



# Housing Working Group Meeting Notes

Virtual Meeting  
Wednesday, April 13<sup>th</sup>, 2022  
9:00-10:30am

## Agenda items:

- Workgroup Member Updates/News
  - **Conversations with Faith Leaders Convening**

Fred: appreciated learning from faith leaders about the level of need that is presenting within their own congregations and requiring tangible, creative solutions to meet these needs

Mark identified that this was a starting point, getting faith leaders and county leadership together to discuss solutions for addressing homelessness experienced by families within our communities

Observations:

Collaboration is key

Identified interest that we need to do something and build on the work moving forward// Overwhelming interest in engaging in future conversations

Meeting with county leadership to discuss what we can do next and work to establish a plan for how to harness this energy and efforts to address homelessness

4/5 County Commissioners were present for the meeting, which Fred identified was of note from some of the congregational leaders he spoke with

Need for coordination to continue these conversations

- **Habitat for Humanity Project**

4 units: 4 bedrooms in 2 units, 3 bedrooms in 2 units. All will have 2 car garages

Received funding from MHFA last year

Each unit projected to cost about \$420K to build, total funding received totaled \$380K to offset some development costs  
Habitat received a contribution from SMSC, and are using own lending company to minimize fees for future buyers, will be utilizing donations to support development & will lean on volunteers to support the construction

Predicting that construction may start late summer, early fall

Land – was previously owned by the city of Prior Lake. Donated to Habitat for Humanity, who has been working on this property for several years to further develop the infrastructure necessary to support these homes

Once completed, they will be transferred to the Community Land Trust Program and offered to eligible buyers.

The plan is to ultimately build 12 units on this site over the next several years

Also working with the county on ARPA funds to support infrastructure ready to support another development for the Community Land Trust

Hoping to also do some construction of single-family homes in New Prague

[Community Land Trust](#) model – buyer purchases at discounted rate (paying for home itself, not the ground underneath) and do a long-term rental of land (approx. \$25/month), which offsets other expenses associated with homeownership (mortgage insurance, etc.)

- Maxfield Housing Report
  - **Housing Report Update**

Discussed Key Takeaways from this presentation:

- Population and Household growth was not as robust from 2010 to 2020 as the previous decade.



## Housing Working Group Meeting Notes

- Older adult growth was strongest in the previous analysis, but there is a transition occurring among the later mid-age households (35 to 50); still strong family market with an increase in demand from older adults 55+
- Low 2.9% unemployment rate (Scott County) due primarily to decreased labor force
- The larger cities accounted for most of the new rental construction over the past three years. Job growth is not directly fueling demand as many people can choose where they want to live and work remotely
- Funding of affordable housing has become increasingly complicated and difficult
- Continuum of care senior properties are challenged with labor shortages and increases in assisted living and memory care vacancies; developers are turning to active adult as the service-based product recovers from the pandemic.
- Home resale prices increasing dramatically, with a very tight resale supply. New construction hit with supply change challenges and labor shortages
- Critical shortage of entry level for-sale housing

Discussed 'End User Benefits':

Guide policy making decisions

- Assist the Comprehensive Planning process
- Assist area banks and lending-institutions to streamline the financial component
- Solicit interest from builders/developers for various housing product in the County
- Help raise funding for housing and community development programs
- Identify key factors affecting housing market conditions and housing challenges
- Create a framework for accommodating future growth
- Help deliver strategic housing priorities

Committee Goal: Supporting developers to access these varying funds & to solicit development within the County

- **SCALE Tech Team Review**

PowerPoint that was reviewed with the SCALE Tech Team is included with these notes

SCALE Tech Team found the information helpful as they prepared for meetings with developers

Eager to get report to be able to dive in more deeply – anticipating more discussion in April meeting

- SCALE Presentation – June 10<sup>th</sup>

- **APRA & Community Living Infrastructure Grant Updates**

*City of Savage Update:* Council work session recently completed

Earmarked \$800K towards housing initiatives

Adjusted agenda for how they'll utilize funds – planning to utilize these funds as grants to support homeownership improvement efforts (\$3-10K / each)

Anticipating that this adjustment will allow for additional preservation of housing stock and will reach more community members

CDA received \$1M of County ARPA funds to work in tandem with the Invest Program, which the CDA utilizes to support match funds for developers to increase the viability of the projects they're proposing to MHFA for funding. This funding will be leveraged to support additional Persons with Disabilities (PWD) set-aside units within new developments. These funds are anticipated to support the development of 20 units within future projects, over and above the typical allotment of set-aside units that is necessary for funding consideration



## Housing Working Group Meeting Notes

The County Board also approved/discussed the following ARPA plans at the April 5th Board Meeting:

Utilization of American Rescue Plan Act Funds and Authorizing Entering into a Preliminary Feasibility Study Development Agreement with ECSY Limited Partnership for the Bonnevista Terrace Utilities Extension Project – Approved

Manufactured home community identified to support the preservation and expansion of affordable homes in Scott County

Currently 200 units

Exploring the use of 55 acres of adjacent land for an expansion of approx. 180 additional manufactured homes with public utilities

3-4 months to complete

At the April 5<sup>th</sup> Board Meeting an application to the Dept of Human Services was approved, where the county will be asking for 2.5 additional FTEs to provide county infrastructure with the use of a Housing Planner, Targeted Case Manager for mental health, and a Financial Worker to process payments. This application will be submitted to DHS by April 15th.

- **2022 Housing Committee Priorities**

What are the 2/3 items that we'd like to move forward with?

Returning to education – building awareness around priorities for the continuum of housing need that exists

Identifying who will do these steps (*turning the recommended activities into action steps*) – determining who can champion these efforts and drive them forward

Cross collaboration with workforce readiness – recent workgroup focuses around GreatScott website (job opportunities across the county). Bringing the business community into this conversation – demonstrate the interconnected nature between economic development and diversified housing stock affordable to staff

Need to take an inventory of what is currently being done first:

- CDA – Working with landlords (outreach/engagement) – goal to increase the number of landlords working with their programming in the next 2 years. Putting on a Fair Housing Training with landlords and have utilized this as an opportunity to engage new landlords while also promoting the voucher programming – (recommendation) to involve participants of the voucher programming to support the goal of demonstrating importance of landlord participation
- Housing Preservation – Shakopee passed Code Enforcement and Rental Inspections

Send out a 'Vote Choice' – tally feedback around priorities?

Determining whom we'd like to help prioritize this to drive change within communities?

- 2022 Housing Events Calendar

Meeting in person (quarterly) – perhaps in July?



**Maxfield**  
Research & Consulting



# Scott County Housing Needs Update-Initial Summary

Presented to: SCALE Tech Work Group

Presented by: | Maxfield Research & Consulting LLC

March 16, 2022

# Maxfield Research & Consulting, LLC

## Overview

- 38 years experience
- Diverse client base
- Multi-Sector Capable
  - residential
  - commercial
  - public + private entities
- Market driven strategies
- Recommending highest & best uses
- Provide actionable plans

**Maxfield Research & Consulting, LLC** is a full-service real estate advisory company providing strategic value to our private and public sector clients' real estate activities.



# Project Scope

## OBJECTIVE

Update previous housing needs study from 2016/17

## APPROACH

Identify current & future housing needs for cities and townships in Scott County – Individual cities, combined townships

## PROJECT DELIVERABLES

- Short and long-term housing needs to 2040
- Recommendations guiding future housing development

## KEY DATES

- Data collection: 4<sup>th</sup> Quarter 2021
- Draft: March 2022
- Final: April/May 2022





# Housing Study Objective

- Update demographic projections and housing market conditions and provide housing demand projections for cities and townships in Scott County to assist with guiding and attracting new housing development.
- Continue to support updated data collection to assist community leaders, stakeholders, and decision-makers to guide future housing needs initiatives throughout Scott County.



# End User Benefits

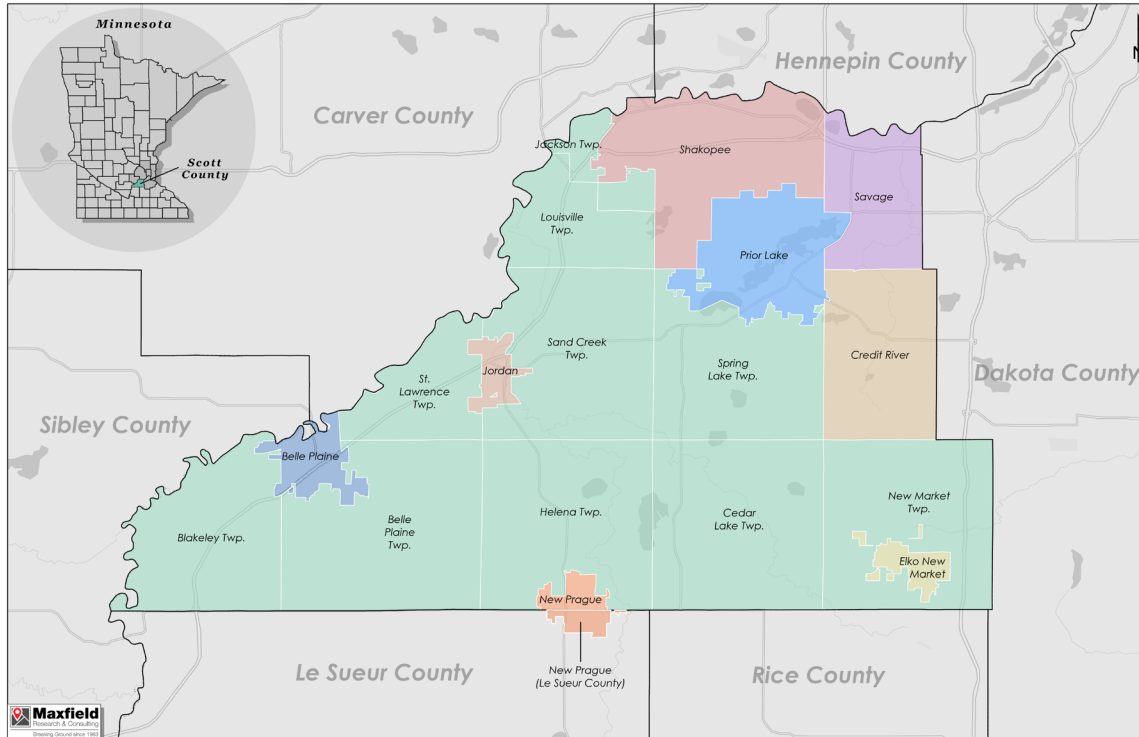
- Guide policy making decisions
- Assist the Comprehensive Planning process
- Assist area banks and lending-institutions to streamline the financial component
- Solicit interest from builders/developers for various housing product in the County
- Help raise funding for housing and community development programs
- Identify key factors affecting housing market conditions and housing challenges
- Create a framework for accommodating future growth
- Help deliver strategic housing priorities





# Analysis compiled for cities & townships

## Scott County Cities and Townships



- 2022-Analysis compiled for:
  - Individual cities
  - Townships combined
- Scott County's location in the Metro Area supports internal as well as external growth. Mobility of Metro Area households will continue to support household growth in the County.



# Growth was mixed geographically focused in the north

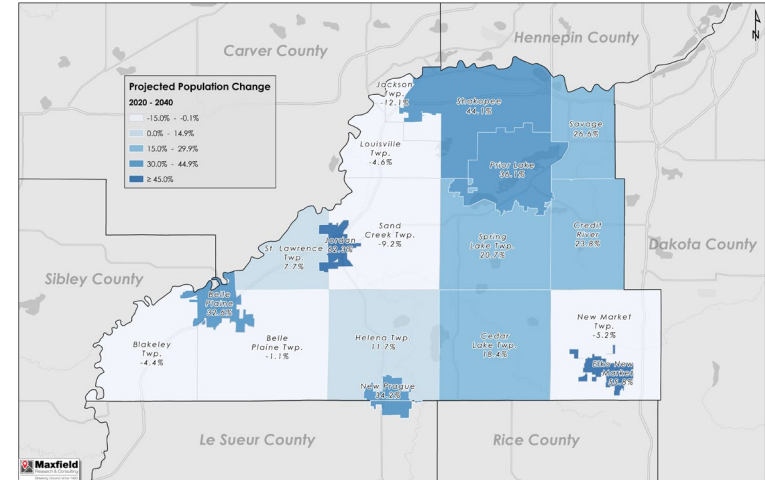
## Most Recent Decade

- Scott County – 2010-2020
  - Population = 21,000 (16.2%)
  - Households = 14,975 (16.7%)

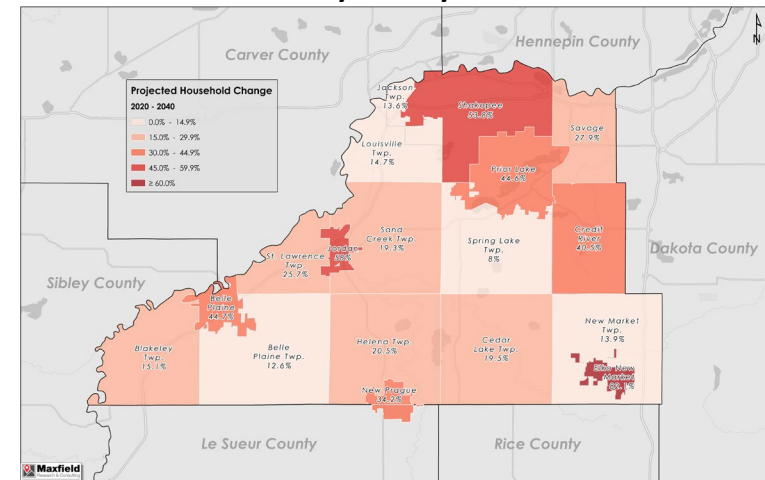
## Projections

- Population and Households gains projected to 2040
- 2020-2030
  - Population 24,717 (16.4%)
  - Households 11,258 (21.4%)
- 2030-2040
  - Population 26,780 (15.2%)
  - Households 10,730 (16.8%)
- Highlights
  - Highest Population Growth:
    - Number = Shakopee (6,353)
    - Percent = Jordan (17.9%)

Scott County Projected Population Change  
2020-2040 by County Subdivision



Scott County Projected Household Change  
2020-2040 by County Subdivision



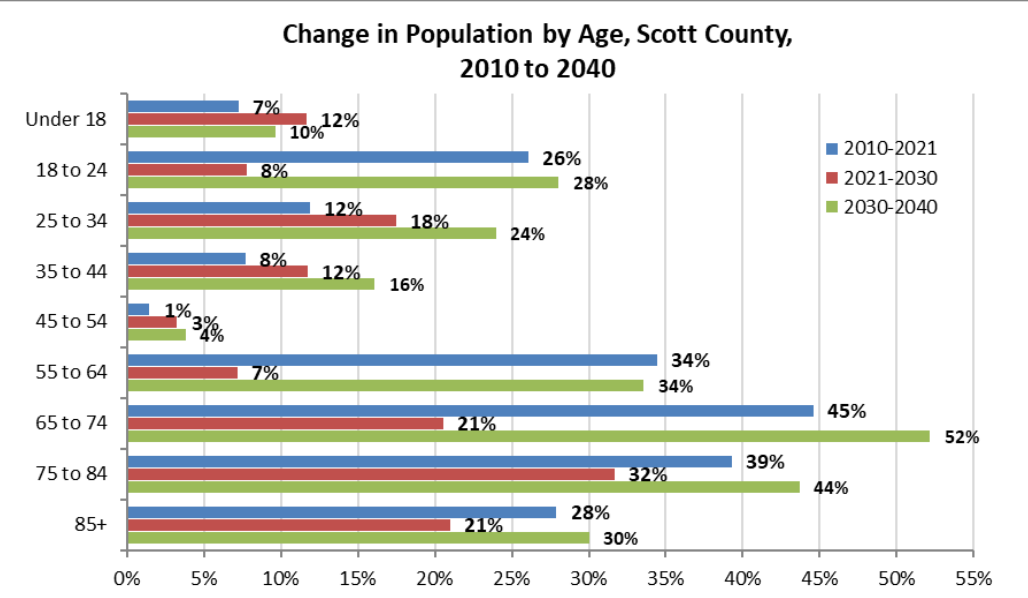
# Growth focused on mid-age and older cohorts

- Scott County had the most population growth among people 55 to 64 (6,284), followed by people 65 to 74 (4,935), 46% of total ('10-'21)
  - To 2030, filling in with younger families (7,751 adults), w/head of households 25 to 44
  - Anticipated transition from the oldest to mid-age households as the housing stock turns over

- Household types:
  - Shifts in HH Types (+ and -)
  - 29% of households are Married w/Children in Scott Co. (2021) followed by Married w/o Children (33%)
- Household size to gradually decrease from 2.87 (2020) to 2.72 (2040)

- Home ownership rate (2021)
  - 83% Scott County
  - 68% Twin Cities Metro

- Rental rate (2021)
- 17% Scott County
  - 32% Twin Cities Metro



# Household Incomes remain above the Metro

- Median Income (2021):
  - \$104,888 – Scott County
  - \$84,106 – Twin Cities Metro
- Projected increase by 2030:
  - 13.2% to \$118,780 (Scott Co.)
  - 21.0% to \$101,810 (Twin Cities Metro)
- Metro Area incomes projected to increase more rapidly over the next nine years to 2030
- Highest earners (2021)
  - \$124,768 – Scott County 45-54 age cohort
  - \$108,470 – Twin Cities 45-54 age cohort
- 2021 Income disparity by tenure (Scott Co)
  - \$114,756 (owner) vs. \$42,859 (renter)
  - Income disparity has widened



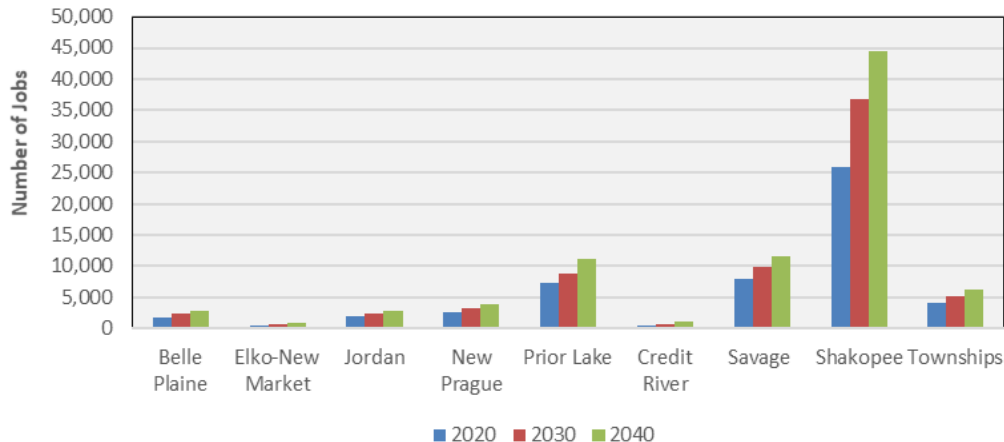
# Employment

## Employment

- Scott County unemployment rate: 2.8% vs Metro Area 2.9%
- Labor force decreased in 2020 and through mid 2021 causing the unemployment rate to decrease as employment rose modestly
- Emp in Scott Cty gradually increasing

- According to 2019 LEHD data, Scott County remains an exporter of workers
  - 60,312 workers commuted out of the Co. while 32,275 workers came into the Co.
- Avg. weekly wages (2021)
  - \$1,096 in Scott Co. vs. \$1,272 in Twin Cities Metro
  - Highest avg. weekly wage in Scott Co. in the Construction sector: \$1,613; Mfg: \$1,576

Forecast Employment-Cities and Townships  
2020-2040





# Teleworking rose in 2020, but is dropping back

As of December 2021, the highest % of teleworkers were:

- Between ages 25 and 54
- Married w/children
- More likely to be female
- Have a Bachelor's degree or higher

As a % of total employed, teleworkers due to the pandemic decreased from 21.1% in January 2021 to 12.2% by Sept 2021

Prior to the pandemic, 5.9% of MN workers were working from home

Those in the computer and mathematical fields have the highest proportional rate of work from home, above 40%

Typically essential workers and those working in in-person Industries are unable to telework



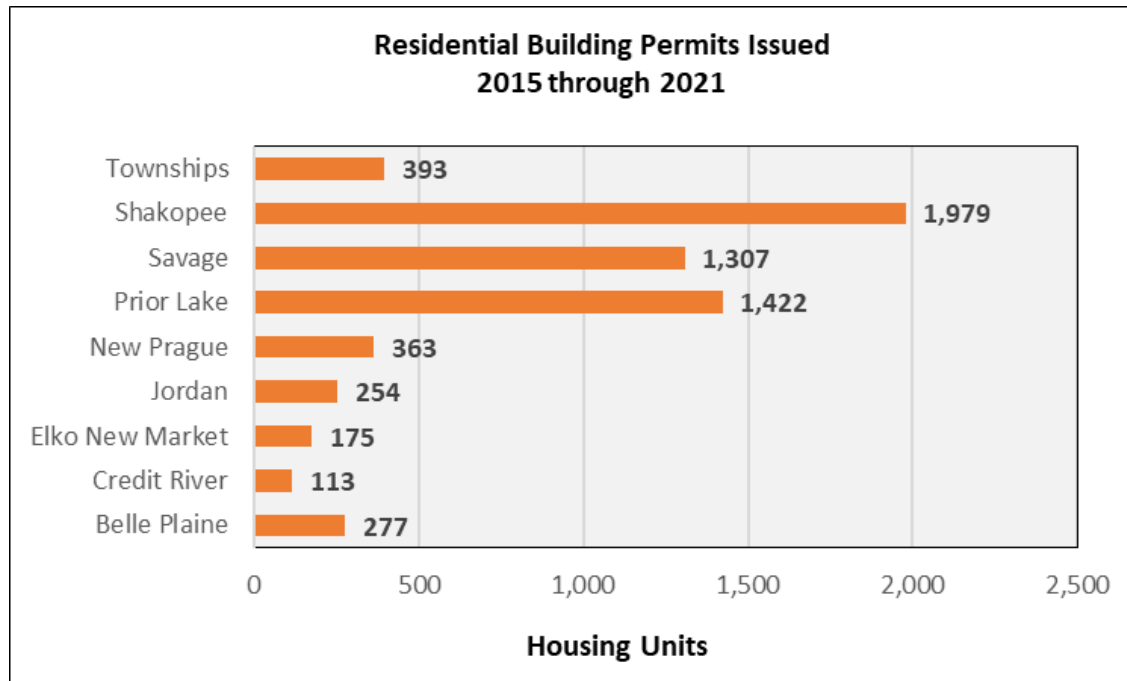
# Housing starts beginning to increase

## New Construction Activity

- 6,283 housing units constructed in Scott Co. (2015 through 2021)
  - Avg. 898 units/year, SF & MF
  - Single-Family is still the majority of all units, although Shakopee had a significant increase in MF units over the past three years

## American Community Survey (2021)

- Housing stock:
  - 56% built prior to 2000s
  - 44% built after 2000
- Single Family Detached still accounts for the majority of all owned housing structures



# Rental Housing vacancy rates remain very low

## Overall-November/December 2021

- 4,236 units
- 3.2% vacancy rate

## Market Rate

- 3,268 units
- 3.9% vacancy rate
- Average Rent range:
  - 1BR: \$1,086
  - 2BR: \$1,342
  - 3BR: \$1,793

## Shallow and Deep-Subsidy

- 703 SS units | 1.3% vacancy
- 267 DS units | 0% vacancy

Most vacancies are in new properties recently developed in Shakopee



5% Vacancy = Market Equilibrium



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# Senior housing vacancy rates low

## Market Area Overall

- 2,419 units
- 2.0% vacancy rate overall

## Market Rate

- 834 units active adult rental | 0.4% vacancy
- 167 units active adult for-sale | 0.6% vacancy
- 440 units independent living | 1.6% vacancy
- 382 units assisted living | 7.1% vacancy
- 158 units memory care | 4.4% vacancy



## Deep-Subsidy

- 370 units active adult
- 2.7% vacancy rate

## Shallow-Subsidy

- 168-units active adult rental
- 1.8% vacancy rate



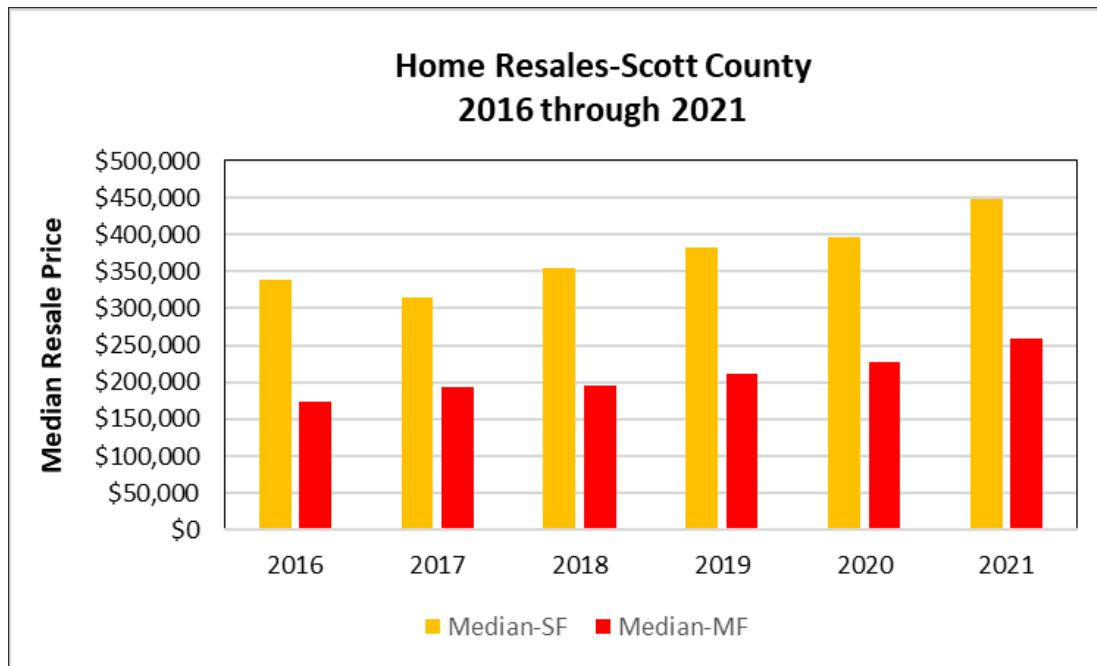
# Home sales prices escalating rapidly

## Overall

- Market activity steady, but expected to fall due to rising prices, interest rates and pandemic supply chain shortages
- New construction improved after the Great Recession, but rising prices are dampening demand

## Resales

- Median resale price (SF):
  - Year-end 2021: \$449,120
- Median resale price (MF):
  - Year-end 2021: \$259,868
- Resales highest:
  - 1,903 SF in 2020
  - 836 for MF in 2019





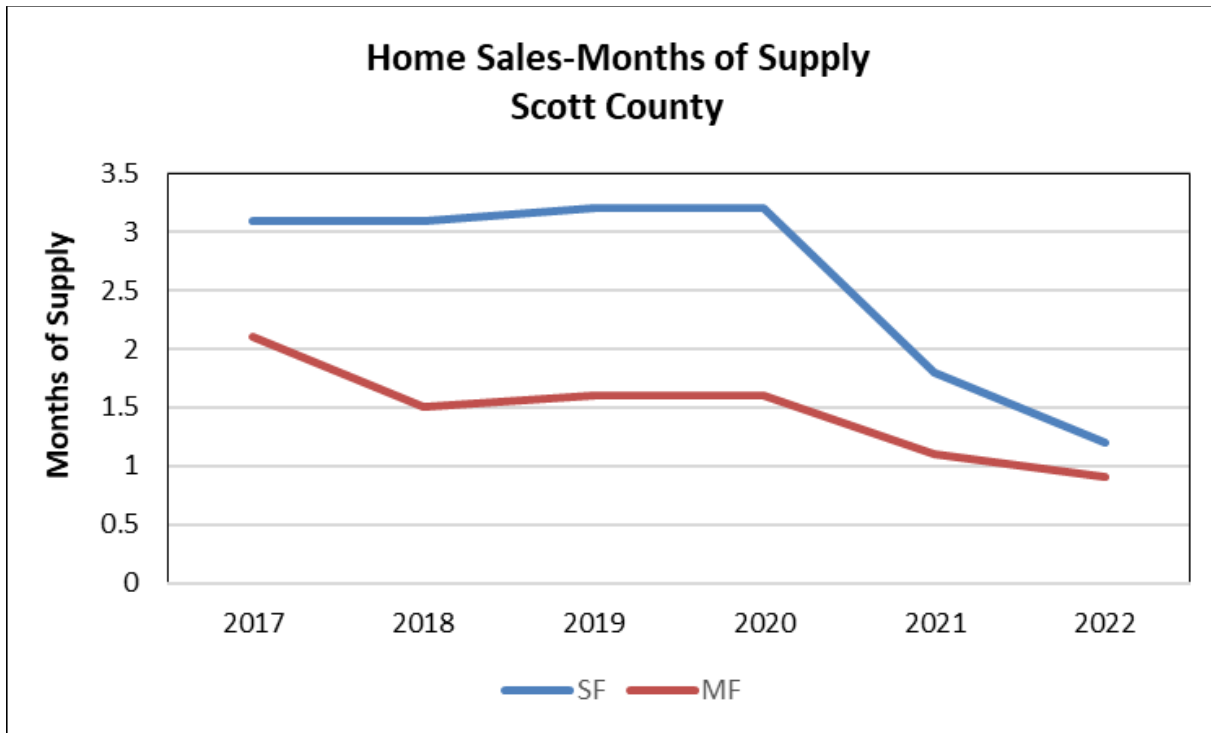
# Supply Side-Scott County

## Active Listings (March 2022)

- 149 SF listings | 35 MF listings
- Median/Average Price (Resales)
  - SF: \$529,900 | \$691,681
  - MF: \$397,360 | \$433,633

## Avg. Price Per Sq. Ft.-Resales

- Scott Co.
  - SF: \$246/PSF
  - MF: \$221/PSF



# New Construction-Scott County

## Lot Inventory/Supply

- 955 vacant SF lots | 182 vacant Att lots
- Home starts increased against the lot supply in 2021
- Newer subdivisions
  - ❑ Avg. home value w/lot: \$495+ (SF)
  - ❑ Avg. lot widths 65 to 80 ft wide (SF)
  - ❑ Avg. home value w/lot: \$400+ (MF)
  - ❑ Avg. lot widths 25 to 65 ft. wide (MF)



## New Construction Market

- Housing Starts - 2021
  - 381 SF | 67 MF (owned)
- Avg. Pricing (w/o upgrades)
  - SF - \$495K | \$209/SF
  - MF - \$401K | \$205/SF



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# Single-Family Demand

- 955 vacant developed SF lots throughout Scott Co. with an average supply of VDLs at 29 mos (SF) and 21 mos (MF) for new construction. This is higher than the months of supply for existing resales, which are the lowest seen in more than a decade.
- Entry-level SF construction is non existent given development costs and supply chain challenges
- Months of supply for existing resales are exceptionally low
- Future lot supply is estimated at more than 3,000 undeveloped lots in future subdivisions.



# Owned Multifamily

- Detached Villas are the most popular product
- Targeted to HH's 50+
- Prices for this type of product is escalating rapidly with avg prices \$450K to \$600K plus
- New development of rowhomes and townhomes has increased to mitigate the rise in SF pricing
- 182 VDLs for single-family attached; future lot supply is 474 VDLs.





# Preliminary Rental Summary

- Need to encourage new rental development in the smaller cities
- Continued demand for affordable and deeply affordable rentals
- Rents at older properties have increased at a fast rate of growth than for newer properties
- MN Housing criteria requirements have become increasingly complicated





# Senior Housing

- Vacancies are highest for assisted living and memory care due to the pandemic.
- Memory care is recovering more rapidly than assisted living.
- Active adult and independent living are the most popular products at this time.
- More developer interest in active adult product (rental and owned)



# Key Takeaways...

- Population and Household growth was not as robust from 2010 to 2020 as the previous decade.
- Older adult growth was strongest in the previous analysis, but there is a transition occurring among the later mid-age households (35 to 50); still strong family market with an increase in demand from older adults 55+
- Low 2.9% unemployment rate (Scott County) due primarily to decreased labor force
- The larger cities accounted for most of the new rental construction over the past three years. Job growth is not directly fueling demand as many people can choose where they want to live and work remotely
- Funding of affordable housing has become increasingly complicated and difficult
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- Home resale prices increasing dramatically, with a very tight resale supply. New construction hit with supply change challenges and labor shortages
- Critical shortage of entry level for-sale housing



# Questions & Comments

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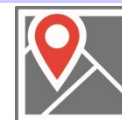
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