occupied housing stock in the City of Big Lake was estimated to be valued between \$100,000 and \$199,999.
- The median contract rent in Big Lake was \$870 in 2014. Based on a 30% allocation of income to housing, a household would need an income of about \$34,800 to afford the median contract rent in Big Lake.

Rental Housing Market Analysis

- In total, Maxfield Research inventoried 311 general occupancy market rate rental units in the Market Area spread across 12 multifamily developments (8 units and larger). At the time of the survey, there were two vacant units resulting in an overall vacancy rate of 0.6%.

EXECUTIVE SUMMARY

Typically, a healthy rental market maintains a vacancy rate of roughly 5%, which promotes competitive rates, ensures adequate consumer choice, and allows for unit turnover.

- Market rate projects make-up 210 units and a total of two unit vacancies were found, resulting in a market rate rental project vacancy rate of 1.0%.
- Affordable/subsidized projects make-up 101 units and posted no vacant units.

Senior Housing Market Analysis

- There are five senior housing developments located in the Big Lake Market Area with a total of 162 units. There were two vacancies identified within the housing developments posting an overall vacancy rate of 1.2%. Generally, healthy senior housing vacancy rates range from 5% to 7% depending on service level.

For-Sale Housing Market Analysis

- The average and median resale price of homes in the Big Lake Market Area was approximately \$200,670 and \$182,000 respectively as of 2015.
- An average of 363 homes has been sold annually in the Market Area since 2011.
- The median list price of single-family homes for sale in Big Lake was roughly \$225,000 as of June 2016. Based on the median list price, a household would need an income of about \$56,000 assuming a 10% down payment, 3.75% 30-year fixed rate mortgage. About 75% of Big Lake's non-senior households have annual incomes at or above \$56,000.
- There are approximately 548 lots available for new construction. The lot supply benchmark for growing communities is a three- to five-year lot supply. The past year there were 70 housing starts among inventoried subdivisions.

Housing Demand Analysis

- Based on our calculations, demand exists in the Big Lake Market Area for the following general occupancy product types between 2016 and 2025:
 - Market rate rental 99 units
 - Affordable rental 61 units
 - Subsidized rental 30 units
 - For-sale single-family 140 units
 - For-sale multifamily 168 units
- In addition, we find demand for multiple senior housing product types. By 2021, demand in the Big Lake Market Area for senior housing is forecast for the following:

EXECUTIVE SUMMARY

- Active adult ownership 30 units
- Active adult affordable 41 units
- Congregate 45 units
- Assisted Living 18 units
- Memory care 29 units

Recommendations and Conclusions

- Based on the finding of our analysis and demand calculations, the following chart provides a summary of the recommended development concepts by product type for the City of Big Lake through 2025. Detailed findings are described in the *Recommendations* section of the report.

RECOMMENDED HOUSING DEVELOPMENT CITY OF BIG LAKE 2016 to 2025					
	Purchase Price/ Monthly Rent Range ¹	No. of Units	Pct. of Total	Development Timing	
Owner-Occupied Homes					
<i>Single Family</i> ²					
Entry-level	>\$225,000	225 - 250	46%	2016+	
Move-up	\$250,000 - \$325,000	150 - 175	32%	2016+	
Executive	\$325,000+	100 - 125	22%	2016+	
Total		475 - 550	100%		
<i>Townhomes/Detached Townhomes/Twinhomes</i> ²					
Entry-level	>\$225,000	80 - 100	44%	2016+	
Move-up	\$225,000-\$300,000	80 - 100	44%	2017+	
Executive	\$300,000+	20 - 25	11%	2018+	
Total		180 - 225	100%		
Total Owner-Occupied		655 - 775			
General Occupancy Rental Housing					
<i>Market Rate Rental Housing</i>					
Apartment-style	\$900/1BR - \$1,300/3BR	50 - 60	67%	2016+	
Townhomes	\$1,150/2BR - \$1,400/3BR	25 - 30	33%	2016+	
Total		75 - 90	100%		
<i>Affordable Rental Housing</i>					
Apartment-style	Moderate Income ³	35 - 40	68%	2016+	
Townhomes	Moderate Income ³	15 - 20	32%	2016+	
Total		50 - 60	100%		
Total Renter-Occupied		125 - 150			
Senior Housing (i.e. Age Restricted)					
Active Adult Affordable Rental	Moderate Income ³	30 - 40	25%	2016+	
Active Adult Senior Coop	\$75,000+	28 - 30	21%	2017+	
Independent Living (Congregate)	\$1,750/1BR - \$1,950/2BR	30 - 40	25%	2017+	
Assisted Living	\$2,750/EFF - \$4,000/2BR	18 - 20	14%	2020+	
Memory Care	\$4,000/EFF - \$5,000/2BR	20 - 24	16%	2017+	
Total		126 - 154	100%		
Total - All Units		906 - 1,079			
¹ Pricing in 2016 dollars. Pricing can be adjusted to account for inflation. ² Recommendations include the absorption of some existing previously platted lots. ³ Affordability subject to income guidelines per MHFA. See Appendix for Sherburne County Income limits. ⁴ Alternative development concept is to combine active adult affordable and market rate active adult into mixed-income senior community					
Note - Recommended development does not coincide with total demand. Big Lake 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 Big Lake, 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 Big Lake Market Area.

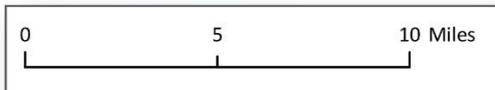
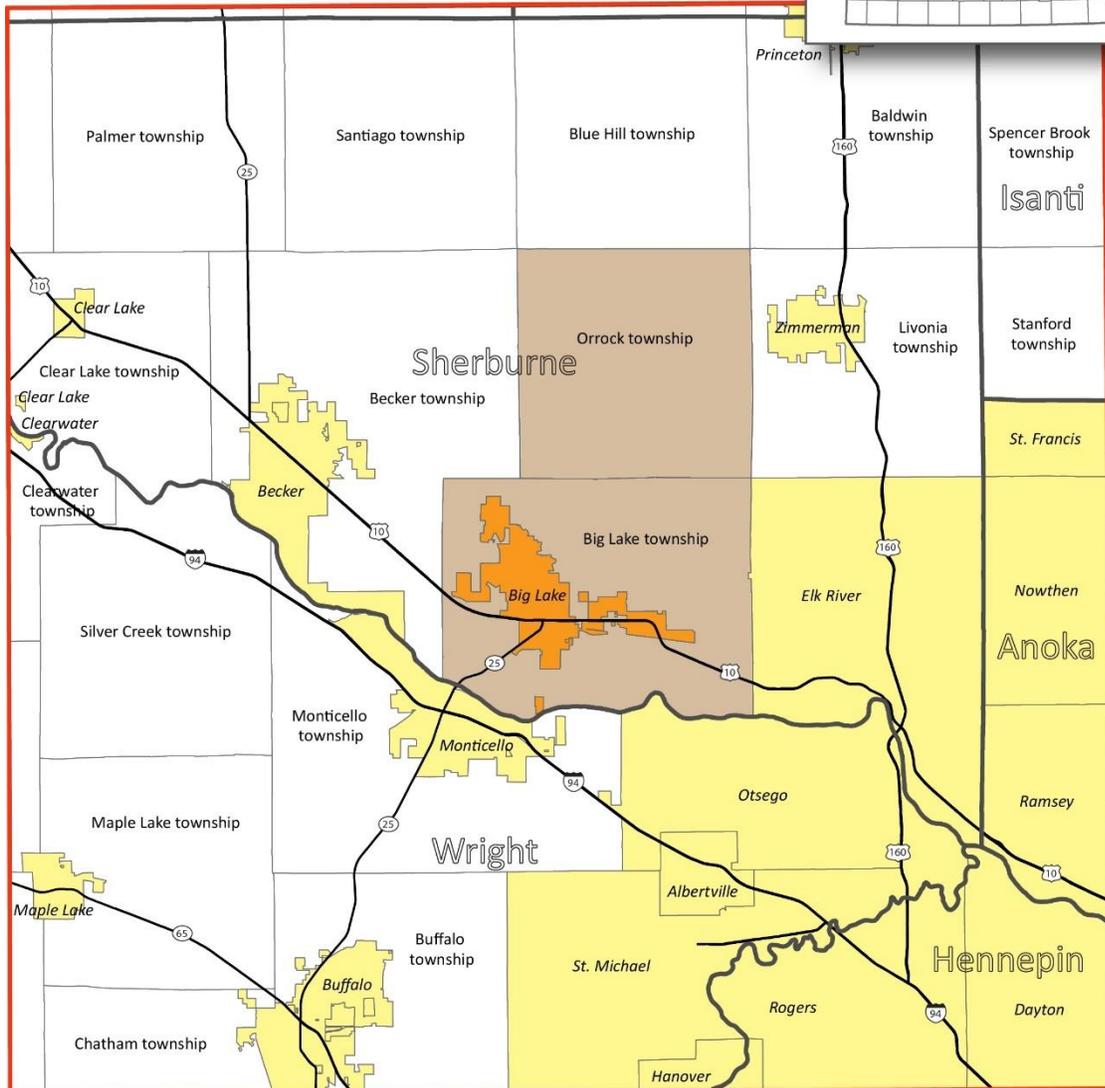
Market Area Definition

The primary draw area (Market Area) for housing in Big Lake was defined based on traffic patterns, community and school district boundaries, and our general knowledge of the draw area for housing projects.

The Market Area geography includes the City of Big Lake and two surrounding townships (Big Lake and Orrock). These communities in the Market Area serve as an immediate draw area for Big Lake and are all within Sherburne County. A portion of demand will also be drawn from outside the Big Lake Market Area.

MARKET AREA DEFINITION	
Market Area Boundary	
City	Township
Big Lake	Big Lake Twp
	Orrock Twp
Source: Maxfield Research and Consulting LLC	

Big Lake Minnesota Primary Market Area

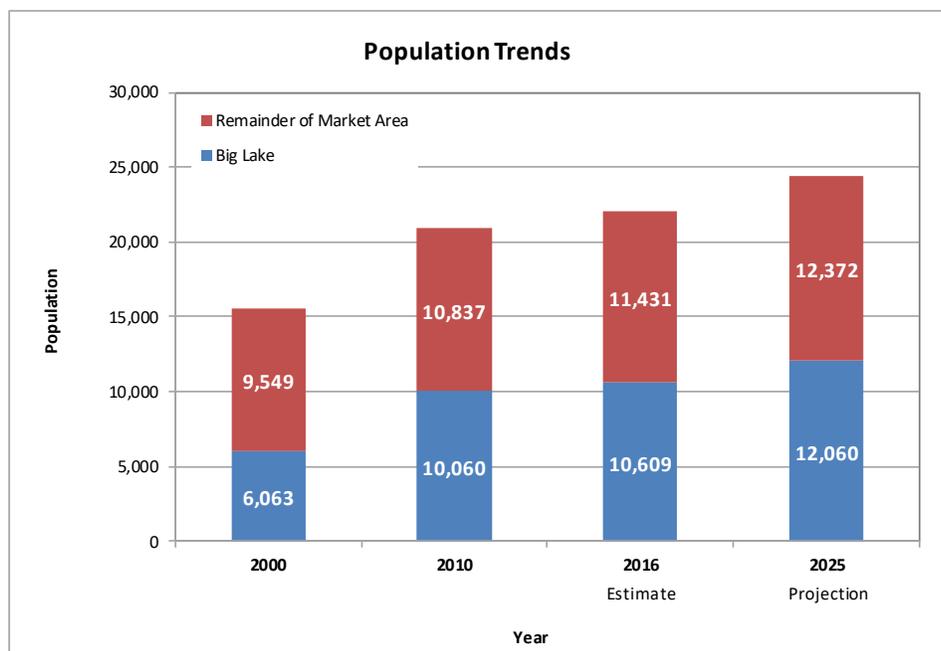


Population and Household Growth Trends and Projections from 2000 to 2025

Table D-1 presents the population and household growth trends and projections from 2000 to 2025. The 2000 to 2010 data is from the U.S. Census. Estimate and projection data is calculated from the Minnesota State Demographer; ESRI (a national demographics service provider); with adjustments calculated by Maxfield Research and Consulting LLC. The adjustments are intended to reflect growth that will likely be realized after considering the impact of the current housing market, employment, and review of building permit trends.

Population

- Big Lake’s population grew by nearly 4,000 people (+65.9%) and the Remainder of the Market Area grew by 1,288 people (+14.2%) between 2000 and 2010. The Big Lake PMA has seen an increase during this past decade (+33.9% overall), while Sherburne County had an increase of 24,082 people (+37.4%).
- In 2010, the Market Area included roughly 24% of the total population in Sherburne County. Big Lake accounts for approximately 48% of the Market Area’s population.
- Maxfield Research projects that Big Lake will have an increase in its population by 2,000 persons (+19.9%) between 2010 and 2025. This strong increase is due to the prior recession that held back growth rates.
- We project the Remainder of the PMA to increase by 1,535 people (+14.2%) with an overall increase of 3,535 people (+16.9%) in the Market Area between 2010 and 2025.

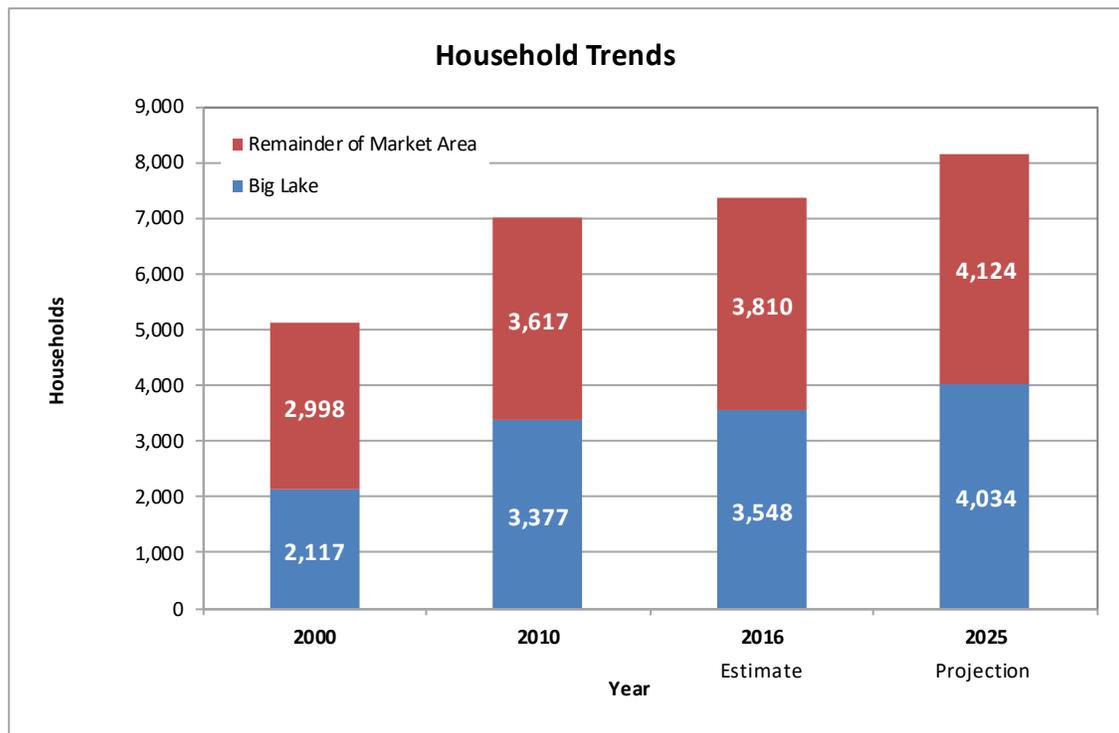


DEMOGRAPHIC ANALYSIS

TABLE D-1 POPULATION AND HOUSEHOLD GROWTH TRENDS AND PROJECTIONS PRIMARY MARKET AREA 2000 to 2025										
	U.S. Census			Estimate	Forecast	Forecast	Change			
	1990	2000	2010	2016	2021	2025	2000 to 2010		2010 to 2025	
							No.	Pct.	No.	Pct.
POPULATION										
City of Big Lake	3,113	6,063	10,060	10,609	11,600	12,060	3,997	65.9	2,000	19.9
Remainder of the PMA	5,936	9,549	10,837	11,431	11,900	12,372	1,288	13.5	1,535	14.2
Primary Market Area	9,049	15,612	20,897	22,040	23,500	24,432	5,285	33.9	3,535	16.9
<i>Sherburne County</i>	<i>41,945</i>	<i>64,417</i>	<i>88,499</i>	<i>100,995</i>	<i>107,686</i>	<i>111,958</i>	<i>24,082</i>	<i>37.4</i>	<i>23,459</i>	<i>26.5</i>
HOUSEHOLDS										
City of Big Lake	1,135	2,117	3,377	3,548	3,880	4,034	1,260	59.5	657	19.4
Remainder of the PMA	1,868	2,998	3,617	3,810	3,966	4,124	619	20.6	507	14.0
Primary Market Area	3,003	5,115	6,994	7,359	7,846	8,158	1,879	36.7	1,164	16.6
<i>Sherburne County</i>	<i>13,643</i>	<i>21,581</i>	<i>30,212</i>	<i>34,406</i>	<i>36,685</i>	<i>38,141</i>	<i>8,631</i>	<i>40.0</i>	<i>7,929</i>	<i>26.2</i>
Persons per Household										
City of Big Lake	2.74	2.86	2.98	2.99	2.99	2.99				
Remainder of the Market Area	3.18	3.19	3.00	3.00	3.00	3.00				
Market Area	3.01	3.05	2.99	3.00	3.00	3.00				
<i>Sherburne County</i>	<i>3.07</i>	<i>2.98</i>	<i>2.93</i>	<i>2.94</i>	<i>2.94</i>	<i>2.94</i>				
Sources: U.S. Census Bureau; ESRI; State Demographic Center; Maxfield Research and Consulting LLC										

Households

- Household growth trends are typically a more accurate indicator of housing needs than population growth since a household is, by definition, an occupied housing unit. However, additional demand can come from changing demographics of the population base, which results in demand for different housing products.
- Big Lake gained 1,260 households during the 2000s (an increase of +59.5%), increasing its household base to 3,377 households as of 2010. The Remainder of the Market Area gained 619 households during the decade (+20.6%), increasing to 3,617 households. Overall the PMA grew by 1,879 households (+36.7%) for a total of 6,994 households as of 2010.
- Maxfield Research projects household growth in Big Lake to increase by 657 households (+19.4%) through 2025 and for the remainder of the PMA to increase by 507 households (+14.0%). Overall we project the PMA to increase by 1,164 households (+16.6%) by 2025.

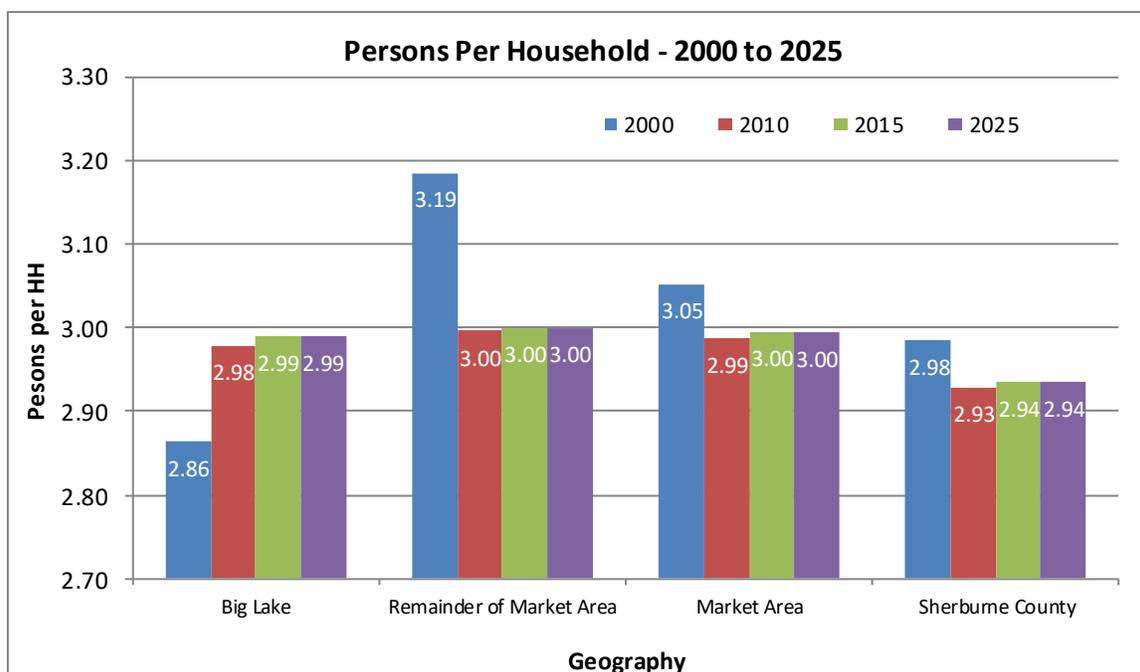


Household Growth Rates

- Household growth rates are similar to many other communities throughout the Midwest and U.S., where household growth rates are projected to slowly decline over the next decade. This is the result of fewer persons in each household, caused by demographic and social trends such as increasing divorce rates, an increasing senior base, and couples' decisions to have fewer children or no children at all.

DEMOGRAPHIC ANALYSIS

- The City of Big Lake observed an increase in persons per household in 2010 due to family and non-family household changes; and diversity of family structure transitions, but we believe the household growth rates will stabilize over the next decade.
- In 2010, the average household size was 2.98 in Big Lake and 3.00 in the Remainder of the Market Area with an overall average household size of 2.99 in the Market Area. Larger households are characteristically found in rural areas. Typically, townships are more rural than cities and it is also common to see higher household sizes in adjacent townships.
- We project that Big Lake will have an average household size of 2.99 and the Remainder of the Market Area to be at 3.00 with an overall average household size of 3.00 in the Market Area by 2025.



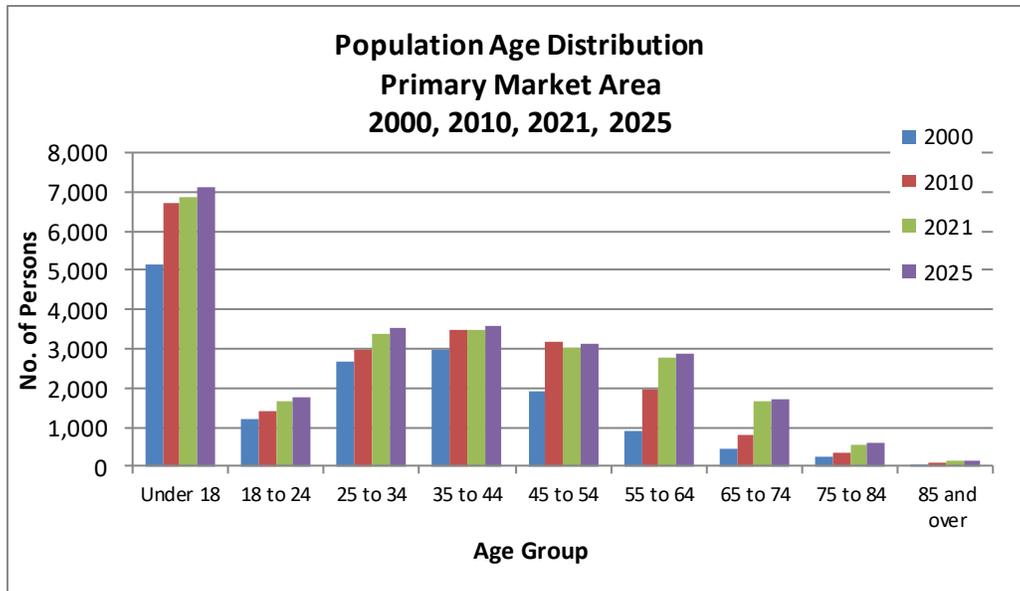
Age Distribution Trends

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 Big Lake and the Market Area in 2000 and 2010 with estimates for 2016 and projections for 2021 and 2025. The 2000 and 2010 age distribution is from the U.S. Census Bureau and the 2016 figures are an estimate based on 2016 ESRI data. Maxfield Research and Consulting LLC derived the 2021 and 2025 projections by adjustments made to data obtained from ESRI. The following are key points from the table.

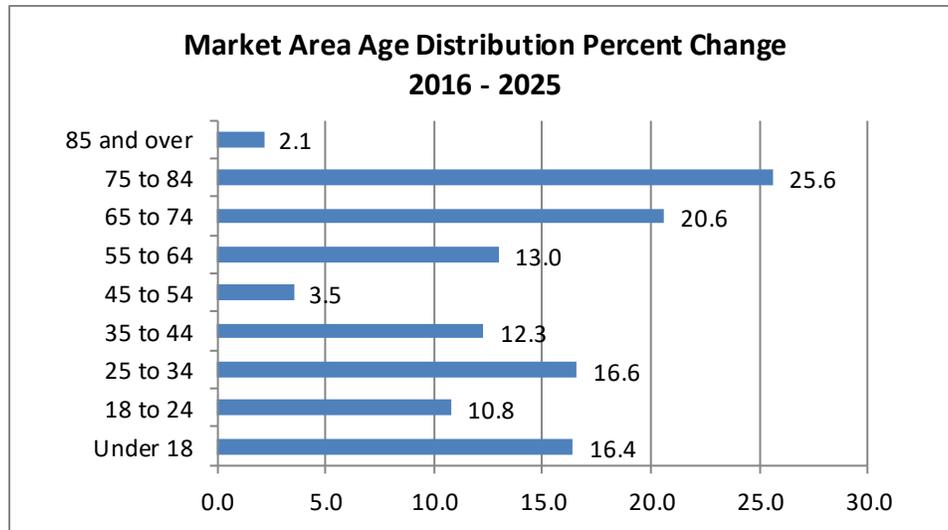
DEMOGRAPHIC ANALYSIS

- In Big Lake between 2000 and 2010, growth occurred in all age cohorts. The majority of the over age 18 growth occurred in the middle aged population (ages 35 to 64). For the next decade and through 2025, growth is expected in all ages except the 25 to 34 year olds.
- The Big Lake population of 18 to 34 year olds, which consists primarily of renters and first-time homebuyers, grew (38.4%) between 2000 and 2010, and is expected to increase by 264 people (+16.6%) between 2010 and 2025.

TABLE D-2 POPULATION AGE DISTRIBUTION PRIMARY MARKET AREA 2000 to 2025									
Age	Census		Estimate	Projection	Projection	Change			
	2000	2010	2016	2021	2025	2000-2010		2010-2025	
	No.	No.	No.	No.	No.	No.	Pct.	No.	Pct.
Big Lake									
Under 18	1,970	3,499	3,514	3,934	4,090	1,529	77.6	591	16.9
18 to 24	594	719	822	875	910	125	21.0	191	26.6
25 to 34	1,341	1,959	1,593	1,786	1,857	618	46.1	-102	-5.2
35 to 44	920	1,641	1,752	1,893	1,968	721	78.4	327	19.9
45 to 54	580	1,072	1,314	1,308	1,360	492	84.8	288	26.9
55 to 64	319	639	892	969	1,008	320	100.3	369	57.7
65 to 74	199	319	481	558	580	120	60.3	261	81.8
75 to 84	114	169	178	215	223	55	48.2	54	32.0
85 and over	26	43	63	62	64	17	65.4	21	49.3
Subtotal	6,063	10,060	10,609	11,600	12,060	3,997	65.9	2,000	19.9
PMA Remainder									
Under 18	3,184	3,197	3,055	2,909	3,024	13	0.4	-172	-5.4
18 to 24	630	694	939	796	827	64	10.1	134	19.3
25 to 34	1,325	1,031	1,381	1,598	1,662	-294	-22.2	631	61.2
35 to 44	2,067	1,815	1,487	1,570	1,632	-252	-12.2	-183	-10.1
45 to 54	1,341	2,079	1,961	1,702	1,769	738	55.0	-310	-14.9
55 to 64	600	1,308	1,552	1,792	1,863	708	118.0	555	42.4
65 to 74	225	485	786	1,105	1,149	260	115.6	664	136.8
75 to 84	142	178	211	357	371	36	25.4	193	108.4
85 and over	35	51	58	72	75	16	45.7	24	46.5
Subtotal	9,549	10,837	11,431	11,900	12,372	1,288	13.5	1,535	14.2
Market Area Total									
Under 18	5,154	6,696	6,569	6,843	7,115	1,542	29.9	419	6.3
18 to 24	1,224	1,412	1,760	1,671	1,737	188	15.4	325	23.0
25 to 34	2,666	2,990	2,974	3,384	3,518	324	12.2	528	17.7
35 to 44	2,987	3,456	3,239	3,462	3,600	469	15.7	144	4.2
45 to 54	1,921	3,151	3,275	3,010	3,129	1,230	64.0	-22	-0.7
55 to 64	919	1,947	2,444	2,761	2,871	1,028	111.9	924	47.5
65 to 74	424	804	1,267	1,663	1,729	380	89.6	925	115.0
75 to 84	256	347	389	571	594	91	35.5	247	71.2
85 and over	61	94	121	134	139	33	54.1	45	47.8
Total	15,612	20,897	22,040	23,500	24,432	5,285	33.9	3,535	16.9
Sources: U.S. Census Bureau; ESRI; Maxfield Research and Consulting LLC									



- Mirroring trends observed across the Nation, the aging baby boomer generation is substantially impacting the composition of the Market Area’s population. Born between 1946 and 1964, these individuals comprised the age groups 45 to 54 and 55 to 64 in 2010. As of 2010, baby boomers accounted for an estimated 24% of the Market Area’s population.
- The 65 to 74 age cohort is projected to have the greatest growth (by percentage and numerically) increasing by 462 people (+36.4%) in the Market Area between 2016 and 2025. The growth in this age cohort can be primarily attributed to the baby boom generation aging into their young senior years.
- The social changes that occurred with the aging of the baby boom generation, such as higher divorce rates, higher levels of education, and lower birth rates has led to a greater variety of lifestyles than existed in the past – not only among the baby boomers, but also among their parents and children. The increased variety of lifestyles has fueled demand for alternative housing products to the single-family homes. Seniors, in particular, and middle-aged persons tend to do more traveling and participate in more activities than previous generations, and they increasingly prefer maintenance-free housing that enables them to spend more time on activities outside the home.



Household Income by Age of Householder

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

The Department of Housing and Urban Development defines affordable housing costs as 30% of a household’s adjusted gross income. For example, a household in the PMA with the average income of \$78,971 per year would be able to afford a monthly housing cost of about \$1,974. Maxfield Research uses a figure of 25% to 30% for younger households and 40% or more for seniors, since seniors generally have lower living expenses and can often sell their homes and use the proceeds toward rent payments.

A generally accepted standard for affordable owner-occupied housing is that a typical household can afford to pay 3.0 to 3.5 times their annual income on a single-family home. Thus, a \$78,971 income would translate to an affordable single-family home of \$236,913 to \$276,399. 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.

- Big Lake has an estimated median household income of \$68,148 in 2016 and is expected to increase over the next five years to \$80,436 in 2021 (+18.0%). The PMA has an estimated median household income of \$78,971 in 2016. It is projected to increase over the next five years to \$90,312 in 2021 (+14.4%).

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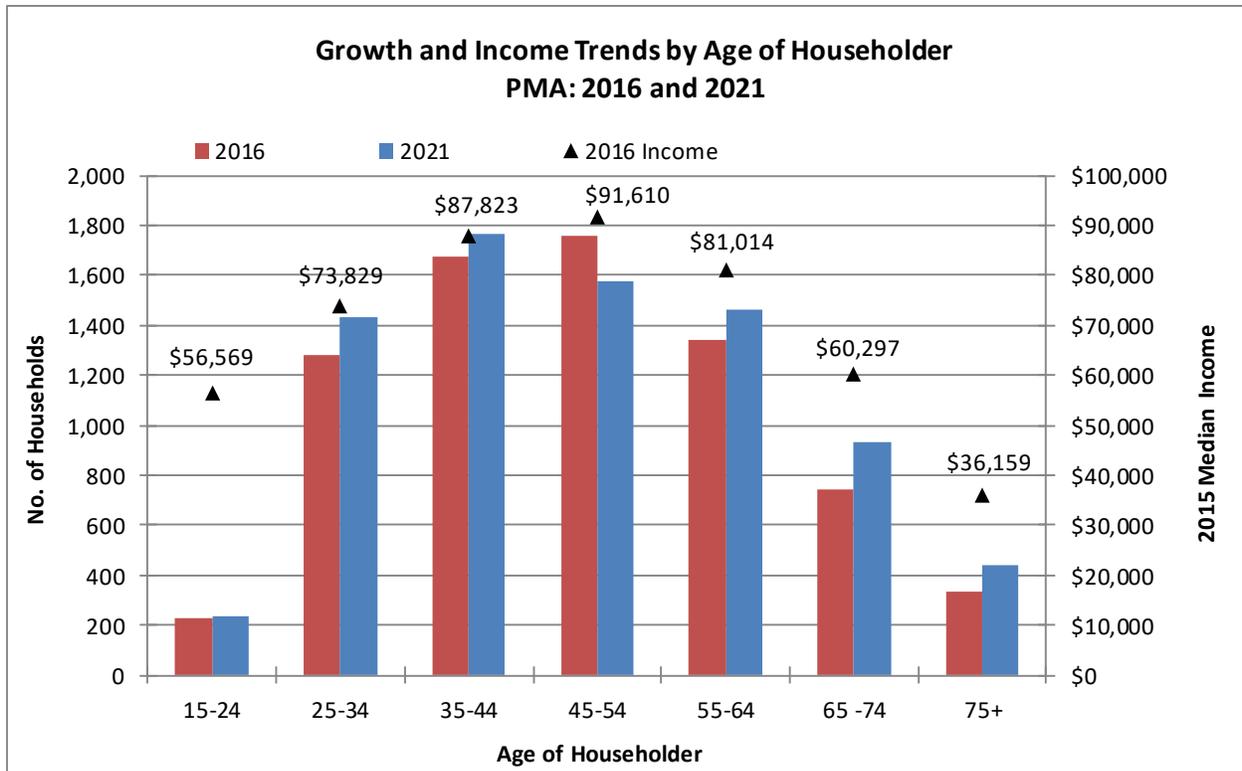
TABLE D-3 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER BIG LAKE (Number of Households) 2016 and 2021								
	Age of Householder							
	Total	Under 25	25-34	35-44	45-54	55-64	65-74	75+
2016								
Less than \$15,000	171	13	29	33	21	26	26	24
\$15,000 to \$24,999	247	13	35	42	36	34	47	41
\$25,000 to \$34,999	302	27	63	61	46	37	39	31
\$35,000 to \$49,999	387	19	90	89	59	58	43	31
\$50,000 to \$74,999	834	45	205	202	167	122	70	23
\$75,000 to \$99,999	619	20	142	180	152	88	30	7
\$100,000 to \$149,999	742	20	141	279	178	87	33	5
\$150,000 to \$199,999	213	6	39	52	60	44	8	5
\$200,000+	34	0	4	10	13	4	3	0
Total	3,548	162	747	946	731	498	297	166
<i>Median Income</i>	<i>\$68,148</i>	<i>\$53,386</i>	<i>\$67,019</i>	<i>\$79,996</i>	<i>\$79,551</i>	<i>\$67,367</i>	<i>\$47,506</i>	<i>\$30,106</i>
2021								
Less than \$15,000	200	20	35	38	21	27	32	27
\$15,000 to \$24,999	260	14	39	45	31	33	52	46
\$25,000 to \$34,999	293	29	61	58	36	34	40	33
\$35,000 to \$49,999	428	23	103	98	55	63	51	35
\$50,000 to \$74,999	545	31	141	129	95	80	50	19
\$75,000 to \$99,999	753	27	186	212	169	106	44	10
\$100,000 to \$149,999	1,043	30	217	378	227	125	56	9
\$150,000 to \$199,999	315	9	65	74	82	65	10	9
\$200,000+	43	0	4	11	16	6	5	0
Total	3,880	183	850	1,043	733	540	341	190
<i>Median Income</i>	<i>\$80,436</i>	<i>\$53,602</i>	<i>\$79,547</i>	<i>\$91,396</i>	<i>\$92,127</i>	<i>\$80,844</i>	<i>\$48,181</i>	<i>\$30,769</i>
Change - 2016 to 2021								
Less than \$15,000	29	7	7	5	-0	1	6	3
\$15,000 to \$24,999	13	1	4	3	-5	-0	5	5
\$25,000 to \$34,999	-10	2	-1	-2	-9	-2	1	3
\$35,000 to \$49,999	41	4	14	9	-3	5	8	5
\$50,000 to \$74,999	-288	-13	-64	-73	-72	-42	-20	-4
\$75,000 to \$99,999	135	7	43	32	17	19	14	3
\$100,000 to \$149,999	301	10	76	100	49	39	23	4
\$150,000 to \$199,999	102	3	26	22	23	21	2	4
\$200,000+	9	0	0	2	3	2	2	0
Total	332	21	103	97	2	42	43	24
<i>Median Income</i>	<i>\$12,288</i>	<i>\$216</i>	<i>\$12,528</i>	<i>\$11,400</i>	<i>\$12,576</i>	<i>\$13,477</i>	<i>\$675</i>	<i>\$663</i>

Sources: ESRI; Maxfield Research and Consulting LLC

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TABLE D-4 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER PMA (Number of Households) 2016 and 2021								
Total	Age of Householder							75+
	Under 25	25-34	35-44	45-54	55-64	65-74		
2016								
Less than \$15,000	221	13	34	40	29	37	37	31
\$15,000 to \$24,999	368	17	47	55	52	53	77	67
\$25,000 to \$34,999	456	32	83	82	71	67	62	59
\$35,000 to \$49,999	706	28	134	136	112	130	96	70
\$50,000 to \$74,999	1,631	62	354	327	337	298	191	62
\$75,000 to \$99,999	1,388	32	254	329	379	277	103	14
\$100,000 to \$149,999	1,748	35	272	517	489	289	129	17
\$150,000 to \$199,999	587	7	81	132	188	146	24	9
\$200,000+	254	0	23	54	103	47	26	1
Total	7,359	226	1,282	1,672	1,760	1,344	745	330
<i>Median Income</i>	<i>\$78,971</i>	<i>\$56,569</i>	<i>\$73,829</i>	<i>\$87,823</i>	<i>\$91,610</i>	<i>\$81,014</i>	<i>\$60,297</i>	<i>\$36,159</i>
2021								
Less than \$15,000	249	19	41	44	26	37	45	37
\$15,000 to \$24,999	372	16	49	50	41	47	82	86
\$25,000 to \$34,999	414	33	75	70	48	55	61	72
\$35,000 to \$49,999	722	31	144	129	88	125	111	94
\$50,000 to \$74,999	1,032	40	238	196	164	187	146	61
\$75,000 to \$99,999	1,648	40	328	377	372	339	167	27
\$100,000 to \$149,999	2,310	48	400	657	525	403	235	40
\$150,000 to \$199,999	795	10	125	178	214	209	40	19
\$200,000+	305	0	31	64	100	62	45	2
Total	7,846	238	1,430	1,765	1,578	1,465	933	438
<i>Median Income</i>	<i>\$90,312</i>	<i>\$59,885</i>	<i>\$85,525</i>	<i>\$100,606</i>	<i>\$102,603</i>	<i>\$94,351</i>	<i>\$77,300</i>	<i>\$37,824</i>
Change - 2016 to 2021								
Less than \$15,000	28	6	7	4	-3	-0	8	6
\$15,000 to \$24,999	4	-1	2	-5	-11	-6	5	19
\$25,000 to \$34,999	-42	1	-8	-12	-23	-12	-1	13
\$35,000 to \$49,999	16	3	10	-7	-24	-5	15	24
\$50,000 to \$74,999	-599	-22	-116	-131	-173	-111	-45	-1
\$75,000 to \$99,999	260	8	74	48	-7	62	64	13
\$100,000 to \$149,999	562	13	128	140	36	114	106	23
\$150,000 to \$199,999	208	3	44	46	26	63	16	10
\$200,000+	51	0	8	10	-3	15	19	1
Total	487	12	148	93	-182	121	188	108
<i>Median Income</i>	<i>\$11,341</i>	<i>\$3,316</i>	<i>\$11,696</i>	<i>\$12,783</i>	<i>\$10,993</i>	<i>\$13,337</i>	<i>\$17,003</i>	<i>\$1,665</i>

Sources: ESRI; Maxfield Research and Consulting LLC



Non-Senior Households

- In 2016, 3% of the non-senior (under age 65) households in the Market Area had incomes under \$15,000 (221 households). All of these households would be eligible for subsidized rental housing. Another 5.0% of the Market Area’s non-senior households had incomes between \$15,000 and \$25,000 (368 households). 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.
- In most geographic areas, household median incomes peak in the 45 to 54 age group and that group is usually considered to be in their peak earning years. Similar to many areas, median incomes for households in the Market Area peak at \$91,610 for the 45 to 54 age group in 2016. The 35 to 44 age group has a median income of \$87,823 in 2016. By 2021, the median income for the 35 to 44 and the 45 to 54 age groups are projected to increase to \$100,606 (14.6%) and \$102,603 (12.0%) respectively. The 55 to 64 age group is projected to increase to \$94,351 (16.5%) by 2021.
- The median estimated home value in Big Lake was roughly \$182,000 in 2015. The income required to afford a home at this price would be about \$52,000 to \$60,667 based on the standard of 3.0 to 3.5 times the median income (and assuming these households do not have a high level of debt). About 74% of households in the PMA have incomes over \$52,000 in 2016.

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- Incomes are expected to increase by 14.4% between 2016 and 2021 in the Market Area. This equates to an increase of 2.9% annually.

Senior Households

- The oldest householders are likely to have lower incomes in 2016. In the Market Area, 5.0% of households ages 65 to 74 had incomes below \$15,000, compared to 9.4% of households ages 75 and over. Many of these low-income older senior households rely solely on social security benefits. Typically, younger seniors have higher incomes due to the fact they are still able to work or are married couples with two pensions or higher social security benefits. The 2016 median income for Market Area householders age 65 to 74 and 75+ are \$60,297 and \$36,159, respectively.
- Generally, senior households with incomes greater than \$25,000 can afford market rate senior housing in the PMA. Based on a 40% allocation of income for housing, this translates to monthly rents of at least \$833. About 863 senior households in the Big Lake Market Area (80.3% of senior households) have incomes above \$25,000 in 2016.
- Seniors who are able and willing to pay 80% or more of their income on assisted living housing would need an annual income of \$55,000 to afford monthly rents of \$3,700, which is the base monthly rent for assisted living at Cherrywood in Big Lake. There were an estimated 103 older senior (ages 75 and over) households with incomes greater than \$50,000 in 2016 in the Market Area. Seniors age 75 and over are the primary market for assisted living housing.
- The median income for seniors age 65+ in the Market Area is \$48,228 in 2016. It is projected to increase by \$9,334 (16.2%) to \$57,562 by 2021.

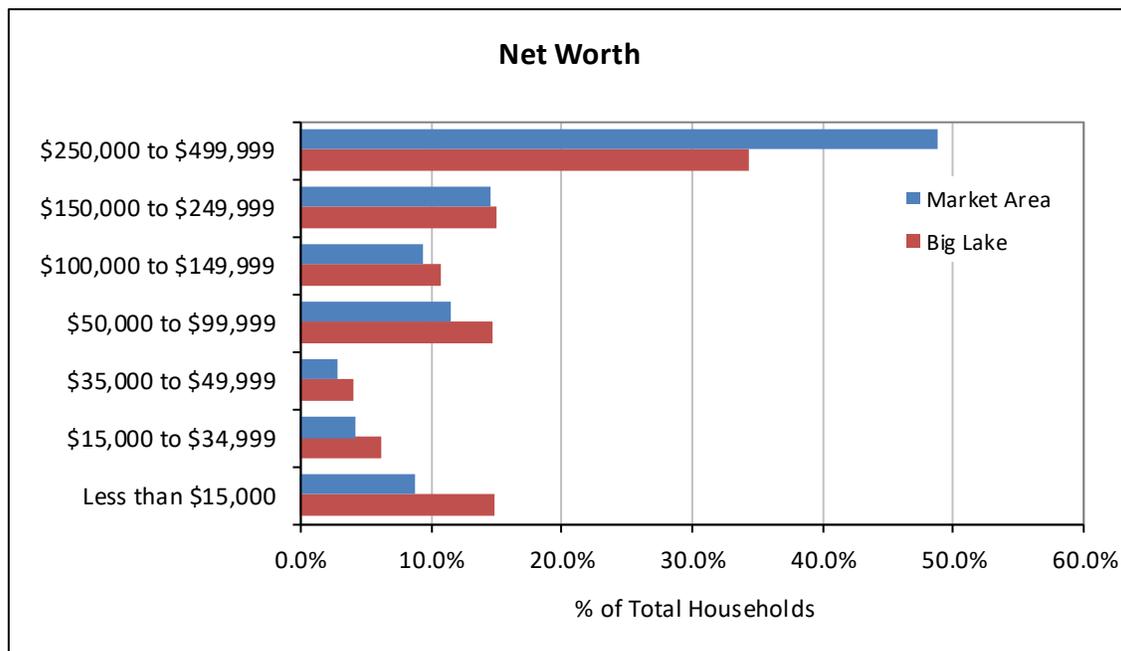
Net Worth

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

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

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- The Big Lake Market Area had an average net worth of \$712,255 in 2016 and a median net worth of \$238,404. Median net worth is generally a more accurate depiction of wealth than the average figure. A few households with very large net worth can significantly skew the average. Communities with high levels of farming equipment, land assets, and large rural homesteads tend to also increase the average and median net worth in those areas.
- Similar to household income, net worth increases as households age and decreases after they pass their peak earning years and move into retirement. Median and average net worth usually peak in the 65 to 79 age cohort with a median net worth around \$250,000. The average net worth of the 55 to 64 age cohort in the Market Area is \$1,161,913 and a median net worth of \$250,001. Senior households usually have a higher net worth also 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.
- Households often delay purchasing homes and instead choose to rent until they acquire sufficient assets to cover the costs of a down payment and closing costs associated with home ownership. Lending has recently become slightly easier for obtaining mortgages making mortgages with little or no down payments easier to obtain in today's mortgage lending environment than it has been the past year.



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TABLE D-5 NET WORTH BY AGE OF HOUSEHOLDER PRIMARY MARKET AREA 2016									
			Age of Householder						
			<25	25-34	35-44	45-54	55-64	65 -74	75+
Total	% of Total								
CITY OF BIG LAKE									
Less than \$15,000	525	14.8%	39	143	162	80	50	31	21
\$15,000 to \$34,999	221	6.2%	27	70	55	39	18	8	5
\$35,000 to \$49,999	143	4.0%	24	34	44	18	12	10	2
\$50,000 to \$99,999	523	14.7%	40	176	143	72	41	34	18
\$100,000 to \$149,999	380	10.7%	20	123	106	48	37	32	14
\$150,000 to \$249,999	534	15.1%	11	109	175	103	60	43	33
\$250,000 or more	1,222	34.4%	2	91	261	373	282	140	74
Total	3,549	100%	162	746	946	732	498	297	166
Median Net Worth	\$146,876		\$43,546	\$79,601	\$128,798	\$250,001	\$250,001	\$223,435	\$211,484
MARKET AREA									
Less than \$15,000	641	8.7%	44	171	192	104	67	40	23
\$15,000 to \$34,999	307	4.2%	40	104	73	49	26	8	7
\$35,000 to \$49,999	211	2.9%	33	53	65	28	17	13	2
\$50,000 to \$99,999	852	11.6%	64	310	225	118	64	50	21
\$100,000 to \$149,999	686	9.3%	32	220	189	93	70	58	24
\$150,000 to \$249,999	1,074	14.6%	14	207	337	233	148	74	62
\$250,000 or more	3,589	48.8%	2	215	590	1,137	952	502	191
Total	7,359	100%	229	1,279	1,670	1,762	1,344	745	330
Median Net Worth	\$238,404		\$48,498	\$100,302	\$168,701	\$250,001	\$250,001	\$250,001	\$250,001
Data note: Net worth is total household wealth minus debt, secured and unsecured. Net worth includes home equity, equity in pension plans, net equity in vehicles, IRAs and Keogh accounts, business equity, interest-earning assets and mutual fund shares, stocks, etc. Examples of secured debt include home mortgages and vehicle loans; examples of unsecured debt include credit card debt, certain bank loans, and other outstanding bills. Forecasts of net worth are based on the Survey of Consumer Finances, Federal Reserve Board. Detail may not sum to totals due to rounding.									
Sources: ESRI; Maxfield Research and Consulting LLC									

Tenure by Household Income

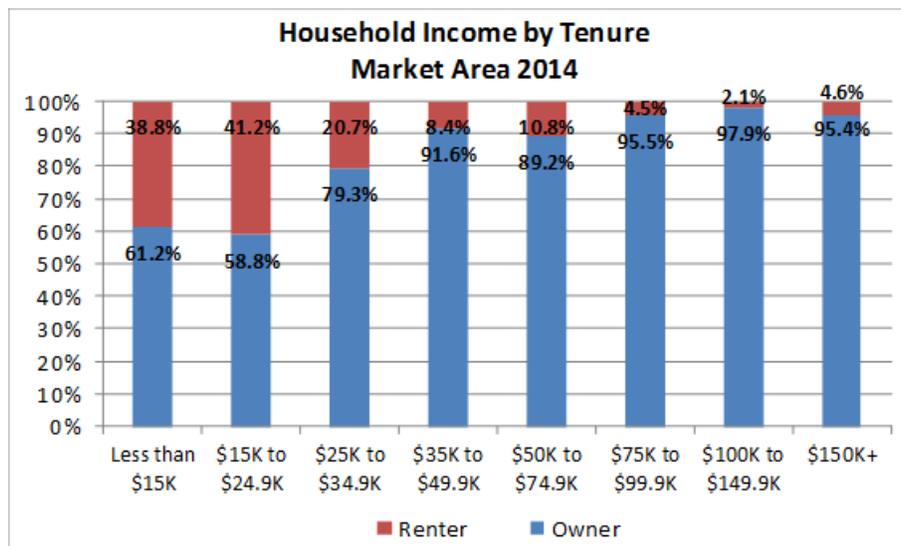
Table D-6 shows household tenure by income for Big Lake and the Market Area in 2014. Data is an estimate from the American Community Survey. Household tenure information is important to assess the propensity for owner-occupied or renter-occupied housing options based on household affordability. As stated earlier, the Department of Housing and Urban Development determines affordable housing as not exceeding 30% of the household's income. 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.

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Income	CITY OF BIG LAKE				PMA				SHERBURNE COUNTY			
	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.
Less than \$15,000	127	64.8%	69	35.2%	156	61.2%	99	38.8%	665	38.7%	1,055	61.3%
\$15,000 to \$24,999	89	43.0%	118	57.0%	211	58.8%	148	41.2%	986	54.8%	813	45.2%
\$25,000 to \$34,999	338	73.3%	123	26.7%	489	79.3%	128	20.7%	1,406	65.9%	726	34.1%
\$35,000 to \$49,999	310	97.5%	8	2.5%	511	91.6%	47	8.4%	2,495	73.0%	921	27.0%
\$50,000 to \$74,999	743	86.0%	121	14.0%	1,359	89.2%	165	10.8%	5,316	82.6%	1,116	17.4%
\$75,000 to \$99,999	475	93.7%	32	6.3%	1,275	95.5%	60	4.5%	5,182	90.1%	572	9.9%
\$100,000 to \$149,999	646	97%	20	3.0%	1,606	97.9%	35	2.1%	5,739	94.5%	331	5.5%
\$150,000+	121	78.6%	33	21.4%	678	95.4%	33	4.6%	2,878	97.2%	82	2.8%
Total	2,849	84.5%	524	15.5%	6,285	89.8%	715	10.2%	24,667	81.5%	5,616	18.5%
Median Household Income	\$68,835		\$32,123		\$86,378		\$36,220		\$81,637		\$40,316	

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

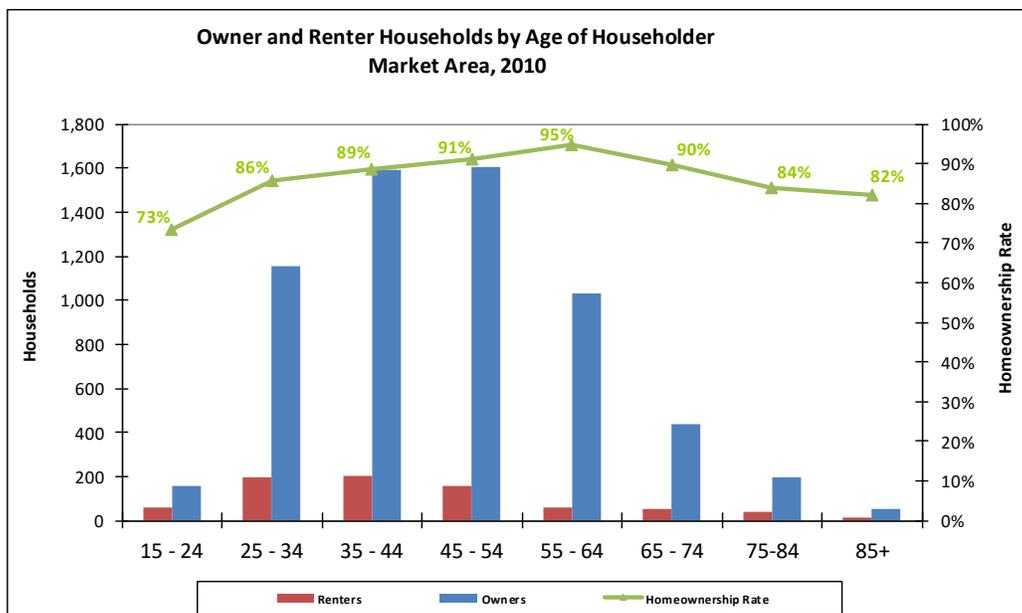
- Typically, as income increases, so does the rate of homeownership. This can be seen in the Market Area, where the homeownership rate increases from 61.2% of households with incomes below \$15,000 to 97.1% of households with incomes above \$100,000.
- In 2014, the median incomes of owners was \$68,835 while the median incomes of renters was \$32,123 in Big Lake. The higher homeownership and household incomes increase in the Remainder of the Market Area which reflects the rural character of the adjacent townships.
- A portion of renter households that are referred to as lifestyle renters, or those who are financially-able to own but choose to rent, have household incomes above \$50,000 (about 41% of the Market Area's renters in 2014). Households with incomes below \$15,000 are typically a market for deep subsidy rental housing (about 13.8% of the Market Area's renters in 2014).



Tenure by Age of Householder

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

- In 2000, 91.9% of all households in the Market Area owned their housing. By 2010, that percentage declined to 89%. In most cases, the housing market downturn contributed to the decrease in the homeownership rate during the late 2000s as it became more difficult for households to secure mortgage loans, households delayed purchasing homes due to the uncertainty of the housing market, and foreclosures forced households out of their homes.
- The number of owner households in the PMA decreased by -2.9% while within the City of Big Lake owner households decreased by -1.8% between 2000 and 2010.



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

Age		CITY OF BIG LAKE				REMAINDER OF MARKET AREA				MARKET AREA TOTAL			
		2000		2010		2000		2010		2000		2010	
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
15-24	Own	108	63.9	118	70.2	41	82.0	39	84.8	149	68.0	157	73.4
	Rent	61	36.1	50	29.8	9	18.0	7	15.2	70	32.0	57	26.6
	Total	169	100.0	168	100.0	50	100.0	46	100.0	219	100.0	214	100.0
25-34	Own	593	85.9	800	84.5	543	95.8	355	88.5	1,136	90.4	1,155	85.7
	Rent	97	14.1	147	15.5	24	4.2	46	11.5	121	9.6	193	14.3
	Total	690	100.0	947	100.0	567	100.0	401	100.0	1,257	100.0	1,348	100.0
35-44	Own	442	86.0	753	82.7	1,068	97.5	836	94.8	1,510	93.8	1,589	88.7
	Rent	72	14.0	157	17.3	27	2.5	46	5.2	99	6.2	203	11.3
	Total	514	100.0	910	100.0	1,095	100.0	882	100.0	1,609	100.0	1,792	100.0
45-54	Own	305	90.0	526	81.8	715	97.8	1,080	96.4	1,020	95.3	1,606	91.1
	Rent	34	10.0	117	18.2	16	2.2	40	3.6	50	4.7	157	8.9
	Total	339	100.0	643	100.0	731	100.0	1,120	100.0	1,070	100.0	1,763	100.0
55-64	Own	154	85.1	325	91.0	329	99.4	705	96.6	483	94.3	1,030	94.8
	Rent	27	14.9	32	9.0	2	0.6	25	3.4	29	5.7	57	5.2
	Total	181	100.0	357	100.0	331	100.0	730	100.0	512	100.0	1,087	100.0
65-74	Own	105	86.1	159	79.1	140	99.3	279	96.9	245	93.2	438	89.6
	Rent	17	13.9	42	20.9	1	0.7	9	3.1	18	6.8	51	10.4
	Total	122	100.0	201	100.0	141	100.0	288	100.0	263	100.0	489	100.0
75-84	Own	65	79.3	81	69.8	70	97.2	115	97.5	135	87.7	196	83.8
	Rent	17	20.7	35	30.2	2	2.8	3	2.5	19	12.3	38	16.2
	Total	82	100.0	116	100.0	72	100.0	118	100.0	154	100.0	234	100.0
85+	Own	13	65.0	25	71.4	10	90.9	30	93.8	23	74.2	55	82.1
	Rent	7	35.0	10	28.6	1	9.1	2	6.3	8	25.8	12	17.9
	Total	20	100.0	35	100.0	11	100.0	32	100.0	31	100.0	67	100.0
TOTAL	Own	1,785	84.3	2,787	82.5	2,916	97.3	3,439	95.1	4,701	91.9	6,226	89.0
	Rent	332	15.7	590	17.5	82	2.7	178	4.9	414	8.1	768	11.0
	Total	2,117	100.0	3,377	100.0	2,998	100.0	3,617	100.0	5,115	100.0	6,994	100.0

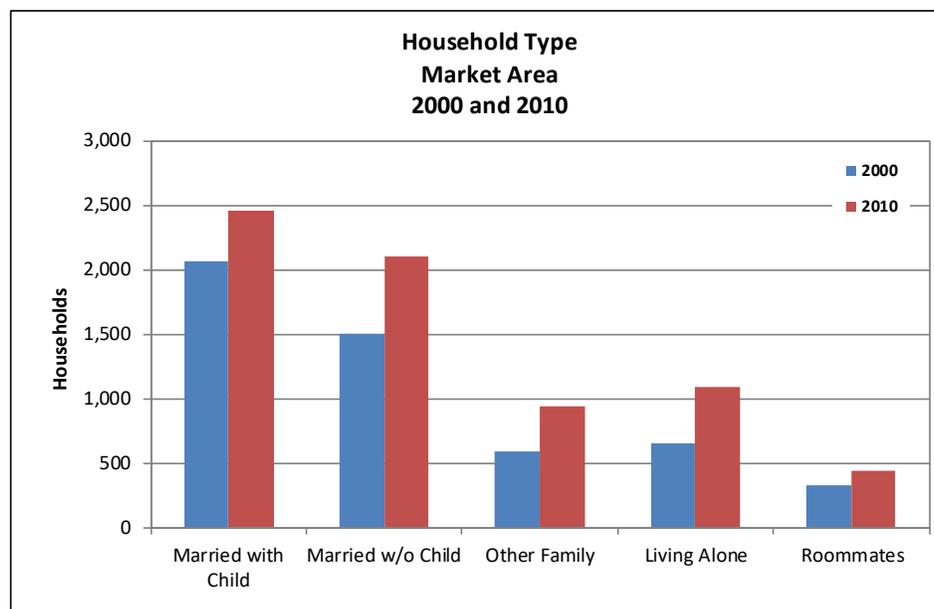
Sources: U.S. Census Bureau; Maxfield Research and Consulting LLC

DEMOGRAPHIC ANALYSIS

- In 2000, 84.3% of all households in the City of Big Lake owned their own housing. By 2010, that percentage decreased to 82.5%. These percentages are lower than the Remainder of the Market Area. In 2000, 97.3% of all households in the Remainder of the Market Area owned their own housing. In 2010, that percentage decreased to 95.1%.
- As households progress through their life cycle, housing needs change. The proportion of renter households decreases significantly as households' age out of their young-adult years. However, by the time households reach their senior years, rental housing often becomes a more viable option than homeownership, reducing the responsibility of maintenance and a financial commitment.
- In 2010, 26.6% of the Market Area's households between the ages of 15 and 24 rented their housing, compared to 14.3% of households between the ages of 25 and 34. Householders between 35 and 84 were overwhelmingly homeowners, with no more than 12.3% of the householders in each 10-year age cohort renting their housing.
- The higher homeownership rates in the Remainder of the Market Area (95.1%) compared to the City of Big Lake (82.5%) reflects the rural character of the area. Sherburne County has a 83.4% homeownership rate while Minnesota has a 73% homeownership rate.

Household Type

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



DEMOGRAPHIC ANALYSIS

- Between 2000 and 2010, the Market Area experienced an increase in both family and non-family households. Living alone households grew by +68.1% (+439 households). Married families without children grew the most numerically, adding +598 households (+39.8%). The increase in households married without children can be attributed to couples waiting longer to have children, and the baby boomers aging into empty nester years.
- The differences between Big Lake and the remainder of the PMA, reflect more availability of multifamily rental housing in Big Lake compared to the rural Remainder of the Market Area. For example, non-family householders tend to rent their housing more than other categories. This includes elderly widows and young persons. Young people typically do not have sufficient incomes to purchase housing, while single seniors are likely to move to multifamily housing to shed the burden of home maintenance and to have opportunities for socialization. About 26% of Big Lake households were non-family households in 2010, while 18% of the Remainder of the Market Area's households was non-family.

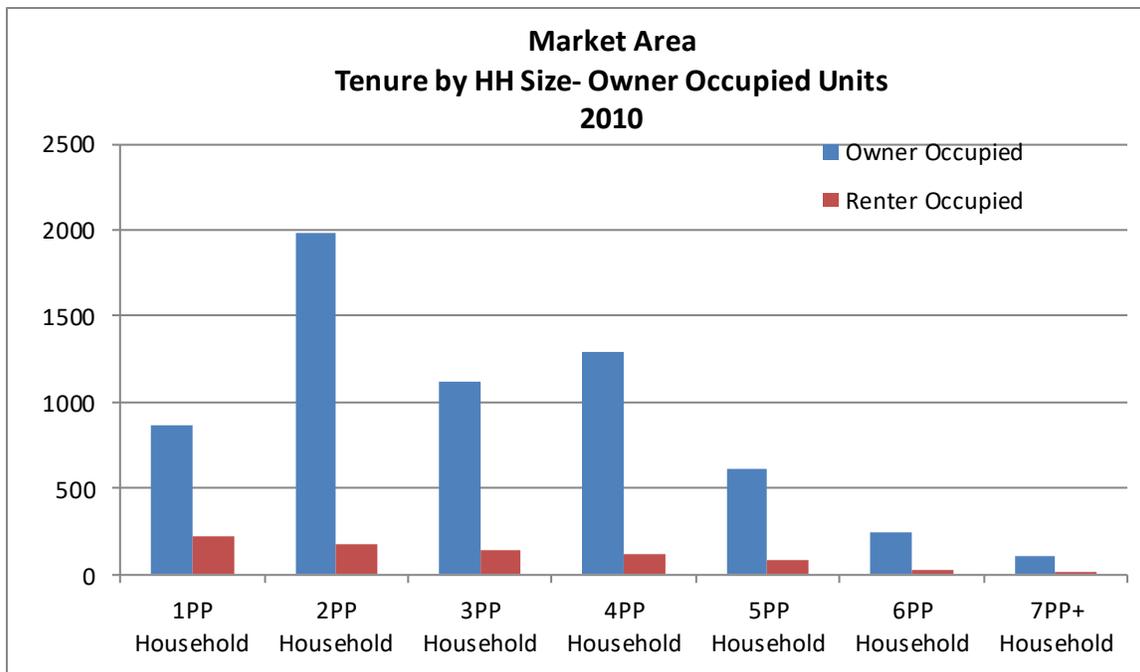
DEMOGRAPHIC ANALYSIS

TABLE D-8 HOUSEHOLD TYPE PRIMARY MARKET AREA 2000 and 2010												
	Total HH's		Family Households						Non-Family Households			
			Married w/o Child		Married w/ Child		Other *		Living Alone		Roommates	
	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010
Number of Households												
Big Lake	2,117	3,377	527	733	702	1,172	342	595	369	627	177	250
Rem. of Market Area	2,998	3,617	974	1,366	1,355	1,274	247	338	276	457	146	182
Market Area Total	5,115	6,994	1,501	2,099	2,057	2,446	589	933	645	1,084	323	432
Percent of Total												
Big Lake	41.4	48.3	24.9	21.7	33.2	34.7	16.2	17.6	17.4	18.6	8.4	7.4
Rem. of Market Area	58.6	51.7	32.5	37.8	45.2	35.2	8.2	9.3	9.2	12.6	4.9	5.0
Market Area Total	100.0	100.0	29.3	30.0	40.2	35.0	11.5	13.3	12.6	15.5	6.3	6.2
<i>Sherburne County</i>	100.0	100.0	29.4	30.7	36.8	31.8	11.3	13.1	15.7	17.7	6.7	6.7
<i>Minnesota</i>	100.0	100.0	28.5	29.6	25.2	21.2	12.5	13.8	26.9	28.0	6.9	7.4
Change												
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Big Lake	1,260	59.5	206	39.1	470	67.0	253	74.0	258	69.9	73	41.2
Rem. of Market Area	619	20.6	392	40.2	-81	-6.0	91	36.8	181	65.6	36	24.7
Market Area Total	1,879	36.7	598	39.8	389	18.9	344	58.4	439	68.1	109	33.7
* Single-parent families, unmarried couples with children.												
Sources: U.S. Census Bureau; Maxfield Research and Consulting LLC												

Tenure by Household Size

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

- Household size for renters tends to be smaller than for owners. This trend is a result of the typical market segments for rental housing, including households that are younger and are less likely to be married with children as well as older adults and seniors who choose to downsize from their single-family homes. In 2010, approximately 28% of the total renter-occupied households in the Market Area were one-person households.
- Almost 51% of renter households in the Big Lake Market Area in 2010 have either one or two people. The one-person households would primarily seek one-bedroom units and two-person households that are couple would primarily seek one-bedroom units. Two-person households that consist of a parent and child or roommate would primarily seek two-bedroom units. Larger households would seek units with multiple bedrooms.
- One-person households in the Big Lake Market Area have the highest percentage of renters among all household types. Six-person plus households have the lowest renter percentage among all household types (5.2%).



DEMOGRAPHIC ANALYSIS

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

CITY OF BIG LAKE								
Size	2000				2010			
	Owner Occupied		Renter Occupied		Owner Occupied		Renter Occupied	
	Number	Pct.	Number	Pct.	Number	Pct.	Number	Pct.
1PP Household	235	13.2%	134	40.4%	444	15.9%	183	31.0%
2PP Household	568	31.8%	85	25.6%	797	28.6%	126	21.4%
3PP Household	343	19.2%	54	16.3%	506	18.2%	115	19.5%
4PP Household	393	22.0%	39	11.7%	579	20.8%	81	13.7%
5PP Household	161	9.0%	14	4.2%	287	10.3%	55	9.3%
6PP Household	69	3.9%	4	1.2%	116	4.2%	22	3.7%
7PP+ Household	16	0.9%	2	0.6%	58	2.1%	8	1.4%
Total	1,785	100.0%	332	100.0%	2,787	100.0%	590	100.0%

REMAINDER OF MARKET AREA								
Size	2000				2010			
	Owner Occupied		Renter Occupied		Owner Occupied		Renter Occupied	
	Number	Pct.	Number	Pct.	Number	Pct.	Number	Pct.
1PP Household	259	8.9%	134	40.4%	424	12.3%	33	18.5%
2PP Household	884	30.3%	85	25.6%	1190	34.6%	46	25.8%
3PP Household	558	19.1%	54	16.3%	614	17.9%	27	15.2%
4PP Household	733	25.1%	39	11.7%	710	20.6%	33	18.5%
5PP Household	330	11.3%	14	4.2%	320	9.3%	29	16.3%
6PP Household	110	3.8%	4	1.2%	129	3.8%	4	2.2%
7PP+ Household	42	1.4%	2	0.6%	52	1.5%	6	3.4%
Total	2,916	100.0%	332	100.0%	3,439	100.0%	178	100.0%

MARKET AREA TOTAL								
Size	2000				2010			
	Owner Occupied		Renter Occupied		Owner Occupied		Renter Occupied	
	Number	Pct.	Number	Pct.	Number	Pct.	Number	Pct.
1PP Household	494	10.5%	151	36.5%	868	13.9%	216	28.1%
2PP Household	1,452	30.9%	110	26.6%	1987	31.9%	172	22.4%
3PP Household	901	19.2%	68	16.4%	1120	18.0%	142	18.5%
4PP Household	1,126	24.0%	52	12.6%	1289	20.7%	114	14.8%
5PP Household	491	10.4%	21	5.1%	607	9.7%	84	10.9%
6PP Household	179	3.8%	6	1.4%	245	3.9%	26	3.4%
7PP+ Household	58	1.2%	6	1.4%	110	1.8%	14	1.8%
Total	4,701	100.0%	414	100.0%	6,226	100.0%	768	100.0%

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

Diversity

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

- In 2010, “White Alone” comprised the largest proportion of the population in Big Lake (92.4%), the Remainder of the PMA (97.1%), and in Sherburne County (93.7%). The percentage has decreased since 2000 where “White Alone” was 93.3% in the PMA and 94.0% in Sherburne County.
- U.S. Census respondents that list themselves ethnically as Hispanic or Latino, racially list themselves in various race categories. As of 2010, 2.2% of the PMA’s population was Hispanic/Latino. The Hispanic/Latino population was 1.1% of the PMA population in 2000.
- “Two or More Races Alone” experienced the largest percentage growth between 2000 and 2010 in the PMA, increasing from 131 to 390 people.

DEMOGRAPHIC ANALYSIS

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

NUMBER	White Alone		Black or African American Alone		American Indian or Alaska Native Alone (AIAN)		Native Hawaiian or Pacific Islander Alone (NHPI)		Asian Alone		Some Other Race		Two or More Races Alone		Hispanic or Latino ¹ <i>Ethnicity not Race</i>	
	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010
Big Lake	5,863	9,300	8	176	30	43	1	1	26	121	54	157	81	262	109	371
Remainder of the PMA	9,371	10,522	15	50	30	28	8	0	37	62	38	47	50	128	90	148
Primary Market Area	15,234	19,822	23	226	60	71	9	1	63	183	92	204	131	390	199	519
<i>Sherburne County</i>	<i>62,308</i>	<i>83,211</i>	<i>550</i>	<i>1,689</i>	<i>80</i>	<i>439</i>	<i>14</i>	<i>18</i>	<i>372</i>	<i>1,131</i>	<i>276</i>	<i>511</i>	<i>610</i>	<i>1,500</i>	<i>709</i>	<i>1,941</i>
PERCENTAGE																
Big Lake	96.7%	92.4%	0.1%	1.7%	0.5%	0.4%	0.0%	0.0%	0.4%	1.2%	0.9%	1.6%	1.3%	2.6%	1.8%	3.7%
Remainder of the PMA	98.1%	97.1%	0.2%	0.5%	0.3%	0.3%	0.1%	0.0%	0.4%	0.6%	0.4%	0.4%	0.5%	1.2%	0.9%	1.4%
Primary Market Area	97.6%	94.9%	0.1%	1.1%	0.4%	0.3%	0.1%	0.0%	0.4%	0.9%	0.6%	1.0%	0.8%	1.9%	1.3%	2.5%
<i>Sherburne County</i>	<i>96.7%</i>	<i>94.0%</i>	<i>0.9%</i>	<i>1.9%</i>	<i>0.1%</i>	<i>0.5%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.6%</i>	<i>1.3%</i>	<i>0.4%</i>	<i>0.6%</i>	<i>0.9%</i>	<i>1.7%</i>	<i>1.1%</i>	<i>2.2%</i>

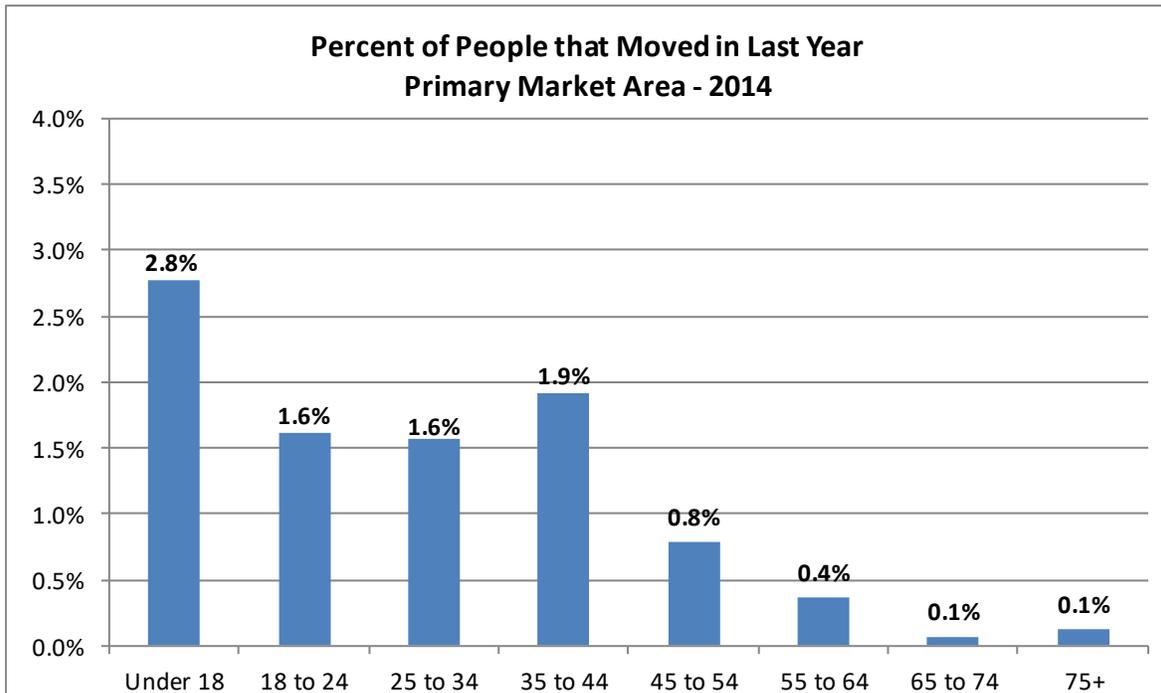
¹ US Census respondents list themselves ethnically Hispanic or Latino and racially in one of the other listed categories.

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

Mobility in the Past Year

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

- The majority of residents in the PMA (90.8%) did not move within the last year.
- Of the remaining 9.2% of residents that moved within the last year, approximately 4.3% moved from outside of Sherburne County but within Minnesota and 3.6% were intra-county moves (i.e. one location in Sherburne County to another Sherburne County location).
- A greater proportion of younger age cohorts tended to move compared to older age cohorts. Approximately 15.2% of those age 25 to 34 moved within the last year compared to 2.8% of those age 75+.



DEMOGRAPHIC ANALYSIS

Big Lake Age	Not Moved		Moved							
	Same House		Within Same County		Different County Same State		Different State		Abroad	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Under 18	2,681	73.1%	191	1.9%	114	1.1%	44	0.4%	30	0.3%
18 to 24	602	94.0%	98	1.0%	112	1.1%	9	0.1%	28	0.3%
25 to 34	1,511	84.8%	24	0.2%	153	1.5%	14	0.1%	0	0.0%
35 to 44	1,413	85.8%	141	1.4%	117	1.2%	52	0.5%	0	0.0%
45 to 54	1,263	87.3%	39	0.4%	56	0.6%	0	0.0%	0	0.0%
55 to 64	756	92.4%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
65 to 74	219	97.8%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
75+	283	97.2%	17	0.2%	0	0.0%	0	0.0%	0	0.0%
Total	8,731	87.6%	510	5.1%	552	5.5%	118	1.2%	58	0.6%
Primary Market Area	Same House		Within Same County		Different County Same State		Different State		Abroad	
Age	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Under 18	4,963	76.1%	250	1.2%	235	1.1%	44	0.2%	46	0.2%
18 to 24	1,310	93.7%	148	0.7%	141	0.7%	18	0.1%	28	0.1%
25 to 34	2,414	88.4%	73	0.3%	224	1.1%	29	0.1%	0	0.0%
35 to 44	3,027	85.4%	178	0.9%	168	0.8%	52	0.2%	0	0.0%
45 to 54	3,510	83.1%	64	0.3%	72	0.3%	8	0.0%	20	0.1%
55 to 64	2,101	89.9%	18	0.1%	50	0.2%	8	0.0%	0	0.0%
65 to 74	949	95.4%	0	0.0%	0	0.0%	14	0.1%	0	0.0%
75+	594	97.1%	17	0.1%	0	0.0%	9	0.0%	0	0.0%
Total	18,870	90.8%	747	3.6%	890	4.3%	181	0.9%	94	0.5%
Sherburne County	75,953	85.9%	4,421	5.0%	6632	7.5%	1149	1.3%	265	0.3%

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

Demographic Comparison to Peer Cities

Table D-12 provides a demographic and housing characteristics summary comparison for Big Lake and peer cities. The peer cities were identified to be similar to Big Lake by their population or within a similar geography.

- Compared to the peer cities, Big Lake has a median household income (\$63,941, slightly lower than Becker at \$68,333) with the median of the identified peer cities and Big Lake being \$66,137. Elk River had the highest median household income (\$74,772).
- Peer city percentage of owner households vary from 72.3% in Monticello to 82.5% in Big Lake. The median household ownership percentage was 76.3% among Big Lake and peer cities.
- In comparison to the other peer cities, Big Lake has an unemployment rate of 5.2% and had the highest unemployment rate in 2014. Monticello had the lowest (3.8%).
- In 2014, Big Lake had an average annual wage of (\$32,304) while Elk River had the highest (\$51,792).

DEMOGRAPHIC ANALYSIS

**TABLE D-12
PEER CITY SUMMARY
BIG LAKE & PEER CITIES**

	Big Lake		Becker		Elk River		Monticello	
	Num	Pct.	Num	Pct.	Num	Pct.	Num	Pct.
Demographic Summary								
Population (2010)	10,060		4,538		22,974		12,759	
Households (2010)	3,377		1,526		8,080		4,693	
HH Size (2010)	2.98		2.97		2.84		2.72	
HH Median Income (2014)	\$63,941		\$68,333		\$74,772		\$73,151	
Housing Characteristics								
Percent Own (2010)	82.5%		77.5%		80.2%		72.3%	
Percent Rent (2010)	17.5%		22.5%		19.8%		27.7%	
Median Home Value (2014)	\$152,500		\$165,100		\$204,000		\$168,100	
Median Contract Rent (2014)	\$870		\$826		\$790		\$773	
Percent with a Mortgage (2014)	86.7%		88.0%		81.7%		77.8%	
Single and Multi-Family Building Permits (2004 - 2015)	703		313		1,608		910	
Employment								
Avg. Annual Wage (2014)	\$673		\$1,079		\$710		\$851	
Unemployment Rate (2014)	5.2%		4.7%		4.0%		3.8%	
Source: U.S. Census Bureau; DEED; Maxfield Research and Consulting LLC								

- In 2014, Big Lake had 86.7% owner households with a mortgage. The lowest ownership households with a mortgage was in Monticello with 77.8% and the highest was in Becker with 88.0%.
- Between 2004 and 2015 Big Lake had 703 single and multi-family building permits. Elk River had the most (1,608 building permits) and Becker had the least (313 building permits) single and multi-family building permits pulled between 2004 and 2015.

Summary of Demographic Trends

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

- The PMA experienced a population increase during the past decade, gaining 5,285 people (+33.9%), and gained 1,879 households (+36.7%). The average household size increased from 2.99 in 2000 to 3.00 in 2010.

DEMOGRAPHIC ANALYSIS

- Between 2010 and 2025, the PMA population is expected to increase by +16.9% (+3,535 people) while the number of households is expected to increase by +16.6% (+1,164 households). The City of Big Lake can expect to see continued population growth since it is located near employment opportunities and urban services that would support residential development. More people will choose to locate near their place of work as increasing transportation costs increase the desirability of living close to employment.
- In the Market Area, growth is projected to occur in all ages except the 45 to 54 year olds. The greatest growth is projected to occur among adults 55+ in the PMA. Aging of baby boomers led to an increase of 1,532 people (+48%) in the PMA's age 55+ population between 2000 and 2010. All cohorts age 55 or greater are expected to see increases over the next ten years.
- The PMA has an estimated median household income of \$78,971 in 2016 and is projected to increase over the next five years to \$90,312. There are 221 non-senior households (3%) with incomes under \$15,000 that would be eligible for subsidized rental housing. Median incomes for households in the Market Area peak at \$91,610 for the 45 to 54 age group in 2016. Incomes are expected to increase by 14.6% (2.9% annually) between 2016 and 2021 in the Market Area.
- In the Market Area, 10.4% of households ages 65 to 74 and 12.7% of households ages 75 and over had incomes below \$15,000. The median income for seniors age 65+ in the Market Area is \$48,228 in 2016. It is projected to increase by \$9,334 (16.2%) to \$57,562 by 2021.
- Typically, as income increases, so does the rate of homeownership. Homeownership in the Market Area increases from 61.2% of households with incomes below \$15,000 to 97.1% of households with incomes above \$100,000.
- The number of owner households in the Market Area increased by 32.4% compared to an 85.5% increase in renter households between 2000 and 2010. The high percent increase in renter households is due to fewer renter households in the Market Area.
- Between 2000 and 2010, the Market Area experienced an increase in all household types. Living Alone had the highest rate of growth with a +68.1% increase. Married with children had the lowest increase +18.9%. Married families with-out children experienced the largest numerical increase (598 households) or +39.8%.
- An estimated 51% of renter households in the Big Lake Market Area in 2010 have either one or two people.

DEMOGRAPHIC ANALYSIS

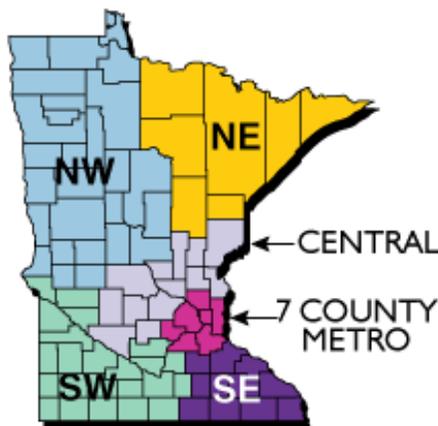
- In 2010, “White Alone” (92.4%) comprised the largest proportion of the population in the Big Lake Market Area. “White Alone” includes Hispanic and Latino population and as of 2010, 2.2% of the PMA’s population was Hispanic/Latino ethnicity.
- Of the residents that moved in the past year, approximately 4.3% moved from outside of Sherburne County but within Minnesota and 3.6% were intra-county moves.

Employment Trends

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

Employment Growth and Projections

Table E-1 shows projected employment growth in Central Minnesota. Table E-1 shows employment growth trends and projections from 2012 to 2025 based on the most recent Minnesota Department of Employment and Economic Development (DEED) Employment Outlook projections. The 2025 forecast is based on 2012-2022 industry projections for the Central Minnesota Planning area. The Central Minnesota Planning area consists of 13 Minnesota Counties which includes Sherburne County, projections are unavailable at the municipal level.



Source: MN Dept of Employment and Economic Development

TABLE E-1 EMPLOYMENT PROJECTIONS CENTRAL MINNESOTA 2012-2025					
				Change	
		Forecast	Forecast		
	2012	2022	2025	2012-2025	
	No.	No.	No.	No.	Pct.
Central Minnesota	294,407	323,255	331,909	37,502	12.7%

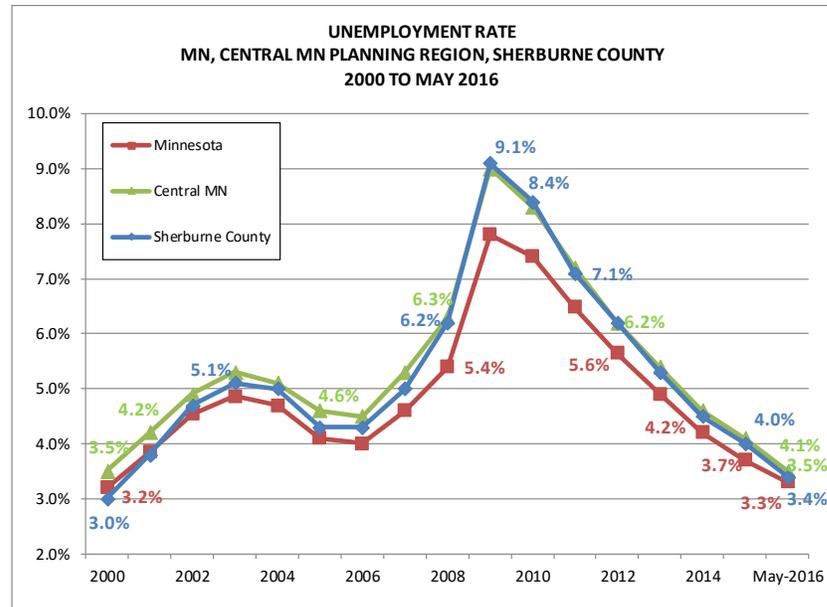
Sources: MN Dept of Employment and Economic Development; Maxfield Research and Consulting, LLC

Resident Labor Force

The smallest geography available to examine annual average resident employment growth trends in the area is Sherburne County. The City of Big Lake is the smallest geography available to examine covered employment. Recent employment growth trends are shown in Tables E-2 and E-3. Table E-2 presents resident employment data for Sherburne County from 2000 through May 2016. Resident employment data is calculated as an annual average *and reveals the work force and number of employed persons living in the County*. It is important to note that not all of these individuals necessarily work in the City or County. Table E-3 presents covered employment workforce numbers as available for the City of Big Lake, the Market Area, and Sherburne County from 2000 through the third quarter 2015. Covered employment data is calculated as an annual average and *reveals the number of jobs in the designated area*, which are covered by unemployment insurance. Many temporary workforce positions, agricultural, self-employed persons, and some other types of jobs are not covered by unemployment insurance and are not included in the table. Some agricultural businesses and employees are listed in Table E-3, but not all positions are included. The data in both tables is sourced from the Minnesota Department of Employment and Economic Development. The following are key trends derived from the employment data:

- Resident employment in Sherburne County increased by approximately 12,494 people between 2000 and May 2016 (+34%) and the unemployment rate increased from 3.0% (2000) to 3.4% (May 2016). By comparison, Minnesota's unemployment was at 3.3% and the U.S. was at 4.5% as of May 2016.
- Between 2000 and May 2016, the Sherburne County's labor force and number employed is at its highest as of May 2016 at 50,398 and 48,708. The County's labor force and employed was the lowest in 2000 at 37,904 and 36,748 respectively.
- The Sherburne County's unemployment rate has stayed fairly consistent with the Minnesota's unemployment rate, but slightly higher since 2000. The greatest yearly difference being 1.3% higher than the State in 2009.
- The unemployment rate in Sherburne County increased to a high of 9.1% (2009) which was the peak of the recession. However, as of May 2016, the unemployment rate has fallen to 3.4%, which is considered to be below equilibrium (5.0%).

EMPLOYMENT



- Sherburne County has observed an increase in its labor force and employed persons since 2000 (an increase of 12,494 and 11,960 respectively). The labor force and employed persons are showing increases since last year (an increase of 604 and 899 respectively).
- Similar to Sherburne County, the labor force in the U.S. and Minnesota are showing increases from May 2015 to May 2016 (0.7% and 0.8% respectively). The number of employed are also increasing in the U.S. and Minnesota (1.5% and 1.0% respectively).

TABLE E-2 ANNUAL AVERAGE RESIDENT EMPLOYMENT SHERBURNE COUNTY 2000 to 2016 ¹				
Year	Labor Force	Employed	Unemployed	Rate
SHERBURNE COUNTY				
2000	37,904	36,748	1,156	3.0%
2001	39,496	38,001	1,495	3.8%
2002	41,524	39,552	1,972	4.7%
2003	43,310	41,090	2,220	5.1%
2004	45,025	42,780	2,245	5.0%
2005	46,529	44,513	2,016	4.3%
2006	48,064	45,991	2,073	4.3%
2007	48,738	46,299	2,439	5.0%
2008	49,592	46,531	3,061	6.2%
2009	49,293	44,821	4,472	9.1%
2010	48,989	44,866	4,123	8.4%
2011	48,872	45,383	3,489	7.1%
2012	48,815	45,808	3,007	6.2%
2013	48,999	46,402	2,597	5.3%
2014	49,366	47,130	2,236	4.5%
2015	49,794	47,809	1,985	4.0%
2016 ¹	50,398	48,708	1,690	3.4%
Change 2000-2016 ⁺				
Number	12,494	11,960	534	--
Percent	34.0%	32.5%	46.2%	--
MINNESOTA				
2010	2,938,795	2,721,194	217,601	7.4%
2015	3,010,366	2,898,863	111,503	3.7%
2016 ¹	3,042,881	2,941,755	101,126	3.3%
U.S. ²				
2010	153,889	139,878	14,011	9.6%
2015	157,130	148,833	8,297	5.3%
2016 ¹	158,800	151,594	7,206	4.5%
¹ Through May 2016				
² In Thousands not seasonally adjusted				
Sources: U.S. Department of Labor, MN Workforce Center, Maxfield Research and Consulting LLC				

Covered Employment by Industry

- Between 2005 and third quarter 2015, the number of jobs increased in Big Lake by 288, a 13.7% increase in the City. Leisure and Hospitality, and Education and Health Services gained the greatest number of jobs (+142, +151 jobs respectively) between 2005 and Q3 2015.
- In the Market Area, Natural Resource and Mining, and Construction experienced the most growth between 2005 and Q3 2015 (+713 and +304 jobs respectively). However, there were three other sectors that experienced a decline.
- Overall, covered employment by industry in the Market Area has increased by 55.3% between 2010 and Q3 2015 (+319 employees).
- The Natural Resources and Mining Sector accounted for about 85.4% of the PMA's jobs in Q3 2015, followed by Construction jobs (55.0%).

EMPLOYMENT

Big Lake					Change					
Average Number of Employees					2005 - 2015 Q3		% of Total			
Industry	2000	2005	2010	2015 Q3	No.	Pct.	2000	2005	2010	2015 Q3
Natural Resources & Mining	61	39	na	na	na	na	3.6%	1.9%	na	na
Construction	114	120	na	na	na	na	6.6%	5.7%	na	na
Manufacturing	280	386	263	404	18	4.7	16.3%	18.4%	12.6%	17.0%
Trade, Transportation, and Utilities	262	320	443	412	92	28.8	15.3%	15.3%	21.3%	17.3%
Information	92	na	59	na	na	na	5.4%	na	2.8%	na
Financial Services	43	na	49	na	na	na	2.5%	na	2.3%	na
Professional and Business Services	54	76	60	81	5	7.0	3.1%	3.6%	2.9%	3.4%
Education and Health Services	407	522	691	664	142	27.3	23.7%	24.9%	33.2%	27.9%
Leisure and Hospitality	270	287	242	438	151	52.6	15.7%	13.7%	11.6%	18.4%
Other Services	91	98	97	115	17	17.3	5.3%	4.7%	4.7%	4.8%
Public Administration	40	78	94	114	36	46.2	2.3%	3.7%	4.5%	4.8%
Totals	1,716	2,095	2,083	2,383	288	13.7				
Primary Market Area					Change					
Average Number of Employees					2005 - 2015 Q3		% of Total			
Industry	2000	2005	2010	2015 Q3	No.	Pct.	2000	2005	2010	2015 Q3
Natural Resources & Mining	43	51	63	764	713	1398.7	6.4%	6.0%	10.9%	85.4%
Construction	79	188	111	492	304	161.7	11.7%	22.1%	19.3%	55.0%
Manufacturing	32	48	192	71	23	48.6	4.8%	5.6%	33.3%	8.0%
Trade, Transportation, and Utilities	96	174	91	59	-116	-66.4	14.3%	20.5%	15.9%	6.5%
Information	na	na	na	na	na	na	na	na	na	na
Financial Services	na	na	na	na	na	na	na	na	na	na
Professional and Business Services	32	102	62	76	-26	-25.5	4.8%	12.0%	10.8%	8.5%
Education and Health Services	na	102	10	76	-26	-25.5	na	12.0%	1.6%	8.5%
Leisure and Hospitality	na	na	27	na	na	na	na	na	4.7%	na
Other Services	na	18	20	26	8	42.6	na	2.1%	3.5%	2.9%
Public Administration	na	1	na	na	na	na	na	0.1%	na	na
Totals	673	852	576	895	43	5.0				
Sherburne County					Change					
Average Number of Employees					2005 - 2015 Q3		% of Total			
Industry	2000	2005	2010	2015 Q3	No.	Pct.	2000	2005	2010	2015 Q3
Natural Resources & Mining	331	395	319	363	-32	-8.2	1.7%	1.7%	1.4%	1.4%
Construction	1,547	2,087	1,119	2,041	-46	-2.2	8.1%	9.0%	5.0%	8.0%
Manufacturing	2,959	3,182	2,830	3,487	305	9.6	15.5%	13.6%	12.7%	13.7%
Trade, Transportation, and Utilities	5,088	5,854	5,499	6,009	155	2.6	26.7%	25.1%	24.7%	23.6%
Information	334	186	na	156	-30	-15.9	1.7%	0.8%	na	0.6%
Financial Services	610	740	575	428	-312	-42.2	3.2%	3.2%	2.6%	1.7%
Professional and Business Services	1,372	1,189	1,250	1,895	706	59.4	7.2%	5.1%	5.6%	7.4%
Education and Health Services	3,025	5,303	6,302	6,268	965	18.2	15.8%	22.7%	28.3%	24.6%
Leisure and Hospitality	1,899	2,152	1,818	2,280	128	5.9	9.9%	9.2%	8.2%	8.9%
Other Services	663	783	876	938	155	19.8	3.5%	3.4%	3.9%	3.7%
Public Administration	1,257	1,442	1,584	1,641	199	13.8	6.6%	6.2%	7.1%	6.4%
Totals	19,088	23,318	22,303	25,507	2,189	9.4				

Source: Minnesota Workforce Center, Maxfield Research and Consulting LLC

Employment and Wages

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

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

As reported by the QCEW for 2015:

- There are approximately 188 businesses with 2,397 employees in the City of Big Lake.
- Trade, Transportation, Utilities is the largest industry type (35 businesses) in Big Lake with a total of 419 employees. Education and Health Services is the second largest industry type (28 businesses), and has 440 employees.
- Education and Health Services has the largest number of employees (672) which accounts for 28% of the total employees in Big Lake. These employees would be working in the Big Lake School District, senior housing and care facilities, and any other medical or health service businesses.
- At \$675, the average weekly wage across all industries in the City of Big Lake is 17.5% lower than Sherburne County (\$793) and 52.4% lower than the State average (\$1,029). Average wages are lower in Big Lake than in the State in all industry sectors.
- As of 2015, manufacturing has the highest weekly wage in Big Lake at \$1,159. Manufacturing weekly wages in Big Lake are 14% higher than in Sherburne County (\$1,114), but 4.9% lower than in the State (\$1,216 Minnesota).

EMPLOYMENT

Industry	2014			2015			Change 2014 - 2015			
	Establish-ments	Employ-ment	Weekly Wage	Establish-ments	Employ-ment	Weekly Wage	Employment #	Employment %	Wage #	Wage %
CITY OF BIG LAKE										
Total, All Industries	179	2,262	\$673	188	2,397	\$675	135	6.0%	\$2	0.3%
Manufacturing	12	389	\$1,127	13	402	\$1,159	13	3.3%	\$32	2.8%
Trade, Transportation, Utilities	35	399	\$600	35	419	\$615	20	5.0%	\$15	2.5%
Professional & Business Services	18	68	\$592	20	80	\$686	12	17.6%	\$94	15.9%
Education & Health Services	27	658	\$761	28	672	\$761	14	2.1%	\$0	0.0%
Leisure & Hospitality	22	390	\$209	22	440	\$213	50	12.8%	\$4	1.9%
Other Services	21	93	\$347	26	121	\$355	28	30.1%	\$8	2.3%
Public Administration	4	126	\$556	4	115	\$559	-11	-8.7%	\$3	0.5%
SHERBURNE COUNTY										
Total, All Industries	1,859	25,842	\$761	1,834	25,567	\$793	-275	-1.1%	\$32	4.2%
Natural Resources & Mining	31	352	\$747	32	364	\$724	12	3.4%	(\$23)	-3.1%
Construction	400	1,913	\$1,117	386	2,026	\$1,114	113	5.9%	(\$3)	-0.3%
Manufacturing	142	3,357	\$989	141	3,499	\$1,016	142	4.2%	\$27	2.7%
Trade, Transportation, Utilities	351	5,949	\$829	344	6,021	\$876	72	1.2%	\$47	5.7%
Information	18	158	\$912	17	155	\$884	-3	-1.9%	(\$28)	-3.1%
Financial Activities	130	469	\$913	123	431	\$941	-38	-8.1%	\$28	3.1%
Professional & Business Services	231	1,824	\$706	232	1,888	\$746	64	3.5%	\$40	5.7%
Education & Health Services	184	7,145	\$681	185	6,342	\$708	-803	-11.2%	\$27	4.0%
Leisure & Hospitality	139	2,159	\$236	132	2,263	\$249	104	4.8%	\$13	5.5%
Other Services	194	890	\$369	203	935	\$380	45	5.1%	\$11	3.0%
Public Administration	41	1,625	\$907	41	1,642	\$950	17	1.0%	\$43	4.7%
MINNESOTA										
Total, All Industries	163,802	2,729,615	\$992	160,980	2,774,715	\$1,029	45,100	1.7%	\$37	3.7%
Natural Resources & Mining	2,811	27,041	\$887	2,833	27,557	\$876	516	1.9%	(\$11)	-1.2%
Construction	16,073	114,181	\$1,130	15,627	121,765	\$1,177	7,584	6.6%	\$47	4.2%
Manufacturing	7,901	311,824	\$1,174	7,981	317,181	\$1,216	5,357	1.7%	\$42	3.6%
Trade, Transportation, Utilities	38,240	531,566	\$871	37,134	539,049	\$897	7,483	1.4%	\$26	3.0%
Information	3,472	56,351	\$1,303	3,427	55,374	\$1,353	-977	-1.7%	\$50	3.8%
Financial Activities	15,163	176,009	\$1,627	14,896	178,989	\$1,705	2,980	1.7%	\$78	4.8%
Professional & Business Services	28,953	356,002	\$1,381	28,515	359,884	\$1,436	3,882	1.1%	\$55	4.0%
Education & Health Services	17,997	673,475	\$892	17,934	684,808	\$922	11,333	1.7%	\$30	3.4%
Leisure & Hospitality	14,291	269,444	\$367	14,057	273,504	\$391	4,060	1.5%	\$24	6.5%
Other Services	15,606	87,387	\$576	15,279	88,490	\$598	1,103	1.3%	\$22	3.8%
Public Administration	3,298	126,335	\$985	3,299	128,112	\$1,023	1,777	1.4%	\$38	3.9%

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

Commuting Patterns

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

**TABLE E-5
COMMUTING PATTERNS
PMA
2014**

Home Destination			Work Destination		
Place of Residence	Count	Share	Place of Employment	Count	Share
Big Lake city, MN	537	13.3%	Elk River city, MN	1,009	8.5%
Monticello city, MN	254	6.3%	Monticello city, MN	854	7.2%
Elk River city, MN	194	4.8%	Big Lake city, MN	832	7.0%
Becker city, MN	93	2.3%	Minneapolis city, MN	785	6.6%
Otsego city, MN	78	1.9%	St. Cloud city, MN	513	4.3%
St. Michael city, MN	70	1.7%	Rogers city, MN	439	3.7%
Zimmerman city, MN	70	1.7%	Plymouth city, MN	409	3.5%
Ramsey city, MN	58	1.4%	Maple Grove city, MN	353	3.0%
St. Cloud city, MN	56	1.4%	Coon Rapids city, MN	310	2.6%
Minneapolis city, MN	45	1.1%	Anoka city, MN	263	2.2%
All Other Locations	2,570	63.9%	All Other Locations	6,043	51.2%
Total All Jobs	4,025		Total All Jobs	11,810	

Home Destination = Where workers live who are employed in the PMA
 Work Destination = Where workers are employed who live in the PMA
 Sources: US Census Bureau Local Employment Dynamics; Maxfield Research and Consulting LLC

- As shown in Table E-5, 13.3% of the PMA residents commuted to jobs in Big Lake, 6.3% commuted to jobs in Monticello (254 employees), 4.8% commuted to jobs in Elk River (194 employees), and 2.3% commuted to jobs in Becker (93 employees).
- Of the workers who work in the PMA, 7.0% also live in Big Lake. The remaining 93% of the workers are commuting from mostly Elk River (8.5%) and Monticello (7.2%).

Inflow/Outflow

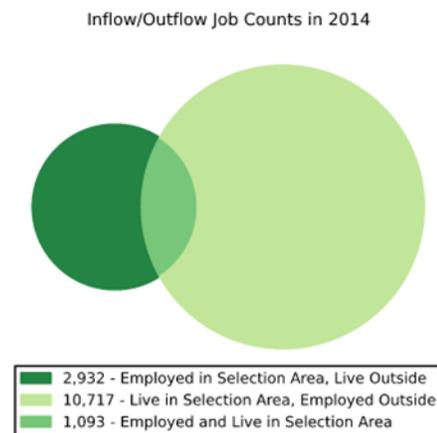
Table E-6 provides a summary of the inflow and outflow of workers in the City of Big Lake and the Big Lake PMA. Outflow reflects the number of workers living in the City of Big Lake but employed outside of the city while inflow measures the number of workers that are employed in the City of Big Lake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

EMPLOYMENT

- The City of Big Lake can be considered an exporter of workers, as the number of residents coming into the City (inflow) for employment was less than the number of residents leaving the City for work (outflow). Approximately 2,112 workers came into the City of Big Lake for work while 5,355 workers left, for a net difference of -3,243.
- The Big Lake PMA can also be considered exporter of workers, as the number of residents coming into the PMA (inflow) for employment was less than the number of residents leaving the PMA for work (outflow). Approximately 2,932 workers came into the PMA for work while 10,717 workers left, for a net difference of -7,785.

TABLE E-6 COMMUTING INFLOW/OUTFLOW PMA 2014		
	Big Lake	
	Num.	Pct.
Employed in the Selection Area	2,526	100%
Employed in the Selection Area but Living Outside	2,112	83.6%
Employed and Living in the Selection Area	414	16.4%
Living in the Selection Area	5,769	100%
Living in the Selection Area but Employed Outside	5,355	92.8%
Living and Employed in the Selection Area	414	7.2%
	PMA	
	Num.	Pct.
Employed in the Selection Area	4,025	100%
Employed in the Selection Area but Living Outside	2,932	72.8%
Employed and Living in the Selection Area	1,093	27.2%
Living in the Selection Area	11,810	100%
Living in the Selection Area but Employed Outside	10,717	90.7%
Living and Employed in the Selection Area	1,093	9.3%
Sources: Longitudinal Employer-Household Dynamics; Maxfield Research and Consulting LLC		

EMPLOYMENT



Sources: Longitudinal Employer-Household Dynamics

Major Employers

Table E-7 shows the major employers in Big Lake based on data provided by the City of Big Lake and employer information identified from ReferenceUSA. Please note that the table is not a comprehensive list of all employers and presents a selected list of employers and their employees as identified by the City of Big Lake and ReferenceUSA. The following are key points from the major employers table.

- The Big Lake School District is the largest identified employer with approximately 350 employees. Cargill Kitchen Solutions employs approximately 100 to 249 employees. Another major employer in Big Lake is Alcoa Remmele Medical Operations with approximately 100 employees.

Name	Industry/Product/Service	Approximate Employee Size
Big Lake		
Paragon Store Fixtures, Inc.	Building Material Dealers	na
Big Lake School District	Public Schools	350
Alcoa Remmele Medical Operations	Medical Instrument Manufacturing	100
Cargill Kitchen Solutions	Kitchen, Planning, Remodeling Manufacturing	100 - 249
Windstream Communications	Internet Services	70
Vision of Big Lake	Bus Transportation	50
Minnesota Limited LLC	Pipe Line Contractors	70
Mc Donald's	Limited Service Restaurant	68
Coborn's Superstore	Grocery - Retail	50

Source: City of Big Lake; referenceUSA; Maxfield Research and Consulting LLC

EMPLOYMENT

- The list of major employers represents several industry sectors, but the highest concentrations of large employers are in the Manufacturing and Education sectors.
- The top three employers account for approximately 23% to 30% of the employment in the City of Big Lake.
- There are approximately nine businesses in the area that may employ up to 50 full time employees or greater. Based on the 2015 Quarterly Census of Employment and Wages data, the Manufacturing sector employs an average of 31 workers per business establishment in the City while the Education and Health Services sector employs an average of 24 workers per establishment. The average across all industries in the City is 13 workers per business.

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 Big Lake 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 Market Area.

Residential Construction Trends 2000 to Present

Maxfield Research obtained data from the U.S. Census Bureau on the number of building permits issued for new housing units in Big Lake from 2000 to May 2016. 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.

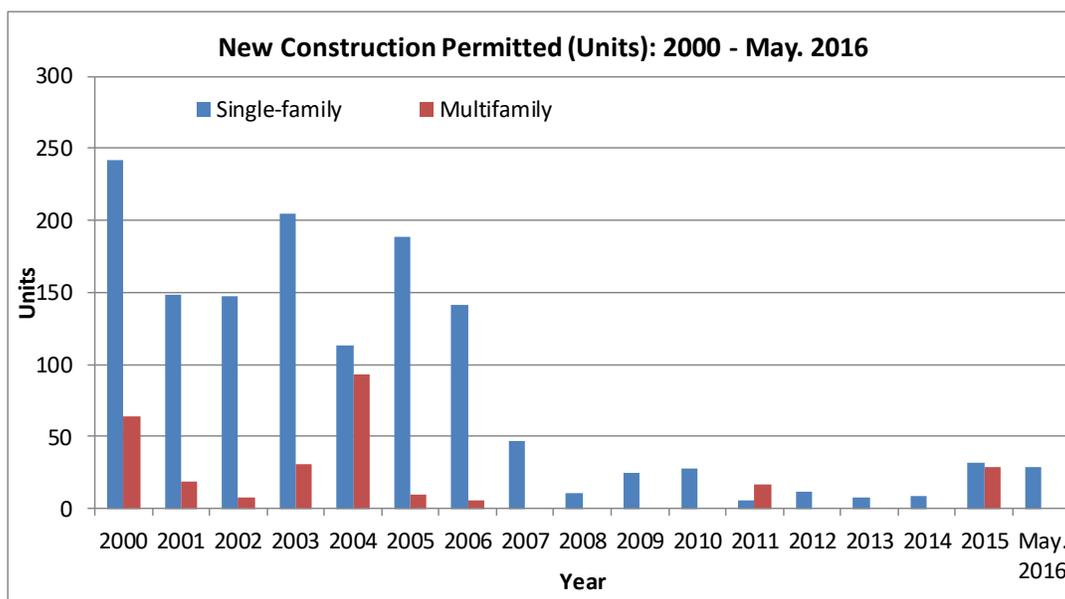
- The City of Big Lake issued 209 permits for the construction of 253 new residential units from 2007 to 2015. That equates to about 28 units annually since 2007.
- Between 2000 and 2006, the City of Big Lake issued residential permits for 1,416 units. That equates to about 202 units annually between 2000 and 2006. There were 231 multifamily and 1,185 single-family units permitted between 2000 and 2006.
- In 2007, most U.S. communities housing permits declined and recessionary effects on Big Lake's building permit activity and buyers can be identified in 2007. Beginning in 2007, building permits declined rapidly, and from 2007 to 2015 the City has averaged only 25 units per year with an average of 17 units per year being single-family units.
- Multifamily building permit has been limited since 2007. Most years after 2007 did not experience any multifamily construction. Since 2007, last year (2015) issued the greatest number of multifamily permitted units (29 multifamily units) in a single year. After 2007 there have only been a total of 46 multifamily building units permitted.

HOUSING CHARACTERISTICS

HC-1 RESIDENTIAL CONSTRUCTION BUILDING PERMITS ISSUED CITY OF BIG LAKE 2000 to May 2016				
Year	Units Permitted			Total New Residential Building Permits
	Single-Family	Multifamily	Total Units	
2000	242	64	306	245
2001	148	19	167	na
2002	147	8	155	na
2003	205	31	236	na
2004	113	93	206	na
2005	189	10	199	na
2006	141	6	147	na
2007	47	0	47	47
2008	11	0	11	11
2009	25	0	25	25
2010	28	0	28	28
2011	6	17	23	7
2012	12	0	12	12
2013	8	0	8	8
2014	9	0	9	9
2015	32	29	61	33
2016 ¹	29	0	29	29
Total	1,392	277	1,669	

¹Through May 2016

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



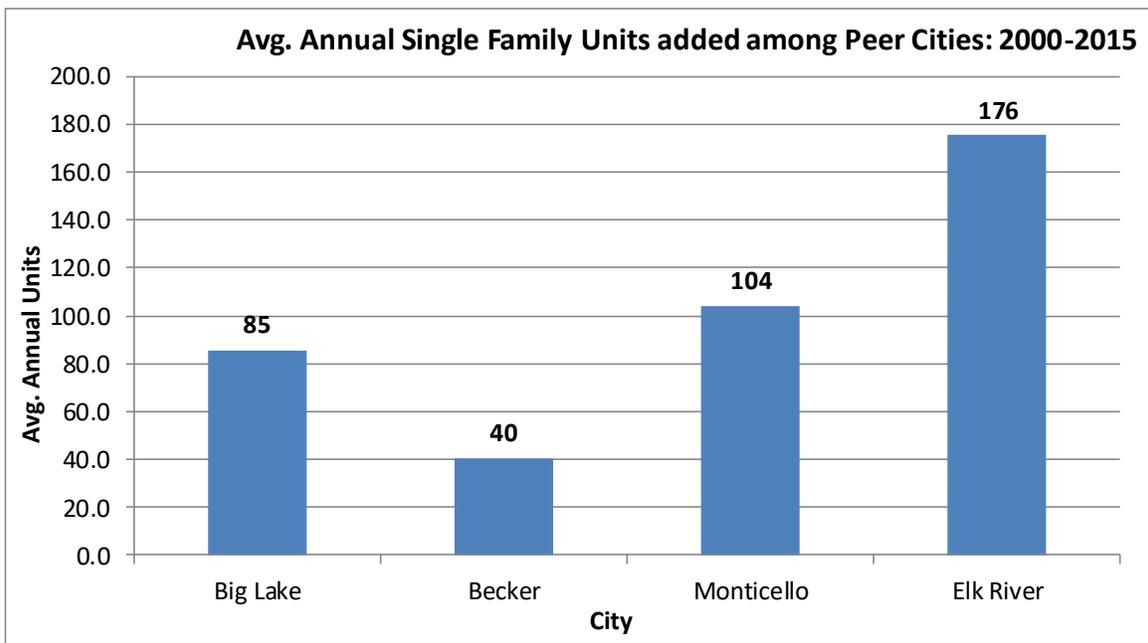
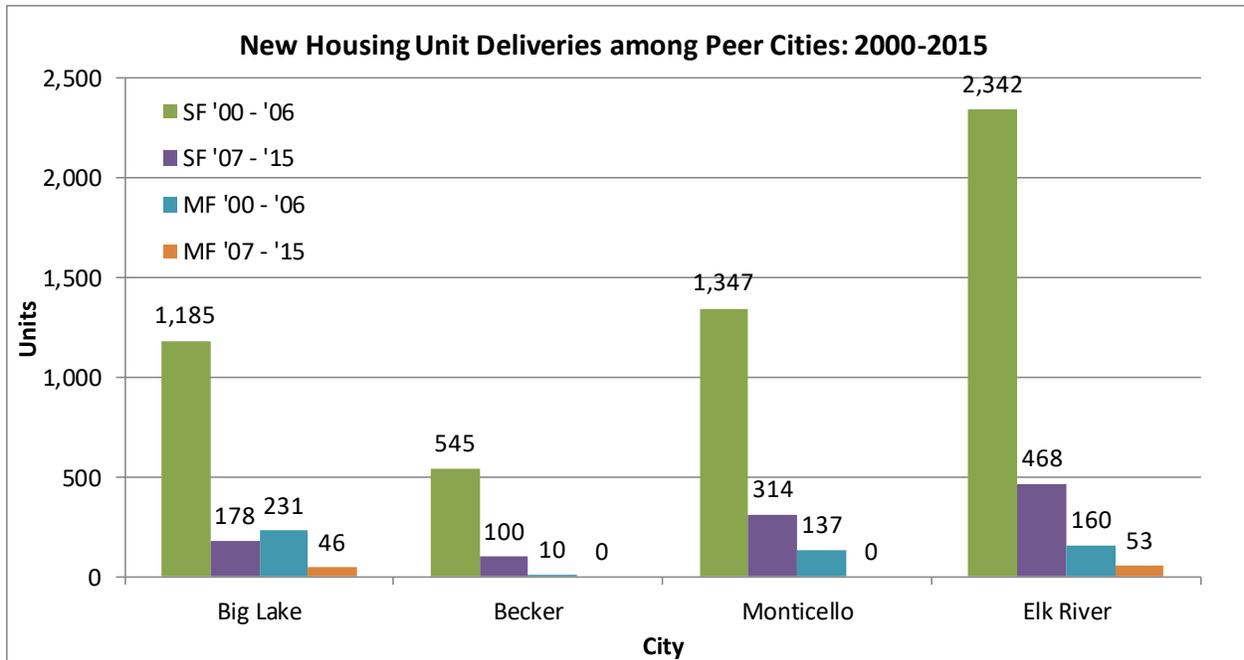
HOUSING CHARACTERISTICS

The following points summarize building permit trends for Big Lake and peer cities. Data is sourced from the U.S. Census Bureau. Table HC-2 illustrates single family and multifamily totals from 2000 to 2015.

- Elk River had the most new residential units constructed amongst the peer cities with the construction of 3,023 new residential units from 2000 to 2015. That equates to about 189 units annually since 2000. Due to Elk River's location near the Twin Cities; the community capitalized on the Twin Cities housing boom last decade.
- The City of Becker issued lowest number of permits amongst the peer cities for the construction of 655 new residential units from 2000 to 2015. That equates to 41 units annually since 2000. This community is also the furthest of peer communities from the Twin Cities Metro Area.
- Compared to peer cities; Big Lake has averaged 103 residential units per year over the past 16 years; compared to a collective average of 111 housing units per year among all the peer cities. Big Lake has issued nearly as many permits as Monticello between 2000 and 2015.

HC-2 RESIDENTIAL CONSTRUCTION BUILDING PERMITS ISSUED BIG LAKE & PEER CITIES 2000 to 2015												
Year	Big Lake Units			Becker Units			Monticello Units			Elk River Units		
	SF	MF	Total	SF	MF	Total	SF	MF	Total	SF	MF	Total
2000	242	64	306	66	0	66	148	70	218	230	82	312
2001	148	19	167	82	0	82	222	20	242	178	78	256
2002	147	8	155	60	0	60	222	0	222	252	0	252
2003	205	31	236	124	10	134	159	47	206	542	0	542
2004	113	93	206	116	0	116	244	0	244	546	0	546
2005	189	10	199	64	0	64	263	0	263	344	0	344
2006	141	6	147	33	0	33	89	0	89	250	0	250
2007	47	0	47	23	0	23	68	0	68	113	0	113
2008	11	0	11	10	0	10	37	0	37	24	0	24
2009	25	0	25	8	0	8	29	0	29	20	0	20
2010	28	0	28	9	0	9	11	0	11	15	53	68
2011	6	17	23	8	0	8	2	0	2	10	0	10
2012	12	0	12	11	0	11	22	0	22	36	0	36
2013	8	0	8	9	0	9	39	0	39	87	0	87
2014	9	0	9	7	0	7	65	0	65	90	0	90
2015	32	29	61	15	0	15	41	0	41	73	0	73
Total	1,363	277	1,640	645	10	655	1,661	137	1,798	2,810	213	3,023
Summary												
2000-2006	1,185	231	1,416	545	10	555	1,347	137	1,484	2,342	160	2,502
2007-2010	111	0	111	50	0	50	145	0	145	172	53	225
2011-2015	67	46	113	50	0	50	169	0	169	296	0	296
Sources: U.S. Census; Maxfield Research and Consulting LLC												

HOUSING CHARACTERISTICS



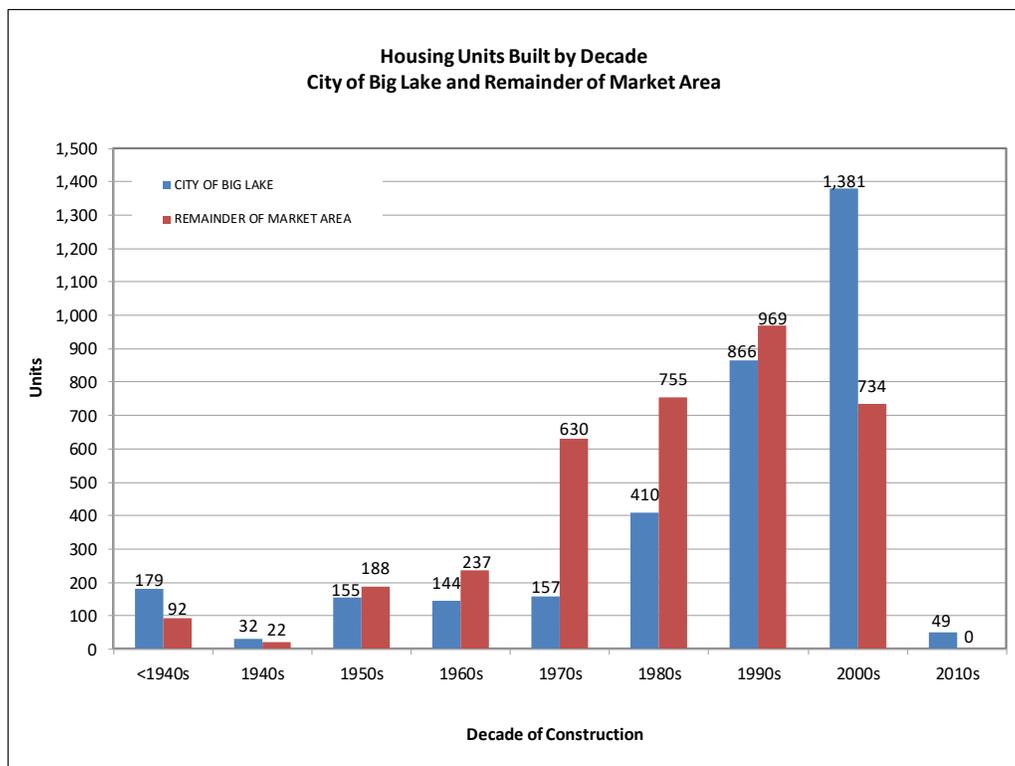
American Community Survey

The American Community Survey (“ACS”) is an ongoing statistical survey administered by the U.S. Census Bureau that is sent to approximately 3 million addresses annually. The survey gathers data previously contained only in the long form of the decennial census. As a result, the survey is ongoing and provides a more “up-to-date” portrait of demographic, economic, social, and household characteristics every year, not just every ten years. The most recent ACS highlights data collected between 2010 and 2014. Tables HC-3 to HC-7 show key data for Big Lake and the Market Area.

Age of Housing Stock

The following graph shows the age distribution of the housing stock in 2014 based on data from the U.S. Census Bureau American Community Survey (5-Year). Table HC-3 includes the number of housing units built in the Market Area, prior to 1940 and during each decade since.

- In total, the Market Area is estimated to have 7,000 housing units, of which roughly 90% are owner-occupied and 10% are renter-occupied. In Sherburne County, approximately 81% are owner-occupied while in Minnesota 72% of the housing stock is owner-occupied.



HOUSING CHARACTERISTICS

TABLE HC-3
AGE OF HOUSING STOCK
PRIMARY MARKET AREA
2014

	Total Units	Med. Yr. Built	Year Unit Built																	
			<1940		1940s		1950s		1960s		1970s		1980s		1990s		2000s		2010 - 2014	
			No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
CITY OF BIG LAKE																				
Owner-Occupied	2,849	1998	114	4.0	32	1.1	98	3.4	84	2.9	149	5.2	341	12.0	782	27.4	1,200	42.1	49	1.7
Renter-Occupied	524	1990	65	12.4	0	0.0	57	10.9	60	11.5	8	1.5	69	13.2	84	16.0	181	34.5	0	0.0
Total	3,373	1997	179	5.3	32	0.9	155	4.6	144	4.3	157	4.7	410	12.2	866	25.7	1,381	40.9	49	1.5
REMAINDER OF MARKET AREA																				
Owner-Occupied	3,436	1989	92	2.7	22	0.6	183	5.3	217	6.3	605	17.6	707	20.6	897	26.1	713	20.8	0	0.0
Renter-Occupied	191	1990	0	0.0	0	0.0	5	2.6	20	10.5	25	13.1	48	25.1	72	37.7	21	11.0	0	0.0
Total	3,627	1989	92	2.5	22	0.6	188	5.2	237	6.5	630	17.4	755	20.8	969	26.7	734	20.2	0	0.0
MARKET AREA TOTAL																				
Owner-Occupied	6,285	1993	206	3.3	54	0.9	281	4.5	301	4.8	754	12.0	1,048	16.7	1,679	26.7	1,913	30.4	49	0.8
Renter-Occupied	715	1990	65	9.1	0	0.0	62	8.7	80	11.2	33	4.6	117	16.4	156	21.8	202	28.3	0	0.0
Total	7,000	1993	271	3.9	54	0.8	343	4.9	381	5.4	787	11.2	1,165	16.6	1,835	26.2	2,115	30.2	49	0.7
Sherburne County																				
Owner-Occupied	24,667	1993	1,147	4.6	247	1.0	925	3.7	1,335	5.4	2,983	12.1	3,415	13.8	6,906	28.0	7,590	30.8	119	0.5
Renter-Occupied	5,616	1984	345	6.1	57	1.0	280	5.0	505	9.0	1,309	23.3	839	14.9	941	16.8	1,216	21.7	124	2.2
Total	30,283	1992	1,492	4.9	304	1.0	1,205	4.0	1,840	6.1	4,292	14.2	4,254	14.0	7,847	25.9	8,806	29.1	243	0.8
Minnesota																				
Owner-Occupied	1,525,201	1976	258,123	16.9	74,584	4.9	171,731	11.3	136,390	8.9	216,064	14.2	193,138	12.7	226,751	14.9	236,186	15.5	12,234	0.8
Renter-Occupied	590,136	1974	101,849	17.3	25,396	4.3	47,768	8.1	68,717	11.6	115,633	19.6	86,262	14.6	66,264	11.2	72,582	12.3	5,665	1.0
Total	2,115,337	1975	359,972	17.0	99,980	4.7	219,499	10.4	205,107	9.7	331,697	15.7	279,400	13.2	293,015	13.9	308,768	14.6	17,899	0.8

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

HOUSING CHARACTERISTICS

- Homes in Big Lake are slightly newer than homes in the Market Area. The highest numbers of homes in Big Lake were constructed in the 2000's. Overall, roughly 40% of housing units were built during this period. As a comparison, the highest numbers of homes in the Remainder of the Market Area were built prior to 1940 (27.7%). About 47% of the Market Area's housing stock was built in the 1990's.
- 42% of Big Lake's housing stock has been built since 2000 compared to 31% of Sherburne County, and 15.4% in Minnesota.

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

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

- The dominant housing type in the Market area is the single-family detached home, representing an estimated 95% of all owner-occupied housing units and 62.7% of renter-occupied housing units as of 2014.
- Most owner-occupied housing units are single-family detached homes representing 89.6% of all owner-occupied housing in Big Lake.

Units in Structure	BIG LAKE				REMAINDER				MARKET AREA TOTAL			
	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.
1, detached	2,552	89.6%	269	51.3%	3,418	99.5%	179	94%	5,970	95.0%	448	62.7%
1, attached	141	4.9%	13	2.5%	0	0.0%	0	0%	141	2.2%	13	1.8%
2	0	0.0%	0	0.0%	0	0.0%	0	0%	0	0.0%	0	0.0%
3 to 4	0	0.0%	13	2.5%	0	0.0%	0	0%	0	0.0%	13	1.8%
5 to 9	45	1.6%	33	6.3%	0	0.0%	0	0%	45	0.7%	33	4.6%
10 to 19	0	0.0%	32	6.1%	0	0.0%	0	0%	0	0.0%	32	4.5%
20 to 49	0	0.0%	105	20.0%	0	0.0%	0	0%	0	0.0%	105	14.7%
50 or more	0	0.0%	59	11.3%	0	0.0%	12	6%	0	0.0%	71	9.9%
Mobile home	111	3.9%	0	0.0%	18	0.5%	0	0%	129	2.1%	0	0.0%
Boat, RV, van, etc.	0	0.0%	0	0.0%	0	0.0%	0	0%	0	0.0%	0	0.0%
Total	2,849	100%	524	100%	3,436	100%	191	100%	6,285	100%	715	100%

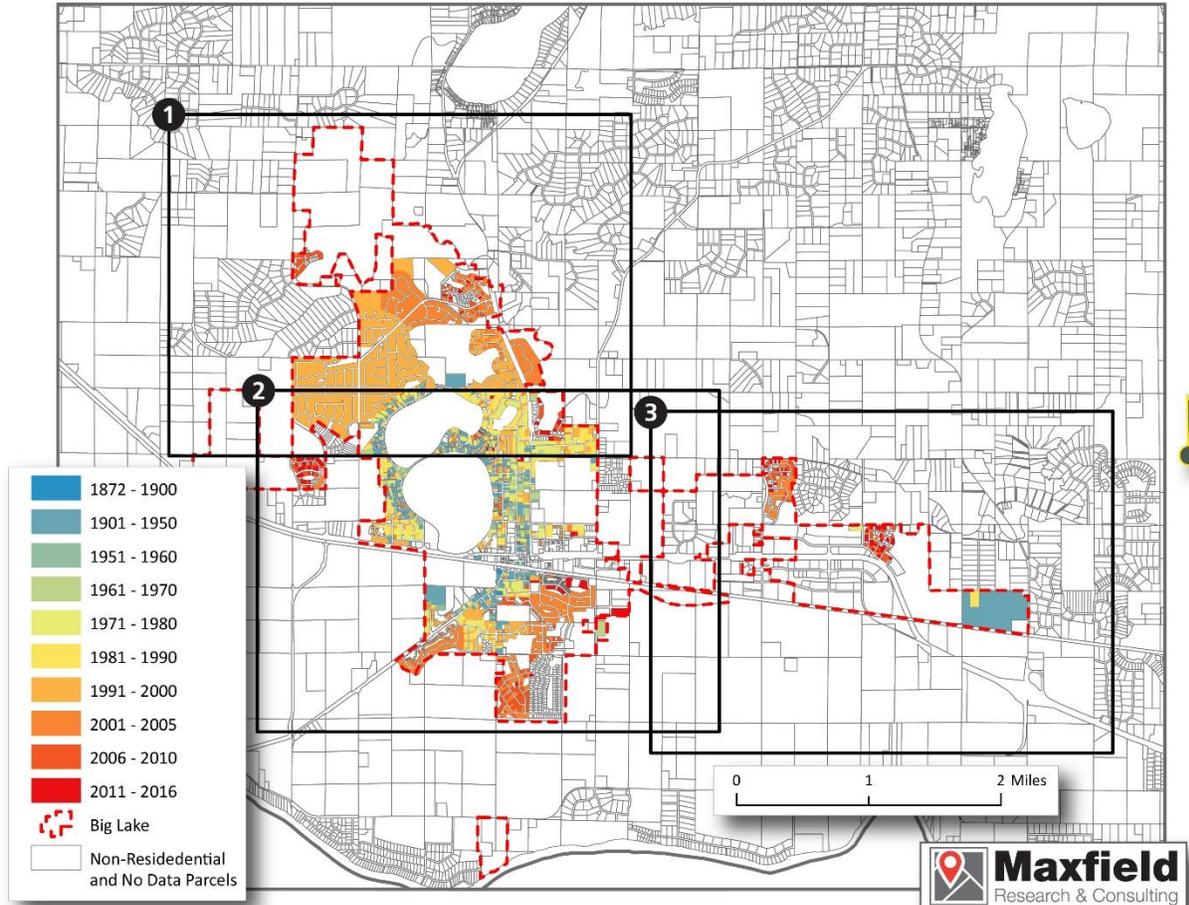
Sources: U.S. Census Bureau - American Community Survey; Maxfield Research and Consulting LLC

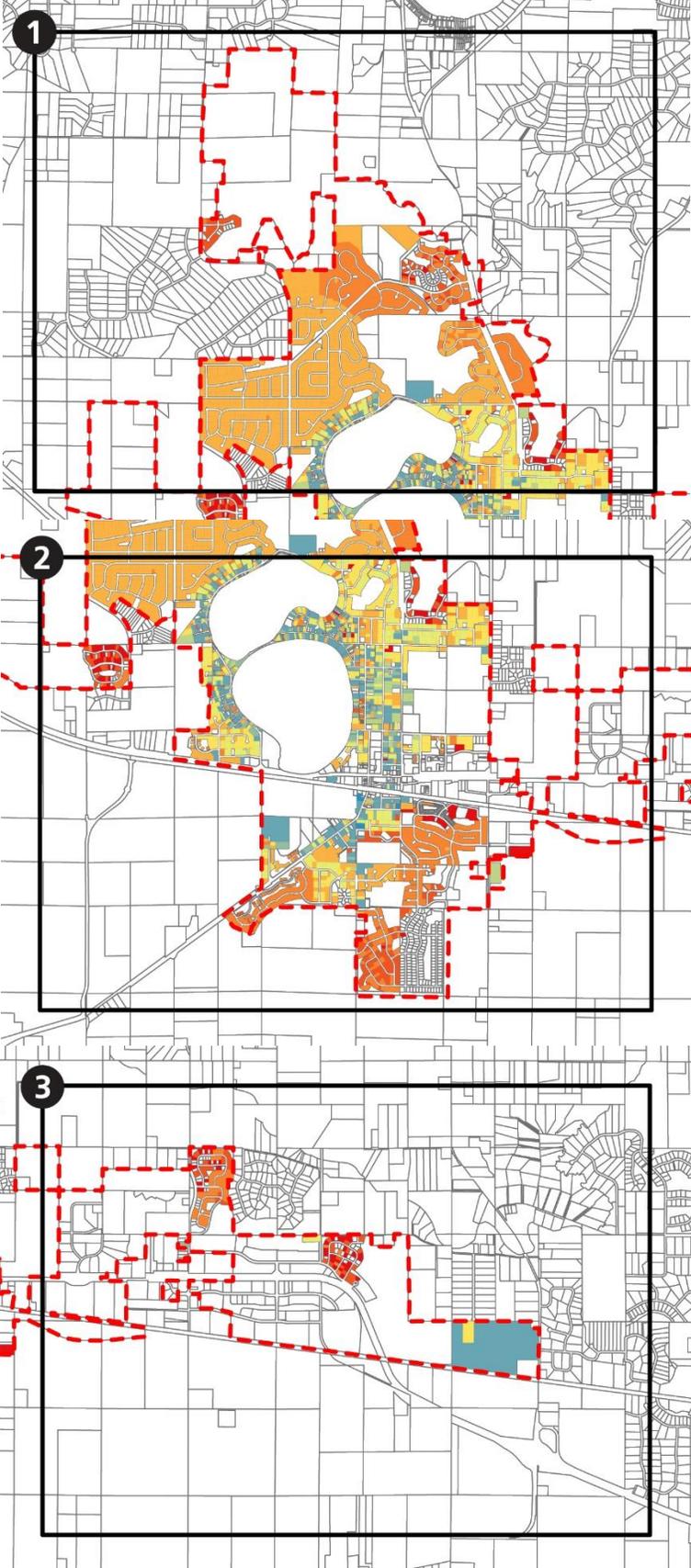
- Over 51% of the renter-occupied housing units are single-family detached homes in Big Lake.
- Most of the housing units with three or more units are renter-occupied. Most renter-occupied housing units in the Market Area with three or more units are located in Big Lake.

HOUSING CHARACTERISTICS

- As of 2014, the U.S. Census identified that mobile homes account for about 2.1% of all housing units in the Market Area. The mobile homes identified by the U.S. Census are mostly located within Big Lake.

Big Lake Residential Parcels By Year Built





Owner-Occupied Housing Units by Mortgage Status

Table HC-5 shows mortgage status and average values from the American Community Survey for 2014 (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's the only mortgage. A second (and sometimes third) mortgage is called a "junior mortgage," a home equity line of credit (HELOC) would also fall into this category. Finally, a housing unit without a mortgage is owned free and clear and is debt free.

- Approximately 86.7% of Big Lake homeowners and 76.8% of homeowners in the Remainder of the Market Area have a mortgage. About 22% of homeowners with mortgages in Big Lake also have a second mortgage and/or home equity loan. These numbers are similar slightly higher as compared to Minnesota where approximately 70% of homeowners have a mortgage.
- The median value for homes with a mortgage for the City of Big Lake homeowners is approximately \$151,800. By comparison, the Remainder of the Market Area is about \$207,379.
- Of Big Lake owner-occupied households, 13% do not have a mortgage while the in the Market area as a whole, approximately 19% do not have a mortgage. Within Sherburne County, 19.8% and 31.2% Minnesota owner-occupied households do not have a mortgage.

Mortgage Status	BIG LAKE		REMAINDER		MARKET AREA	
	No.	Pct.	No.	Pct.	Pct.	Pct.
Housing units without a mortgage	379	13.3	832	23.2	1,211	18.8
Housing units with a mortgage/debt	2,470	86.7	2,759	76.8	5,229	81.2
<i>Second mortgage only</i>	264	9.3	254	7.1	518	8.0
<i>Home equity loan only</i>	357	12.5	648	18.0	1,005	15.6
<i>Both second mortgage and equity loan</i>	23	0.8	22	0.6	45	0.7
<i>No second mortgage or equity loan</i>	1,826	64.1	1,835	51.1	3,661	56.8
Total	2,849	100.0	3,591	100.0	6,440	100.0
Median Value by Mortgage Status						
Housing units with a mortgage	\$151,800		\$207,379		\$181,125	
Housing units without a mortgage	\$159,800		\$234,464		\$211,097	
Sources: U.S. Census Bureau - American Community Survey; Maxfield Research and Consulting LLC						

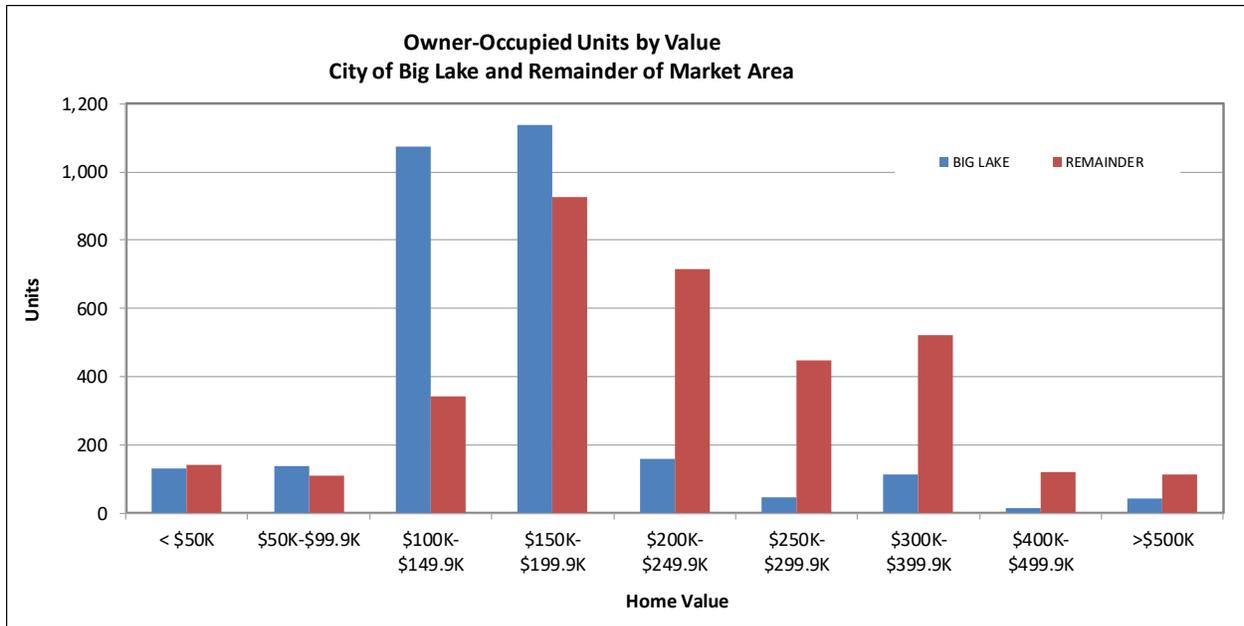
Owner-Occupied Housing Units by Value

Table HC-6 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.

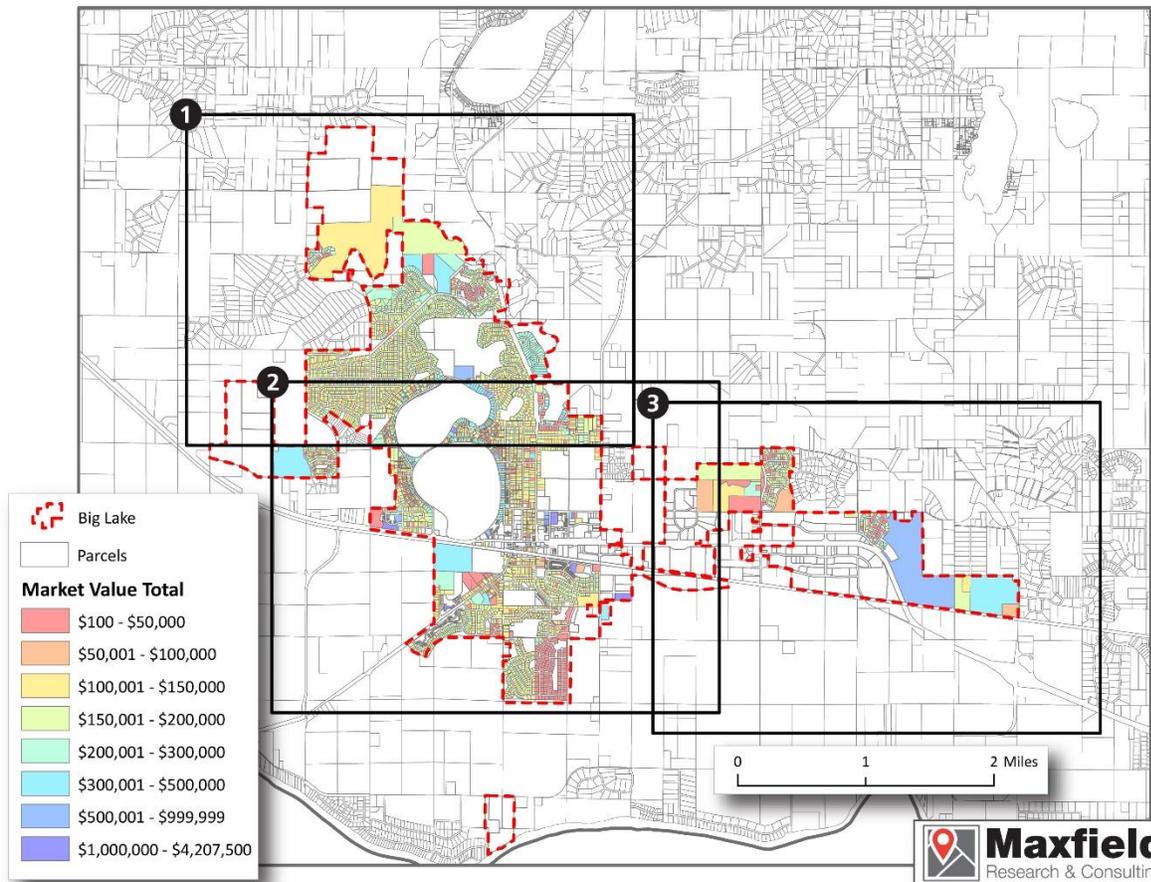
- The majority of the owner-occupied housing stock in the City of Big Lake is estimated to be valued between \$150,000 and \$199,999 (39.9%). Approximately 38% is valued between \$100,000 and \$149,999, 9.3% is under \$100,000, 5.6% is between \$200,000 and \$250,000, and 7.5% is over \$250,000.
- The median owner-occupied home value in Big Lake is \$152,500, or \$61,640 less than the Remainder of the Market Area median home value (\$214,140). There is a greater percentage of higher valued homes in the Remainder of the Market Area (\$200,000 or greater) than the City of Big Lake. Approximately 13% of homes in Big Lake are valued at \$200,000 or greater compared to 56% in the Remainder of the Market Area. A percentage of these in the Remainder of the Market Area are located on lakes or farmsteads.
- According to Big Lake County Tax records, there are 3,349 parcels coded as Tax Class residential with a taxable structure on the property with 2,918 of those being homesteaded. The Big Lake County Tax records identify that the residential parcels with a taxable structure have an average market value of \$132,639 with a minimum market value of \$1,900 and the maximum of \$3,782,500.

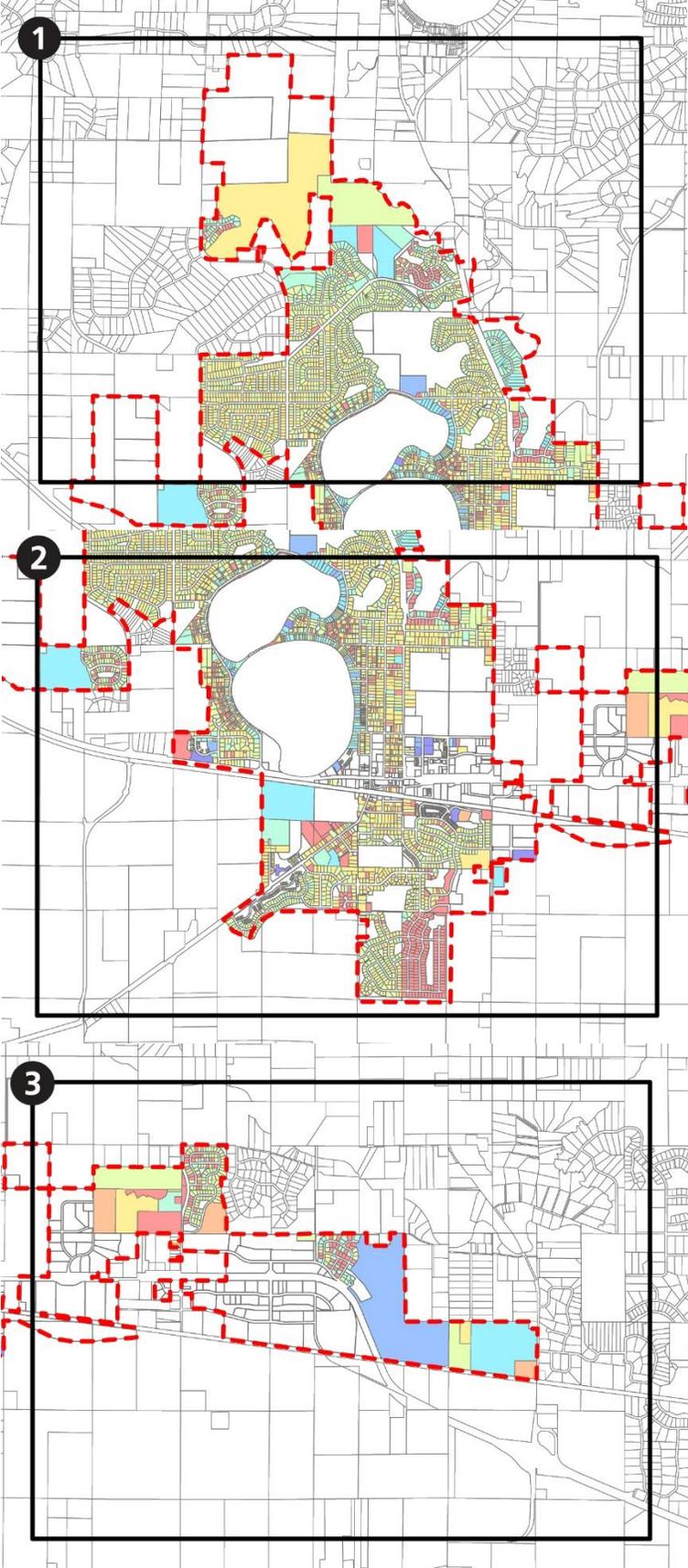
Home Value	BIG LAKE		REMAINDER		MARKET AREA		SHERBURNE COUNTY	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Less than \$50,000	129	4.5	142	4.1	271	4.3	338	5.9
\$50,000-\$99,999	136	4.8	111	3.2	247	3.9	1094	19.0
\$100,000-\$149,999	1,074	37.7	341	9.9	1,415	22.5	1737	30.1
\$150,000-\$199,999	1,138	39.9	927	27.0	2,065	32.9	1243	21.5
\$200,000-\$249,999	159	5.6	714	20.8	873	13.9	480	8.3
\$250,000-\$299,999	45	1.6	448	13.0	493	7.8	345	6.0
\$300,000-\$399,999	113	4.0	521	15.2	634	10.1	299	5.2
\$400,000-\$499,999	14	0.5	120	3.5	134	2.1	75	1.3
Greater than \$500,000	41	1.4	112	3.3	153	2.4	160	2.8
Total	2,849	100.0	3,436	100.0	6,285	100.0	5,771	100.0
Median Home Value	\$152,500		\$214,140		\$186,199		\$188,600	

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



Big Lake Market Value of Residential Parcels





Renter-Occupied Units by Contract Rent

Table HC-7 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 Big Lake and the Remainder of the Market Area was \$870 and \$1,153, respectively. Based on a 30% allocation of income to housing, a household in Big Lake would need an income of about \$34,800 to afford an average monthly rent of \$870.
- Approximately 87% of Big Lake renters paying cash have monthly rents over \$500 with 29.6% of renters paying between \$750 and \$999. Only 4.8% of renters have monthly rents of less than \$500 in Big Lake.
- Within Minnesota, most renters (23.6%) are paying a contract rent between \$750 to \$999.

TABLE HC-7 RENTER-OCCUPIED UNITS BY CONTRACT RENT PRIMARY MARKET AREA 2014								
Contract Rent	BIG LAKE		REMAINDER		MARKET AREA		SHERBURNE COUNTY	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
No Cash Rent	42	8.0	16	8.4	58	8.1	218	3.9
Cash Rent	482	92.0	175	91.6	657	91.9	5,398	96.1
\$0 to \$249	12	2.3	0	0.0	12	1.7	220	3.9
\$250-\$499	13	2.5	0	0.0	13	1.8	323	5.8
\$500-\$749	121	23.1	48	25.1	169	23.6	1,549	27.6
\$750-\$999	155	29.6	22	11.5	177	24.8	1,728	30.8
\$1,000+	181	34.5	105	55.0	286	40.0	1,578	28.1
Total	524	100.0	191	100.0	715	100.0	5,616	100.0
Median Contract Rent	\$870		\$1,153		\$1,118		\$827	

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

Planned and Proposed Housing Projects

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

HOUSING CHARACTERISTICS

The Northern Star Apartments are planning a second phase to their development with 38 apartment units. This phase is market rate with 40% of the units meeting 60% AMI. This project is expected to begin construction in August 2016 with construction finishing by September 2017.

Norland Park is zoned R-1 single-family residential with a PUD overlay with 96 single-family residential lots available in Norland Park Future Additions.

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

Introduction

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

For purposes of our analysis, we have classified rental projects into two groups, general occupancy and senior (age restricted). All senior projects are included in the *Senior Rental Analysis* section of this report. The general occupancy rental projects are divided into three groups: market rate (those without income restrictions); affordable (those receiving tax credits in order to keep rents affordable; and subsidized (those with income restrictions based on 30% allocation of income to housing).

Overview of Rental Market Conditions

Maxfield Research utilized data from the American Community Survey (ACS) to summarize rental market conditions in the Big Lake Market Area. The ACS is an ongoing survey conducted by the United States Census Bureau that provides data every year rather than every ten years as presented by the decennial census. We use this data because these figures are not available from the decennial census. Please note that the ACS data includes all rental units, regardless of household type.

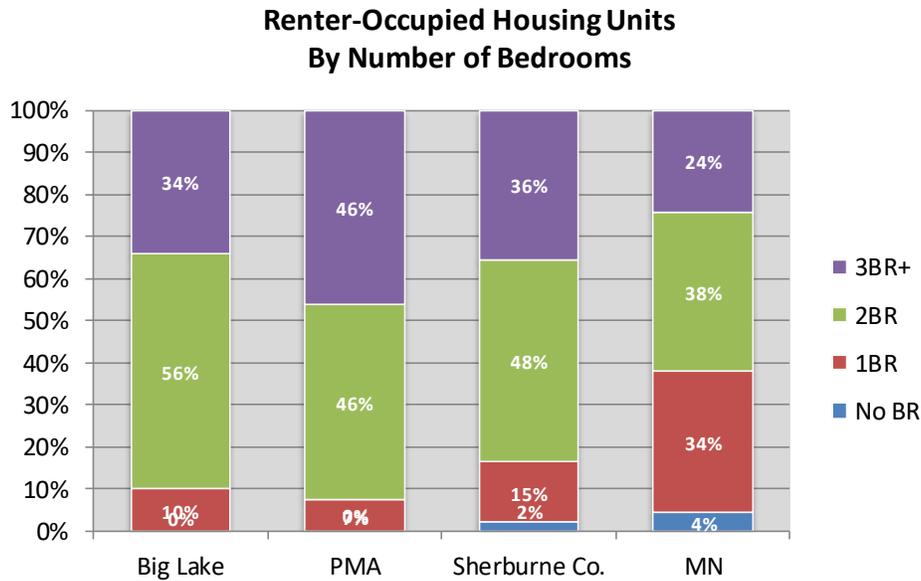
Table R-1 presents a breakdown of median gross rent and monthly gross rent ranges by number of bedrooms in renter-occupied housing units from the 2010-2014 ACS in the Big Lake Market Area, in comparison to Minnesota. Gross rent is defined as the amount of the contract rent plus the estimated average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

- The Big Lake Market Area has higher rents when compared to Minnesota. The median gross rent in the area is at \$1,226 in the Market area and \$953 in Big Lake. Big Lake is 14.1% higher than the median rent of \$835 in Minnesota. The higher rents in Big Lake and the Market Area are due to the proximity of the communities to the Twin Cities Metro Area which have higher rents than the State.
- Two- bedroom are the most common rental unit type in Big Lake, representing 56% of all occupied rental units in the Market Area. In Minnesota, two bedroom units are also the most common rental unit type (38%).

RENTAL MARKET ANALYSIS

R-1 BEDROOMS BY GROSS RENT, RENTER-OCCUPIED HOUSING UNITS MARKET AREA 2014							
	Big Lake		PMA		Sherburne Co.		MN
	#	% of Total	#	% of Total	#	% of Total	% of Total
Total:	524	100%	715	100%	5,616	100%	100%
Median Gross Rent	\$953		\$1,226		\$928		\$835
No Bedroom	0	0%	0	0%	115	2%	4%
Less than \$200	0	0%	0	0%	105	2%	0%
\$200 to \$299	0	0%	0	0%	0	0%	0%
\$300 to \$499	0	0%	0	0%	0	0%	1%
\$500 to \$749	0	0%	0	0%	10	0%	2%
\$750 to \$999	0	0%	0	0%	0	0%	1%
\$1,000 or more	0	0%	0	0%	0	0%	1%
No cash rent	0	0%	0	0%	0	0%	0%
1 Bedroom	53	10%	53	7%	822	15%	34%
Less than \$200	0	0%	0	0%	66	1%	1%
\$200 to \$299	0	0%	0	0%	55	1%	3%
\$300 to \$499	13	2%	13	2%	36	1%	4%
\$500 to \$749	40	8%	40	6%	396	7%	10%
\$750 to \$999	0	0%	0	0%	188	3%	9%
\$1,000 or more	0	0%	0	0%	78	1%	5%
No cash rent	0	0%	0	0%	3	0%	0%
2 Bedrooms	292	56%	332	46%	2,682	48%	38%
Less than \$200	12	2%	12	2%	12	0%	1%
\$200 to \$299	0	0%	0	0%	0	0%	1%
\$300 to \$499	0	0%	0	0%	56	1%	2%
\$500 to \$749	12	2%	12	2%	487	9%	7%
\$750 to \$999	211	40%	246	34%	1,202	21%	12%
\$1,000 or more	41	8%	46	6%	852	15%	13%
No cash rent	16	3%	16	2%	73	1%	1%
3 or More Bedrooms	179	34%	330	46%	1,997	36%	24%
Less than \$200	0	0%	0	0%	0	0%	0%
\$200 to \$299	0	0%	0	0%	0	0%	0%
\$300 to \$499	0	0%	0	0%	58	1%	1%
\$500 to \$749	0	0%	0	0%	219	4%	3%
\$750 to \$999	13	2%	43	6%	220	4%	4%
\$1,000 or more	140	27%	245	34%	1,358	24%	13%
No cash rent	26	5%	42	6%	142	3%	3%

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



- One-bedroom units comprise 10% of Big Lake’s renter-occupied housing supply and there were no renter-occupied units with no bedrooms (i.e. studio units). By comparison, roughly 34% of Minnesota’s renter-occupied housing units are one-bedroom and 4% have no bedrooms. Most one-bedroom units in Big Lake (8%) have a rental range between \$500 and \$749.
- In Big Lake, most of the two-bedroom units (40%) have gross monthly rents ranging from \$750 to \$999 and most units with three or more bedrooms (27%) rent for \$1,000 or more.
- Roughly 40% of the units in the Market Area have rents over \$1,000.

General-Occupancy Rental Projects

Our research of Big Lake’s general occupancy rental market included a survey of 12 market rate, affordable and subsidized apartment properties (eight units and larger) in June 2016. These projects represent a combined total of 311 units, including 210 market rate units, 101 affordable and subsidized units.

Although we were able to contact and obtain up-to-date information on the majority of rental properties, there are projects in the Big Lake Market Area that are less than eight units. In these circumstances, those properties are not included in our average rent or vacancy rate calculations. Many of those properties are single family or duplex units that have had less than eight rooms converted into apartments per ACS. There are approximately 213 rental units in Big Lake within houses, duplexes, or multi-use structures in Big Lake with less than eight units as referenced though ACS tables.

RENTAL MARKET ANALYSIS

At the time of our survey, two market rate units were vacant, resulting in an overall vacancy rate of 0.6% for all units. The combined overall vacancy rate is below the industry standard of 5% vacancy for a stabilized rental market rate which promotes competitive rates, ensures adequate choice, and allows for unit turnover.

Table R-2 summarizes information on market rate, affordable, and subsidized general occupancy projects. Table R-3 summarizes available unit types and rents while Table R-3 summarizes unit features and common area amenities among all general-occupancy housing developments.

Market Rate

- Most of Big Lake's market rate general occupancy rental housing were built in the 1980's.
- The newest market rate general occupancy rental housing project over eight units in Big Lake is the Town Square Residential Suites, which was built in 2016.
- A total of two unit vacancies were found in market rate rental projects, resulting in a vacancy rate of 1.0% as of June 2016. Market rate rental vacancy stabilized equilibrium is considered to be 5% to allow for unit turnover and property choice for renters.
- Sizes for market rate units ranged from 650 square feet for a one-bedroom apartment at Fern Court Apartments to 1,287 square feet for a three-bedroom apartment at the Northern Star Apartments. The average size of all market rate apartments in Big Lake is 902 square feet.
- Rents range from \$575 for a one-bedroom apartment at Auburn Manor to \$1,300 for a three-bedroom apartment at Ashbury Residential Suites. The average rent of all market rate apartments in Big Lake is \$841.

Affordable/Subsidized

- There are three income-restricted properties in Big Lake with 101 total units. There were no vacant units as of June 2016. Typically, subsidized and affordable rental properties should be able to maintain vacancy rates of 3% or less in most housing markets. The lack of vacancies for affordable and subsidized housing units indicate a need for additional affordable and subsidized housing.

RENTAL MARKET ANALYSIS

R-2 SELECT GENERAL OCCUPANCY RENTAL PROJECTS PRIMARY MARKET AREA June 2016											
Project Name/Location Contact Information	Occp. Date	No. of Units	Total Vacant	Unit Description				Monthly Rent		Rent/sq. ft.	
				Type	No.	Vac.	Size	Min	Max	Min	Max
MARKET RATE RENTAL PROJECTS											
Alfords Apartments 651 Eagle Lake Road N	1985	8	0	2BR	8	0	800	\$725		\$0.91	
vacancy rate: 0.0%											
Notes: Tenant responsible for everything except garbage. Not much turnover, have had tenants for over 10 years. Maintain lawn and soft water.											
Ashbury Residential Suites 660 Minnesota Avenue	2005	24	0	1BR	9	0	687	\$750 - \$850		\$1.09	
vacancy rate: 0.0%											
2BR 10 0 844 - 966 \$900 - \$1,000 \$1.07											
3BR 5 0 1,138 \$1,200 - \$1,300 \$1.05											
Notes: Units feature AC, refrigerator, dishwasher, patio/balcony. Building features playground, laundry. Heat, water, garbage, sewer included. Units above garages.											
Auburn Manor 315 Fern Street	1976	24	0	1BR	12	0	675	\$575 - \$675		0.85 - \$1.00	
vacancy rate: 0.0%											
2BR 12 0 825 \$680 - \$795 0.82 - \$0.96											
Notes: On-site laundry, smoke free, ceiling fans, AC, Tenant pays for own heat, not much turnover.											
Eagle Wing Apartments 1041 Eagle Lake Road N	1984	8	0	1BR	1	0	na	na			
vacancy rate: 0.0%											
2BR 7 0 800 \$730 \$0.91											
Notes: Water, Garbage, and a garage is included. On-site laundry and ample parking.											
Fern Court Apartments 550 Minnesota Avenue	1970	22	1	1BR	7	1	650	\$685		\$1.05	
vacancy rate: 4.5%											
2BR 14 0 850 \$750 \$0.88											
3BR 1 0 na na											
Notes: 3-story building; tenant pays electric, phone, and cable; detached garages (\$45/mo.); coin-laundry; balconies; well kept property for age and usually full. One two-bedroom coming available in August.											
Northern Star Apartments 19591 Station Street	2014	38	0	1BR	8	0	801 - 869	\$850		\$1.06	
vacancy rate: 0.0%											
2BR 12 0 1,023 - 1,202 \$950 - \$1,025 \$0.93 - \$1.00											
3BR 18 0 1,210 - 1,287 \$1,100 - \$1,205 \$0.91 - \$1.00											
Notes: Opened November 2014. One 3-story apartment building, community center, meeting room, fitness room, community kitchen, Units feature AC, dishwasher, in-unit washer and dryer, walk-in closets, extra storage, allow cats, parking fee \$40. Second building (same as the first) is construction planned to begin this summer finishing in Sept. 2016. The current vacant units must follow income guidelines, section 8 vouchers if being used.											
School View Estates 440 Phyllis Street	1987	8	0	1BR	na	0	na	\$625			
vacancy rate: 0.0%											
2BR na 0 na \$725											
Notes: Units come with a one car garage, water, sewer, and garbage are covered by rent, everything else is the tenants responsibility. They are not expecting any vacancies any time soon.											
Sherburne Park Estates 600 Minnesota Avenue	1985/1986	48	0	1BR	13	0	800	\$755		\$0.94	
vacancy rate: 0.0%											
2BR 34 0 900 \$850 \$0.94											
3BR 1 0 950 \$999 \$1.05											
Notes: Units feature AC, carpet, dishwasher, disposal, refrigerator. Heat, Water, and Trash are included.											
Town Square Residential Suites 715 Martin Avenue	2016	30	1	Studio	na	0	676	\$670		\$0.99	
vacancy rate: 3.3%											
1BR na 1 711 876 \$850 \$0.97 - \$1.20											
2BR na 0 919 - 1,104 na											
Notes: 3 Stories, Water, Trash removal, Sewer included, wheelchair accessible rooms, stainless steel appliances, center island, interior finishes, walk out patio or screened in porch, Laundry rooms on every level or optional laundry in your suite. Amenities include; a large community room, craft room, elevator, optional attached garages and a secure location with surveillance. \$50 application fee.											

Continued

RENTAL MARKET ANALYSIS

R-2 Continued										
SELECT GENERAL OCCUPANCY RENTAL PROJECTS										
PRIMARY MARKET AREA										
June 2016										
AFFORDABLE/SUBSIDIZED RENTAL PROJECTS										
Leighton's Landing ¹	1997	32	na	2BR	16	na		\$842		
220 Maple Lane			vacancy rate:	na	3BR	16	na	\$1,337		
Notes: 32 units with subsidy, heat, water, sewer included. Attached garage, playground, private entry.										
School View Square Apartments ¹	1988	36	0	2BR	20	0	737 - 765	\$1,142	\$1.55	
690 Minnesota Ave. E.			vacancy rate:	0.0%	3BR	16	0	926 - 1,026	\$1,319	\$1.42
Notes: 50 units with subsidy, 14 designated senior, AC, garages available, walk in closets, extra storage, basketball court, common laundry, on-site management, controlled access, off-street parking, playground. Rent is income based.										
The Crossing at Big Lake Station	2013	33	0	2BR	17	0	1,378	\$865	\$0.63	
115-A Henry Rd.			vacancy rate:	0.0%	3BR	14	0	1,445	\$995	\$0.69
					4BR	2	0	1,891	\$1,105	\$0.58
Notes: LIHTC, Underground Parking included, in-unit washer/dryer, playground, one block to the Northstar Commuter Rail Station, water/sewer/garbage paid.										
Total		311	2	0.6% vacant						
¹ 2015 rent adjusted for inflation.										
We used a 0% vacancy for Leighton's Landing due to subsidized area trends.										
Source: Maxfield Research and Consulting, LLC										

R-3								
UNIT TYPE SUMMARY								
GENERAL OCCUPANCY RENTAL DEVELOPMENTS								
June 2016								
Market Rate						Monthly Rents		
Unit Type	Total Units	% of Total	Vacant Units ¹	% Vacant	Avg. Size	Range Low - High	Avg. Rent	Avg. Rent/Sq. Ft.
Studio	na	-	0	0.0%	676	\$670	\$670	\$0.99
1BR	50	29%	2	4.0%	733	\$575 - \$850	\$741	\$1.03
2BR	97	56%	0	0.0%	895	\$680 - \$1,025	\$830	\$0.93
3BR	25	15%	0	0.0%	1,079	\$999 - \$1,300	\$1,134	\$1.02
Total:	172	100%	2	0.6%	902	\$575 - \$1,300	\$841	\$0.99
Affordable / Subsidized						Monthly Rents		
Unit Type	Total Units	% of Total	Vacant Units ¹	% Vacant	Avg. Size	Range Low - High	Avg. Rent	Avg. Rent/Sq. Ft.
1BR	0	0%	0	0.0%	0			
2BR	53	52%	0	0.0%	1,039	\$842 - \$1,142	\$950	\$1.07
3BR	46	46%	0	0.0%	1,195	\$995 - \$1,337	\$1,217	\$1.02
4BR	2	2%	0	0.0%	1,891	\$1,105 - \$1,105	\$1,105	\$0.58
Total:	101	100%	0	0.0%	1,375	\$842 - \$1,337	\$1,086	\$0.89
¹ Vacant units are calculated only from properties where information was provided by property management.								
Source: Maxfield Research and Consulting, LLC								

Select General Occupancy Rental Photos



The Crossing at Big Lake Station



Leighton's Landing



RENTAL MARKET ANALYSIS

Select General Occupancy Rental Photos



Fern Court Apartments



Auburn Manor



Town Square Residential Suites



Ashbury Residential Suites



School View Square

RENTAL MARKET ANALYSIS

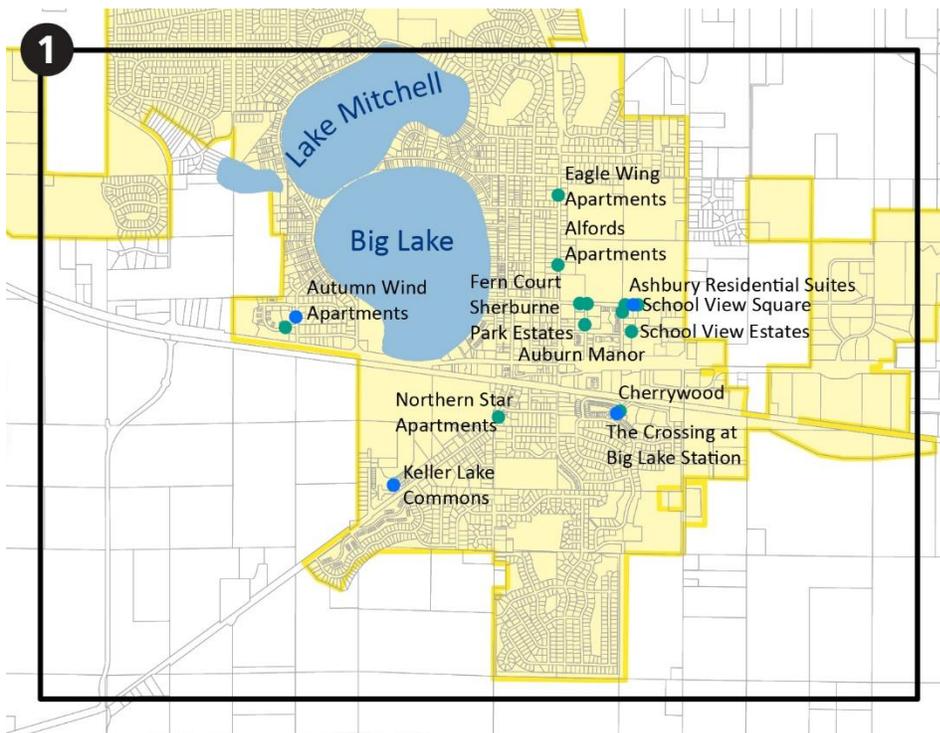
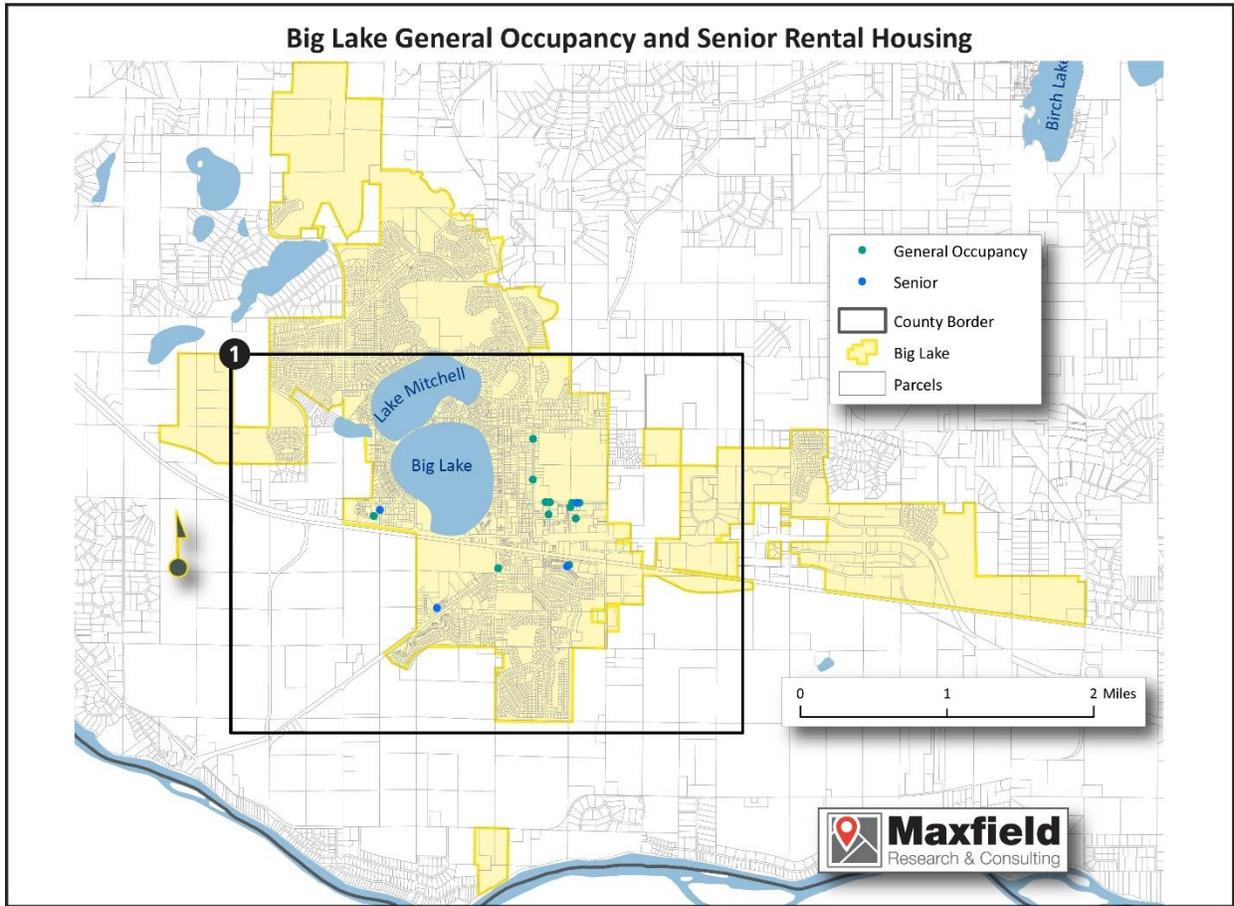
Select General Occupancy Rental Photos



R-4 UNIT FEATURES AND COMMON AREA AMENITIES SELECT RENTAL PROJECTS June 2016		
Projects	In Unit/Common Area Amenities	Utilities and Parking
	Air Conditioning Dishwasher Patio/Balcony Walk-in Closet Laundry Elevator Community Room Fitness Center Playground Pool Extra Storage Space	Heat/Gas Electricity Water/Sewer Trash Cable Parking
Alfords Apartments	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Ashbury Residential Suites	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="C"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="AG"/>
Auburn Manor	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="C"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Eagle Wing Apartments	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="C"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>
Fern Court Apartments	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="C"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="DG"/>
Northern Star Apartments	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="IU"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="DG"/>
School View Estates	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>
Sherburne Park Estates	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="C"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="DG"/>
Town Square Residential Suites	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="C"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="AG"/>
Leighton's Landing	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="AG"/>
School View Square Apartments	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="C"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>
The Crossing at Big Lake Station	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="IU"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="UG"/>

Note: X=Available/Included
 DG=Detached Garage; UG=Underground; AG=Attached Garage; O=Offstreet; IU=In-unit; HU=Hook-ups; C=Common

Source: Maxfield Research and Consulting, LLC



Senior Housing Defined

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

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

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

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

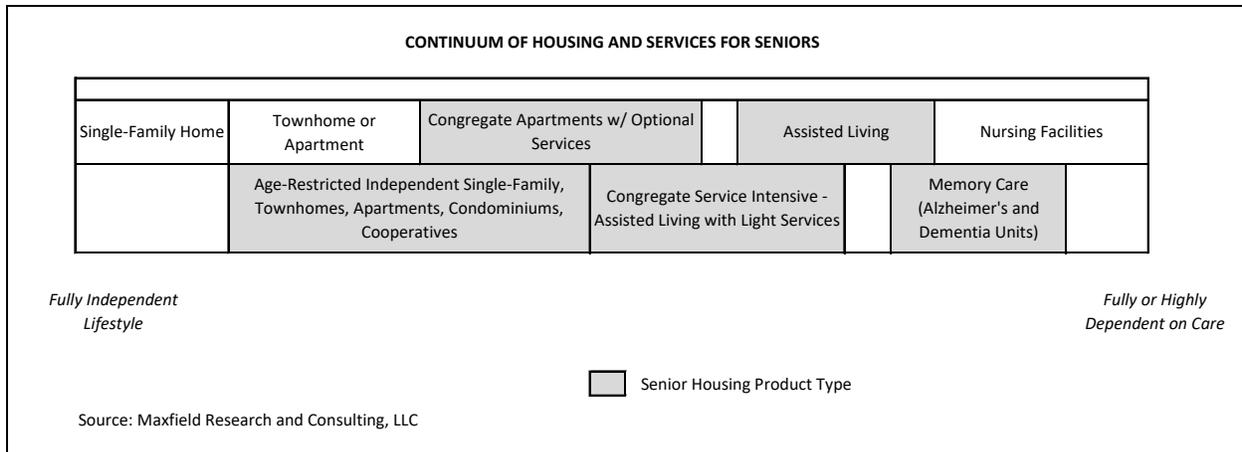
Assisted Living; where two or three daily meals as well as basic support services such as transportation, housekeeping and/or linen changes are included in the fees. Personal care services such as assistance with bathing, grooming and dressing is included in the fees or is available either for an additional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

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

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

The five senior housing products offered today form a continuum of care (see Figure 2 on the following page), from a low level to a fairly intensive one; often the service offerings at one type overlap with those at another. In general, however, adult/few services projects tend to attract younger, more independent seniors, while assisted living and memory care projects tend to attract older, frailer seniors.

SENIOR HOUSING ANALYSIS



Senior Housing in Big Lake and the Market Area

As of June 2016, Maxfield Research identified five senior housing developments in the Big Lake Market Area. Combined, these projects contain a total of 162 units with two vacancies resulting in an overall vacancy rate of 1.2%

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

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

Market Rate Active Adult

- The Keller Lake Commons Townhomes is the only active adult ownership project in the Market Area. As of June 2016 there were no vacancies. There are 18 units in this 55+ townhome community. Tenants purchase their own two-bedroom townhomes. The last identified sale was in 2002 for \$175,000.
- Keller Lake Commons also offers an 85 unit, 55+ market rate independent living, rental community. As of June 2016 there were 2 vacancies. Rents range from \$695 for a one-bedroom to between \$850 and \$925 for a two-bedroom unit. As of June 2016, there was a 2.4% vacancy rate at Keller Lake Commons.

SENIOR HOUSING ANALYSIS

S-1 SELECT SENIOR OCCUPANCY RENTAL HOUSING PRIMARY MARKET AREA June 2016										
Project Name/Location	Year Built	No. of Units	Total Vacant	Unit Description			Monthly Rent		Price Per Sq. Ft.	
				Type	No.	Size (Sq. Ft.)	Min	Max	Min	Max
FOR-SALE ACTIVE ADULT										
Keller Lake Commons Townhomes 655 Norwood Lane	2001	18	0	2BR	18	1,488	* Tenants purchase their own townhome. vacancy rate: 0.0%			
Notes: 55+ townhome community, with a private association. Townhomes are marketed and sold through real estate transaction. Last identified sale in 2002 for \$175,000.										
MARKET RATE ACTIVE ADULT										
Keller Lake Commons 655 Norwood Lane	2001	85	2	1BR	47	644 - 677	\$695	\$1.03 - \$1.08		
				2BR	38	950 - 956	\$850 - \$925	\$0.89 - \$0.97		
Notes: 55+ community, three-story independent living with detached garages (\$45/mo.); Standard kitchen, emergency call; community room; exercise room; on-site dining (\$4.00 donation). Daily activities run by manager and residents also offer newsletter, bingo, and cards. Profile: Avg. age 70 years. Resident leave only if in need of intensive services. \$30 Application fee and 1/2 month security deposit. Some tenants use St. Cloud HRA subsidy assistance.										
SUBSIDIZED ACTIVE ADULT										
School View Square ¹ 680 Minnesota Avenue	1988	14	0	1BR	14	624	\$952	\$1.53		
Notes: 50 units with subsidy, 14 designated senior, AC, garages available, walk in closets, extra storage, basketball court, common laundry, on-site management, controlled access, off-street parking, playground. Rent is income based.										
Autumn Wind Apartments 121 Euclid Avenue	1982	25	0	1BR	25	600	\$630	\$1.05		
Notes: Two-story without elevator age-restricted (62+) building. Tenant provides wall-unit A/C; coin-op laundry; community room; additional storage, spacious yard. Profile: Avg. age 68 years. Currently have a waiting list of two people. Offer affordable units at 30% of income. Rent includes heat, water, trash, sewer.										
ASSISTED LIVING										
Cherrywood 177 Henry Road	2012	10	0	1BR	10	400	\$3,700	\$9.25		
Notes: Additional cost on service level with personalized assessment of needs, one time fee \$350. All utilities included except phone. Offer raised bed garden, large patio, grill, community great room that also can be reserved, activities and entertainment, three meals per day and snacks, spa tub, on-site beauty shop, assistance with daily needs and enhanced nursing services. Currently have a wait list for 2 private pay. Some room designated to accept Elderly Waiver.										
MEMORY CARE										
Cherrywood 177 Henry Road	2012	10	0	1BR	10	400	\$3,700	\$9.25		
Notes: Additional cost on service level with personalized assessment of needs, one time fee \$350. All utilities included except phone. Offer raised bed garden, large patio, grill, community great room that also can be reserved, activities and entertainment, three meals per day and snacks, spa tub, on-site beauty shop, assistance with daily needs and enhanced nursing services. Currently have a wait list for 2 private pay. Some room designated to accept Elderly Waiver.										
¹ 2015 rent adjusted for inflation.										
Source: Maxfield Research and Consulting, LLC										

Select Senior Housing Photos



Cherrywood



Keller Lake Commons



School View Square



Autumn Wind Apartments

Subsidized Active Adult

- Subsidized active adult senior housing offers affordable rents to qualified lower income seniors and handicapped/disabled persons. Typically, rents are tied to residents' incomes and based on 30 percent of adjusted gross income (AGI), or a rent that is below the fair market rent. For those households meeting the age and income qualifications, subsidized senior housing is usually the most affordable rental option available. Affordable projects are typically tax-credit projects that are limited to households earning less than 80% of Sherburne County's area median income.
- There are two subsidized active adult developments in the Market Area. As of June 2016, there were no vacancies in senior subsidized projects, which indicate pent-up demand for subsidized senior rental units. Equilibrium for senior subsidized housing projects is usually around 3%, allowing for optimal subsidized housing availability for potential residents. Unit sizes at subsidize senior projects are often smaller than many of the market rate senior rental projects. These senior apartments are also maintaining a waiting list for units.

SENIOR HOUSING ANALYSIS

- Typically subsidized senior housing offers limited to no amenities. However, School View Square offers senior units with general occupancy units and shares amenities. Autumn Wind Apartments offers community spaces for activities.

Assisted Living and Memory Care

- There is one facility, Cherrywood, in the Market Area offering market rate assisted living and memory care services. As of June 2016, there were vacancies for either assisted living or memory care services.
- Market rate rents range for basic services are \$3,700 at Cherrywood and there is additional cost based on service level needed. Some features include a raised bed garden area, large patio, community great room, and on-site beauty shop.

Pending Rental Senior Housing Developments

As of April 2016, City Staff in the Big Lake Market area identified to Maxfield Research and Consulting that there were currently no senior housing developments pending or planned.

Senior Housing Interview Summary

Interviews with area senior housing rental property managers, real estate agents, developers, and other persons familiar with the senior housing market in Big Lake were contacted to identify their impressions of the senior housing market in the community. The following are some key points from these interviews:

- The majority of property managers stated that they are usually fully occupied and have never had any issues renting their units. Although they are usually full, most do not have a waiting list and if they do the list is relatively small. Affordable and subsidized properties also maintain a waiting list and never have a problem filling their senior low-income rental units.
- If an apartment is not available in Big Lake, the potential tenant will search in Monticello, or other surrounding communities.
- Senior housing condition is good as most managers stated their properties were well maintained.

Introduction

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

Overview of For-Sale Housing Market Conditions

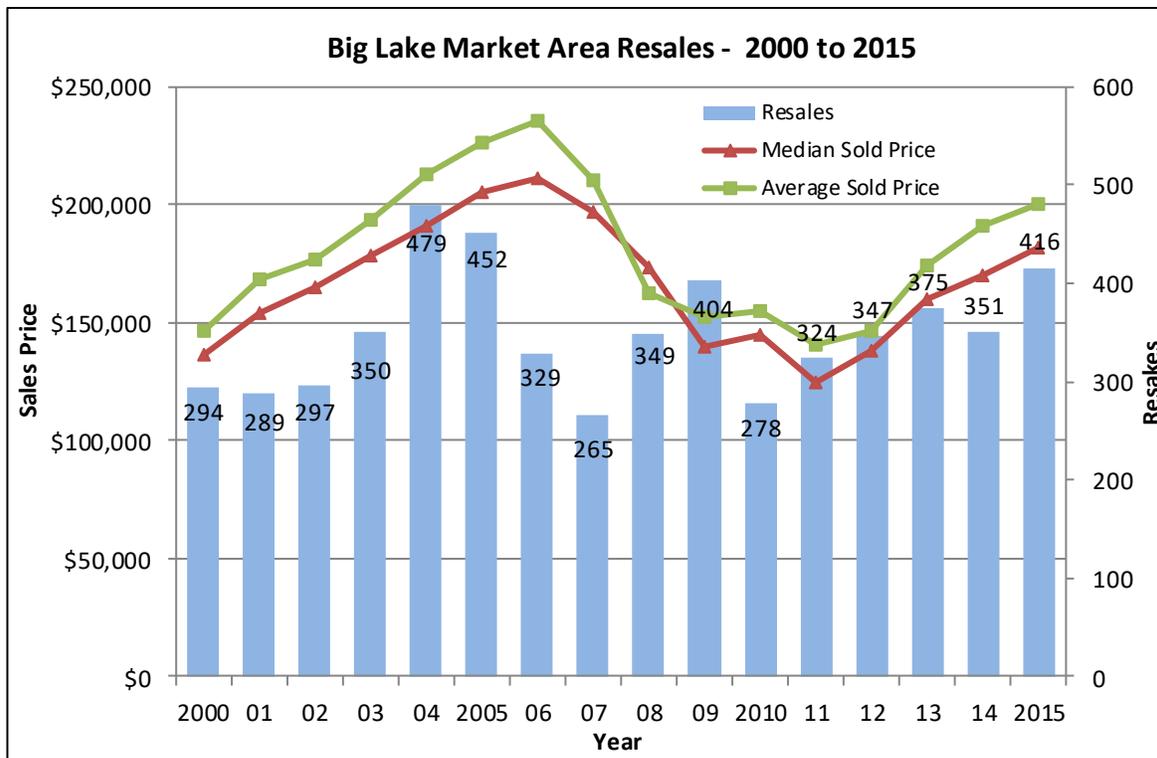
Table FS-1 presents home resale data on single-family and multifamily housing in Big Lake from 2000 through 2015. The data was obtained from the Regional Multiple Listing Services of Minnesota and shows annual number of sales, median and average pricing, average days of market, cumulative days on market, and percentage of sales that are lender-mediated (i.e. short-sale or foreclosure). It should be noted that lender-mediated sales were not categorized until July 2008 and the cumulative days on market were not calculated until 2006.

Table FS-2 breaks down resale activity from Table FS-1 into single-family and multifamily resales. The following are key points observed from our analysis of this data.

- Like across the Twin Cities Metro Area, Minnesota, and the nation, pricing peaked in 2005 & 2006 at the height of the real estate boom. The average and median sales price plateaued at roughly \$235,000 and \$211,000 respectively. For comparison, the Twin Cities Metro Area median sales price peaked at \$230,000 in 2006.
- Between 2000 and 2006, the median sales price increased annually from \$136,600 to \$211,900, a gain of 54%. However, between 2006 and 2011 the median sales price declined to \$124,900 (-31%). Since 2011, home resale prices have increased significantly rising to \$182,000 (46%).
- Sales prices increased between 2009 and 2010, mostly a result of the first-time homebuyer tax credit that was available in the second half of 2009 through September 2010. However, the sales price was at its lowest in 2011 at \$124,900.
- The average number of resales has averaged about 350 sales annually between 2000 and 2015. The fewest number of resales occurred after the peak in 2007 with 265 resales; while 2004 was the record year with 479 resales.
- The number of lender-mediated properties accounted for about 59% of all home transactions between 2009 and 2012; peaking in 2011 at 69%. Since 2012, the number has come down substantially and was at about 11% in 2015.

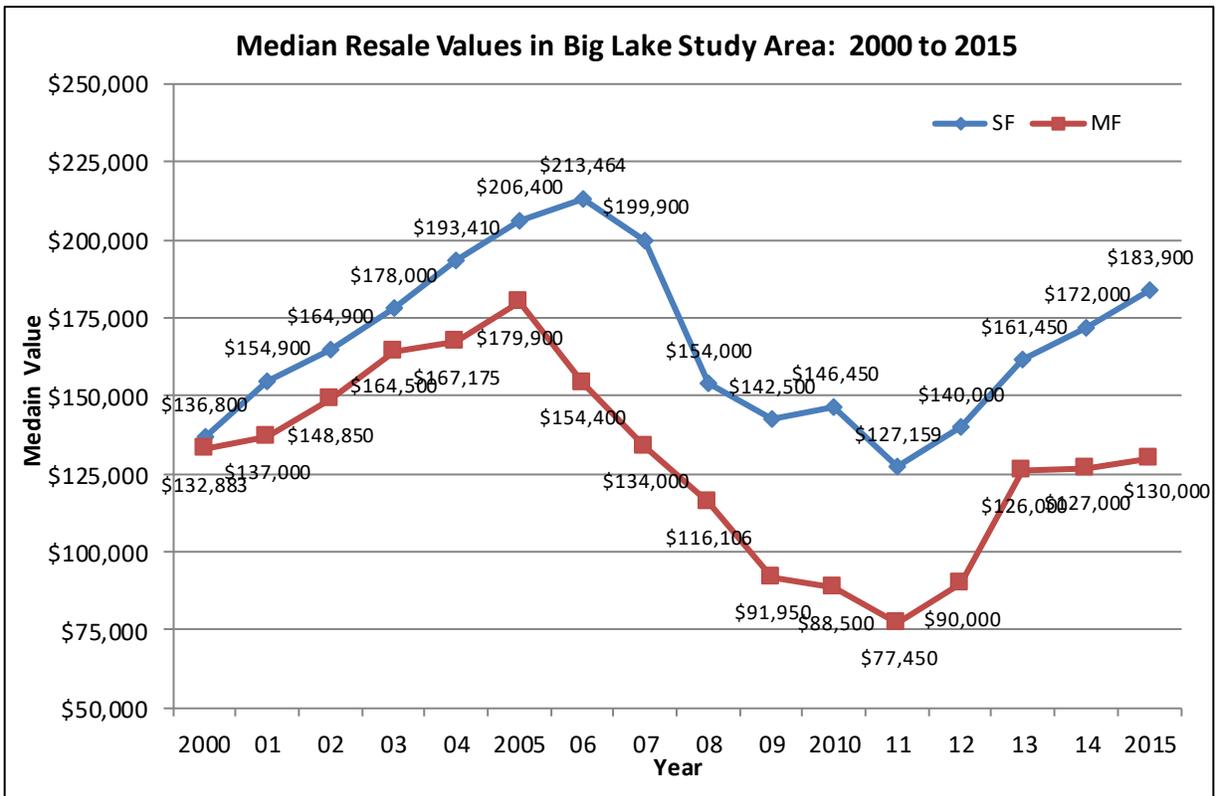
FOR-SALE MARKET ANALYSIS

TABLE FS-1 HOME RESALES BIG LAKE STUDY AREA 2000 to 2015								
Year	No. Sold	Avg. Sales Price	Avg. % Change	Med. Sales Price	Median % Change	Days on Market (Avg.)	Cumul. DOM¹ (Avg.)	% Lender Mediated²
2000	294	\$146,919	-	\$136,639	-	41	-	-
2001	289	\$167,932	14.3%	\$154,100	12.8%	57	-	-
2002	297	\$176,331	5.0%	\$164,800	6.9%	63	-	-
2003	350	\$193,424	9.7%	\$178,000	8.0%	61	-	-
2004	479	\$213,140	10.2%	\$191,000	7.3%	60	-	-
2005	452	\$226,096	6.1%	\$204,900	7.3%	84	-	-
2006	329	\$235,266	4.1%	\$211,000	3.0%	92	141	-
2007	265	\$210,349	-10.6%	\$197,000	-6.6%	76	152	-
2008	349	\$162,637	-22.7%	\$173,000	-12.2%	84	173	22.9%
2009	404	\$152,176	-6.4%	\$140,000	-19.1%	67	156	61.4%
2010	278	\$154,846	1.8%	\$144,950	3.5%	68	123	56.1%
2011	324	\$140,995	-8.9%	\$124,900	-13.8%	82	147	69.4%
2012	347	\$146,920	4.2%	\$138,000	10.5%	69	118	47.0%
2013	375	\$174,111	18.5%	\$160,000	15.9%	62	94	31.5%
2014	351	\$191,230	9.8%	\$170,000	6.3%	57	82	20.2%
2015	416	\$200,670	4.9%	\$182,000	7.1%	54	68	10.8%
Total 00'-15'	5,599							
Summary 00' to 10'								
		5.4%		6.1%				
Change Average	344	\$185,374		\$172,308		68	149	
Summary 11' to 15'								
		42.3%		45.7%				
Change Average	363	\$170,785		\$154,980		65	102	
¹ Cumulative Days on Market initiated in 2006. Cumulative days equals the number of days on market over the course of the past year (i.e. covers number of days if the property was relisted)								
² Lender Mediated Properties include foreclosures and short sales. MLS data for this property type began in July 2008.								
Sources: Regional Multiple Listing Service of Minnesota, Maxfield Research & Consulting, LLC								



- Single-family housing types accounted for about 95% of all sales since 2000. Multifamily resales were highest in 2004 (38 resale) when they accounted for 7% of total sales.
- During the real estate boom, multifamily housing priced closely to single-family housing and sold for about 10% less than a single-family home. However, during the later-half of the last decade and early part of this decade multifamily pricing decreased substantially and was priced about 30% to 35% lower in than single-family homes.

TABLE FS-2 SINGLE-FAMILY AND MULTIFAMILY RESIDENTIAL SALES BIG LAKE STUDY AREA 2000 through 2015					
Year	Number of Sales	Median Selling Price	% Chg.	Average Selling Price	% Chg.
Single-Family					
2000	286	\$136,800	--	\$147,169	--
2001	280	\$154,900	13.2%	\$169,048	14.9%
2002	336	\$164,900	6.5%	\$176,782	4.6%
2003	405	\$178,000	7.9%	\$193,427	9.4%
2004	490	\$193,410	8.7%	\$216,733	12.0%
2005	422	\$206,400	6.7%	\$229,634	6.0%
2006	314	\$213,464	3.4%	\$238,552	3.9%
2007	246	\$199,900	-6.4%	\$215,964	-9.5%
2008	327	\$154,000	-23.0%	\$165,424	-23.4%
2009	389	\$142,500	-7.5%	\$154,421	-6.7%
2010	264	\$146,450	2.8%	\$194,147	25.7%
2011	304	\$127,159	-13.2%	\$145,159	-25.2%
2012	331	\$140,000	10.1%	\$149,320	2.9%
2013	352	\$161,450	15.3%	\$176,725	18.4%
2014	339	\$172,000	6.5%	\$192,852	9.1%
2015	395	\$183,900	6.9%	\$204,164	5.9%
Multifamily*					
2000	8	\$132,883	--	\$137,997	--
2001	9	\$137,000	3.1%	\$133,230	-3.5%
2002	7	\$148,850	8.6%	\$154,690	16.1%
2003	9	\$164,500	10.5%	\$193,268	24.9%
2004	38	\$167,175	1.6%	\$166,813	-13.7%
2005	33	\$179,900	7.6%	\$180,842	8.4%
2006	15	\$154,400	-14.2%	\$166,478	-7.9%
2007	19	\$134,000	-13.2%	\$137,645	-17.3%
2008	20	\$116,106	-13.4%	\$117,064	-15.0%
2009	16	\$91,950	-20.8%	\$97,619	-16.6%
2010	14	\$88,500	-3.8%	\$101,826	4.3%
2011	20	\$77,450	-12.5%	\$77,710	-23.7%
2012	16	\$90,000	16.2%	\$97,263	25.2%
2013	23	\$126,000	40.0%	\$134,110	37.9%
2014	12	\$127,000	0.8%	\$145,388	8.4%
2015	21	\$130,000	2.4%	\$134,958	-7.2%
<p>* Multifamily includes twinhomes, townhomes, and condominiums (cooperatives are typically not listed in the MLS)</p> <p>Source: Regional Multiple Listing Service of MN; Maxfield Research & Consulting, LLC</p>					



Home Resales by Price

Table FS-3 shows the distribution of sales within nine price ranges from resales in 2015. The graph on the following page visually displays the sales data.

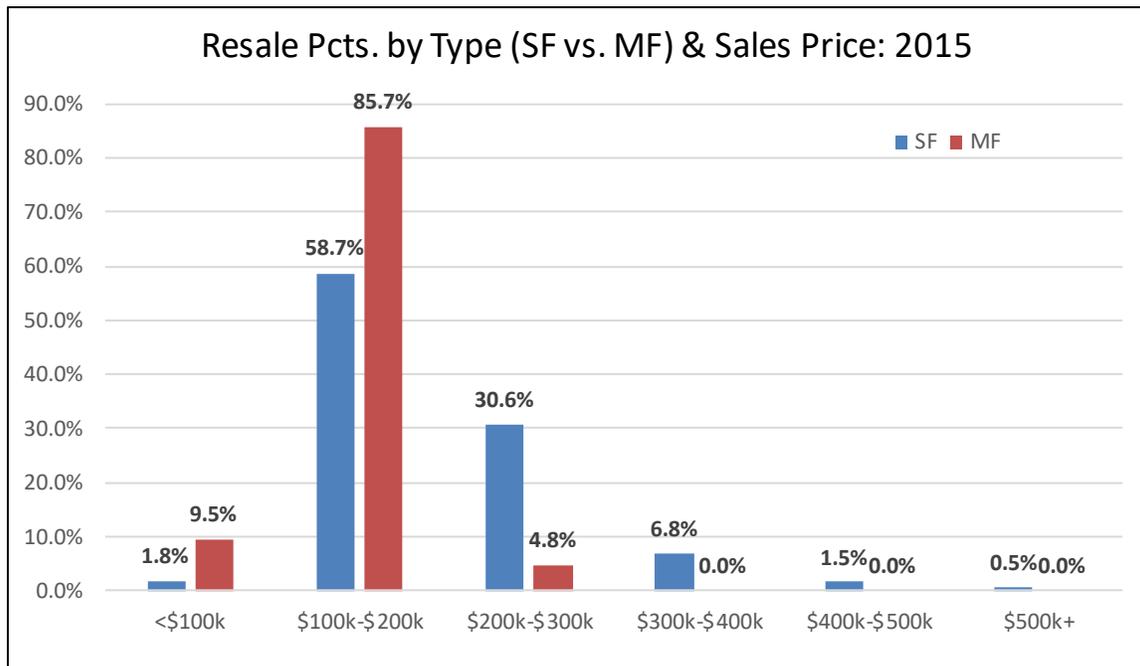
- Overall, 46% of all home resales in 2015 were priced between \$150,000 and \$199,999. Similarly, nearly one-half of all single-family homes sold within the same price range. About 16% of all home resales in 2015 sold for less than \$150,000.
- Based on the median price of \$182,000 in the Big Lake Market Area as of 2015, a household’s monthly payment (assuming 10% down and principal/interest, insurance, taxes, and 3.75% mortgage interest rate) would be about \$1,145. The income required to afford a home at this price would be about \$45,800 based on purchasing a home utilizing 30% of their adjusted gross income (and assuming they do not have a high level of debt or existing equity). In 2016, 83% (5,194 households) of Big Lake’s PMA non-senior households had incomes greater than \$45,800, meaning that over 80% of non-senior households in the Big Lake PMA can afford a median-priced home in the city.
- Approximately 60% of multifamily homes sold between \$100,000 and \$149,999. Only 16% of multifamily homes sold for more than \$200,000.

FOR-SALE MARKET ANALYSIS

- Only 17.5% of Big Lake transactions in 2015 sold for more than \$250,000; of which only 2% sold for more than \$400,000.

Price Range	Single-family		Multifamily		Combined	
	No.	Pct.	No.	Pct.	No.	Pct.
Under \$100,000	7	1.8%	2	9.5%	9	2.2%
\$100,000 to \$149,999	44	11.1%	15	71.4%	59	14.2%
\$150,000 to \$199,999	188	47.6%	3	14.3%	191	45.9%
\$200,000 to \$249,999	83	21.0%	1	4.8%	84	20.2%
\$250,000 to \$299,999	38	9.6%	0	0.0%	38	9.1%
\$300,000 to \$349,999	15	3.8%	0	0.0%	15	3.6%
\$350,000 to \$399,999	12	3.0%	0	0.0%	12	2.9%
\$400,000 to 499,999	6	1.5%	0	0.0%	6	1.4%
\$500,000+	2	0.5%	0	0.0%	2	0.5%
Total	395	100.0%	21	100.0%	416	100.0%

Sources: Regional Multiple Listing Service of Minnesota, Maxfield Research & Consulting, LLC



Home Resales per Square Foot (“PSF”)

Table FS-4 shows the distribution of sales by sales price per square foot (“PSF”) from 2005 to 2015. The sales per square foot metric is simply the sales price of the home divided by the finished square footage. Table FS-5 illustrated PSF pricing between existing homes and new construction in Big Lake, Sherburne County, and the Twin Cities Metro Area. The graphs on the following page visually displays the sales data.

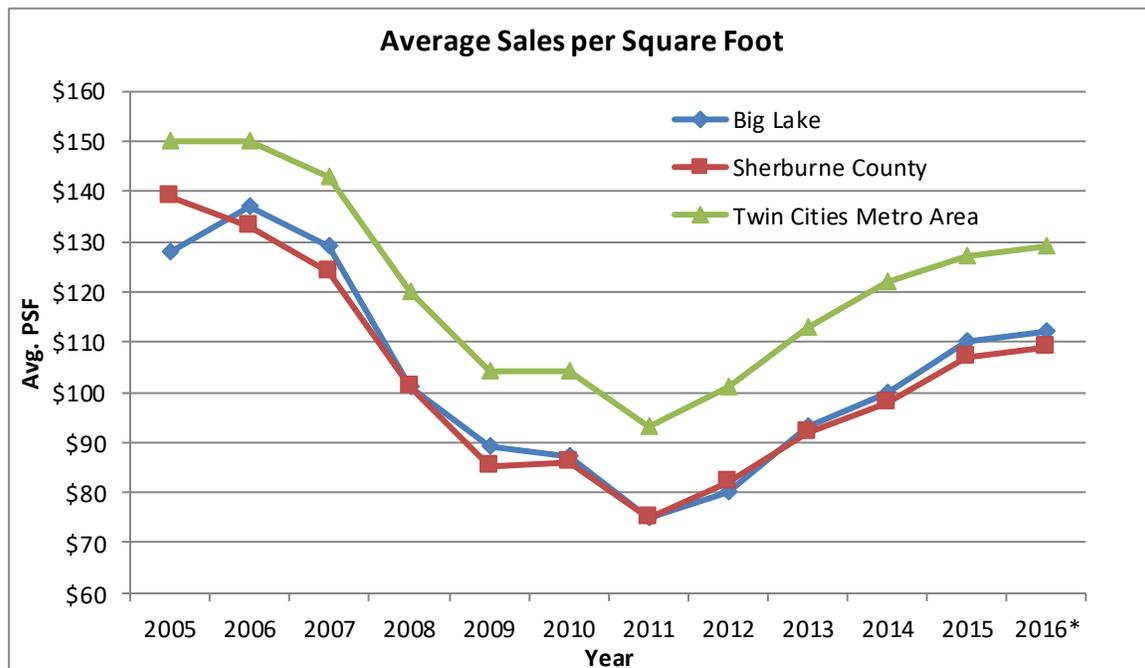
- The median and average price per square foot declined significantly between 2005 and 2011. Big Lake’s price per square foot was \$131 in 2005 before declining to its lowest point in 2011 at \$69 per square foot (-47%). Since 2011 the price per square foot has steadily increase to \$102 per square foot (48%) as of May 2016.
- Big Lake housings costs are about 15% less than the Twin Cities Metro Area average. However, Big Lake and Sherburne County housing cost mirror one another nearly every year since 2005.
- On average, the price of an existing home in Big Lake is about 45% less than the cost of new construction. Although the cost of an existing home is significantly lower than the Metro Area (\$98 PSF vs. 118 PSF); new construction costs in Big Lake are on-par with the Metro Area averaging a medina PSF costs of around \$155.

TABLE FS-4
AVERAGE & MEDIAN SALES PRICE PER SQUARE FOOT (PSF)
BIG LAKE, SHERBURNE COUNTY, AND TWIN CITIES METRO AREA
2005 to May 2016

Year	Big Lake		Sherburne County		Twin Cities Metro Area	
	Avg.	Median	Avg.	Median	Avg.	Median
2005	\$128	\$131	\$139	\$130	\$150	\$138
2006	\$137	\$121	\$133	\$123	\$150	\$138
2007	\$129	\$125	\$124	\$115	\$143	\$132
2008	\$101	\$97	\$101	\$97	\$120	\$113
2009	\$89	\$86	\$85	\$81	\$104	\$98
2010	\$87	\$83	\$86	\$82	\$104	\$97
2011	\$75	\$69	\$75	\$71	\$93	\$86
2012	\$80	\$77	\$82	\$78	\$101	\$93
2013	\$93	\$88	\$92	\$87	\$113	\$106
2014	\$100	\$92	\$98	\$92	\$122	\$112
2015	\$110	\$100	\$107	\$100	\$127	\$117
2016*	\$112	\$102	\$109	\$101	\$129	\$119

* Through May 2016

Source: 10K Research & Marketing, Maxfield Research & Consulting, LLC

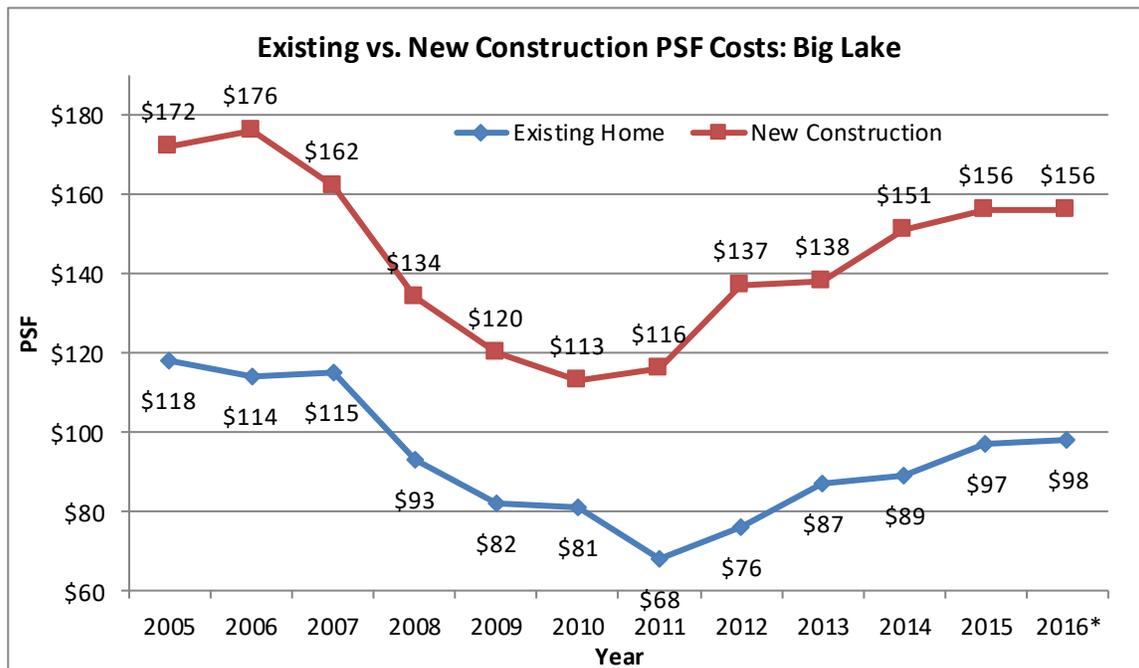


**TABLE FS-5
 MEDIAN SALES PRICE PER SQUARE FOOT (PSF) COMPARISON
 EXISTING HOME VS. NEW CONSTRUCTION
 BIG LAKE, SHERBURNE COUNTY, AND TWIN CITIES METRO AREA
 2005 to May 2016**

Year	Big Lake		Sherburne County		Twin Cities Metro Area	
	Existing Home	New Const.	Existing Home	New Const.	Existing Home	New Const.
2005	\$118	\$172	\$119	\$166	\$135	\$168
2006	\$114	\$176	\$115	\$155	\$135	\$169
2007	\$115	\$162	\$112	\$144	\$130	\$161
2008	\$93	\$134	\$93	\$129	\$111	\$146
2009	\$82	\$120	\$80	\$108	\$96	\$128
2010	\$81	\$113	\$81	\$115	\$95	\$129
2011	\$68	\$116	\$70	\$123	\$84	\$125
2012	\$76	\$137	\$77	\$131	\$91	\$131
2013	\$87	\$138	\$85	\$137	\$103	\$140
2014	\$89	\$151	\$90	\$142	\$110	\$151
2015	\$97	\$156	\$97	\$155	\$115	\$154
2016*	\$98	\$156	\$98	\$158	\$118	\$155

* Through May 2016

Source: 10K Research & Marketing, Maxfield Research & Consulting, LLC



Current Supply of Homes on the Market

To more closely examine the current market for available owner-occupied housing in Big Lake and the Market Area, we reviewed the current supply of homes on the market (listed for sale). Tables FS-6 through FS-8 homes shows currently listed for sale in the Big Lake Market Area. The data was provided by the Regional Multiple Listing Services of Minnesota and is based on active listings in June 2016. MLS listings generally account for the vast majority of all residential sale listings in a given area.

Table FS-7 shows the number of listings by property type (i.e. single-family, town-home/twinhome, or condominium) while Table FS-6 shows listings by home style. The following points are key findings from our assessment of the active single-family and multifamily homes listed in the Big Lake area.

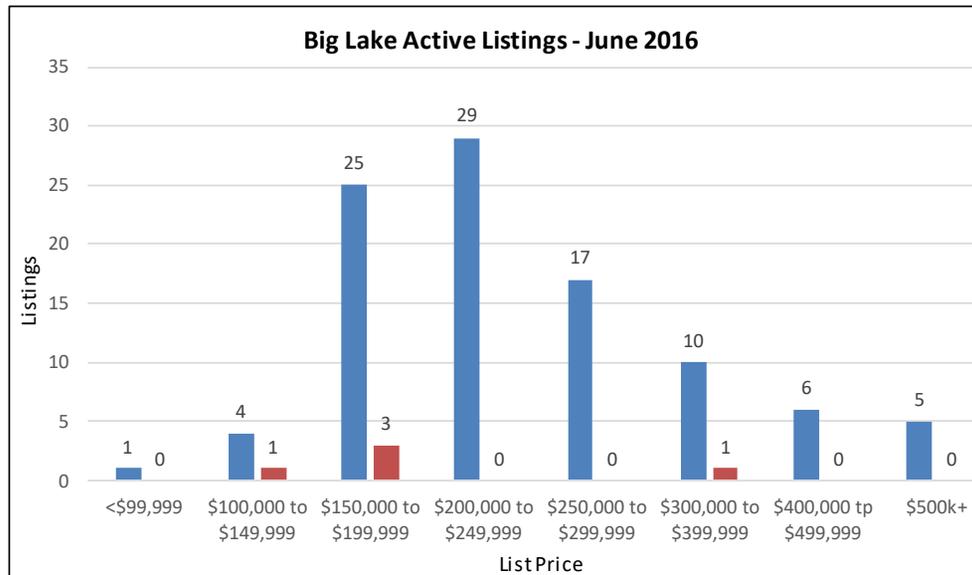
- About 120 homes were listed for sale in the Big Lake Market Area as of June 2016. Single-family homes accounted for 95% of all active listings. The remaining listings are townhomes (4.9%). There were no condominiums listed.
- The median list price in Big Lake was \$225,000 for single-family homes and \$174,900 for multifamily homes). The median sale price is generally a more accurate indicator of housing values in a community than the average sale price. Average sale prices can be easily skewed by a few very high-priced or low-priced home sales in any given year, whereas the median sale price better represents the pricing of a majority of homes in a given market.

FOR-SALE MARKET ANALYSIS

**TABLE FS-6
HOMES CURRENTLY LISTED FOR-SALE
BIG LAKE STUDY AREA
JUNE 2016**

Price Range	Big Lake SF		Big Lake MF		Big Lake Twp. SF		Big Lake Twp. MF		Orrock Twp. SF		Orrock Twp. MF		MA SF Total		MA MF Total	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
< \$99,999	1	1.0%	0	0.0%	1	7.1%	0	n/a	1	33.3%	0	n/a	3	2.6%	0	0.0%
\$100,000 to \$149,999	4	4.1%	1	20.0%	0	0.0%	0	n/a	0	0.0%	0	n/a	4	3.5%	1	20.0%
\$150,000 to \$199,999	25	25.8%	3	60.0%	4	28.6%	0	n/a	1	33.3%	0	n/a	30	26.3%	3	60.0%
\$200,000 to \$249,999	29	29.9%	0	0.0%	0	0.0%	0	n/a	0	0.0%	0	n/a	29	25.4%	0	0.0%
\$250,000 to \$299,999	17	17.5%	0	0.0%	1	7.1%	0	n/a	0	0.0%	0	n/a	18	15.8%	0	0.0%
\$300,000 to \$349,999	6	6.2%	1	20.0%	3	21.4%	0	n/a	0	0.0%	0	n/a	9	7.9%	1	20.0%
\$350,000 to \$399,999	4	4.1%	0	0.0%	3	21.4%	0	n/a	1	33.3%	0	n/a	8	7.0%	0	0.0%
\$400,000 to \$449,999	3	3.1%	0	0.0%	1	7.1%	0	n/a	0	0.0%	0	n/a	4	3.5%	0	0.0%
\$450,000 to \$499,999	3	3.1%	0	0.0%	1	7.1%	0	n/a	0	0.0%	0	n/a	4	3.5%	0	0.0%
\$500,000 and Over	5	5.2%	0	0.0%	0	0.0%	0	n/a	0	0.0%	0	n/a	5	4.4%	0	0.0%
	97	100%	5	100%	14	100%	0	100%	3	100%	0	100%	114	100%	5	100%
Minimum	\$89,900		\$139,000		\$35,000		--		\$49,900		--		\$49,900		\$139,000	
Maximum	\$959,900		\$324,900		\$460,000		--		\$397,000		--		\$959,900		\$324,900	
Median	\$225,000		\$174,900		\$309,950		--		\$185,500		--		\$234,393		\$174,900	
Average	\$264,775		\$199,740		\$286,893		--		\$210,800		--		\$266,071		\$199,740	

Sources: Regional Multiple Listing Service of MN
Maxfield Research & Consulting, LLC



FOR-SALE MARKET ANALYSIS

- Based on a median list price of \$225,000, a household would need an income of about \$56,000 in order to afford to make monthly housing payments of about \$1,400 (assuming a 10% down payment, 3.75% 30-year fixed mortgage). A household with significantly more equity (in an existing home and/or savings) could put more than 10% down and afford a higher priced home. About 75% of Big Lake's non-senior households have annual incomes at or above \$56,000.
- About 5% of Big Lake's single-family homes for sale are priced less than \$150,000. However, 26% of the active inventory is priced between \$150,000 and \$200,000 and another 30% is priced between \$200,000 and \$250,000. About 15% of the active single-family homes are priced above \$300,000.

Property Type	Listings	Pct.
Single-family	97	95.1%
Townhome/Twinhome	5	4.9%
Condominium	0	0.0%
Total	102	100.0%

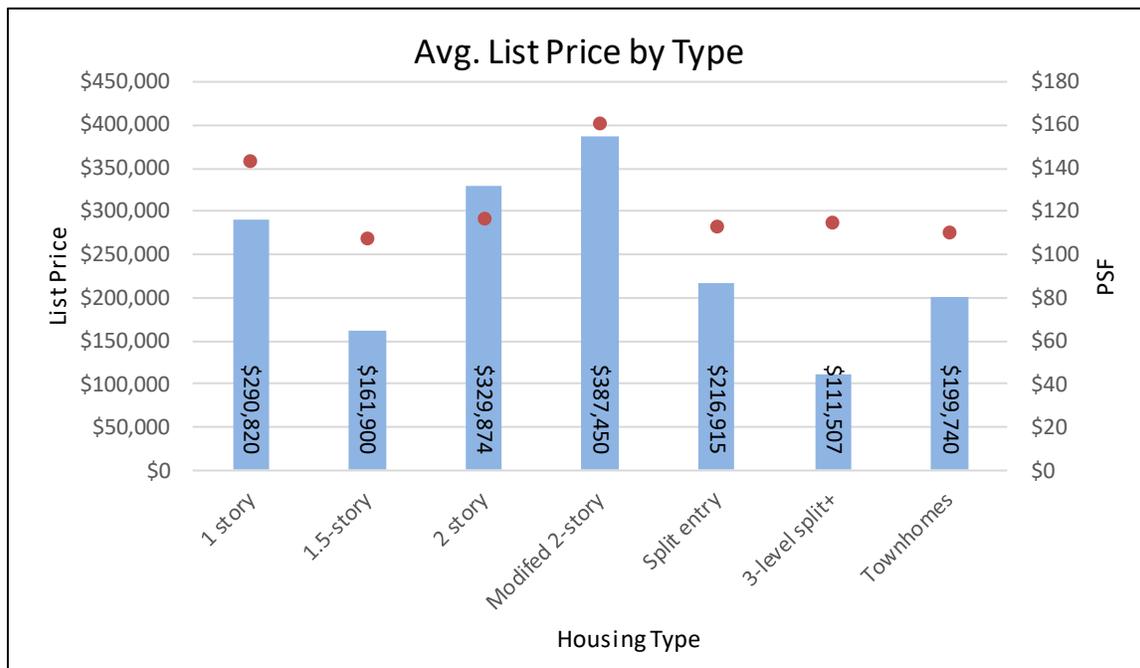
Source: Regional Multiple Listing Service of MN; Maxfield Research & Consulting, LLC

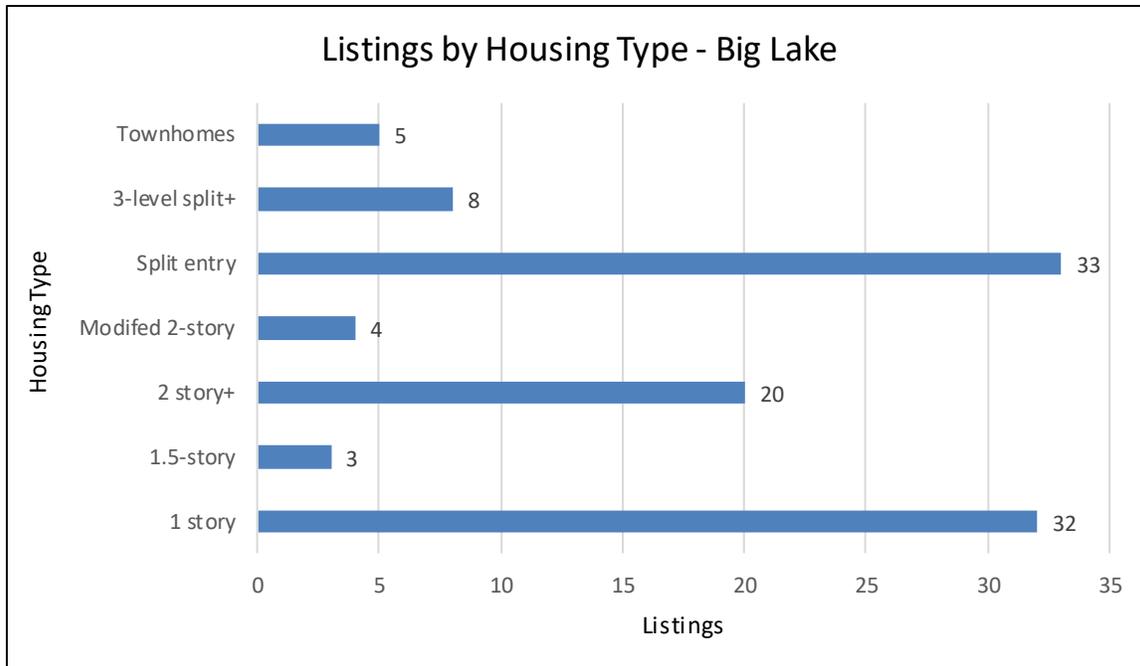
- The majority of active single-family listings are among split-levels and one-story housing types with 34% and 33%, respectively. Two-story homes make-up about 17% of the active homes for sale in Big Lake.
- Although there are only five townhome units for sale in Big Lake; the townhomes are newer and have rather large floor plans averaging over 1,600 square feet. The average sales price per square foot is \$120; nearly identical to single-family homes.
- Modified two-story homes account for only six listings but have the highest list price (\$387,450) and highest PSF (\$160). The average list price PSF is \$125 for single-family housing types.

FOR-SALE MARKET ANALYSIS

Property Type	Listings	Pct.	Avg. List Price	Avg. Home Size Sq. Ft.	Avg. List Price Per Sq. Ft.	Avg. Age of Home
Single-Family						
One story	32	33.0%	\$290,820	2,034	\$143	1981
1.5-story	3	3.1%	\$161,900	1,507	\$107	1933
2-story	16	16.5%	\$329,874	2,838	\$116	2007
Modified 2-story	4	4.1%	\$387,450	2,416	\$160	1980
Split entry/Bi-level	33	34.0%	\$216,915	1,914	\$113	2001
3-level split	3	3.1%	\$199,967	1,736	\$115	1994
4 or more split-level	5	5.2%	\$214,540	1,953	\$110	1997
Other	1	1.0%	\$232,500	2,364	\$98	2005
Total	97	100.0%	\$264,773	2,115	\$125	1992
Townhomes/Twinhomes						
Detached Townhomes	1	20.0%	\$190,000	1,288	\$148	2016
Side-by-side	4	80.0%	\$202,175	1,755	\$115	2000
Total	5	100.0%	\$199,740	1,662	\$120	2003
Total	102		\$261,585	2,093	\$125	1993

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





Big Lake Lot Supply

Tables FS-9 and FS-10 show an inventory of lots within platted subdivisions in Big Lake. The table includes information on the year the subdivision was platted, the total number of lots platted, number of lots developed, lots available, and type of lot. The data in Tables FS-9 and FS-10 was provided by Metrostudy (a nationally recognized firm providing data for the residential housing market) and is current as of 4th Quarter 2015. Table FS-11 illustrated lot absorption by lot size; whereas Table FS-12 depicts new construction by the price of the home.

The following terms are used in the lot inventory tables:

- ▶ Annual Starts and Closings: The sum of activity for the most recent four quarters.
- ▶ Closing: Defined as when a “move in” has occurred and the home is occupied.
- ▶ Future Lots Inventory: Future lots are recorded after a preliminary plat or site plan has been submitted for consideration by the city.
- ▶ Lot Front: Range of all lot sizes within the subdivision; based on the lot front foot width
- ▶ Occupied: A buyer has taken possession of the home that was previously under construction or a model home.
- ▶ Price: Range of all base home price offered within the subdivision

- ▶ Starts: The housing slab or foundation has been poured.
- ▶ Total Lots: A summation of all lots platted in a subdivision, including those closed, under construction, and vacant.
- ▶ Vacant Developed lot (VDL): The subdivision is considered developed after subdivision streets are paved and vehicles can physically drive in front of the lot.

The following are key points from Tables FS-9 to FS-12:

- As of 4th Quarter 2015, Big Lake had a total of 548 vacant developed detached lots within 28 subdivisions. This past year there were about 70 housing starts among the inventoried subdivisions.
- All of these subdivisions were active last decade and most began marketing prior to the housing peak in 2006. Only two subdivisions began marketing in 2008 and no new subdivisions have begun marketing since the recession.

FOR-SALE MARKET ANALYSIS

**TABLE FS-9
SUBDIVISION & LOT INVENTORY - DETACHED HOUSING UNITS
CITY OF BIG LAKE
4th QUARTER 2015**

Subdivision Name	Initial Active Qtr.	Status	Product Type	Lot Range (Ft.)	Pricing (\$1,000)		Annual Starts	Annual Closings	Currently Occupied	Vacant Developed Lot Inventory (VDL)	Future Units (Fut)	Total Units (Tot)
					Min	Max						
Previously Platted/Marketing Subdivisions												
Benson Ridge	3Q05	Active 3Q05	Single Family	135'	\$190	\$250	1	1	16	6	0	22
Black Cherry Preserve	3Q04	Active 3Q04	Single Family	430'	\$400	\$1,000	0	0	7	2	0	10
Buckshot Hollow	4Q04	Active 4Q04	Single Family	205'	\$300	\$450	0	1	19	7	0	26
Eagle Lake Estates	3Q04	Active 3Q04	Single Family	250'	\$300	\$359	1	1	22	5	0	27
Eagle Lake, Woods at	4Q04	Active 4Q04	Single Family	135'	\$280	\$400	4	3	12	21	0	34
Harmony Village	3Q08	Active 3Q08	Single Family	250'	\$250	\$450	1	2	6	14	0	20
Heritage Trails	2Q05	Active 2Q05	Single Family	210'	\$254	\$345	1	1	3	6	6	15
Hidden River Estates	1Q06	Active 1Q06	Single Family	100'	\$230	\$290	7	4	25	18	0	46
Hidden Rivers Edge	2Q08	Active 2Q08	Single Family	225'	\$300	\$400	2	1	3	4	0	8
Horseshoe Estates	3Q03	Active 3Q03	Single Family	380'	\$190	\$300	0	0	10	1	0	11
Hudson Woods	4Q05	Active 4Q05	Single Family	110'	\$190	\$260	10	9	41	16	122	184
Knick Knack Knoll	1Q07	Active 1Q07	Single Family	240'	\$250	\$450	7	4	21	33	11	70
Meadowbrook	1Q08	Active 1Q08	Single Family	200'	\$330	\$450	6	5	18	12	0	32
Meadowlands of Big Lake	3Q98	Active 3Q98	Single Family	305'	\$250	\$450	1	2	113	6	0	119
Meadows of Big Lake	4Q03	Active 4Q03	Single Family	95'	\$160	\$200	0	0	134	2	0	136
Mitch K Farms	1Q05	Active 1Q05	Single Family	100'	\$170	\$300	3	4	95	42	0	139
Norland Park	3Q05	Active 3Q05	Single Family	75'	\$170	\$220	9	10	68	11	0	83
Northland Meadows of Big Lake	4Q04	Active 4Q04	Single Family	95'	\$160	\$225	0	0	16	5	0	21
Prairie Meadows in Big Lake	2Q05	Active 2Q05	Single Family	80'	\$180	\$230	5	7	97	25	676	800
Rivercrest Farms	2Q01	Active 2Q01	Single Family	115'	\$150	\$212	0	0	47	3	41	91
Sanford Select Acres	4Q05	Active 4Q05	Single Family	85'	\$170	\$245	0	0	4	146	0	150
Shores of Eagle Lake in Orrock	4Q06	Active 4Q06	Single Family	115'	\$260	\$350	0	0	0	98	0	98
Sunrise Acres	4Q06	Active 4Q06	Single Family	200'	\$250	\$350	0	0	1	5	0	6
Swanson Woods	4Q05	Active 4Q05	Single Family	280'	\$190	\$215	0	2	26	12	0	38
Sweetwater Bend	4Q05	Active 4Q05	Single Family	60'	\$200	\$240	0	0	24	8	0	32
Timberquest	3Q05	Active 3Q05	Single Family	185'	\$266	\$350	4	8	26	5	0	32
Wrights Crossing/	4Q00	Active 4Q00	Single Family	85'	\$175	\$230	4	5	141	0	0	142
Wrights Crossing/(DTH)	2Q08	Active 2Q08	Single Family	40'	\$140	\$160	0	0	4	35	0	39
Subtotal							66	70	999	548	856	2,431
Future Subdivisions												
Andersons Pine Cone Estates	0	Future	Single Family	0'	\$0	\$0	0	0	0	0	5	5
Berndt Pond Estates/	2Q97	Future	Single Family	85'	\$193	\$200	0	0	14	0	36	50
Fernwood	0	Future	Single Family	250'	\$0	\$0	0	0	0	0	5	5
Hidden Hideaway	0	Future	Single Family	0'	\$0	\$0	0	0	0	0	17	17
Hidden River View	0	Future	Single Family	200'	\$0	\$0	0	0	0	0	6	6
Jacobs Ridge	0	Future	Single Family	0'	\$0	\$0	0	0	0	0	9	9
Mystic Ridge in Orrock	0	Future	Single Family	200'	\$340	\$500	0	0	0	0	13	13
Shasta Meadows	0	Future	Single Family	200'	\$0	\$0	0	0	0	0	6	6
Subtotal							0	0	14	0	97	111

Source: Metrostudy, Maxfield Research & Consulting, LLC

FOR-SALE MARKET ANALYSIS

**TABLE FS-10
SUBDIVISION & LOT INVENTORY - ATTACHED HOUSING UNITS
CITY OF BIG LAKE
4th QUARTER 2015**

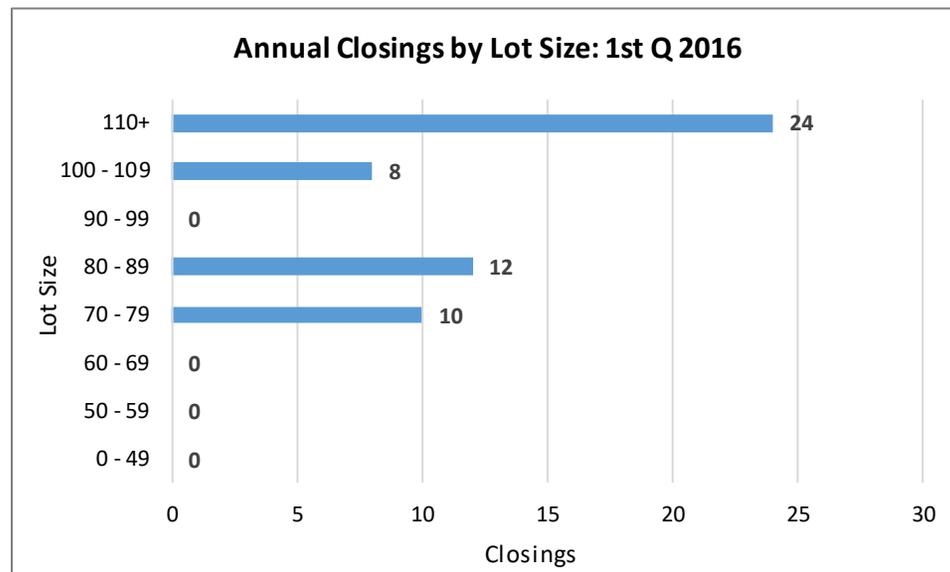
Subdivision Name	Initial Active Qtr.	Status	Product Type	Lot Range (Ft.)	Pricing (\$1,000)		Annual Starts	Annual Closings	Currently Occupied	Vacant Developed Lot Inventory (VDL)	Future Units (Fut)	Total Units (Tot)
					Min	Max						
Berndt Pond Estates/(TH)	Future	Future	Townhouse	55'	\$120	\$180	0	0	0	0	50	50
Wrights Crossing/(TH)	Active 4Q04	Active 4Q04	Townhouse	40'	\$200	\$220	0	0	12	9	0	21
Subtotal							0	0	12	9	50	71

Source: Metrostudy, Maxfield Research & Consulting, LLC

**TABLE FS-11
LOT SIZE ANALYSIS
BIG LAKE
1ST QUARTER 2016**

Lot Size (Width)	Quarterly		Annual		Finished Vacant (FV)	Under Const. (UC)	Housing Inventory	Vac. Dev. Lots (VDL)	Future Lots (Fut)
	Starts	Closings	Starts	Closings					
0 - 49	0	0	0	0	0	0	0	35	0
50 - 59	0	0	0	0	0	0	0	0	0
60 - 69	0	0	0	0	0	0	0	8	0
70 - 79	3	3	9	10	1	3	4	11	0
80 - 89	4	3	9	12	1	2	3	171	147
90 - 99	0	0	0	0	0	0	0	7	0
100 - 109	3	1	10	8	1	4	5	60	0
110 And Over	3	4	26	24	5	8	14	100	174
Summary	13	11	54	54	8	17	26	392	321

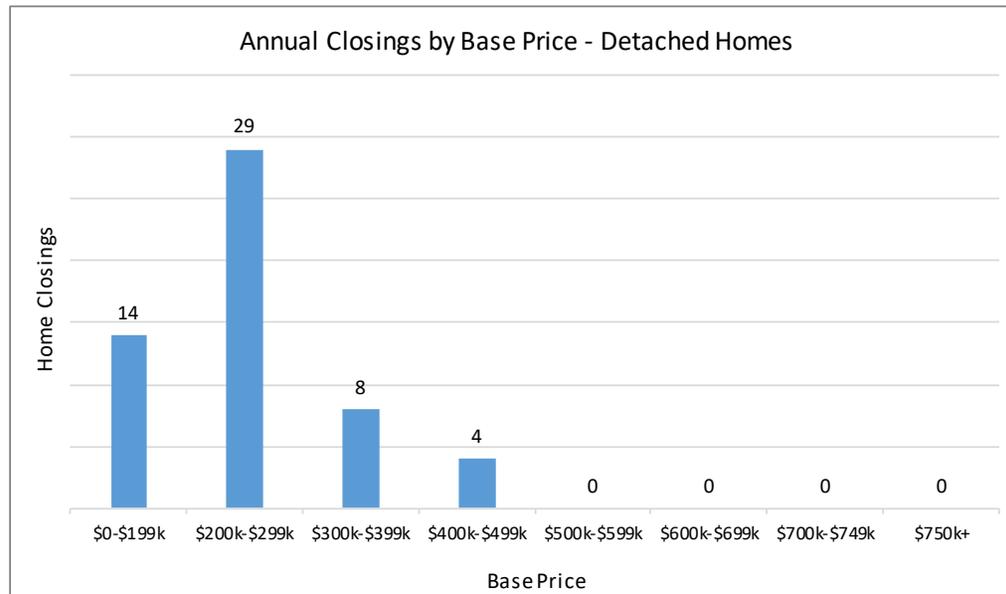
Source: Metrostudy, Maxfield Research & Consulting, LLC



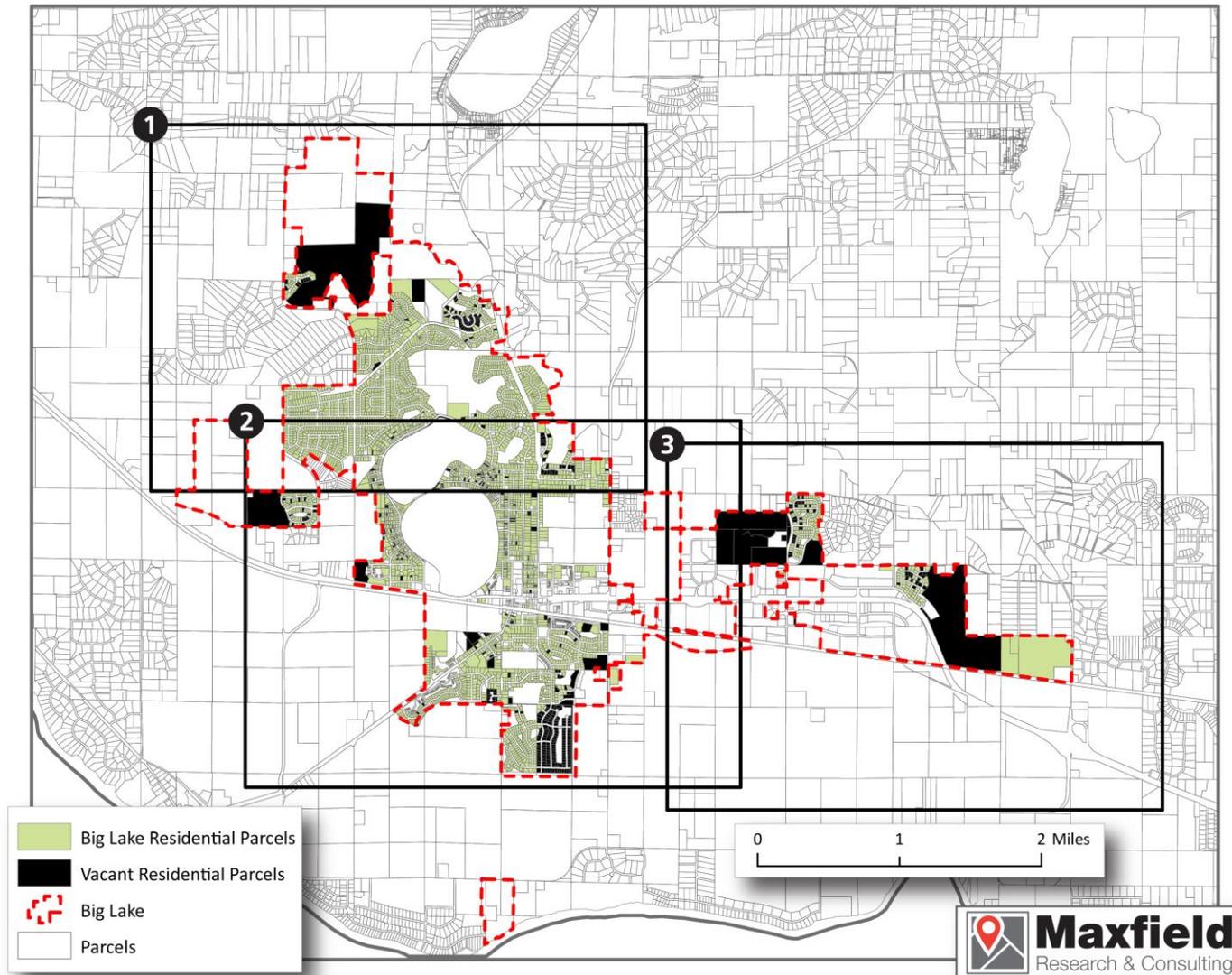
**TABLE FS-12
DETACHED HOUSING BY PRICE
BIG LAKE
1ST QUARTER 2016**

Price Point (Base Pricing)	Quarterly		Annual		Finished Vacant (FV)	Under Const. (UC)	Housing Inventory	Vac. Dev. Lots (VDL)
	Starts	Closings	Starts	Closings				
\$0 - \$199,000	4	4	11	14	1	3	4	131
\$200,000 - \$299,000	6	6	29	29	4	10	14	205
\$300,000 - \$399,000	2	1	9	8	2	2	5	38
\$400,000 - \$499,000	1	0	5	4	1	1	2	17
\$500,000 - \$599,000	0	0	0	0	0	0	0	0
\$600,000 - \$699,000	0	0	0	0	0	0	0	0
\$700,000 - \$749,000	0	0	0	0	0	0	0	0
\$750,000 - And Over	0	0	0	0	0	0	0	1
Summary	13	11	54	55	8	16	25	392

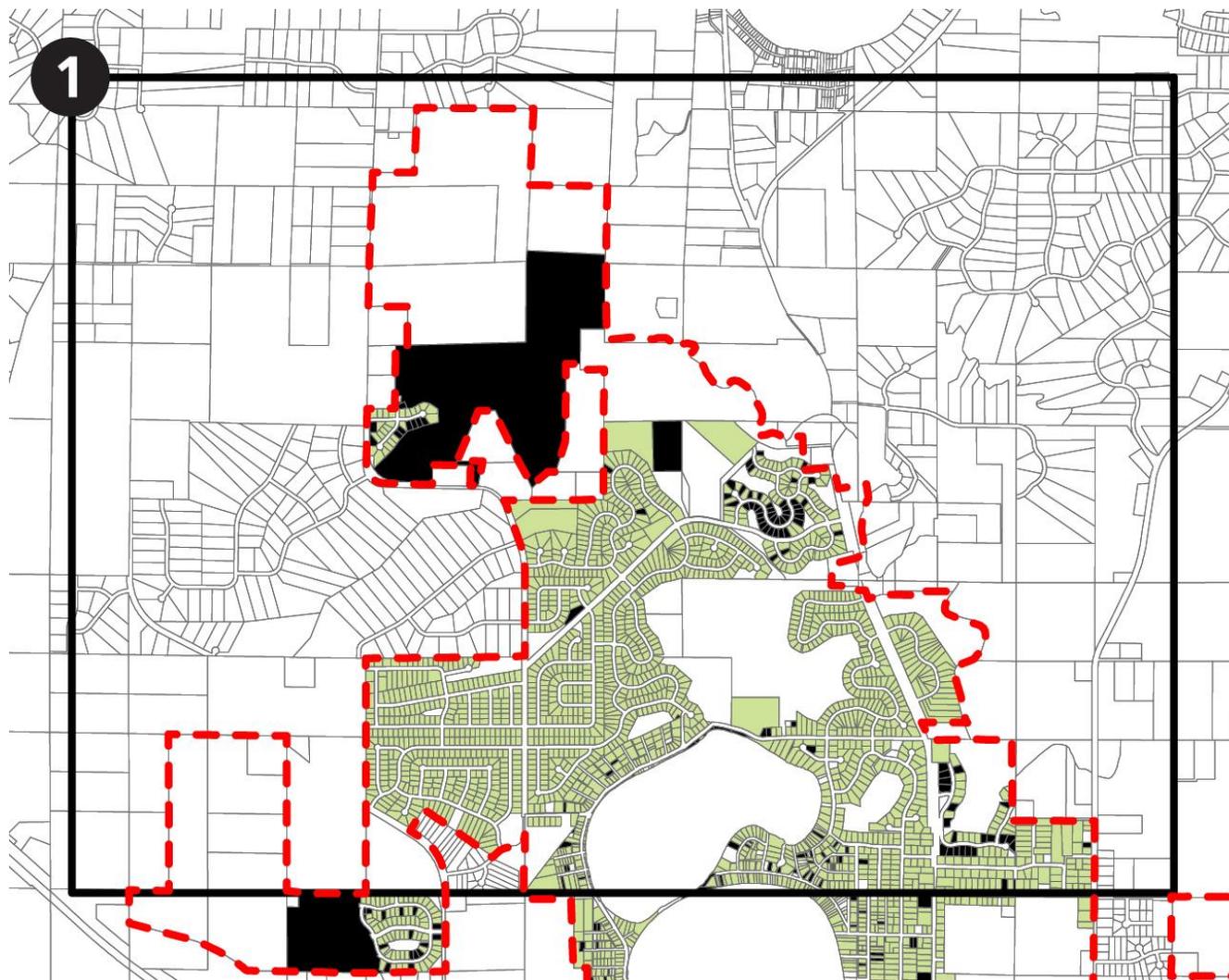
Source: Metrostudy, Maxfield Research & Consulting, LLC

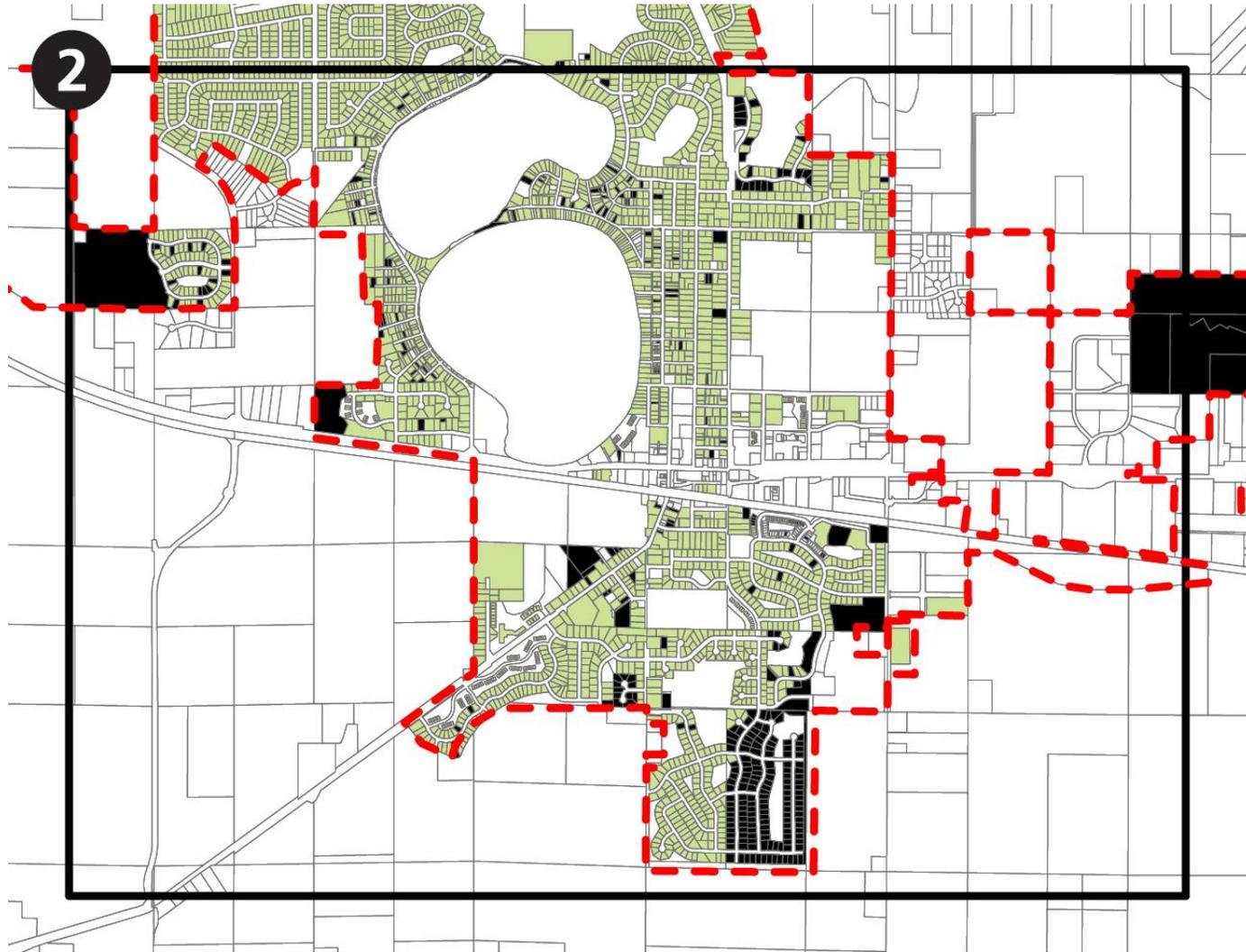


Big Lake Residential Vacant Residential Parcels



1745-01 Vacant Lots







FOR-SALE MARKET ANALYSIS

- Nearly two-thirds of all new lots in Big Lake began marketing in 2005; generally, the peak year of the real estate market. About 12% of all actively marketing lots were platted after 2005 (between 2006 and 2008).
- Hudson Woods and Norland Park are the two most active subdivisions in Big Lake. Both subdivisions had about 10 housing starts in 2015. Most of these homes are priced in the low \$200,000s and are mostly split-level homes with approximately 1,300 finished square feet with unfinished basements. Most of the unfinished basements have at least 900 square feet that could be finished in the future. In 2016, Mitch K Farms Addition and Prairie Meadows are very active with new construction starts.
- There are nearly 100 future single-family lots spread across eight subdivisions. Most of these subdivisions may have received a preliminary plat approval prior the recession and were on-hold due to the housing slowdown.
- The lot supply in Big Lake is dominated by the single-family, detached home. There is only one active attached product with available lots in Big Lake; Wright Crossing with 9 vacant lots. However, Wright Crossings also has detached townhomes with 35 vacant lots.
- According to new construction marketing on the MLS, the average price of new construction in Big Lake is approximately \$250,000, or \$144 per square foot for single-family housing.
- Based on closings over the past year, the majority of new construction in the Big Lake Market Area has been on large lots in the surrounding townships. Approximately 44% of the lot absorption has been for lots over 110 feet wide. The majority of the lots absorbed in Big Lake fall between 70 and 90 feet wide.
- Over 52% of new detached single-family lots absorbed in the Big Lake Market Area had a base price between \$200,000 and \$300,000. Another 26% were priced under \$200,000; although most of these homes were priced between \$175,000 and \$200,000. Only 22% of new homes were priced over \$300,000 this past year.

Pending For-Sale Developments

According to the City of Big Lake, there are no pending for-sale housing developments in the planning process at this time.

Introduction

Previous sections of this study analyzed the existing housing supply and the growth and demographic characteristics of the population and household base in Big Lake and the Big Lake Market Area. This section of the report presents our estimates of housing demand in Big Lake and the Market Area from 2016 through 2025.

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.

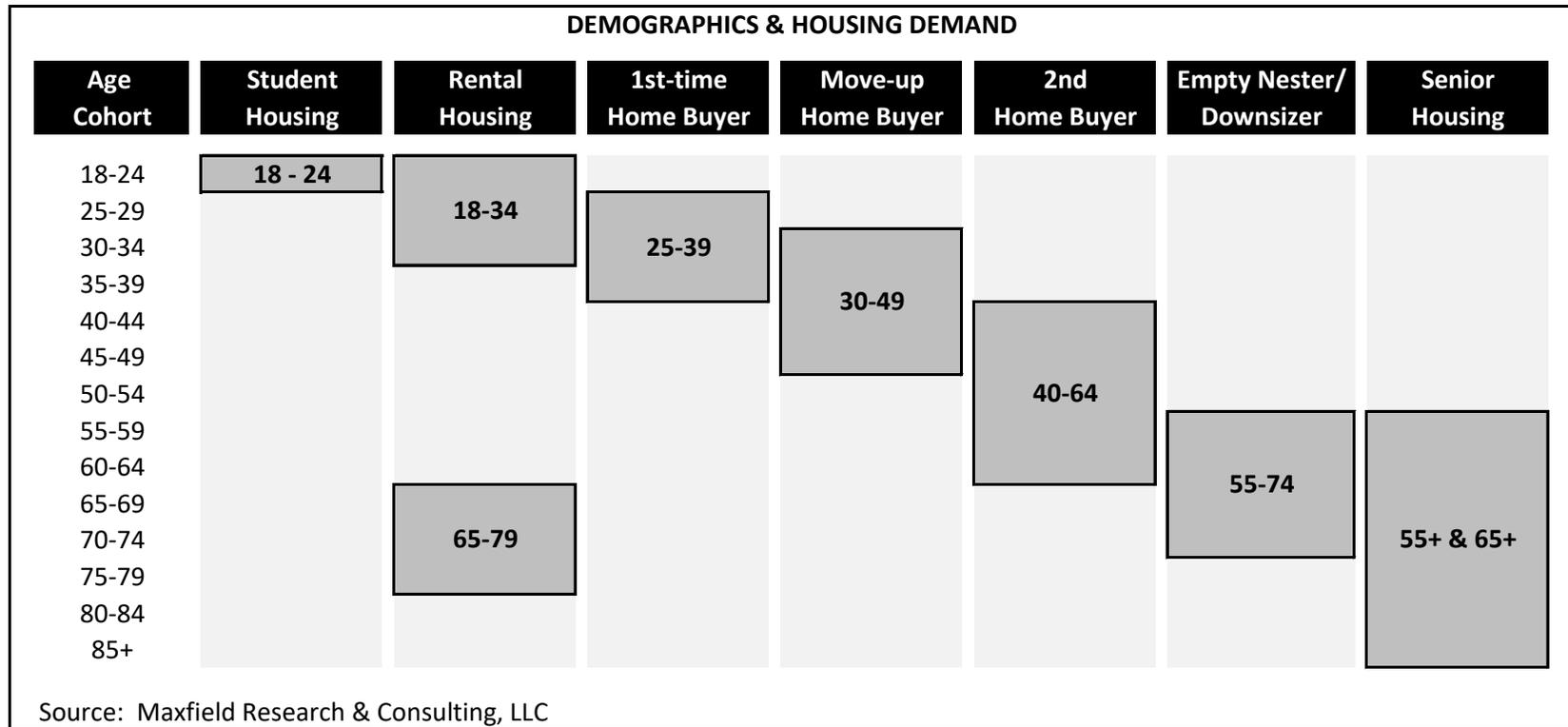
The graphic on the following page provides greater detail of various housing types supported within each housing life cycle. Information on square footage, average bedrooms/bathrooms, and lot size is provided on the subsequent graphic.

Housing Demand Overview

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

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.

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
	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
Rental Housing	Apartment-style rental housing	Singles, couples, single-parents, some families, seniors	675 to 1,250 sq. ft. 1-3 BR 1-2 BA	Low-rise: 18.0-24.0 DU/Acre Mid-rise: 25.0+ DU/Acre Hi-rise: 75.0+ DU/Acre
	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
	Student rental housing	College students, mostly undergraduates	550 to 1,400 sq. ft. 1-4BR 1-2 BA	Low-rise: 18.0-24.0 DU/Acre Mid-rise: 25.0+ DU/Acre Hi-rise: 50.0+ DU/Acre
Both	Senior housing	Retirees, Seniors	550 to 1,500 sq. ft. Suites - 2BR 1-2 BA	Varies considerably based on senior product type

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

Source: Maxfield Research & Consulting, LLC

Demographics

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

Economy & Job Growth

The economy and housing market are intertwined; the health of the housing market affects the broader economy and vice versa. Housing market growth depends on job growth (or the prospect of); jobs generate income growth which results in the formation of more households and can stimulate household turnover. Historically low unemployment rates have driven both existing home purchases and new-home purchases. Lack of job growth leads to slow or diminishing

household growth, which in-turn relates to reduced housing demand. Additionally, low income growth results in fewer move-up buyers which results in diminished housing turnover across all income brackets.

Consumer Choice/Preferences

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

Supply (Existing Housing Stock)

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

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

Housing Finance

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

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

Mobility

It is important to note that demand is somewhat fluid between other northwest Twin Cities Metro Area communities and will be impacted by development activity in nearby areas, including other communities outside Sherburne County.

Estimated Demand for For-Sale Housing

Table HD-1 presents our demand calculations for general occupancy for-sale housing in the Big Lake Market Area between 2016 and 2025.

The 65 and older cohort is typically not a target market for new general occupancy for-sale housing, therefore, we limit demand from household growth to only those households under the age of 65. According to our projections, the Big Lake Market Area is expected to add 694 new households. We estimate that 87% have the propensity to own, which produces demand for 604 new general occupancy for-sale housing units between 2016 and 2025.

Demand is also forecast to emerge from existing Market Area householders through turnover. An estimated 5,763 owner-occupied households under age 65 are located in the Big Lake Market Area in 2016. Based on mobility data from the Census Bureau, an estimated 39% of owner households will turnover in a ten-year period, resulting in 2,248 existing households projected to turnover. Finally, we estimate 10% of the existing owner households will seek new for-sale housing, resulting in demand for 225 for-sale units through 2025.

Next, we estimate that 20% of the total demand for new for-sale units in the Big Lake Market Area will come from people currently living outside of the Market Area. A portion of this market will be former residents of the area, such as “snow-birds” heading south for the winters. Adding demand from outside the Big Lake Market Area to the existing demand potential, results in a total estimated demand for 1,036 for-sale housing units by 2025.

Based on land available, building trends, and demographic shifts (increasing older adult population), we project 80% of the for-sale owners will prefer traditional single-family product types while the remaining 20% will prefer a maintenance-free multi-family product (i.e. twin homes, townhomes, or condominiums).

We then subtract the current identified platted lots that are under construction or approved. After subtracting the current lot supply in subdivisions (548 total single-family lots and nine multi-family) we find total demand through 2025 resulting in 281 single-family lots and 198 multifamily lots.

Finally, we estimate that 50% of the excess single family demand and 85% of the excess multifamily demand from the Big Lake Market Area demand could be captured in Big Lake. **Therefore, total for-sale demand in Big Lake through 2025 is 140 new single-family lots and 168 multifamily units.**

HOUSING DEMAND ANALYSIS

**TABLE HD-1
FOR-SALE HOUSING DEMAND
BIG LAKE MARKET AREA
2016 to 2025**

Demand from Projected Household Growth			
Projected HH growth under age 65 in the Market Area 2016 to 2025 ¹		694	
(times) % propensity to own ²	x	87.0%	
(equals) Projected demand from new HH growth	=	604	
Demand from Existing Owner Households			
Number of owner households (age 64 and younger) in Market Area (2016) ³		5,763	
(times) Estimated percent of owner turnover ⁴	x	39%	
(equals) Total existing households projected to turnover	=	2,248	
(times) Estimated percent desiring new housing	x	10.0%	
(equals) Demand from existing households	=	225	
(equals) Total demand from HH growth and existing HHs 2016 to 2025	=	829	
(times) Demand from outside Big Lake Market Area		20%	
(equals) Total demand potential for ownership housing, 2016 to 2025	=	1,036	
		Single Family	Multi- family*
(times) Percent desiring for-sale single-family vs. multifamily ⁵	x	80%	20%
(equals) Total demand potential for new single-family & multifamily for-sale housing	=	829	207
(minus) Units marketing or approved platted lots (undeveloped and developed lots) ⁶	-	548	9
(equals) Excess demand for new general occupancy for-sale housing	=	281	198
(times) Percent of Market Area demand capturable by Big Lake	x	50%	85%
(equals) number of units supportable by Big Lake	=	140	168
¹ Estimated household growth based on data from Table D-1 as adjusted by Maxfield Research & Consulting, LLC ² Pct. of owner households under the age of 65 (U.S. Census - 2010, ESRI, Maxfield Research Inc.). Adjusted by Maxfield Research to account for shift in ³ Estimate based on 2010 owner households and new owner household growth 2010 to 2015 (under age 65) ⁴ Based on on turnover from 2010 American Community Survey for households moving over 10-year period. ⁵ Based on preference for housing type and land availability ⁶ Approved platted lot data does not account for the scattered lot supply which includes individual lots and lots in older non-marketing subdivisions. * Multi-family demand includes demand for townhomes, detached townhomes, twinhomes, and condominium units.			
Source: Maxfield Research & Consulting, LLC			

Estimated Demand for General-Occupancy Rental Housing

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

The 65 and older cohort is typically not a target market for new general occupancy rental housing, therefore, we limit demand from household growth to only those households under the age of 65. According to our projections, the Big Lake Market Area is expected to add 694 new households between 2016 and 2025. We estimate that 13% will be renting their housing, which produces demand for 90 new general occupancy rental housing units between 2016 and 2025.

Demand is also forecast to emerge from existing Market Area householders through turnover. An estimated 707 renter-occupied households under age 65 are located in the Big Lake Market Area in 2016. Based on mobility data from the Census Bureau, an estimated 64% of renter households will turnover in a ten-year period, resulting in 452 existing households projected to turnover. Finally, we estimate 20% of the existing renter households will seek new rental housing, resulting in demand for 90 rental units through 2025.

Next, we estimate that 20% of the total demand for new rental units in the Big Lake Market Area will come from people currently living outside of the Market Area. Adding demand from outside the Big Lake Market Area to the existing demand potential, results in a total estimated demand for 181 rental housing units by 2025.

Based on a review of rental household incomes and sizes and monthly rents at existing projects, we estimate that approximately 15% of the total demand will be for subsidized housing (30% AMI), 30% will be for affordable housing (40% to 60% AMI), and 55% will be for market rate housing (non-income restricted).

Next we subtract housing projects that are under construction or pending, since these projects will satisfy some of the calculated demand for general occupancy rental housing. The Northern Star Apartments are planning a second phase to their development with 38 apartment units of which 15 units will be affordable. Subtracting out the 38 apartment units at a 95% occupancy rate equals excess demand for 34 subsidized, 53 affordable, and 101 market rate general occupancy rental housing units.

Finally, we estimate that a site in Big Lake can capture 90% of the total subsidized and affordable Market Area demand and 80% of the total market rate Market Area demand, resulting in demand for 30 subsidized units, 47 affordable units, and 81 market rate units in Big Lake.

HOUSING DEMAND ANALYSIS

TABLE HD-2 RENTAL HOUSING DEMAND BIG LAKE MARKET AREA 2016 to 2025			
Demand from Projected Household Growth			
Projected HH growth under age 65 in the Big Lake Market Area 2016 to 2025 ¹			694
(times) Estimated % to be renting their housing ²	x		13.0%
(equals) Projected demand from new HH growth	=		90
Demand from Existing Renter Households			
Number of renter HHs (age 64 and younger) in Big Lake Market Area (2016) ³			707
(times) Estimated percent of renter turnover ⁴	x		64.0%
(equals) Total existing households projected to turnover	=		452
 (times) Estimated percent desiring new rental housing	 x		 20%
(equals) Demand from existing households	=		90
(equals) Total demand from HH growth and existing HHs 2016 to 2025	=		181
(times) Demand from outside Big Lake Market Area			20%
(equals) Total demand potential for rental housing, 2016 to 2025			226
 (times) Percent of rental demand by product type ⁵	 x		
(equals) Total demand potential for general-occupancy rental housing units	=		
 (minus) Units under construction or pending ⁶	 -		
(equals) Excess demand for new general occupancy rental housing	=		
 (times) Percent of Market Area demand capturable by Big Lake	 x		
(equals) number of units supportable by Big Lake			
		30	47
		81	

	Subsidized	Affordable	Market Rate
(times) Percent of rental demand by product type ⁵	15%	30%	55%
(equals) Total demand potential for general-occupancy rental housing units	34	68	124
(minus) Units under construction or pending ⁶	0	15	23
(equals) Excess demand for new general occupancy rental housing	34	53	101

¹ Estimated household growth based on data from Table D-1 as adjusted by Maxfield Research & Consulting, LLC

² Pct. of renter households under the age of 65 (U.S. Census - 2010, ESRI, Maxfield Research Inc.). Adjusted by Maxfield Research to account for tenure shift

³ Estimate based on 2010 renter households and new renter household growth 2010 to 2015 (under age 65)

⁴ Based on on turnover from 2010 American Community Survey for households moving over 10-year period.

⁵ Based on the combination of current rental product and household incomes of area renters (non-senior households)

⁶ Pending/proposed/under construction at 95% occupancy.

Source: Maxfield Research & Consulting, LLC.

It should be noted demand could be higher to account for pent-up housing demand. With pent-up demand (a shortage of units), people who would normally form their own rental households instead room with other persons in a housing unit, live with their parents, live in single-family rentals, or live in housing outside of the area and commute to jobs. A healthy rental market is expected to have a vacancy rate of about 5% to allow for sufficient consumer choice and unit turnover. According to Table R-1, the current general-occupancy rental market had 0.6% vacancy rate, indicating pent-up demand for rental housing units.

Estimated Demand for Independent Adult/Few Service Senior Housing

Table HD-3 presents our demand calculations for market rate independent senior housing in Big Lake in 2016 and 2021.

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

We calculate that the minimum income needed to afford monthly rents is \$35,000 or more plus homeowner households with incomes between \$25,000 and \$34,999 who would be able to supplement their incomes with the proceeds from a home sale. We estimate the number of age/income-qualified senior households in the Big Lake Market Area in 2016 to be 2,097 households.

Adjusting to include appropriate long-term capture rates for each age cohort (0.5% of households age 55 to 64, about 5.5% of households age 65 to 74, and 16.5% of households age 75 and over) results in a market rate demand potential for 77 independent senior rental units in 2016.

Some additional demand will come from outside the Big Lake Market Area. We estimate that 20% of the long-term demand for independent senior housing will be generated by seniors currently residing outside the Big Lake Market Area. This demand will consist primarily of parents of adult children living in the Big Lake area, individuals who live just outside of the Big Lake Market Area and have an orientation to the area, as well as former residents who desire to return. Together, the demand from Big Lake Market Area seniors and demand from seniors who would relocate to Big Lake results in a demand for 97 active adult units in 2016.

Independent demand in Big Lake is apportioned between ownership and rental housing. Based on the age distribution, homeownership rates and current product available in Big Lake, we project that 45% of Big Lake' demand will be for adult ownership housing (43 units) and 55% will be for rental housing (53 units).

Next, we subtract existing competitive market rate units (minus a vacancy factor of 5% to allow for sufficient consumer choice and turnover) from the owner and rental demand. Subtracting the existing competitive market rate units results in total demand potential for 26 adult owner-occupied units and no adult rental units in 2016 due to the existing 85 active adult rental units.

HOUSING DEMAND ANALYSIS

TABLE HD-3 MARKET RATE ACTIVE ADULT HOUSING DEMAND BIG LAKE MARKET AREA 2016 & 2021						
	2016			2021		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of >\$35,000 ¹	1,187	569	173	1,284	707	212
# of Households w/ Incomes of \$25,000 to \$34,999 ¹	+ 67	62	59	69	68	67
(times) Homeownership Rate	x 95%	90%	83%	x 95%	90%	83%
(equals) Total Potential Market Base	= 1,251	625	222	= 1,349	768	268
(times) Potential Capture Rate	x 0.5%	5.5%	16.5%	x 0.5%	5.5%	16.5%
(equals) Demand Potential	= 6	34	37	= 7	42	44
Potential Demand from Big Lake Residents	= 77			= 93		
(plus) Demand from Outside Big Lake MA (20%)	+ 19			+ 23		
(equals) Total Demand Potential	= 97			= 116		
	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	= 43		= 53	= 52		= 64
(minus) Existing and Pending MR Active Adult Units ²	- 17		- 81	- 17		- 81
(equals) Excess Demand for MR Active Adult Units	= 26		= 0	= 35		= 0
(times) Percent that could be captured in Big Lake	x 85%			x 85%		
(equals) Excess market rate active adult demand in Big Lake	= 22		0	= 30		0

¹ 2021 calculations define income-qualified households as all households with incomes greater than \$40,000 and homeowner households with incomes between \$30,000 and \$39,999.
² Existing and pending are deducted at market equilibrium (95% occupancy).

Source: Maxfield Research & Consulting, LLC

No one community, including Big Lake, would be able to capture 100% of the demand. Since Big Lake is a primary service center, we believe that it can capture 85% of the demand for ownership projects and rental projects. This results in total demand for 22 adult owner-occupied units and no adult rental units in Big Lake in 2016.

Adjusting for inflation, we have estimated that households with incomes of \$40,000 or more and homeowners with incomes of \$30,000 to \$39,999 would income qualify for market rate independent senior housing in 2021. Considering the growth in the older adult base and the income distribution of the older adult population in 2021 the methodology projected that demand will be 30 adult owner-occupied units and no adult rental units in the City of Big Lake by 2021.

Estimated Demand for Subsidized/ Affordable Independent Senior Housing

Table HD-4 presents our demand calculations for subsidized/affordable independent senior housing in the City of Big Lake in 2016 and 2021.

In order to arrive at the potential age and income qualified base for low income and affordable housing, we include all senior (65+) households with incomes less than \$35,000. We exclude homeowner households with incomes between \$25,000 and \$34,999, as these households would have additional equity that could be converted to monthly income following the sales of their single-family homes.

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

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

Using the methodology described above results in a demand potential for 17 subsidized units and 31 affordable units.

Next we subtract existing competitive units from the overall demand. There are 38 existing subsidized independent units in the Market Area (minus a vacancy factor of 3% to allow for sufficient consumer choice and turnover). However, there are no existing affordable independent units in the Market Area. After we subtract the existing units, there is demand for no subsidized and 31 independent units in 2016.

No single site can capture all of the demand in the Big Lake Market Area. We estimate that a Site in Big Lake could capture approximately 90% of the Market Area excess demand for 28 affordable units and an excess supply of subsidized units in 2016.

Adjusting for inflation, we estimate that households with incomes up to \$40,000 would be candidates for financially-assisted independent housing in 2021. We reduce the potential market by homeowner households earning between \$30,000 and \$39,999 that would exceed income-restrictions once equity from their home sales is converted to monthly income.

Following the same methodology, we project demand in Big Lake for 41 affordable units and an excess supply of subsidized units in 2021.

HOUSING DEMAND ANALYSIS

TABLE HD-4 SUBSIDIZED/AFFORDABLE INDEPENDENT HOUSING DEMAND BIG LAKE MARKET AREA 2016 & 2021						
	2016			2021		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of <\$35,000	157	176	157	181	226	226
Less Households w/ Incomes of \$25,000 to \$34,999 ¹	- 67	- 62	- 59	- 69	- 68	- 67
(times) Homeownership Rate	x 95%	x 90%	x 83%	x 95%	x 90%	x 83%
(equals) Total Potential Market Base	= 93	= 120	= 108	= 115	= 165	= 170
(times) Potential Capture Rate	x 2.0%	x 10.0%	x 20.0%	x 2.0%	x 10.0%	x 20.0%
(equals) Demand Potential	= 2	= 12	= 22	= 2	= 16	= 34
(equals) Potential Demand from Big Lake Residents	= 35			= 53		
(plus) Demand from Outside Big Lake MA (25%)	+ 12			+ 18		
(equals) Total Demand Potential	= 47			= 70		
(times) % by Product Type	x 35%	x 65%		x 35%	x 65%	
(equals) Demand Potential by Product Type	= 17	= 31		= 25	= 46	
(minus) Existing and Pending Independent Units ²	- 38	- 0		- 38	- 0	
(equals) Excess Demand for Aff/Sub Units	= 0	= 31		= 0	= 46	
(times) Percent that could be captured in Big Lake	x 90%			x 90%		
(equals) Excess sub/aff independent demand in Big Lake	= 0	= 28		= 0	= 41	
¹ 2021 calculations define income-qualified households as all households with incomes less than \$40,000. Homeowner households with incomes between \$30,000 and \$39,999 are excluded from the market potential for financially-assisted housing. ² Existing units are deducted at market equilibrium, or 97% occupancy.						
Source: Maxfield Research & Consulting, LLC						

Estimated Demand for Congregate Senior Housing

Table HD-5 presents our demand calculations for congregate housing in Big Lake in 2016 and 2021.

The potential age- and income-qualified base for congregate senior housing includes all senior (65+) households with incomes of \$35,000 as well as homeowner households with incomes between \$30,000 and \$34,999 who would qualify with the proceeds from the sales of their homes. The proportion of eligible homeowners is based on the 2010 Census homeownership rates of the Big Lake Market Area seniors. The number of age, income, and asset-qualified households in Big Lake is estimated to be 795 households in 2016.

Demand for congregate housing is need-drive, which reduces the qualified market to only the portion of seniors who need some assistance. Adjusting to include appropriate capture rates for each age cohort (1.5% of households age 65 to 74 and 13.0% of households age 75 and older) results in a local demand potential for 35 congregate units in 2016.

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We estimate that seniors currently residing outside of the Big Lake area will generate 20% of the demand for congregate senior housing. Together, the demand from Big Lake Market Area seniors and demand from seniors who are willing to locate to the Big Lake Market Area totals 43 congregate units in 2016.

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

No single site can capture all of the demand in the Big Lake Market Area. We estimate that a Site in Big Lake could capture approximately 85% of the Market Area excess demand for a total of 37 congregate units through 2016.

Adjusting for inflation, we estimate that households with incomes of \$40,000 or more and senior homeowners with incomes between \$35,000 and \$39,999 would qualify for congregate housing in 2021. Following the same methodology, demand is calculated to increase to 45 units through 2021.

TABLE HD-5 MARKET RATE CONGREGATE RENTAL HOUSING DEMAND BIG LAKE MARKET AREA 2016 & 2021				
	2016		2021	
	Age of Householder		Age of Householder	
	65-74	75+	65-74	75+
# of Households w/ Incomes of >\$35,000 ¹	569	173	707	212
# of Households w/ Incomes of \$30,000 to \$34,999 ¹	+	31	37	31
(times) Homeownership Rate	x	90%	x	90%
(equals) Total Potential Market Base	=	597	=	740
		198		238
(times) Potential Capture Rate ²	x	1.5%	x	1.5%
(equals) Potential Demand	=	9	=	11
		+ 26		+ 31
Potential Demand from PMA Residents	=	35	=	42
(plus) Demand from Outside Market Area (20%)	+	9	+	11
(equals) Total Demand Potential	=	43	=	53
(minus) Existing and Pending Congregate Units ³	-	0	-	0
(equals) Total Congregate Demand Potential	=	43	=	53
(times) Percent that could be captured in Big Lake	x	85%	x	85%
(equals) Excess market rate assisted living demand in Big Lake	=	37	=	45

¹ 2021 calculations define income-qualified households as all households with incomes greater than \$40,000 and homeowner households with incomes between \$35,000 and \$39,999.

² The potential capture rate is derived from data from the Summary Health Statistics for the U.S. Population: National Health Interview Survey, 2008 by the U.S. Department of Health and Human Services. The capture rate used is the percentage of seniors needing assistance with IADLs, but not ADLs (seniors needing assistance with ADLs typically need assistance with multiple IADLs and are primary candidates for service-intensive assisted living).

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

Source: Maxfield Research & Consulting, LLC

Estimated Demand for Assisted Living Housing

Table HD-6 presents our demand calculations for assisted living senior housing in Big Lake in 2016 and 2021. This analysis focuses on the potential *private pay/market rate* demand for assisted living units.

The availability of more intensive support services such as meals, housekeeping and personal care at assisted living facilities usually attracts older, frailer seniors. According to the 2009 Overview of Assisted Living (which is a collaborative research project by the American Association of Homes and Services for the Aging, the American Seniors Housing Association, National Center for Assisted Living, and National Investment Center for the Seniors Housing and Care Industry), the average age of residents in freestanding assisted living facilities was 87 years in 2008. Hence, the age-qualified market for assisted living is defined as seniors ages 75 and over, as we estimate that of the half of demand from seniors under age 87, almost all would be from seniors over age 75. In 2016, there were 509 seniors age 75 and older in the Big Lake Market Area.

Demand for assisted living housing is need-driven, which reduces the qualified market to only the portion of seniors who need assistance. According to a study completed by the U.S. Census Bureau (1999 panels of the Survey of Income and Program Participation (SIPP) files), 30% of seniors needed assistance with everyday activities (from 25.5% of 75-to-79-year-olds, to 33.6% of 80-to-84-year-olds and 51.6% of 85+ year olds). Applying these percentages to the senior population yields a potential assisted living market of 173 seniors in the Big Lake Market Area.

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

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

Eighty-three percent of the age 75+ households in the Big Lake Market Area are homeowners, and the median resale price of homes through 2015 in Big Lake was \$182,000. Seniors selling their homes for the median resale price would generate about \$171,080 in proceeds after selling costs. With an average monthly fee of \$3,000, these proceeds would last about 57 months

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in an assisted living facility, which is higher than the average length of stay in assisted living (27 months according to the 2009 Overview of Assisted Living). For each age group in Table HD-6, we estimate the income-qualified percentage to be all seniors in households with incomes above \$40,000 (who could afford monthly rents of \$3,000+ per month) plus 40% of the estimated seniors in homeowner households with incomes below \$40,000 (who will spend down assets, including home-equity, in order to live in assisted living housing). This results in a total potential market of 173 units from the Big Lake Market Area in 2016.

Because the vast majority of assisted living residents are single (88% according to the 2009 Overview of Assisted Living), our demand methodology multiplies the total potential market by the percentage of seniors age 75+ in the Big Lake Market Area living alone. Based on 2010 Census data, 36% of age 75+ households in Big Lake lived alone. Applying this percentage results in a total base of 40 age/income-qualified singles. The 2009 Overview of Assisted Living found that 12% of residents in assisted living were couples. There are a total of 45 age/income-qualified seniors needing assistance in the Big Lake Market Area including both couples and singles.

We estimate that roughly 60% of the qualified market needing significant assistance with Activities of Daily Living (“ADLs”) would either remain in their homes or less service-intensive senior housing with the assistance of a family member or home health care, or would need greater care provided in a skilled care facility. The remaining 40% could be served by assisted living housing. Applying this potential market penetration rate of 40% results in demand for 18 assisted living units in 2016.

We estimate that a portion of demand for assisted living units (20%) will come from outside of the Big Lake Market Area. Applying this figure results in total potential demand for 23 market rate assisted living units in the Big Lake Market Area.

There are a total of 10 assisted living units in the Big Lake Market Area. However, a portion of these units are occupied by residents with financial assistance, estimated to account for 20% of the total units in the Market Area. After deducting these competitive units (minus a 93% occupancy rate) from the total demand potential, we calculate that there is a demand for 16 assisted living units in the Big Lake Market Area.

No single site can capture all of the demand in the Big Lake Market Area. We estimate that a Site in Big Lake could capture approximately 85% of the Market Area excess demand for a total of 13 assisted living units through 2016.

The same calculations are applied to the age/income-qualified base in 2021 and demand increased to 18 units.

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TABLE HD-6 MARKET RATE ASSISTED LIVING DEMAND BIG LAKE MARKET AREA 2016 & 2021						
Age group	2016			2021		
	People	Percent Needing Assistance ¹	Number Needing Assistance ¹	People	Percent Needing Assistance ¹	Number Needing Assistance ¹
75 - 79	248	25.5%	63	382	25.5%	97
80 - 84	140	33.6%	47	174	33.6%	58
85+	121	51.6%	62	130	51.6%	67
Total	509		173	686		223
Percent Income-Qualified²			64%			61%
Total potential market			110			136
(times) Percent living alone			x 36%			36%
(equals) Age/income-qualified singles needing assistance			= 40			49
(plus) Proportion of demand from couples (12%) ³			+ 5			7
(equals) Total age/income-qualified market needing assistance			= 45			56
(times) Potential penetration rate ⁴			x 40%			40%
(equals) Potential demand from PMA residents			= 18			22
(plus) Proportion from outside the PMA (20%)			+ 5			6
(equals) Total potential assisted living demand			= 23			28
(minus) Existing market rate assisted living units ⁵			- 7			7
(equals) Total excess market rate assisted living demand			= 16			21
(times) Percent that could be captured in Big Lake			x 85%			85%
(equals) Excess market rate assisted living demand in Big Lake			= 13			18
¹ The percentage of seniors unable to perform or having difficulty with ADLs, based on the publication Health, United States, 1999 Health and Aging Chartbook, conducted by the Centers for Disease Control and Prevention and the National Center for Health Statistics.						
² Includes households with incomes of \$40,000 or more (who could afford monthly rents of \$3,000+ per month) plus 40% of estimated owner households with incomes below \$40,000 (who will spend down assets, including home-equity, in order to live in assisted living housing).						
³ The 2009 Overview of Assisted Living (a collaborative project of AAHSA, ASHA, ALFA, NCAL & NIC) found that 12% of assisted living residents are couples.						
⁴ We estimate that 60% of the qualified market needing assistance with ADLs could either remain in their homes or reside at less advanced senior housing with the assistance of a family member or home health care, or would need greater care provided in a skilled care facility.						
⁵ Existing and pending units at 93% occupancy. We exclude 20% of units to account for seniors utilizing public subsidy.						
Source: Maxfield Research & Consulting, LLC						

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

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

Estimated Demand for Memory Care Housing

Table HD-7 presents our demand calculations for market rate memory care senior housing in Big Lake in 2016 and 2021.

Demand is calculated by starting with the estimated Big Lake Market Area senior (age 65+) population in 2016 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, 2007), 2% of seniors ages 65 to 74, 19% of seniors ages 75 to 84, and 42% of seniors ages 85+ are inflicted with Alzheimer’s Disease. This yields a potential market of 150 seniors in the Big Lake Market Area in 2016.

Because of the staff-intensive nature of dementia care, typical monthly fees for this type of housing are at least \$4,000 and range upwards of \$5,000 when including service packages. Based on our review of senior household incomes in the Big Lake Market Area, homeownership rates and home sale data, we estimate that 64% of seniors in the Big Lake Market Area would have incomes and/or assets to sufficiently cover the costs of memory care housing. This figure takes into account married couple households where one spouse may have memory care needs and allows for a sufficient income for the other spouse to live independently. Multiplying the number of seniors with Alzheimer’s/dementia (150 seniors) by the income-qualified percentage results in a total of 96 age/income-qualified seniors in the Big Lake Market Area in 2016.

According to data from the National Institute of Aging, about 25% of all individuals with memory care impairments comprise the market for memory care housing units. This figure considers that seniors in the early stages of dementia will be able to live independently with the care of a spouse or other family member, while those in the later stages of dementia will require intensive medical care that would only be available in skilled care facilities. Applying this figure to the estimated population with memory impairments yields a potential market of about 24 seniors in the Big Lake Market Area.

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We estimate that 20% of the overall demand for memory care housing would come from outside of the Big Lake Market Area. Together, demand totals 30 memory care units in 2016.

TABLE HD-7 MARKET RATE MEMORY CARE DEMAND BIG LAKE MARKET AREA 2016 & 2021		
	2016	2021
65 to 74 Population	1,264	1,618
(times) Dementia Incidence Rate ¹	x 2%	x 2%
(equals) Estimated Age 65 to 74 Pop. with Dementia	= 25	= 32
75 to 84 Population	388	556
(times) Dementia Incidence Rate ¹	x 19%	x 19%
(equals) Estimated Age 75 to 84 Pop. with Dementia	= 74	= 106
85+ Population	121	130
(times) Dementia Incidence Rate ¹	x 42%	x 42%
(equals) Estimated Age 85+ Pop. with Dementia	= 51	= 55
(equals) Total Senior Population with Dementia	= 150	= 193
(times) Percent Income/Asset-Qualified ²	x 64%	x 66%
(equals) Total Income-Qualified Market Base	= 96	= 127
(times) Percent Needing Specialized Memory Care Assistance	x 25%	x 25%
(equals) Total Need for Dementia Care	= 24	= 32
(plus) Demand from Outside the PMA (20%)	+ 6	+ 8
Total Demand for Memory Care Units	= 30	40
(minus) Existing and Pending Memory Care Units ³	- 7	- 7
(equals) Excess PMA Demand Potential	= 23	= 33
(times) Estimated Percent Capturable in Big Lake	x 90%	90%
(equals) Memory Care Demand Capturable in Big Lake	= 21	29
¹ Alzheimer's Association: Alzheimer's Disease Facts & Figures (2007)		
² Includes seniors with income at \$60,000 or above (\$65,000 in 2021) plus 40% of homeowners with incomes below this threshold (who will spend down assets, including home-equity, in order to live in memory care housing).		
³ Existing memory care units at 7% vacancy rate. We exclude 20% of units to account for seniors utilizing public subsidy.		
Source: Maxfield Research & Consulting, LLC		

We reduce the demand potential by accounting for the existing memory care product in the Big Lake Market Area. There are a total of 10 units; however, we reduce the competitive units to include memory care units at a 7% vacancy rate and exclude 20% of units to account for seniors utilizing public subsidy (estimated at 7 units). Subtracting these competitive units results in a demand for 23 units.

No single site can capture all of the demand in the Big Lake Market Area. We estimate that a Site in Big Lake could capture approximately 90% of the Big Lake Market Area excess demand for a total of 21 memory care units in 2016.

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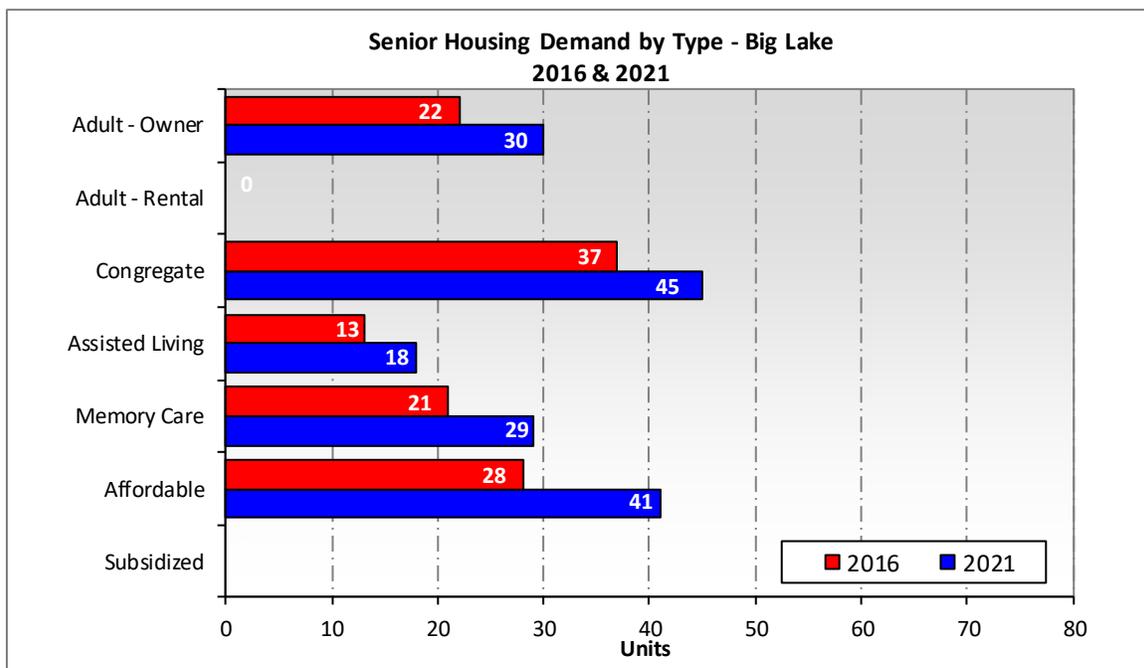
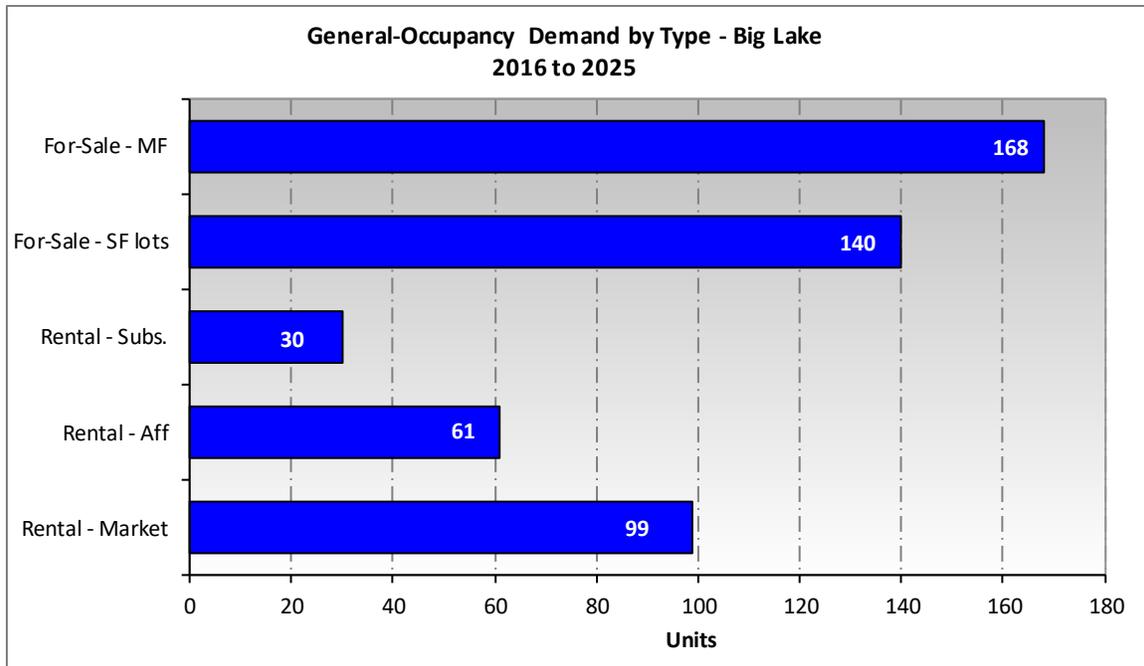
The same calculations are applied to the age/income-qualified base in 2021. Following the same methodology, potential demand for market rate memory care units is expected to increase to 29 units in Big Lake through 2021.

Introduction/Overall Housing Recommendations

This section summarizes demand calculated for specific housing products in Big Lake and recommends development concepts to meet the housing needs forecast for the City. All recommendations are based on findings of the *Comprehensive Housing Needs Assessment*. The following table and charts illustrate calculated demand by product type. It is important to recognize that housing demand is highly contingent on projected household growth; household growth could be higher should increased job growth ensue and the overall economy continues to improve.

TABLE CR-1 SUMMARY OF HOUSING DEMAND BIG LAKE MARKET AREA 2016 to 2025				
Type of Use	Demand in Market Area		Demand in Big Lake	
	2016-2025		2016-2025	
General-Occupancy				
Rental Units - Market Rate	124		99	
Rental Units - Affordable	68		61	
Rental Units - Subsidized	34		30	
For-Sale Lots - Single-family	281		140	
For-Sale Units - Multifamily	198		168	
Total General Occupancy Supportable	705		498	
	Demand in Market Area		Demand in Big Lake	
	2016	2021	2016	2021
Age-Restricted (Senior)				
Market Rate				
Adult Few Services (Active Adult)	26	35	22	30
<i>Ownership</i>	26	35	22	30
<i>Rental</i>	0	0	0	0
Congregate	43	53	37	45
Assisted Living	16	21	13	18
Memory Care	23	33	21	29
Total Market Rate Senior Supportable	108	142	93	122
Affordable/Subsidized				
Active Adult - Subsidized	0	0	0	0
Active Adult - Affordable	31	46	28	41
Total Affordable Senior Supportable	31	46	28	41
Note: Demand subtracts projects under construction or planned projects. In addition, all vacant single-family lots in newer subdivisions are subtracted.				
Source: Maxfield Research & Consulting, LLC.				

RECOMMENDATIONS AND CONCLUSIONS



Based on the finding of our analysis and demand calculations, Table CR-2 provides a summary of the recommended development concepts by product type for the City of Big Lake. It is important to note that these proposed concepts are intended to act as a development guide to most effectively meet the housing needs of existing and future households in Big Lake. The recommended development types do not directly coincide with total demand as illustrated in Table CR-1.

RECOMMENDATIONS AND CONCLUSIONS

TABLE CR-2 RECOMMENDED HOUSING DEVELOPMENT CITY OF BIG LAKE 2016 to 2025				
	Purchase Price/ Monthly Rent Range ¹	No. of Units	Pct. of Total	Development Timing
Owner-Occupied Homes				
<i>Single Family</i> ²				
Entry-level	>\$225,000	225 - 250	46%	2016+
Move-up	\$250,000 - \$325,000	150 - 175	32%	2016+
Executive	\$325,000+	100 - 125	22%	2016+
Total		475 - 550	100%	
<i>Townhomes/Detached Townhomes/Twinhomes</i> ²				
Entry-level	>\$225,000	80 - 100	44%	2016+
Move-up	\$225,000-\$300,000	80 - 100	44%	2017+
Executive	\$300,000+	20 - 25	11%	2018+
Total		180 - 225	100%	
Total Owner-Occupied		655 - 775		
General Occupancy Rental Housing				
<i>Market Rate Rental Housing</i>				
Apartment-style	\$900/1BR - \$1,300/3BR	50 - 60	67%	2016+
Townhomes	\$1,150/2BR - \$1,400/3BR	25 - 30	33%	2016+
Total		75 - 90	100%	
<i>Affordable Rental Housing</i>				
Apartment-style	Moderate Income ³	35 - 40	68%	2016+
Townhomes	Moderate Income ³	15 - 20	32%	2016+
Total		50 - 60	100%	
Total Renter-Occupied		125 - 150		
Senior Housing (i.e. Age Restricted)				
Active Adult Affordable Rental	Moderate Income ³	30 - 40	25%	2016+
Active Adult Senior Coop	\$75,000+	28 - 30	21%	2017+
Independent Living (Congregate)	\$1,750/1BR - \$1,950/2BR	30 - 40	25%	2017+
Assisted Living	\$2,750/EFF - \$4,000/2BR	18 - 20	14%	2020+
Memory Care	\$4,000/EFF - \$5,000/2BR	20 - 24	16%	2017+
Total		126 - 154	100%	
Total - All Units		906 - 1,079		
¹ Pricing in 2016 dollars. Pricing can be adjusted to account for inflation.				
² Recommendations include the absorption of some existing previously platted lots.				
³ Affordability subject to income guidelines per MHFA. See Appendix for Sherburne County Income limits.				
⁴ Alternative development concept is to combine active adult affordable and market rate active adult into mixed-income senior community				
Note - Recommended development does not coincide with total demand. Big Lake may not be able to accommodate all recommended housing types based on a variety of factors (i.e. development constraints, land availability, etc.)				
Source: Maxfield Research & Consulting, LLC				

Recommended Housing Product Types

For-Sale Housing

Single-Family Housing

Table HD-1 identified demand for about 830 single-family housing units in the Big Lake Market Area through 2025. However, after accounting for the existing 548 vacant single-family newer lots in the Big Lake area (see Table FS-9); demand is reduced to about 280 new lots in the Big Lake area through 2025. Based on historic construction activity since 2007, there has been an average of about 20 new single-family units per year in Big Lake; down substantially from the early part of last decade when about 170 units on average were added between 2000 and 2006. However, we estimate single-family lot absorption will continue to increase in the short-term as housing costs in the Twin Cities core are escalating and there are few opportunities for entry-level buyers.

The lot supply benchmark for growing communities is a three- to five-year lot supply, which ensures adequate consumer choice without excessively prolonging developer-carrying costs. Given the number of existing platted lots in Big Lake and the number of homes constructed annually, the current lot supply is able to meet the demand through the end of this decade. Although Table FS-9 identified nearly 1,000 future lots; many of these subdivisions may still be speculative based on preliminary plat information prior to the housing bust of last decade. Therefore, new lots will need to be platted or moved from future lots to vacant developed lots to meet future demand sometime between 2020 and 2025.

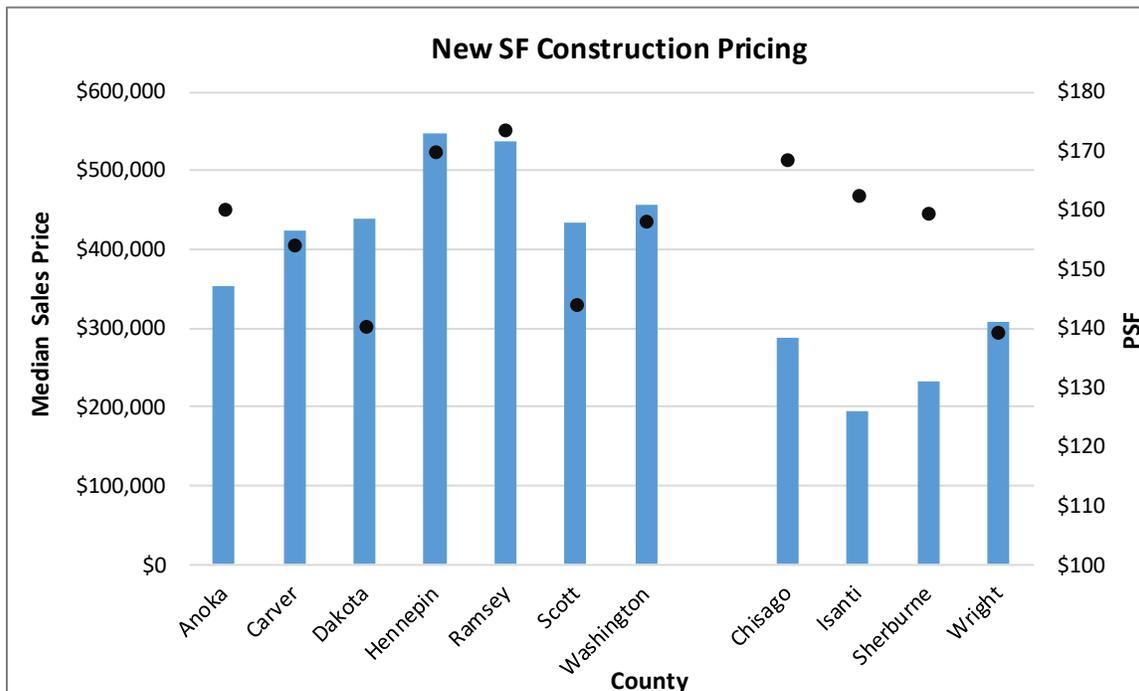
Due to the historical resale values and the affordable price of new construction in Big Lake, a large percentage of the housing stock appeals to first-time buyers. Many entry-level buyers will be attracted to the resale market which we generally classify as homes priced under \$200,000. Many of these homes will be existing homes, but a portion will be new construction priced just under \$200,000. The “sweet spot” for new construction in Big Lake tends to be priced around \$225,000 to \$250,000 in a split-level floor plan with about 1,300 finished square feet and a three-stall garage. Many of the two-story new construction homes tend to attract both first-time and trade-up buyers. A move-up buyer or step-up buyer is typically one who is selling one house and purchasing another one, usually a larger and more expensive home. Usually the move is desired because of a lifestyle change, such as a new job or a growing family. Move-up homes are generally priced from around \$250,000 to \$300,000. Executive-level homes are loosely defined as those homes priced above \$300,000.

The average base price of all new construction actively marketing in Big Lake is approximately \$250,000, or about \$149 PSF for single-family housing stock. The chart on the following page illustrated the cost of new construction in Sherburne County is substantially less than the Metro Area. The median sales price of a new single-family detached home in Sherburne County is

RECOMMENDATIONS AND CONCLUSIONS

about \$233,000 compared to nearly \$550,000 in nearby Hennepin County. Because of dwindling lot inventory in the Twin Cities Metro Area core, buyers are again moving out for more affordable housing stock. Therefore, Big Lake is well-positioned for future growth over the next decade as more affordable land and housing costs will drive new construction.

However, as illustrated in Table FS-12 nearly all of the new construction in Big Lake is priced under \$300,000. As a result, we recommend a more diverse lot supply that offers “choice lots” that cater to executive buyers and have the topography for walk-out lots and more vegetation on the property



For-Sale Multifamily Housing

A growing number of households desire alternative housing types such as townhouses, detached townhomes, and twinhomes. Typically, the target market for 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 generally more affordable than purchasing new single-family homes.

As Table FS-2 showed, multifamily resales make-up a very small percentage of the for-sale housing market in Big Lake. Since 2000, 95% of resales in the Big Lake Market Area has been for single-family homes. At this time, there is only one marketing project in Big Lake that is not

RECOMMENDATIONS AND CONCLUSIONS

a single-family home – *Wrights Crossing*. *Wrights Crossing* is a detached townhome development that offers cottage style, one-level homes with nearly 1,300 square feet.

Based on the changing demographics and the need for alternative housing types, demand was calculated for 168 new multifamily for-sale units in Big Lake through 2025. Because of the lack of supply, aging demographics, and desire for association-maintained housing from other age cohorts, Big Lake would benefit from the development of more alternative housing product types.

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

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

- *Twinhomes*– By definition, a twin home is basically two units with a shared wall with each owner owning half of the lot the home is on. 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 twinhome 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. Housing products designed to meet the needs of these aging Big Lake residents, many of whom desire to stay in their current community if housing is available to meet their needs, will be needed into the foreseeable future.

Twinhomes are also a preferred for-sale product by builders in today's market as units can be developed as demand warrants. Because twinhomes bring higher density and economies of scale to the construction process, the price point can be lower than stand-alone single-family housing. Move-up twin homes has especially been popular in the Twin Cities Metro Area over the past few years and have commanded price premiums.

- *Detached Townhomes/Villas* – An alternative to the twinhome is the one-level villa product and/or rambler. This product also appeals mainly to baby boomers and empty nesters seeking a product similar to a single-family living on a smaller scale while receiving the benefits of maintenance-free living. Many of these units are designed with a walk-out or look-out 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

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living area usually features a master bedroom, great room, dining room, kitchen, and laundry room while offering a “flex room” that could be another bedroom, office, media room, or exercise room. However, owners should also be able to purchase the home with the option to finish the lower level (i.e. additional bedrooms, game room, storage, den/study, etc.) and some owners may want a slab-on-grade product for affordability reasons. Finally, builders could also provide the option to build a two-story detached product that could be mixed with the villa product.

Pricing for a detached townhome/villa will vary based on a slab-on-grade home versus a home with a basement. Base pricing should start at \$250,000 and will fluctuate based on custom finishes, upgrades, etc.

- *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.

Side-by-side townhomes have been slow to recover from the recession. Many of the townhome developments completed last decade in Sherburne County and the Metro Area had many lender-mediated sales and were attractive for real estate investors. Recently there have been a few new townhome developments move forward in the Twin Cities; however they have been located in high demand communities where the single-family market has priced many buyers out of the market. New construction townhomes in Big Lake are still premature; however there could be some demand for this product in a well-located site near Downtown Big Lake are near the transit station.

General Occupancy Rental Housing

Our competitive inventory identified that the vacancy rates for all types of general occupancy rental product is below market equilibrium (0.6% vacancy rate) indicating pent-up demand for rental housing. Newer rental product in Big Lake has performed very well; project such as the *Crossing at Big Lake Station*, *Northern Star Apartments*, and *Town Square Residential Suites* all experienced strong absorption and have virtually no vacancies.

Due to the age and positioning of the remaining existing rental supply (pre-1990 construction), a significant 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.

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However, the growing renter base is seeking newer rental properties with additional and updated amenities that are not offered in older developments. Although ownership housing in many Big Lake homes is generally affordable for first-time home buyers, some are choosing to rent due to fears of past housing market performance.

Maxfield Research and Consulting LLC calculated demand for about 100 market rate, 61 affordable, and 30 subsidized units in Big Lake through 2025. New general-occupancy rental housing can be developed immediately and will continue to be in demand throughout this decade.

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

Because there is demand for about 100 units; new market rate product will likely be developed across multiple buildings and developments. We recommend new middle-market to upper-middle market rental project(s) that will continue to attract a diverse resident profile; including young to mid-age professionals as well as singles and couples across all ages. To appeal to wide target market, we suggest a market rate apartment project with a unit mix consisting of one-bedroom units, one-bedroom plus den units, two-bedroom units, and a few two-bedroom plus den or three-bedroom units.

Monthly rents (in 2015 dollars) should range from \$900 for a one-bedroom unit to \$1,300 for a two-bedroom den three-bedroom unit. Average rents in Big Lake are roughly \$1.00 per square foot, thus we recommend that monthly rents at a new development should charge on average \$1.10 to 1.15 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.

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 larger townhome units for families - including those who are new to the community and want to rent until they find a home for purchase. An additional 25 to 30 rental townhome units could be supported in Big Lake over this decade. We recommend a project with rents starting at approximately \$1,150 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.

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- *Affordable General Occupancy Multifamily Housing*– There are three affordable rental projects in Big Lake; these developments have been very successful and have maintained nearly 100% occupancy since opening.

The success of the moderate income affordable the Crossings at Big Lake Station (33 units) rental project near the transit station continues to support the excess demand shown for affordable housing. 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, some could be workforce units with affordability up to 120% AMI.

We find that demand exists for about 60 affordable units through 2025. Affordable housing attracts households that cannot afford market rate housing units but do not income-qualify for deep subsidy housing. Affordable projects attract a broad group of people based of tenants based on the unit type. One-bedroom units target singles and couples, whereas two and three-bedroom units target families. Some retired seniors would also be attracted to an affordable concept. We recommend an affordable concept that would target residents at 50% to 60% AMI. A workforce housing project targeting households from 80% to 120% AMI could also be pursued in Big Lake.

- *Affordable General Occupancy Rental Townhomes*– Rental townhomes affordable to moderate-income households would also be in high demand throughout Big Lake. Affordable rental townhomes have been found to very popular throughout many communities. 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, some could be workforce units with affordability up to 120% AMI. We recommend a project with two- and three-bedroom units and a project of 15 to 20 units. Units should feature central air conditioning, full appliance package, in-unit washer/dryer, an attached one/two car garage. Such developments are popular with families that cannot afford housing options in the for-sale market or market rate rentals.

Senior Housing

As illustrated in Table CR-1, demand exists for most types of senior housing product types in Big Lake. Over the course of five years, there is demand for about 160 new senior units through 2020. The unmet of additional senior housing is recommended in order to provide housing opportunity to these aging residents in their stages of later life. The development of additional senior housing serves a two-fold purpose in meeting the housing needs in Big Lake: older adult and senior residents are able to relocate to new age-restricted housing in Big Lake, 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

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

- Active Adult Rental – Due to the existing 85 units at *Keller Lake Commons*, there is no demand for active adult rental in Big Lake based on current demographics. Therefore, we do not recommend a new active adult rental in the short-term.
- Affordable Few Services Rental – Big Lake demand for affordable senior housing is approximately 40 units in 2021. All of the demand was for affordable senior housing as the existing subsidized housing units is meeting the current demand. Although this product would be well received by seniors in and near the Big Lake area; it will be difficult to develop given the economies of scale needed and financing challenges. Affordable senior housing will likely be a low-income tax credit project through the Minnesota Housing Finance Agency (MHFA). MHFA recently started to consider affordable senior housing projects under the tax credit program and is slowly starting to expand financing for this product type.
- Independent Living/Congregate – There are no designated congregate units (meals and limited support service) in Big Lake or the Market Area. Demand was calculated for 45 congregate units over the next five years. Based on this demand, we recommend 30 to 40 congregate units with a mix of one-bedroom, one-bedroom plus den, and two-bedroom units. Monthly rents should range from \$1,750 for one-bedroom units to \$1,950 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 congregate 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 18 assisted living units and 29 memory care units in Big Lake through 2021. Although we find demand, we recommend new units later this decade, especially for assisted living units where demand will grow with time as seniors age.

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We recommend assisted living units include a mix of studio, and one-bedroom, and a few two-bedroom units with base monthly rents ranging from \$2,750 to \$4,000. 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 \$4,000 to \$5,000. Memory care units should be located in a secured, self-contained wing located on the first floor of a building and should feature its own dining and common area amenities including a secured outdoor patio and wandering area.

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

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

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

Challenges and Opportunities

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

- Affordability.** Based on current home prices, about 70% of Big Lake householders could afford to purchase an entry-level home given today’s pricing. Likewise, most householders (89%) can also afford the average market rate rent at a one-bedroom rental project in Big Lake. Because of this condition, 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. The following chart compares the costs of homeownership to rentals given today’s housing costs based on a 30% allocation of income to housing. 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.

For-Sale (Assumes 10% down payment and good credit)						
	Single-Family			Townhome/Twinhome		
	Entry-Level	Move-Up	Executive	Entry-Level	Move-Up	Executive
Price of House	\$225,000	\$250,000	\$300,000	\$150,000	\$225,000	\$300,000
Pct. Down Payment	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Total Down Payment Amt.	\$22,500	\$25,000	\$30,000	\$15,000	\$22,500	\$30,000
Estimated Closing Costs (rolled into mortgage)	\$6,750	\$7,500	\$9,000	\$4,500	\$6,750	\$9,000
Cost of Loan	\$209,250	\$232,500	\$279,000	\$139,500	\$209,250	\$279,000
Interest Rate	3.750%	3.750%	3.750%	3.750%	3.750%	3.750%
Number of Pmts.	360	360	360	360	360	360
Monthly Payment (P & I)	-\$969	-\$1,077	-\$1,292	-\$646	-\$969	-\$1,292
(plus) Prop. Tax	-\$281	-\$313	-\$375	-\$188	-\$281	-\$375
(plus) HO Insurance/Assoc. Fee for TH	-\$75	-\$83	-\$100	-\$100	-\$100	-\$100
(plus) PMI/MIP (less than 20%)	-\$91	-\$101	-\$121	-\$60	-\$91	-\$121
Subtotal monthly costs	-\$1,416	-\$1,573	-\$1,888	-\$994	-\$1,441	-\$1,888
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	\$56,640	\$62,933	\$75,520	\$39,760	\$57,640	\$75,520
Pct. of ALL Big Lake MA HHDS who can afford¹	70.3%	64.7%	53.6%	82.8%	69.4%	53.6%
No. of Big Lake MA HHDS who can afford¹	4,922	4,532	3,755	5,793	4,860	3,755
Pct. of Big Lake MA owner HHDS who can afford²	72.5%	67.1%	56.2%	83.8%	71.6%	56.2%
No. of Big Lake MA owner HHDS who can afford²	4,557	4,215	3,532	5,267	4,502	3,532
No. of Big Lake owner MA HHDS who cannot afford²	1,728	2,070	2,753	1,018	1,783	2,753
Rental (Market Rate)						
	Existing Rental			New Rental		
	1BR	2BR	3BR	1BR	2BR	3BR
Monthly Rent	\$741	\$830	\$1,134	\$950	\$1,200	\$1,350
Annual Rent	\$8,892	\$9,960	\$13,608	\$11,400	\$14,400	\$16,200
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	\$29,640	\$33,200	\$45,360	\$38,000	\$48,000	\$54,000
Pct. of ALL Big Lake MA HHDS who can afford¹	89.1%	86.9%	79.2%	83.9%	77.5%	72.7%
No. of Big Lake MA HHDS who can afford¹	6,238	6,084	5,542	5,872	5,424	5,086
Pct. of Big Lake MA renter HHDS who can afford²	57.1%	50.8%	43.0%	46.2%	41.9%	37.3%
No. of Big Lake MA renter HHDS who can afford²	409	363	308	331	299	267
No. of Big Lake MA renter HHDS who cannot afford²	306	352	407	384	416	448

¹ Based on 2016 household income for ALL households
² Based on 2014 ACS household income by tenure (i.e. owner and renter incomes. Owner incomes = \$86,378 vs. renter incomes = \$36,220)
Source: Maxfield Research & Consulting, LLC

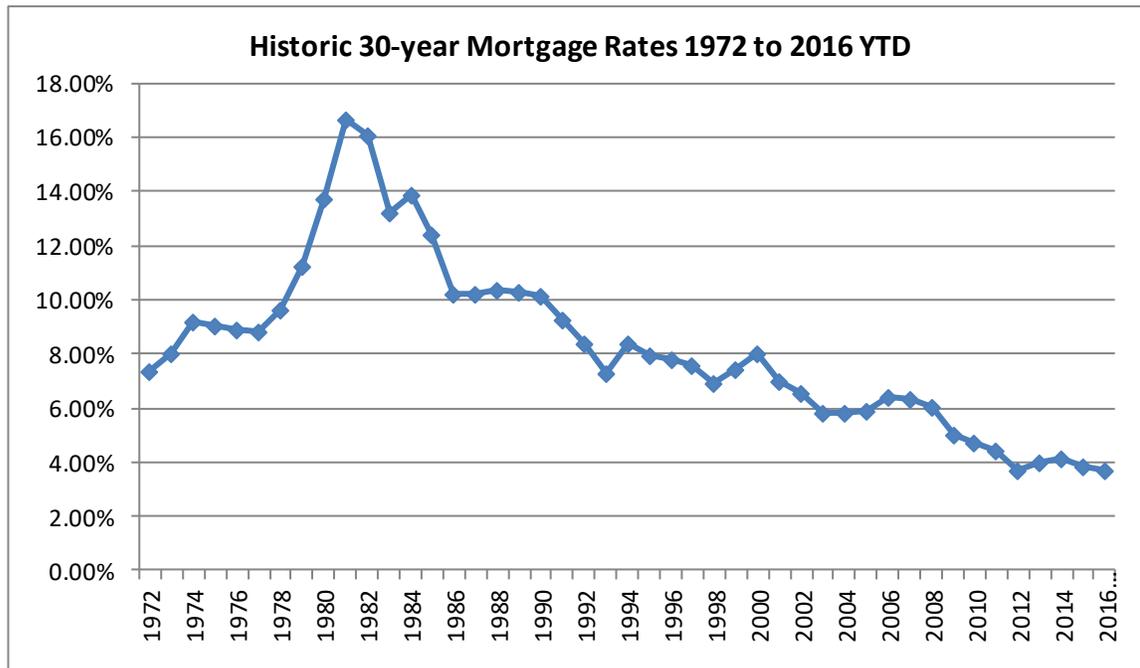
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- **Job Growth/Employment.** Historically, low unemployment rates have driven both existing home purchases and new-home purchases. Lack of job growth leads to slow or diminishing household growth, which in-turn relates to reduced housing demand. Like most areas across Minnesota, the unemployment rate peaked in 2009 during the Great Recession at 9.1%. However, over the past eight years the unemployment rate has decreased annually and is presently at only 3.4% through May 2016. Although the low unemployment rate is positive news, a substantial number of Big Lake Market residents work outside of Big Lake in other communities with higher paying jobs. Top place of employment communities Big Lake residents commute to includes: Elk River, Monticello, Minneapolis, and St. Cloud. Additional job creation in Big Lake and Sherburne County will result in household growth that could exceed projections outlined in Table D-1.
- **Lender-mediated Properties.** As illustrated in Table FS-1, lender-mediated properties have declined substantially since the housing downturn and Great Recession of last decade. Lender mediated properties (i.e. foreclosures and short sales) accounted for 70% of transactions in 2011 before declining annually since and comprising about 11% of transactions in 2015. The continued decline in lender-mediated properties will enhance the overall real estate market and pricing will continue to gain from all the losses of last decade. The median sales price is still down about 15% from the height of the real estate market; hence some homeowners may still be upside down on their mortgage. As more and more homeowners regain lost equity, the Big Lake real estate market will experience stronger velocity as many owner's desire trade-up housing.
- **Lot Supply.** Tables FS-9 and FS-10 inventoried active subdivisions with available lots. Based on our research there are over 500 finished vacant single-family lots, not included scattered lots throughout the city and future subdivisions. Based on this lot supply and the recent construction activity over the past few years, the current finished lot inventory is sufficient through decade. However, there is a lack of supply of lots in Big Lake catering to the custom buyer or buyers seeking walk-outs or wooded lots. Therefore, demand for move-up lots could come sooner in Big Lake.
- **Mortgage Rates.** Mortgage rates play a crucial part in housing affordability. Lower mortgage rates result in a lower monthly mortgage payment and buyers receiving more home for their dollar. Rising interest rates often require homebuyers to raise their down payment in order to maintain the same housing costs. Mortgage rates have remained at historic lows over the past several years coming out of the Great Recession. The Federal Reserve has indicated rates would rise throughout 2016; however due to Brexit and the slowdown in the worldwide economy most economists do not believe much if any rate hikes will occur through the end of 2016. A significant increase in rates (+1% or more; over 5% in the short term) would greatly affect the housing market and would slow projected housing demand.

The following chart illustrates historical mortgage rate averages as compiled by Freddie Mac. The Freddie Mac Market Survey (PMMS) has been tracking mortgage rates since 1971

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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%.



- **Millennials.** The Millennials (generally defined as persons born in the 1980 and 1990s) are now bigger than the Baby Boom generation and have begun impacting real estate development. The 80 million Millennials have begun to influence real estate as they have started to form new households. However, many Millennials' are delaying home ownership due to high student loan debt and social changes (i.e. delayed marriage, delayed childbearing, delayed careers, etc.). The median first-time home buyer is now age 33 (an older Millennial) which is up from age 30 about a decade ago. Increasing monthly rents for rental housing in the Twin Cities has also affected the ability of Millennials' to save for a down payment and qualify for a mortgage.

Although Millennials' have favored more urban locations and are typically renters today, survey's show they are not that different in their preferences from other generations. Many millennials' have indicated they still desire to live in the suburbs or smaller towns, however they desire communities with amenities such as parks, walking trails, shopping, proximity to jobs, and entertainment. Once Millennials' start having kids, many will begin households that will shift from renters to buyers.

Because Big Lake has relatively affordable housing stock and is within a close proximity to jobs in the Metro Area, we believe there is an opportunity to capture the Millennials in Big Lake from households seeking more housing value for their dollar than other communities

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closer to the Metro Area. Therefore, builders and/or developers should offer more diverse housing products and floor plans that will be attractive to this demographic.

- **Rental Housing.** Table R-1 found an overall vacancy rate of less than 1% among the inventoried rental housing buildings in Big Lake, indicating pent-up demand for rental housing. About 18% of Big Lake's housing stock is rental housing; however according to structure type data about 51% of the existing rental housing stock in Big Lake is located within a single-family home or townhome. Due to the strong absorption of the new rental housing product that has recently been developed in Big Lake and the low vacancy rates, there is strong demand for additional rental housing units in Big Lake immediately. Therefore, we recommend promotion of further contemporary rental product in Big Lake to meet this demand.

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Definitions

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

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

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

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

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

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

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

Assisted Living – Assisted Living properties come in a variety of forms, but the target market for most is generally the same: very frail seniors, typically age 80 or older (but can be much younger, depending on their particular health situation), who are in need of extensive support services and personal care assistance. Absent an assisted living option, these seniors would otherwise need to move to a nursing facility. At a minimum, assisted living properties include

two meals per day and weekly housekeeping in the monthly fee, with the availability of a third meal and personal care (either included in the monthly fee or for an additional cost). Assisted living properties also have either staff on duty 24 hours per day or at least 24-hour emergency response.

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

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

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

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

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

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

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

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

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

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

Effective Rents – Contract rent less applicable concessions.

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

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

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

Fair Market Rent – Sherburne County 2016

	Fair Market Rent				
	EFF	1BR	2BR	3BR	4BR
Fair Market Rent	\$656	\$813	\$1,027	\$1,444	\$1,693

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

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

Gross Rent – The monthly housing cost to a tenant which equals the Contract Rent provided for in the lease, plus the estimated cost of all utilities paid by tenants. Maximum Gross Rents for Sherburne County in 2016 are as follows:

**Gross Rent
Sherburne County – 2016**

	Maximum Gross Rent				
	EFF	1BR	2BR	3BR	4BR
30% of median	\$450	\$515	\$579	\$643	\$695
50% of median	\$751	\$858	\$966	\$1,072	\$1,158
60% of median	\$901	\$1,030	\$1,159	\$1,287	\$1,390
80% of median	\$1,202	\$1,374	\$1,546	\$1,716	\$1,854
100% of median	\$1,502	\$1,717	\$1,932	\$2,145	\$2,317
120% of median	\$1,803	\$2,061	\$2,319	\$2,574	\$2,781

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

Household Trends – Changes in the number of households for any particular areas over a measurable period of time, which is a function of new households 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

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units. The owner reserves some or all of the units in a building in return for a Federal government guarantee to make up the difference between the tenant's contribution and the rent. A tenant who leaves a subsidized project will lose access to the project-based subsidy.

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

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

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

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

	Income Limits by Household Size							
	1 pph	2 pph	3 pph	4 pph	5 pph	6 pph	7 pph	8 pph
30% of median	\$18,030	\$20,610	\$23,190	\$25,740	\$27,810	\$29,880	\$31,920	\$33,990
50% of median	\$30,050	\$34,350	\$38,650	\$42,900	\$46,350	\$49,800	\$53,200	\$56,650
60% of median	\$36,060	\$41,220	\$46,380	\$51,480	\$55,620	\$59,760	\$63,840	\$67,980
80% of median	\$48,080	\$54,960	\$61,840	\$68,640	\$74,160	\$79,680	\$85,120	\$90,640
100% of median	\$60,100	\$68,700	\$77,300	\$85,800	\$92,700	\$99,600	\$106,400	\$113,300
120% of median	\$72,120	\$82,440	\$92,760	\$102,960	\$111,240	\$119,520	\$127,680	\$135,960

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

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

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

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

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

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

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

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

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

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

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

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

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

Naturally Occurring Affordable Housing – Although affordable housing is typically associated with an income-restricted property, there are other housing units in communities that indirectly provide affordable housing. Housing units that were not developed or designated with income guidelines (i.e. assisted) yet are more affordable than other units in a community are

considered “naturally-occurring” or “unsubsidized affordable” units. This rental supply is available through the private market, versus assisted housing programs through various governmental agencies. Property values on these units are lower based on a combination of factors, such as: age of structure/housing stock, location, condition, size, functionally obsolete, school district, etc.

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

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

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

Population – All people living in a geographic area.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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