

A Comprehensive Housing Needs Analysis for the
City of River Falls, Wisconsin



Maxfield

Research & Consulting

7575 Golden Valley Road

Suite 385

Golden Valley, MN 55427

612.338.0012

www.maxfieldresearch.com



Maxfield
Research & Consulting

April 13, 2018

Ms. Amy Peterson, AICP
Development Services Director
City of River Falls
222 Lewis Street
River Falls, WI 54022

Dear Ms. Peterson:

Attached is the analysis titled, "A Comprehensive Housing Needs Analysis for the City of River Falls, Wisconsin." The Needs Analysis examines current housing market conditions and determines the market potential for developing different types of owned and rented housing to 2030 in the City.

The scope of this study includes: an analysis of the demographic and economic characteristics of the City and surrounding area; a review of existing housing stock characteristics; an analysis of the for-sale housing market; an evaluation of rental market conditions in the City; a senior housing supply and demand analysis; an overview of special needs housing; and an assessment of housing affordability in River Falls. Recommendations on the number and types of housing products that should be considered in the City are also supplied.

Please contact us if you have questions or require additional information.

Sincerely,

MAXFIELD RESEARCH AND CONSULTING, LLC

Joe Hollman
Senior Associate

Attachment

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Purpose and Scope of Study

Maxfield Research and Consulting, LLC was engaged by the City of River Falls to prepare a Comprehensive Housing Needs Analysis for the City. The Housing Needs Analysis provides recommendations on the amount and types of housing that may be developed to meet the needs of current and future households residing in the City.

The scope of this study includes: an analysis of the demographic and economic characteristics of the City and surrounding area; a review of existing housing stock characteristics; an analysis of the for-sale housing market; an evaluation of rental market conditions in the City; a senior housing supply and demand analysis; an overview of special needs housing; and, an assessment of housing affordability in River Falls. Recommendations on the number and types of housing products that should be considered in the City are also supplied.

Demographic Analysis

- As of 2017, the City of River Falls had an estimated 15,525 people and 5,471 households. The City of River Falls is projected to grow by 1,614 people (10.4%) and 735 households (13.4%) between 2017 and 2030.
- Due to the large college student population in the area, River Falls has a relatively high population distribution among the younger adult age groups. In 2017, the largest adult cohort by age in River Falls is 20 to 24, totaling an estimated 3,262 people (21.0%), followed by the 25 to 34 age group with an estimated 2,165 people (13.9%).
- The greatest growth is expected to occur among older adults in the Market Area. As the baby boom population ages, all cohorts age 55 or greater are expected to see increases over the next several years, particularly the 65 to 74 age group which is projected to grow 25.6% (816 people) between 2017 and 2022.
- Based on age distribution projections for River Falls, there appears to be growing demand for a variety of housing products, including rental housing targeting the young adult (25 to 34) age group and the empty nester population (55 to 74 age group); entry-level ownership housing for first-time home buyers (25 to 39); and senior housing.
- In 2017, the median household income was estimated to be \$76,019 in the Primary Market Area (PMA); 6% higher than the \$71,794 median household income in the MSA. The median household income in River Falls (\$58,663) is substantially lower than the remainder of the PMA.
- Typically, as income increases, so does the rate of homeownership. This can be seen in River Falls, where the homeownership rate increases from 5% of households with incomes below \$15,000 to 91% of households with incomes above \$100,000.

EXECUTIVE SUMMARY

- In River Falls, 50.7% of all households rented in 2016, giving it a rental rate that was substantially higher than the PMA (28.6% of all households rented in 2016) and the MSA (30.3% of households rented). The number of renter households residing in River Falls grew by an estimated 386 households between 2010 and 2016, an increase of 16.7%, while the number of owner-occupied households contracted -7.6% (-216 households).
- Single-person households were the most common household type in River Falls in 2016 (28.7% of all households) followed by married couples without children (23.2%).
- As of 2016, “White Alone” comprised the largest proportion of the Market Area population, at 96% in River Falls and 97% in the PMA. “White Alone” includes the Hispanic/Latino population and as of 2016, 1.2% of River Falls’ population was Hispanic/Latino ethnicity.
- University of Wisconsin River Falls enrollment climbed steadily between 2007 and 2010, peaking at 7,827 students in 2010. Enrollment then declined for three consecutive years to 6,673 in 2013, before expanding 1.7% to 6,786 in 2014. Total enrollment declined to 6,331 in Fall 2016.

Employment Analysis

- The combined labor force in Pierce and St. Croix Counties increased 26.3% (15,875) between 2000 and 2017 compared to a 25.5% increase in resident employment (15,012).
- In 2017, Pierce County had an average annual labor force of 25,316 with 24,474 employed residents, which equates to a 3.3% unemployment rate. The average annual unemployment rate in St. Croix County was 3.1% in 2017, as there were 49,469 residents employed out of a labor force of 51,028.
- As of the first quarter of 2017, the Education and Health Services industry is the largest employment sector in Pierce County, providing 3,142 jobs (32.5% of total employment), followed by the Trade, Transportation, and Utilities sector with 1,771 jobs (18.3%). Education and Health Services is also the largest employment sector in St. Croix County with 7,686 jobs (23.5%), followed by Trade, Transportation, and Utilities with 6,648 jobs (20.4%).
- River Falls is an exporter of workers as a higher number of residents leave the City for work than nonresidents commute into the City for work. Approximately 3,555 workers come into River Falls for employment (inflow) daily, while an estimated 4,300 resident workers commute out of the City (outflow). An estimated 1,425 people both live and work in River Falls (interior flow).
- With 3,555 workers commuting to the City of River Falls for employment, many are coming from more than 50 miles. As such, there appears to be an opportunity to provide housing options for a portion of these workers.

Housing Characteristics

- A total of 1,802 new housing units were permitted in River Falls between 2000 and October 2017, for an average of 101 new units per year. River Falls' single-family housing stock has grown at an average rate of 75 new units per year, while the multifamily supply has expanded by roughly 26 units per year.
- The 2000s was the most active decade in River Falls in terms of residential building activity. Over 20% of the housing stock in the City was built from 2000 to 2009 (1,132 units) followed by the 1970s (16% of the housing units in River Falls).
- As of 2016, the housing occupancy rate in River Falls was 95.4%, up slightly from 94.5% in 2010. Approximately 47% of the housing stock in the City is owner-occupied and 72% of River Falls homeowners have a mortgage compared to 51% of homeowners in the MSA.
- The median owner-occupied home in the City of River Falls was \$174,600 in 2016. Approximately 40% of the owner-occupied housing stock in the City was estimated to be valued between \$150,000 and \$199,999.
- The median contract rent in River Falls was \$731 in 2016. Based on a 30% allocation of income to housing, a household would need an income of \$29,240 to afford the median contract rent in the City.

For-Sale Housing Market Analysis

- The 2017 median resale price for single-family homes in River Falls is \$245,000, slightly lower than the MSA median price of \$260,000. The multifamily median sale price in River Falls (\$154,000) is also lower than the MSA median of \$180,000.
- Since 2015, River Falls has averaged 18.1 single-family sales and 4.6 multifamily sales per month. Based on the supply of available housing in River Falls (as of December 2017), there is a 2.6-month supply of homes available for sale on the market, including a 3.0-month supply of detached single-family homes and a 0.7-month supply of multifamily units.
- Equilibrium in the for-sale residential market is generally considered to be a six-month supply of homes on the market. As such, it appears that the current inventory of available for-sale housing in River Falls is undersupplied, particularly the multifamily housing market.
- There are an estimated 105 residential lots available in the City of River Falls. Based on the average annual lot absorption of 51.0 lots per year in River Falls, these lots could be developed in just over two years. The industry standard for a balanced lot supply is three to five years. As such, it appears that the existing supply of platted lots in River Falls is insufficient to meet demand to the end of the decade.

Rental Housing Market Analysis

- Maxfield Research and Consulting, LLC compiled information for 18 general occupancy market rate apartment properties and four off-campus student-oriented properties. In addition, we surveyed four general occupancy Low Income Housing Tax Credit (LIHTC) properties and seven subsidized properties in River Falls.
- These properties represent a combined total of 1,002 units, including 769 market rate units, 162 affordable (LIHTC) units and 208 subsidized units.
- At the time of the survey, there were nine vacant market rate units, resulting in an overall market rate vacancy rate of 1.2% in River Falls. There were also two vacant subsidized units and one vacant tax credit unit, resulting in an overall affordable/subsidized vacancy rate of 0.8%.
- The equilibrium vacancy rate for rental housing is considered to be 5.0% which allows for normal turnover and an adequate supply of alternatives for prospective renters. In effect, the supply of rental housing in River Falls is below the level considered adequate to meet demand.

Senior Housing Market Analysis

- Maxfield Research identified 12 separate senior housing facilities in River Falls. Combined, these projects contain 374 senior housing units and 68 skilled nursing beds.
- Six of the senior housing facilities (211 units) are market rate, while one 24-unit project is a Low Income Housing Tax Credit property and four projects (139 units total) are subsidized. Of the 374 senior housing units, 31 were vacant, representing an 8.3% vacancy rate. The skilled nursing beds were 14.7% vacant (ten available beds).
- Roughly 51% of the senior housing inventory (excluding skilled nursing beds) consists of service-enhanced housing units, for a total of 191 units (60 independent living with services available, 43 assisted living units and 88 memory care units). There were three independent living vacancies (5.0% vacancy) and two vacant assisted living units (4.7% vacancy), while 16 of the memory care units were vacant (18.2% vacancy).

Special Needs Housing

- Key issues identified for the special needs housing segment through interviews include: increased case management staff to provide longer-term support to households exiting shelter; more affordable housing to serve low-income households exiting shelter and more overall support services to assist households at-risk of becoming homeless with rental assistance, emergency assistance and other supports to help before the household becomes homeless.

EXECUTIVE SUMMARY

Housing Demand Analysis

- Based on our calculations, demand exists in River Falls for the following general occupancy housing product types between 2017 and 2030:
 - For-sale single-family 542 units
 - For-sale multifamily 292 units
 - Market rate rental 274 units
 - Shallow subsidy rental 205 units
 - Deep subsidy rental 205 units
- In addition, we find demand for multiple senior housing product types. As of 2022, demand in River Falls for senior housing is forecast as follows:
 - Active adult ownership 115 units
 - Active adult market rate rental 64 units
 - Active adult shallow-subsidy 103 units
 - Active adult deep-subsidy 114 units
 - Congregate 88 units
 - Assisted Living 68 units
 - Memory care 19 units

Recommendations and Conclusions

- Based on the finding of our analysis and demand calculations, the following charts provide a summary of the recommended development concepts by product type for River Falls to 2030.
- Detailed findings are described in the *Conclusions & Recommendations* section of this report.

GENERAL OCCUPANCY FOR-SALE HOUSING RECOMMENDATIONS CITY OF RIVER FALLS			
Product Type	% of Total	# of Units	Development Timing
Single-Family	65%	542	
Entry-Level (less than \$200,000)	30%	163	2018+
Move-up (\$200,000 - \$400,000)	55%	298	2018+
Executive (over \$400,000)	15%	81	2019+
Multifamily	35%	292	
Entry-Level (less than \$200,000)	50%	144	2018+
Move-up (over \$200,000)	50%	146	2018+

EXECUTIVE SUMMARY

RECOMMENDED RENTAL HOUSING DEVELOPMENT CONCEPTS			
CITY OF RIVER FALLS			
	Monthly Rent Range¹	No. of Units	Development Timing
Market Rate Rental Housing			
Apartment-style (move-up)	\$900/1BR - \$1,300/3BR	70 - 80	2018+
Townhomes	\$1,300/2BR - \$1,600/3BR	40 - 50	2018+
Total		110 - 130	
Affordable Rental Housing			
Apartment-style	Moderate Income ²	50 - 60	2018+
Subsidized	30% of Income ⁴	40 - 50	2018+
Total		90 - 110	
¹ Pricing in 2018 dollars. Pricing can be adjusted to account for inflation. ² Affordability subject to income guidelines per US Department of Housing and Urban Development (HUD)			

RECOMMENDED SENIOR RENTAL HOUSING DEVELOPMENT			
CITY OF RIVER FALLS			
	Monthly Rent Range¹	No. of Units	Development Timing
Senior Housing (i.e. Age Restricted)			
Active Adult Market Rate Rental ²	\$1,300/1BR - \$1,700/2BR	40 - 50	2020+
Active Adult Shallow-Sub. Rental ²	Moderate Income	80 - 90	2018+
Catered Living ³	\$1,700 - \$4,500	80 - 90	2018+
Memory Care ⁴	\$4,000 - \$5,000	15 - 20	2022+
Total		230 - 270	
¹ Pricing in 2018 dollars. Pricing can be adjusted to account for inflation. ² Alternative development concept is to combine active adult affordable and market rate active adult into mixed-income senior community ³ Catered living is a hybrid concept of congregate and assisted living service levels. ⁴ Memory care housing could be a component of an assisted-living or service-intensive building.			

Purpose and Scope of Study

Maxfield Research and Consulting, LLC was engaged by the City of River Falls to prepare a Comprehensive Housing Needs Analysis for the City. The Housing Needs Analysis provides recommendations on the amount and types of housing that may be developed to meet the needs of current and future households residing in the City.

The scope of this study includes: an analysis of the demographic and economic characteristics of the City and surrounding area; a review of existing housing stock characteristics; an analysis of the for-sale housing market; an evaluation of rental market conditions in the City; a senior housing supply and demand analysis; an overview of special needs housing and an assessment of housing affordability in River Falls.

Detailed recommendations are provided for the housing types identified as being needed in River Falls to 2030. An assessment of challenges and opportunities associated with housing development in the City is also provided.

Introduction

Demographic characteristics and trends are important factors when evaluating housing needs in any given market. This section of the report begins by delineating the draw area for housing products in River Falls and examines the demographic and economic characteristics of this draw area. A review of these characteristics provides insight into the demand for various types and styles of housing in River Falls.

Market Area Definition

The draw area or “Market Area” for housing products in River Falls was determined based on geographic and man-made boundaries, commuting patterns, community orientation, and places of employment. We also reviewed school district boundaries for River Falls.

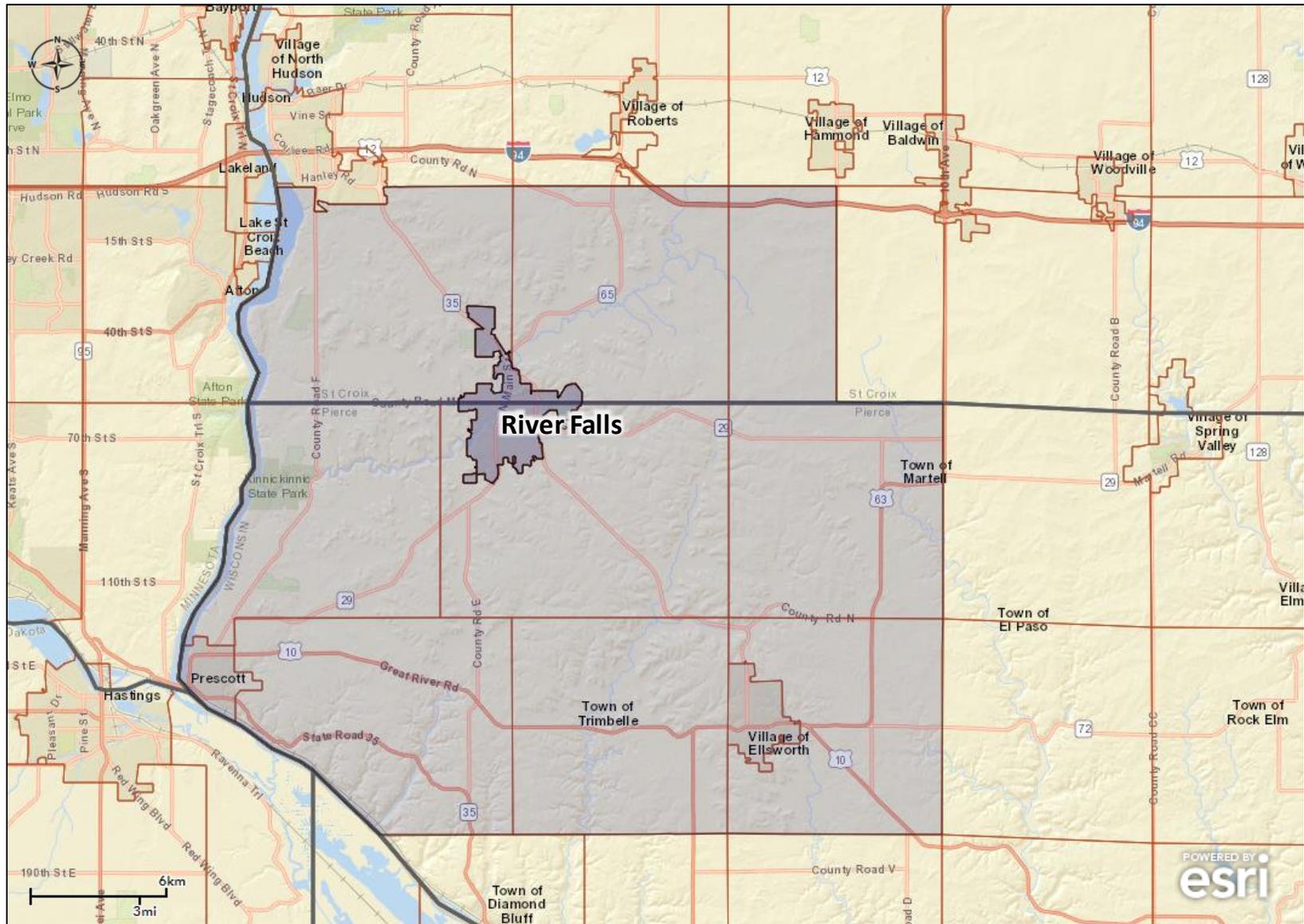
Based on these factors, we delineated a Primary Market Area (PMA) consisting of 13 county subdivisions in Pierce and St. Croix Counties in Wisconsin.

<u>County Subdivision</u>	<u>County</u>
• Clifton town	Pierce
• Ellsworth village	Pierce
• Ellsworth town	Pierce
• Martell town	Pierce
• Oak Grove town	Pierce
• Prescott city	Pierce
• River Falls city	Pierce
• River Falls town	Pierce
• Trimbelle town	Pierce
• Kinnickinnic town	St. Croix
• Pleasant Valley town	St. Croix
• River Falls city	St. Croix
• Troy town	St. Croix

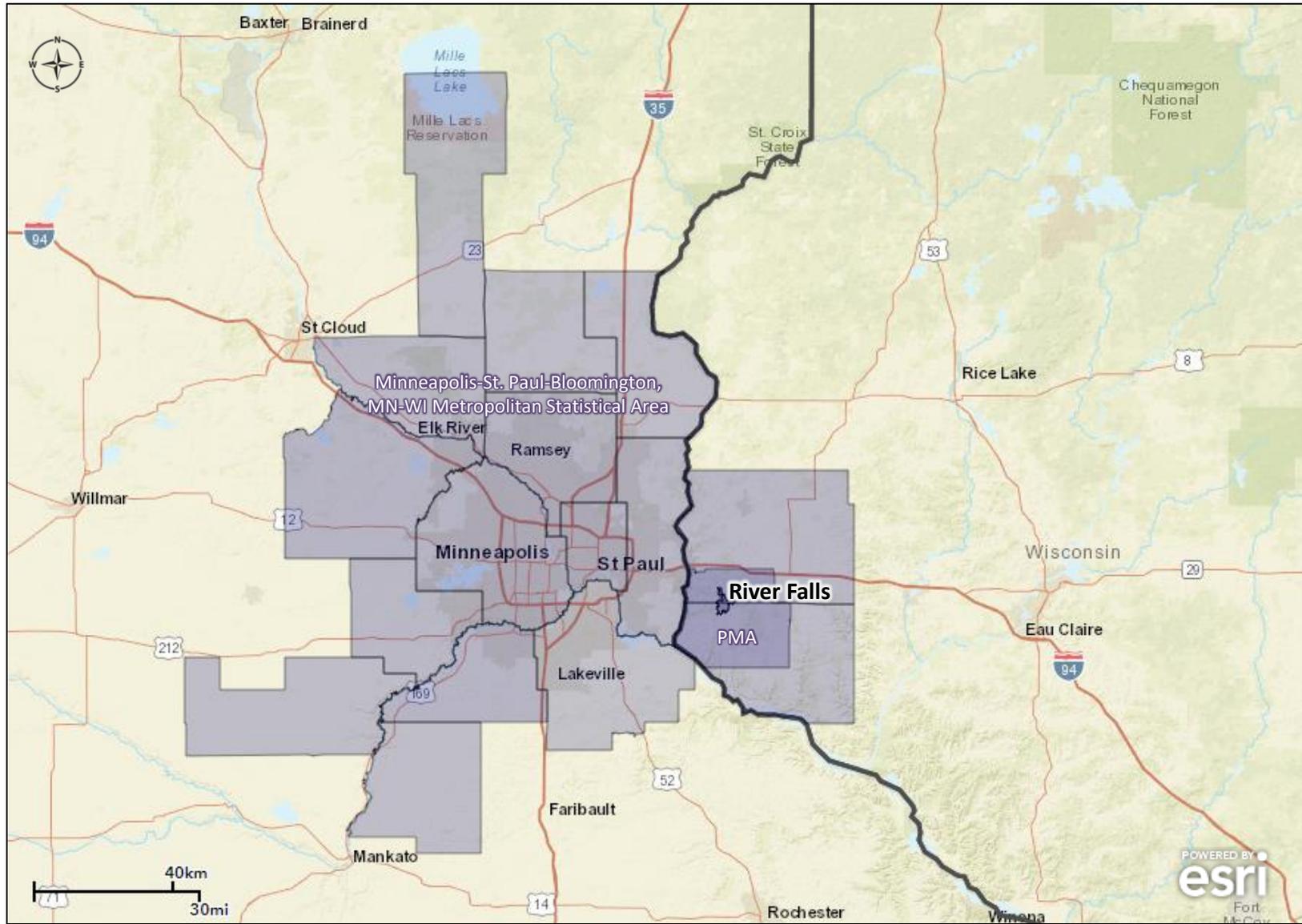
For this study, comparisons are made to Pierce and St. Croix Counties in Wisconsin, as well as the 16-county Minneapolis-St. Paul-Bloomington, MN-WI, Metropolitan Statistical Area (MSA), which is comprised of the Minnesota Counties of Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Le Sueur, Mille Lacs, Ramsey, Scott, Sherburne, Sibley, Washington, and Wright along with the Wisconsin Counties of Pierce and St. Croix.

The maps on the following pages illustrate the location of the City of River Falls in the PMA as well as the MSA.

Primary Market Area



Regional Location



Population and Household Growth Trends

Table A-1 presents population and household growth trends in the Market Area from 2000 to 2030. The 2000 and 2010 figures are from the U.S. Census while data for 2017, 2020 and 2030 are based on projections from ESRI (a nationally recognized demographics firm), the Wisconsin Demographic Services Center, the Metropolitan Council (regional planning agency for the seven-county Twin Cities Metro Area and the Minnesota State Demographic Center. Forecast adjustments were made by Maxfield Research to reflect recent estimates.

The following are key figures from Table A-1.

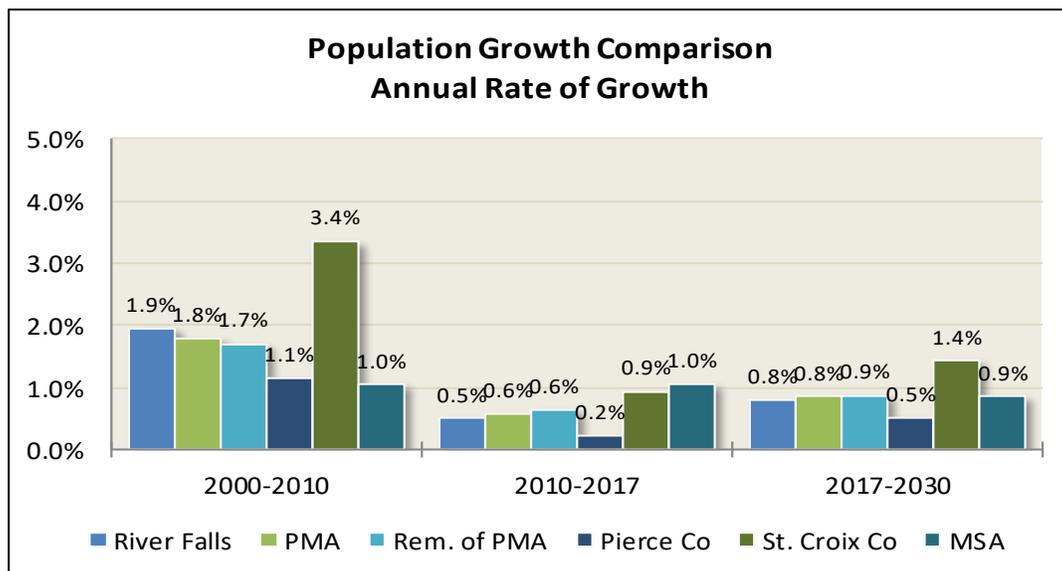
- As of 2010, the Primary Market Area contained 39,927 people and 14,412 households. Between 2000 and 2010, the population increased by 6,075 people (17.9%) while the number of households expanded by 2,527 (21.3%).

TABLE A-1 POPULATION AND HOUSEHOLD GROWTH TRENDS AND PROJECTIONS RIVER FALLS MARKET AREA 2000 - 2030									
	Census		Estimate	Forecast		Change			
	2000	2010	2017	2020	2030	2000-2010		2010-2020	
						No.	Pct.	No.	Pct.
Population									
Primary Market Area	33,852	39,927	41,554	42,436	46,124	6,075	17.9%	2,509	6.3%
City of River Falls	12,560	15,000	15,525	15,805	17,139	2,440	19.4%	805	5.4%
Remainder of PMA	21,292	24,927	26,029	26,631	28,985	3,635	17.1%	1,704	6.8%
Pierce County	36,804	41,019	41,652	41,962	44,418	4,215	11.5%	943	2.3%
St. Croix County	63,155	84,345	89,890	92,715	106,562	21,190	33.6%	8,370	9.9%
MSP, MN-WI MSA*	3,031,918	3,348,859	3,594,153	3,701,606	3,993,052	316,941	10.5%	352,747	10.5%
Households									
Primary Market Area	11,885	14,412	15,204	15,565	17,313	2,527	21.3%	1,153	8.0%
City of River Falls	4,269	5,150	5,471	5,593	6,206	881	20.6%	443	8.6%
Remainder of PMA	7,616	9,262	9,733	9,972	11,107	1,646	21.6%	710	7.7%
Pierce County	13,015	15,002	15,513	15,679	16,917	1,987	15.3%	677	4.5%
St. Croix County	23,410	31,799	33,740	34,758	41,097	8,389	35.8%	2,959	9.3%
MSP, MN-WI MSA*	1,160,655	1,299,635	1,389,393	1,429,427	1,561,616	138,980	12.0%	129,792	10.0%
*16-County Minneapolis-St. Paul-Bloomington, MN-WI Metropolitan Statistical Area									
Sources: US Census Bureau; ESRI; Wisconsin Demographic Services Center; Minnesota State Demographic Center; Metropolitan Council; Maxfield Research & Consulting, LLC									

- The rate of household growth was high relative to population growth suggesting a trend toward decreasing household sizes in the PMA. In 2000, the average household size in the PMA was 2.85 persons per household. This number declined to 2.77 in 2010, a drop of roughly -3%. By comparison, the average household size in the MSA declined -1%, from 2.61 in 2000 to 2.58 in 2010.

DEMOGRAPHIC ANALYSIS

- This trend indicates a modestly aging household base and also reflects a general shift in demographic factors that favor smaller households, such as a declining proportion of married couple households with children.
- River Falls' population increased 19.4% from 2000 to 2010 (2,440 people) against household growth of 20.6% (881). As of 2010, the average household size in the City of River Falls was 2.91, down from 2.94 in 2000.
- The pace of household growth declined late last decade as residential development activity dropped off sharply in the PMA due to the recession and rising transportation costs. Housing development has intensified recently and we estimate that the PMA's population increased 4.1% to 41,554 between 2010 and 2017, while the number of households increased 5.5% (792).
- Between 2017 and 2030, the PMA is projected to add 4,570 people (11.0%) and 2,109 households (13.9%). The rate of growth in the PMA is expected to approximate growth in the MSA, which is projected to experience 11.1% population growth and 12.4% household growth between 2017 and 2030.
- Growth in the Remainder of the PMA is anticipated to slightly outpace growth in the City of River Falls, expanding by 2,956 people (11.4%) and 1,374 households (14.1%) while River Falls is expected to increase by 1,614 people (10.4%) and 735 households (13.4%) between 2017 and 2030.



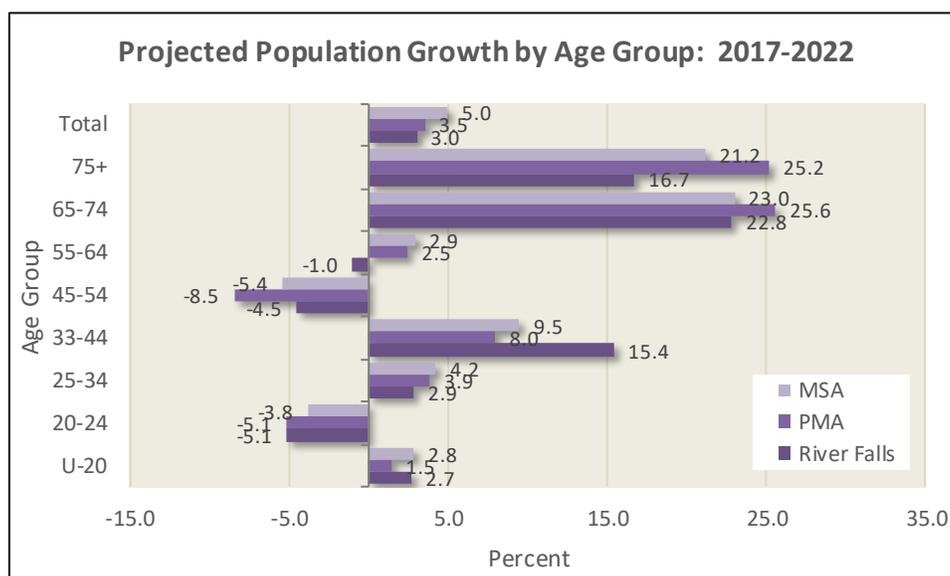
- The projected household growth in River Falls is highly dependent on the availability of suitable housing options in the City. Population and household growth will be difficult to achieve in River Falls without the addition of new housing units.

Age Distribution

The age distribution of a community’s population helps in assessing the type of housing needed. For example, younger and older people are more attracted to higher-density housing located near urban services and entertainment while middle-aged people (particularly those with children) traditionally prefer lower-density single-family homes.

Table A-2 presents the age distribution of the Market Area population from 2000 to 2022. Information from 2000 and 2010 is sourced from the U.S. Census. The 2017 estimates and projections for 2022 were calculated by Maxfield Research based on information from ESRI, the Wisconsin Demographic Services Center, the Metropolitan Council, and the Minnesota State Demographic Center.

- Due to the large college student population in the area, River Falls has a relatively high population distribution among the younger adult age groups. In 2017, the largest adult cohort by age in River Falls was 20 to 24, totaling an estimated 3,262 people (21.0%), followed by the 25 to 34 age group with an estimated 2,165 people (13.9%).
- By comparison, the largest adult cohort in the Primary Market Area was 45 to 54, totaling 5,471 people (13.2% of the total population), followed closely by the 55 to 64 age group with 5,468 people (13.2%).
- The greatest growth is expected to occur among older adults in the Market Area. Aging of baby boomers led to an increase of 2,006 people (83%) in the 55 to 64 population between 2000 and 2010 in the PMA. As this group ages, all cohorts age 55 or greater are expected to see increases over the next several years, particularly the 65 to 74 age group which is projected to grow 25.6% (816 people) between 2017 and 2022.



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- The PMA is also expected to experience solid growth in the 35 to 44 age group, adding 384 people (8.0%) between 2017 and 2022, as the peak of the “echo boom” moves into this cohort. The City of River Falls is expected to accommodate much of the PMA’s growth in this age group, expanding 15.4% (233 people).
- Due to lifestyle and economic factors, a higher proportion of this age group is likely to rent their housing for a longer period of time versus shifting to the for-sale market.
- Modest growth is projected for the 25 to 34 age group, expanding 2.9% in River Falls (62) and 3.9% in the PMA (201).
- The Market Area is expected to experience a decline in the middle age cohorts between 2017 and 2022. The 45 to 54 age group is projected to contract -4.5% in River Falls, -8.5% in the PMA and -5.4% in the MSA.
- The loss projected for the 45 to 54 cohort is a result of the comparatively small number of people who will move into this age group between 2017 and 2022, a phenomenon known as the “baby bust.” The “baby bust” is often referred to the generation of children born between 1965 and 1980, an era when the United States birthrate dropped sharply.
- The Primary Market Area approximates the boundaries of the River Falls School District. The under-20 population experienced a slight decline (-2.8%) between 2010 and 2017 in the PMA. These younger age groups are projected to experience modest growth over the next five years, expanding 1.5% (160) in the PMA.
- Over the next five years, most adult age groups (except for 45 to 54 and 20 to 24) are expected to experience population growth in the Market Area. In the PMA, the age group most likely to have children and seek single-family housing (age 25 to 44) is projected to grow 5.8% (585 people) between 2017 and 2022.
- Based on age distribution projections for River Falls and the PMA, there appears to be growing demand for a variety of housing products, including:
 - Rental housing targeting the young adult (25 to 34) age group as well as the empty nester population (55 to 74 age group);
 - Entry-level ownership housing for first-time home buyers (25 to 39); and,
 - Senior housing.

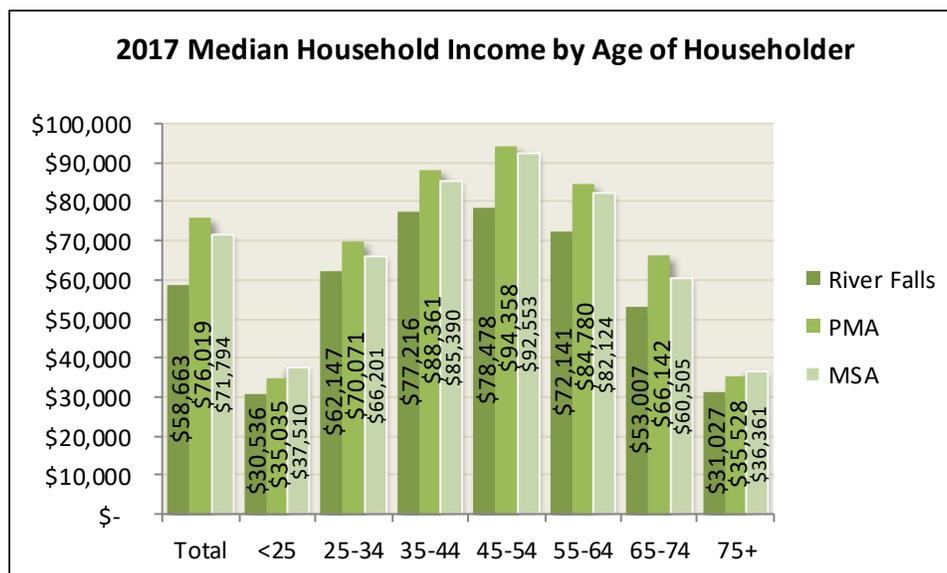
DEMOGRAPHIC ANALYSIS

TABLE A-2 AGE DISTRIBUTION RIVER FALLS MARKET AREA 2000 - 2022								
Age	Census		Estimate	Projection	Change			
	2000	2010	2017	2022	2000-2010		2017-2022	
	No.	No.	No.	No.	No.	Pct.	No.	Pct.
City of River Falls								
Under-20	3,683	4,190	4,140	4,252	507	13.8	112	2.7
20 to 24	2,973	3,572	3,262	3,094	599	20.1	-167	-5.1
25 to 34	1,570	2,073	2,165	2,227	503	32.0	62	2.9
35 to 44	1,424	1,382	1,510	1,743	-42	-2.9	233	15.4
45 to 54	1,208	1,436	1,439	1,374	228	18.9	-65	-4.5
55 to 64	625	1,113	1,501	1,486	488	78.1	-15	-1.0
65 to 74	431	597	915	1,124	166	38.5	209	22.8
75+	646	637	592	691	-9	-1.4	99	16.7
Total	12,560	15,000	15,525	15,992	2,440	19.4	467	3.0
Primary Market Area								
Under-20	10,315	11,254	10,941	11,101	939	9.1	160	1.5
20 to 24	4,038	4,665	4,590	4,355	627	15.5	-235	-5.1
25 to 34	4,100	4,626	5,202	5,403	526	12.8	201	3.9
35 to 44	5,519	5,063	4,812	5,196	-456	-8.3	384	8.0
45 to 54	4,536	6,088	5,471	5,007	1,552	34.2	-464	-8.5
55 to 64	2,424	4,430	5,468	5,602	2,006	82.8	134	2.5
65 to 74	1,442	2,156	3,188	4,004	714	49.5	816	25.6
75+	1,478	1,645	1,882	2,356	167	11.3	474	25.2
Total	33,852	39,927	41,554	43,024	6,075	17.9	1,470	3.5
Minneapolis-St. Paul-Bloomington, MN-WI Metropolitan Statistical Area								
Under-20	892,581	923,080	932,246	958,771	30,499	3.4	26,525	2.8
20 to 24	196,852	217,813	239,531	230,429	20,961	10.6	-9,102	-3.8
25 to 34	464,231	485,863	510,451	532,123	21,632	4.7	21,672	4.2
35 to 44	538,126	463,867	477,241	522,544	-74,259	-13.8	45,303	9.5
45 to 54	413,976	518,756	487,548	461,242	104,780	25.3	-26,306	-5.4
55 to 64	231,504	379,150	464,601	478,193	147,646	63.8	13,592	2.9
65 to 74	150,631	193,255	287,888	354,065	42,624	28.3	66,177	23.0
75+	144,017	167,075	194,647	235,875	23,058	16.0	41,228	21.2
Total	3,031,918	3,348,859	3,594,153	3,773,242	316,941	10.5	179,089	5.0
Sources: U.S. Census Bureau; ESRI; Wisconsin Demographic Services Center; Minnesota State Demographic Center; Metropolitan Council; Maxfield Research & Consulting, LLC								

Household Income

Household income data helps ascertain the demand for different types of owned and rented housing based on the size of the market at specific cost levels. In general, housing costs of up to 30% of income are considered affordable by the Department of Housing and Urban Development (HUD). Table A-3 presents data on household income by age of householder for the Primary Market Area in 2017 and 2022. The data is estimated by ESRI and adjusted by Maxfield Research and Consulting, LLC to reflect the most current local household estimates and projections. The following are key points from Table A-3:

- In 2017, the median household income was estimated to be \$76,019 in the PMA; 6% higher than \$71,794 in the MSA. The median household income in River Falls (\$58,663) is substantially lower than the remainder of the PMA.
- Household incomes are lower in River Falls than the Remainder of the PMA, as there is a substantially higher proportion of lower income households in River Falls than the Remainder of the PMA, particularly in the younger age cohorts (i.e. college students). Additionally, there are more lower cost housing options in River Falls targeting households that need to live closer to services (i.e. elderly and disabled).
- As households age through the lifecycle, their household incomes tend to peak in their mid 40s to mid 50s. This trend is evident in the Market Area as the age 45 to 54 cohort has the highest estimated income at \$94,358 in the PMA and \$92,553 in the MSA.



- By 2022, the median household income is projected to increase 10.9% to \$84,302 in the PMA, compared to 10.3% growth in the MSA. The average annual increase of 2.2% in the PMA and 2.1% in the MSA will slightly exceed the historical annual inflation rate of 2.0% over the past ten years.

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- To 2022, the PMA is expected to experience household growth in several age groups, particularly those over age of 65 (the baby boomers). The 25 to 34 and 35 to 44 age groups are also expected to grow.
- Based on the distribution of projected household growth across age groups, there will likely be growing demand for a variety of housing options in the near future.

	Age of Householder							
	Total	<25	25-34	35-44	45-54	55-64	65 -74	75+
2017								
Less than \$15,000	1,169	270	134	88	106	188	176	206
\$15,000 to \$24,999	945	142	119	81	85	131	155	232
\$25,000 to \$34,999	981	126	160	109	113	155	132	186
\$35,000 to \$49,999	1,637	152	294	212	218	294	241	225
\$50,000 to \$74,999	2,719	173	539	447	512	541	330	176
\$75,000 to \$99,999	2,529	105	443	507	567	535	270	101
\$100,000 to \$199,999	4,265	98	580	873	1,122	992	480	119
\$200,000 or more	958	11	71	183	281	284	102	26
Total	15,204	1,077	2,341	2,501	3,004	3,121	1,887	1,272
Median Income	\$76,019	\$35,035	\$70,071	\$88,361	\$94,358	\$84,780	\$66,142	\$35,528
2022								
Less than \$15,000	1,072	232	120	87	72	145	181	235
\$15,000 to \$24,999	822	117	98	58	57	103	151	238
\$25,000 to \$34,999	818	101	128	88	71	113	127	190
\$35,000 to \$49,999	1,332	125	228	166	140	208	229	236
\$50,000 to \$74,999	2,510	169	493	411	381	467	368	221
\$75,000 to \$99,999	2,975	130	515	608	555	602	398	167
\$100,000 to \$199,999	5,110	126	714	1,043	1,139	1,164	712	212
\$200,000 or more	1,168	16	96	211	286	339	167	53
Total	15,806	1,016	2,392	2,672	2,701	3,141	2,333	1,552
Median Income	\$84,302	\$40,849	\$79,628	\$95,495	\$102,904	\$96,318	\$80,415	\$40,957
Change 2017 - 2022								
Less than \$15,000	-97	-38	-14	-1	-34	-43	5	29
\$15,000 to \$24,999	-123	-25	-21	-23	-28	-28	-4	6
\$25,000 to \$34,999	-164	-25	-32	-21	-42	-42	-5	4
\$35,000 to \$49,999	-305	-27	-66	-46	-78	-86	-12	11
\$50,000 to \$74,999	-209	-4	-46	-36	-131	-74	38	45
\$75,000 to \$99,999	446	25	72	101	-12	67	128	66
\$100,000 to \$199,999	845	28	134	170	17	171	232	93
\$200,000 or more	209	5	25	28	5	55	65	27
Total	602	-62	51	171	-304	19	446	280
Median Income	\$8,283	\$5,814	\$9,557	\$7,134	\$8,546	\$11,538	\$14,273	\$5,429

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

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- The Department of Housing and Urban Development defines affordable housing cost as less than 30% of a household's adjusted gross income. Households earning less than 50% of the Area Median Income (AMI) would qualify for deep-subsidy housing while households earning between 50% and 80% AMI would qualify for shallow-subsidy housing. Shallow-subsidy housing is often restricted to households with incomes at or less than 60% AMI. Households earning incomes above 80% AMI comprise the target market for market rate housing.
- Rental housing often targets younger renter households. The median household income in the PMA was \$35,035 for the under-25 age group and \$70,071 for the 25 to 34 age group. Households earning the median income for these age groups could afford monthly housing costs estimated at \$876 and \$1,752, respectively. Households in the 35 to 44 age group that may delay buying a home could afford a \$2,209 monthly rent, based on the median household income of \$88,361.
- Based on the median contract rent of \$731 for renter-occupied housing units in the City of River Falls, a household would need to have an annual income of \$29,240 or greater to not exceed 30% of its monthly income on rental housing costs. In 2017, an estimated 12,674 households in the PMA (83% of the total) were estimated to have incomes of at least \$29,240. By 2022, the total number of income-qualified households is projected to increase by 772 households (6.1%) after accounting for inflation.
- New housing will likely have to be priced higher than the existing stock of rental housing. If a new apartment unit was priced at \$900 per month, a household would need to have an annual income of roughly \$36,000 or greater to not exceed 30% of its monthly income on rental housing costs. In 2017, an estimated 12,000 PMA households (79% of the total) were estimated to have incomes of at least \$36,000.
- The median resale price for single-family housing units in the City of River Falls is \$245,000 in 2017. Assuming that a potential home buyer has good credit and makes a 10% down payment, a household would need to have a minimum annual income of roughly \$62,978 to be income-qualified for a single-family home purchased at the median price in the City.
- In 2017, an estimated 60% of PMA households (9,058) had incomes of \$62,978 or higher. The number of income-qualified households in the PMA is projected to increase 12% (1,078 households) by 2022 after accounting for inflation. Most of this growth will occur in the 65 and older, the 35 to 44, and the 25 to 34 age groups.
- The data indicates a growing demand for entry-level (first-time home buyers) and move-up housing in River Falls. The 45 to 54 age group is the cohort most likely to seek higher-priced "executive" housing, but income-qualified household growth in this age group is expected to be flat between 2017 and 2022, suggesting that there will be modest demand for executive housing in the PMA. However, a migration of higher income households out of the Twin Cities to western Wisconsin could generate demand for executive housing.

Household Tenure by Income

Table A-4 shows estimated household tenure by income in the Market Area in 2016. Data is based on an estimate from the 2012-2016 American Community Survey. As stated earlier, the Department of Housing and Urban Development determines affordable housing as not exceeding 30% of the household's income.

The higher the income, the lower the 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 on housing, while middle-aged households in their prime earning years typically allocate 20% to 25% of their income to housing.

- Typically, as income increases, so does the rate of homeownership. This can be seen in the PMA, where the homeownership rate increases from 16% of households with incomes below \$15,000 to nearly 97% of households with incomes above \$100,000. In River Falls, 5% of households with incomes below \$15,000 own, while 91% of households with incomes of \$100,000 or higher own.

	River Falls		PMA		MSA	
	No.	Pct.	No.	Pct.	No.	Pct.
Owner Households						
Less than \$15,000	35	5.4	174	15.8	31,638	29.5
\$15,000 to \$24,999	97	23.5	335	36.2	41,924	41.3
\$25,000 to \$34,999	181	27.7	535	44.4	51,810	50.1
\$35,000 to \$49,999	277	34.4	906	54.1	91,078	58.1
\$50,000 to \$74,999	583	53.8	1,916	72.3	165,737	69.3
\$75,000 to \$99,999	527	76.0	1,866	84.1	151,997	79.8
\$100,000+	923	90.5	4,780	96.5	401,338	90.3
<i>Subtotal:</i>	<i>2,623</i>	<i>49.3</i>	<i>10,512</i>	<i>71.4</i>	<i>935,522</i>	<i>69.7</i>
Renter Households						
Less than \$15,000	617	94.6	924	84.2	75,715	70.5
\$15,000 to \$24,999	316	76.5	591	63.8	59,609	58.7
\$25,000 to \$34,999	473	72.3	669	55.6	51,692	49.9
\$35,000 to \$49,999	528	65.6	768	45.9	65,732	41.9
\$50,000 to \$74,999	500	46.2	734	27.7	73,438	30.7
\$75,000 to \$99,999	166	24.0	352	15.9	38,556	20.2
\$100,000+	97	9.5	171	3.5	42,876	9.7
<i>Subtotal:</i>	<i>2,697</i>	<i>50.7</i>	<i>4,209</i>	<i>28.6</i>	<i>407,618</i>	<i>30.3</i>
Total Households	5,320	100.0	14,721	100.0	1,343,140	100.0

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

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- A portion of renter households that are referred to as lifestyle renters (those who are financially able to own but choose to rent) often have household incomes of \$50,000 or higher and rent newer apartments, although lifestyle renters could also have lower incomes and be living in older apartments.
- An estimated 28% of renter households in River Falls had incomes of \$50,000 or more compared to 30% of PMA households and 38% of MSA households. The data suggests that the proportion of lifestyle renters residing in River Falls and the PMA is somewhat low relative to the MSA.
- Single-person households with incomes below \$15,000 are typically a market for deep-subsidy rental housing. An estimated 924 renter households in the PMA have incomes less than \$15,000, which represents roughly 22% of all renter households in the PMA compared to 19% in the MSA. Nearly 23% of all renter households in River Falls (617) have incomes less than \$15,000. However, many of these renters are likely college students, and most college students younger than age 24 do not qualify for subsidized housing.

Net Worth

Table A-5 shows the estimated net worth by age of household in the River Falls Market Area for 2017. Household net worth data was compiled by ESRI based on the Federal Reserve Board “Survey of Consumer Finances” and adjusted by Maxfield Research with consideration given to current population and household estimates for 2017.

- In 2017, the median net worth was estimated to be \$67,143 in River Falls and \$167,022 in the Primary Market Area.
- In River Falls, median net worth was highest for households in the age 65 to 74 cohort at \$247,004, while households in the 45 to 54, 55 to 64, and 65 to 74 age groups in the PMA all have median net worth in excess of \$250,000.
- The net worth distribution of households in River Falls shows concentrations of net worth at the low and high ends of the spectrum. The largest concentration (33.6%) of households had a net worth of less than \$15,000, while 25.1% of households had a net worth of \$250,000 or more.
- By comparison 41% of PMA households had a net worth of \$250,000 or more, while 20% of households in the PMA had a net worth of less than \$15,000.

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**TABLE A-5
ESTIMATED NET WORTH BY AGE OF HOUSEHOLDER
RIVER FALLS MARKET AREA
2017**

	Total	% of Total	Age of Householder						
			<25	25-34	35-44	45-54	55-64	65-74	75+
CITY OF RIVER FALLS									
Less than \$15,000	1,839	33.6%	694	472	201	167	150	81	74
\$15,000 to \$34,999	450	8.2%	92	160	71	51	40	15	21
\$35,000 to \$49,999	211	3.9%	8	68	53	28	27	18	9
\$50,000 to \$99,999	588	10.7%	18	142	153	100	72	50	53
\$100,000 to \$149,999	432	7.9%	6	83	70	114	75	53	31
\$150,000 to \$249,999	580	10.6%	7	73	114	84	157	71	74
\$250,000 or more	1,371	25.1%	6	66	167	297	389	285	161
Total	5,471	100%	831	1,064	829	841	910	573	423
Median Net Worth	\$67,143		\$8,981	\$19,994	\$72,718	\$128,745	\$197,421	\$247,004	\$172,941
PRIMARY MARKET AREA									
Less than \$15,000	3,106	20.4%	844	814	404	354	337	181	172
\$15,000 to \$34,999	917	6.0%	140	328	169	110	90	30	50
\$35,000 to \$49,999	503	3.3%	22	142	136	70	67	42	24
\$50,000 to \$99,999	1,553	10.2%	34	363	421	284	184	126	141
\$100,000 to \$149,999	1,124	7.4%	11	227	221	249	190	137	89
\$150,000 to \$249,999	1,770	11.6%	15	225	355	350	417	193	215
\$250,000 or more	6,245	41.1%	13	240	802	1,589	1,837	1,181	583
Total	15,204	100%	1,079	2,339	2,508	3,006	3,122	1,890	1,274
Median Net Worth	\$167,022		\$9,588	\$37,375	\$124,449	\$250,001	\$250,001	\$250,001	\$216,441

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.

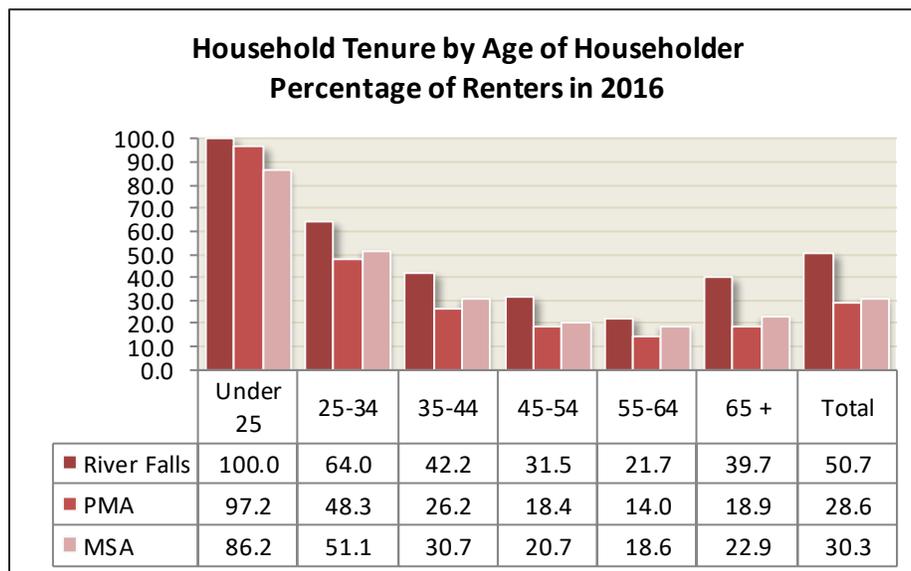
Sources: ESR; Maxfield Research & Consulting, LLC

Household Tenure by Age

Table A-6 shows household tenure by age of householder for the River Falls Market Area in 2010 and 2016. Data for 2010 is obtained from the Decennial Census, while the 2016 data is an average estimate from the 2012-2016 American Community Survey. The table shows the number and percent of renter- and owner-occupied housing units in the Market Area. All data excludes unoccupied units and group quarters such as dormitories and nursing homes.

Household tenure information is important in understanding households' preferences to rent or own their housing. In addition to preferences, factors that contribute to these proportions include mortgage interest rates, household age, and lifestyle considerations, among others.

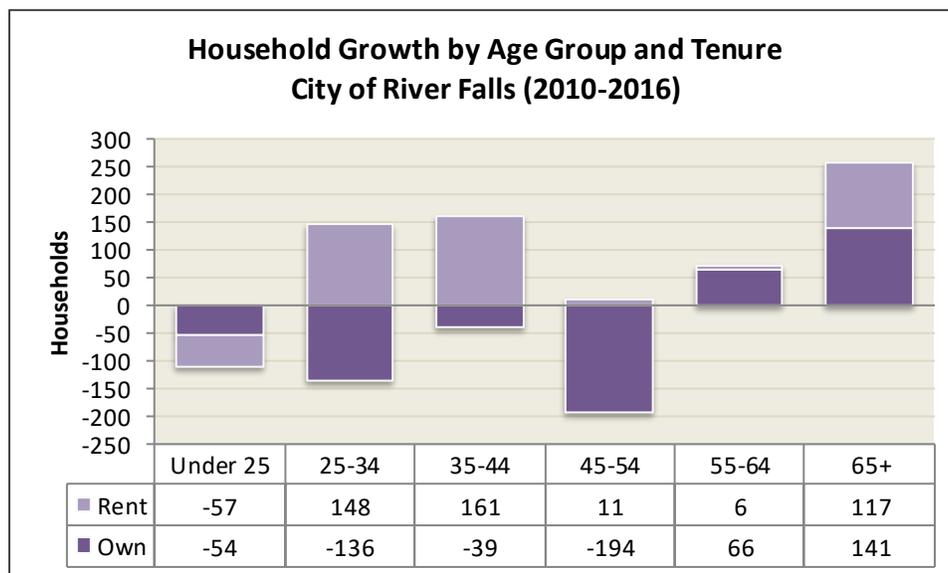
- In River Falls, 50.7% of all households rented in 2016, giving it a rental rate that was substantially higher than the PMA (28.6% of all households rented in 2016) and the MSA (30.3% of households rented).
- Within the prime ownership years (35 to 64), 68% of households in River Falls owned in 2016, considerably lower than the 81% home ownership rate in the PMA and 77% home ownership rate in the MSA.
- Typically, the youngest and oldest households rent their housing in greater proportions than middle-age households. This pattern is apparent among the younger Market Area households as 80% of the population under the age of 35 rents in River Falls while 63% of PMA householders under the age of 35 rent (57% in the MSA).



- All households under age 25 rented in River Falls in 2016 while 64% of households age 25 to 34 rented. These percentages are notably higher than in the PMA and the MSA.

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- In the PMA, 97% of households under age 25 rented in 2016 while 48% of age 25 to 34 households rented. By comparison, 86% of MSA households under age 25 and 51% of age 25 to 34 households rented in 2016.
- The total number of renter households residing in River Falls grew by an estimated 386 households between 2010 and 2016, an increase of 16.7%, while the number of owner-occupied households contracted -7.6% (-216 households).
- As depicted in the following chart, the largest overall increase occurred in the 65 and older age group in River Falls, as 117 renter households were added (36%) while the number of owner households expanded 27% (141).



- The 35 to 44 age group added 161 renter households (73%) against a decline of -39 owner households (-7%) in River Falls between 2010 and 2016.
- The 25 to 34 age group added 148 renter households (28%), while the number of owner households contracted -26% (-136 households).
- The 55 to 64 cohort experienced solid owner household growth with the addition of 66 renter households (12%) against 4% growth in renter households.
- Similar trends occurred in the PMA, with the addition of 353 renter households (9%) between 2010 and 2016 against a -0.4% decline (-44 households) in owner households.
- In the PMA, the largest household increase occurred in the 65 and older age group, adding 527 owner households (28%) and 37 renter households (7%). The 55 to 64 age group added 317 owner households (+14%) and 69 renter households (+20%) in the PMA.

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**TABLE A-6
TENURE BY AGE OF HOUSEHOLDER
RIVER FALLS MARKET AREA
2010 & 2016**

Age	City of River Falls				Primary Market Area				Metropolitan Statistical Area				
	2010		2016		2010		2016		2010		2016		
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	
Under 25	Own	54	5.8	0	0.0	107	9.4	27	2.8	10,164	18.1	6,707	13.8
	Rent	879	94.2	822	100.0	1,030	90.6	931	97.2	45,871	81.9	41,841	86.2
	Total	933	100.0	822	100.0	1,137	100.0	958	100.0	56,035	100.0	48,548	100.0
25-34	Own	519	49.4	383	36.0	1,244	58.0	1,126	51.7	123,988	53.5	116,955	48.9
	Rent	532	50.6	680	64.0	902	42.0	1,052	48.3	107,650	46.5	122,455	51.1
	Total	1,051	100.0	1,063	100.0	2,146	100.0	2,178	100.0	231,638	100.0	239,410	100.0
35-44	Own	560	71.8	521	57.8	2,137	79.8	1,978	73.8	186,506	74.0	170,361	69.3
	Rent	220	28.2	381	42.2	541	20.2	701	26.2	65,518	26.0	75,306	30.7
	Total	780	100.0	902	100.0	2,678	100.0	2,679	100.0	252,024	100.0	245,667	100.0
45-54	Own	651	76.6	457	68.5	2,919	85.3	2,388	81.6	240,363	80.9	224,106	79.3
	Rent	199	23.4	210	31.5	504	14.7	540	18.4	56,906	19.1	58,467	20.7
	Total	850	100.0	667	100.0	3,423	100.0	2,928	100.0	297,269	100.0	282,573	100.0
55-64	Own	532	76.9	598	78.3	2,248	86.5	2,565	86.0	190,042	83.5	208,416	81.4
	Rent	160	23.1	166	21.7	350	13.5	419	14.0	37,644	16.5	47,554	18.6
	Total	692	100.0	764	100.0	2,598	100.0	2,984	100.0	227,686	100.0	255,970	100.0
65 +	Own	523	62.0	664	60.3	1,901	78.2	2,428	81.1	179,386	76.3	208,977	77.1
	Rent	321	38.0	438	39.7	529	21.8	566	18.9	55,597	23.7	61,995	22.9
	Total	844	100.0	1,102	100.0	2,430	100.0	2,994	100.0	234,983	100.0	270,972	100.0
TOTAL	Own	2,839	55.1	2,623	49.3	10,556	73.2	10,512	71.4	930,449	71.6	935,522	69.7
	Rent	2,311	44.9	2,697	50.7	3,856	26.8	4,209	28.6	369,186	28.4	407,618	30.3
	Total	5,150	100.0	5,320	100.0	14,412	100.0	14,721	100.0	1,299,635	100.0	1,343,140	100.0

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

Tenure by Household Size

Table A-7 shows household tenure by size of household in the Market Area during 2010 and 2016 from the U.S. Census and American Community Survey. The tables show the number and percent of renter- and owner-occupied housing units in the Market Area. All data excludes unoccupied units and group quarters such as nursing homes.

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 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, the average renter household in River Falls consisted of 2.20 persons, while the average owner household included 2.59 persons. By 2016, average owner household sizes declined slightly to 2.52 persons while average renter household sizes increased to 2.26. The decline in owner household sizes can be attributed, in large part, to a shift toward older households.
- In 2016, 29% of households in River Falls were single-person households while 37% were comprised of two persons. Roughly 12% were three-person households, 14% of the households consisted of four persons and 7% were five-person households. There were relatively few six- and seven-person households in the City.
- Smaller households comprised the greatest proportion of renter households in the Market Area in 2016. In River Falls, 37% of the renter households were single-person households, while 33% were two-person households. A similar pattern occurred in the MSA, although the proportion of one-person households was slightly higher at 42%.
- The number of renter households increased in River Falls between 2010 and 2016, with the most significant increase occurring in the number of four-person renter households, gaining 163 renter households (76%). This increase was likely the result of college students rooming together and forming four-person households.
- Strong growth also occurred in single-person and two-person renter households, expanding 16% (139 households) and 20% (145 households), respectively.
- Owner households contracted between 2010 and 2016 in River Falls, with contraction occurring in most household size categories. Modest growth occurred in the number of two-person owner households (4 households) and six-person households (11 households).

DEMOGRAPHIC ANALYSIS

TABLE A-7
TENURE BY HOUSEHOLD SIZE
RIVER FALLS MARKET AREA
2010 & 2016

Age		River Falls				Primary Market Area				Metropolitan Statistical Area			
		2010		2016		2010		2016		2010		2016	
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
1-Person	Own	527	37.8	520	34.1	1,608	52.1	1,472	47.3	196,108	54.9	200,285	53.7
	Rent	867	62.2	1,006	65.9	1,481	47.9	1,641	52.7	161,236	45.1	172,695	46.3
	Total	1,394	100.0	1,526	100.0	3,089	100.0	3,113	100.0	357,344	100.0	372,980	100.0
2-Person	Own	1,077	59.5	1,081	55.2	4,215	78.8	4,754	79.2	334,825	77.8	347,111	75.9
	Rent	733	40.5	878	44.8	1,136	21.2	1,246	20.8	95,640	22.2	110,199	24.1
	Total	1,810	100.0	1,959	100.0	5,351	100.0	6,000	100.0	430,465	100.0	457,310	100.0
3-Person	Own	551	62.7	450	69.7	1,873	76.5	1,631	78.9	153,142	76.3	148,845	73.8
	Rent	328	37.3	196	30.3	575	23.5	437	21.1	47,699	23.7	52,794	26.2
	Total	879	100.0	646	100.0	2,448	100.0	2,068	100.0	200,841	100.0	201,639	100.0
4-Person	Own	465	68.4	360	48.8	1,801	82.7	1,627	74.7	149,389	81.7	147,257	79.5
	Rent	215	31.6	378	51.2	378	17.3	550	25.3	33,363	18.3	38,058	20.5
	Total	680	100.0	738	100.0	2,179	100.0	2,177	100.0	182,752	100.0	185,315	100.0
5-Person	Own	165	58.5	148	41.1	754	80.8	764	76.9	62,608	78.8	60,631	76.0
	Rent	117	41.5	212	58.9	179	19.2	230	23.1	16,801	21.2	19,191	24.0
	Total	282	100.0	360	100.0	933	100.0	994	100.0	79,409	100.0	79,822	100.0
6-Person	Own	37	50.0	48	64.0	198	72.5	207	67.2	20,870	73.2	19,788	69.6
	Rent	37	50.0	27	36.0	75	27.5	101	32.8	7,638	26.8	8,624	30.4
	Total	74	100.0	75	100.0	273	100.0	308	100.0	28,508	100.0	28,412	100.0
7-Person	Own	17	54.8	16	0.0	107	77.0	57	93.4	13,507	66.5	11,605	65.7
	Rent	14	45.2	0	0.0	32	23.0	4	6.6	6,809	33.5	6,057	34.3
	Total	31	100.0	16	0.0	139	100.0	61	100.0	20,316	100.0	17,662	100.0
TOTAL	Own	2,839	55.1	2,623	49.3	10,556	73.2	10,512	71.4	930,449	71.6	935,522	69.7
	Rent	2,311	44.9	2,697	50.7	3,856	26.8	4,209	28.6	369,186	28.4	407,618	30.3
	Total	5,150	100.0	5,320	100.0	14,412	100.0	14,721	100.0	1,299,635	100.0	1,343,140	100.0
Avg. HH Size	Own	2.59		2.52		2.71		2.65		2.64		2.60	
	Rent	2.20		2.26		2.22		2.24		2.18		2.19	

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

Household Type

Table A-8 shows household type trends in River Falls compared to the Primary Market Area and the MSA in 2010 and 2016. Data for 2010 is obtained from the Decennial Census, while the 2016 data is an average estimate from the 2012-2016 American Community Survey.

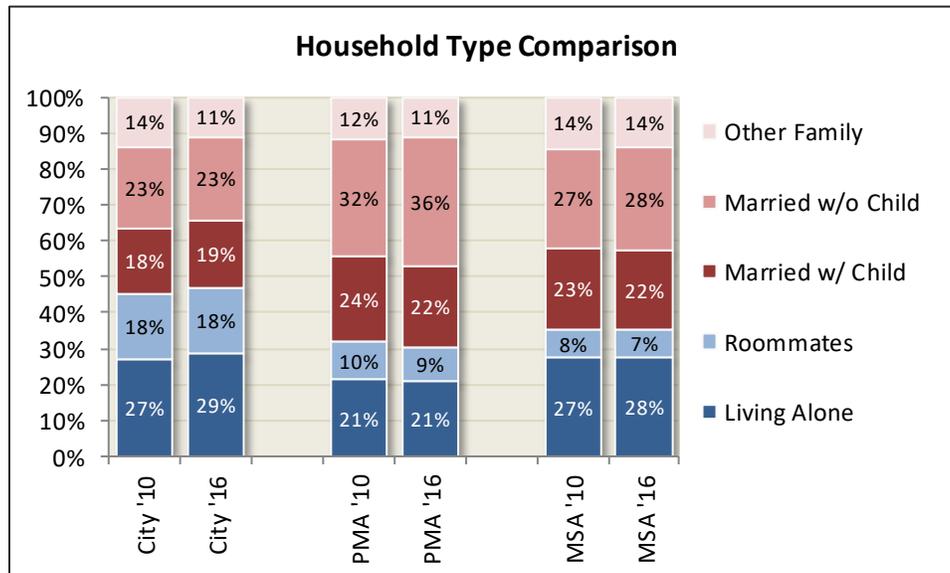
Shifting household types can stimulate demand for a variety of housing products. Married couple families typically generate demand for single-family detached ownership housing, while married couples without children often desire multifamily housing for convenience reasons. Married couple families without children are generally made up of younger couples that have not had children (and may not have children) and older couples with adult children that have moved out of the home. Other family households, defined as a male or female householder with no spouse present (typically single-parent households), often require affordable housing. Changes in non-family households (households living alone and households composed of unrelated roommates) will drive demand for rental housing.

	City of River Falls		Primary Market Area		MSA	
	2010	2016	2010	2016	2010	2016
Total Households	5,150	5,320	14,412	14,721	1,299,635	1,343,140
Non-Family Households	2,338	2,497	4,577	4,492	459,880	473,596
Living Alone	1,394	1,526	3,089	3,113	357,344	372,980
Other (Roommates)	944	971	1,488	1,379	102,536	100,616
Family Households	2,812	2,823	9,835	10,229	839,755	869,544
Married w/ Children	924	997	3,479	3,293	294,585	296,909
Married w/o Children	1,169	1,235	4,635	5,307	357,185	382,353
Other Family	719	591	1,721	1,629	187,985	190,282
Change (2010 -2016)						
	No.	Pct.	No.	Pct.	No.	Pct.
Total Households	170	3.3%	309	2.1%	43,505	3.3%
Non-Family Households	159	6.8%	-85	-1.9%	13,716	3.0%
Living Alone	132	9.5%	24	0.8%	15,636	4.4%
Other (Roommates)	27	2.9%	-109	-7.3%	-1,920	-1.9%
Family Households	11	0.4%	394	4.0%	29,789	3.5%
Married w/ Children	73	7.9%	-186	-5.3%	2,324	0.8%
Married w/o Children	66	5.6%	672	14.5%	25,168	7.0%
Other Family	-128	-17.8%	-92	-5.3%	2,297	1.2%

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

DEMOGRAPHIC ANALYSIS

- In 2016, family households comprised 53.1% of all households in River Falls and 69.5% of all PMA households. Family households experienced modest growth between 2010 and 2016, increasing 0.4% (11 households) in River Falls and 4.0% (394) in the PMA.
- River Falls experienced a 6% increase in the number of married couples without children after adding 66 households, while the number of married couples with children expanded 8% (73). Other family households declined -18% between 2010 and 2016.
- Between 2010 and 2016, non-family households expanded 7% (159 households) in River Falls, compared to a -1.9% decline in the PMA. The number of single-person households increased 10% (132 households) in River Falls between 2010 and 2016, while the number of roommate households increased 3% (27 households).
- Single-person households were the most common household type in River Falls in 2016 (28.7% of all households), followed by married couples without children (23.2%).
- By comparison, married couples without children were the most common household type in the PMA (36.1%) in 2016, followed by married couples with children (22.4%).
- As depicted in the following chart, River Falls had a much higher proportion of non-family households (47% in 2016) than the PMA (31%) and the MSA (35%).

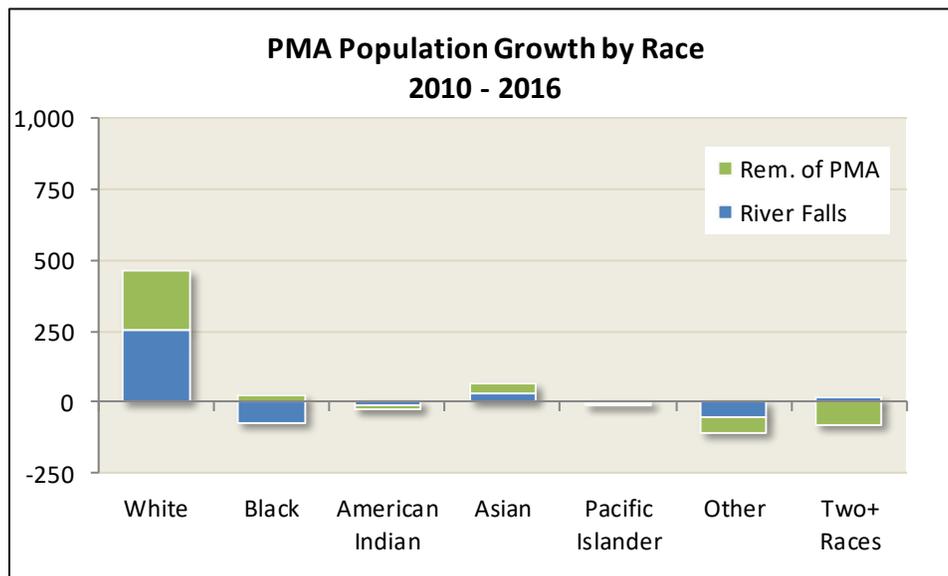


Race and Ethnicity

Table A-9 on the following page displays the breakdown of the Market Area population by race and ethnicity. This data is useful in that it illustrates shifts in the demographic characteristics of the Market Area population from 2010 to 2016. Data for 2010 is obtained from the Decennial Census, while the 2016 data is sourced from the 2012-2016 American Community Survey.

Federal standards mandate that race and ethnicity are separate and distinct identities and Census results are based on self-identification. A person may be categorized as one of two ethnic categories; “Hispanic or Latino” origin or “Not Hispanic or Latino.” In addition, a person can self-identify as having one or more racial identity, including; “White,” “Black or African American,” “American Indian or Alaska Native,” “Asian,” and “Native Hawaiian or Other Pacific Islander.” Respondents could also identify as being “Some Other Race.”

- As of 2016, White people comprised the largest proportion of the Market Area population, at 96% in River Falls, 97% in the PMA and 80% in the MSA. In River Falls, people identified as being Two or More Races were the second most populous group with 263 people (1.7%), followed by Asian with 249 people (1.6%).
- Between 2010 and 2016, the White population in River Falls expanded an estimated 1.8% (257 people), while the Asian population increased 14% (31) and the number of people identified as Two or More Races increased 7% (16). All other races experienced declining population in River Falls between 2010 and 2016.



- The number of people self-identifying as being of Hispanic or Latino origin contracted in River Falls between 2010 and 2016, declining -33% (-88 people). Hispanic or Latino population growth occurred in the PMA, expanding 7% (42) and 9% in the MSA (16,457 people).

DEMOGRAPHIC ANALYSIS

- Per 2016 ACS data, 50% of the White householders owned their housing unit in River Falls, compared to 100% of Black householders and 15% of Asian householders. An estimated 100% of the households identified as being of Hispanic origin rented.

	2010		2016		Change ('10 - '16)	
	No.	Pct.	No.	Pct.	No.	Pct.
City of River Falls						
Population by Race	15,000	100.0%	15,152	100.0%	152	1.0%
White Alone	14,219	94.8%	14,476	95.5%	257	1.8%
Black Alone	177	1.2%	100	0.7%	-77	-43.5%
American Indian Alone	63	0.4%	48	0.3%	-15	-23.8%
Asian Alone	218	1.5%	249	1.6%	31	14.2%
Pacific Islander Alone	3	0.0%	0	0.0%	-3	-100.0%
Some Other Race Alone	73	0.5%	16	0.1%	-57	-78.1%
Two or More Races	247	1.6%	263	1.7%	16	6.5%
Population by Ethnicity	15,000	100.0%	15,152	100.0%	152	1.0%
Hispanic or Latino	270	1.8%	182	1.2%	-88	-32.6%
Not Hispanic or Latino	14,730	98.2%	14,970	98.8%	240	1.6%
Primary Market Area						
Population by Race	39,927	100.0%	40,201	100.0%	274	0.7%
White Alone	38,347	96.0%	38,813	96.5%	466	1.2%
Black Alone	255	0.6%	204	0.5%	-51	-20.0%
American Indian Alone	143	0.4%	114	0.3%	-29	-20.3%
Asian Alone	417	1.0%	481	1.2%	64	15.3%
Pacific Islander Alone	5	0.0%	0	0.0%	-5	-100.0%
Some Other Race Alone	199	0.5%	92	0.2%	-107	-53.8%
Two or More Races	561	1.4%	497	1.2%	-64	-11.4%
Population by Ethnicity	39,927	100.0%	40,201	100.0%	274	0.7%
Hispanic or Latino	635	1.6%	677	1.7%	42	6.6%
Not Hispanic or Latino	39,292	98.4%	39,524	98.3%	232	0.6%
Minneapolis-St. Paul-Bloomington, MN-WI MSA						
Population by Race	3,348,859	100.0%	3,488,436	100.0%	139,577	4.2%
White Alone	2,721,204	81.3%	2,800,357	80.3%	79,153	2.9%
Black Alone	243,653	7.3%	270,924	7.8%	27,271	11.2%
American Indian Alone	24,408	0.7%	20,134	0.6%	-4,274	-17.5%
Asian Alone	188,347	5.6%	217,059	6.2%	28,712	15.2%
Pacific Islander Alone	1,397	0.0%	1,218	0.0%	-179	-12.8%
Some Other Race Alone	78,130	2.3%	68,135	2.0%	-9,995	-12.8%
Two or More Races	91,720	2.7%	110,609	3.2%	18,889	20.6%
Population by Ethnicity	3,348,859	100.0%	3,488,436	100.0%	139,577	4.2%
Hispanic or Latino	179,202	5.4%	195,659	5.6%	16,457	9.2%
Not Hispanic or Latino	3,169,657	94.6%	3,292,777	94.4%	123,120	3.9%
Sources: US Census Bureau; ESRI; Maxfield Research & Consulting, LLC						

University of Wisconsin River Falls Student Enrollment Trends

Table A-10 presents data on historic enrollment (full-time and part-time) for undergraduate and graduate students at the University of Wisconsin River Falls from Fall Semester 2007 through Fall Semester 2016. Table A-11 on the following page displays full-time enrollment figures by class status from Fall Semester 2012 to Fall Semester 2016.

The following points summarize key enrollment trends at the University of Wisconsin River Falls.

- University of Wisconsin River Falls enrollment climbed steadily between 2007 and 2010, peaking at 7,827 students in 2010. Enrollment then declined for three consecutive years to 6,673 in 2013, before expanding 1.7% to 6,786 in 2014. Total enrollment declined to 6,331 in Fall 2016.
- Between 2007 and 2016, total enrollment at University of Wisconsin River Falls contracted roughly -14% (-1,024 students), for an average annual decline of -1.6%.

Year	Undergrad.	Grad.	Non-Degree	Total	% Ch.
2016	5,482	449	400	6,331	-1.7%
2015	5,507	451	480	6,438	-5.1%
2014	5,721	463	602	6,786	1.7%
2013	5,787	384	502	6,673	-3.6%
2012	6,046	401	473	6,920	-9.2%
2011	6,324	464	830	7,618	-2.7%
2010	6,373	527	927	7,827	3.1%
2009	6,222	506	861	7,589	1.9%
2008	6,050	505	891	7,446	1.2%
2007	6,007	445	903	7,355	--

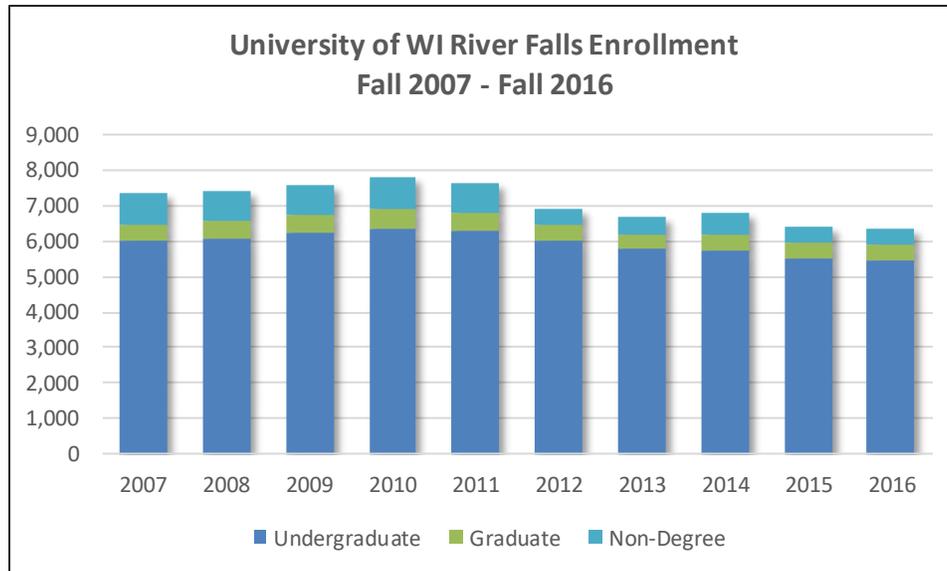
Data includes FT and PT students; Non-Degree includes undeclared undergraduates

Sources: University of Wisconsin River Falls, Office of Institutional Research; Maxfield Research & Consulting, LLC

- Undergraduate enrollment contracted at a -1% annual rate (-525 students) between 2007 and 2016. Graduate degree seeking enrollment at the University of Wisconsin River Falls peaked at 527 students in 2010, before dropping to 384 students in 2013. There were 449 graduate students enrolled as of Fall 2016, similar to 2007 (445 students).

DEMOGRAPHIC ANALYSIS

- The most significant change in students occurred in the number of non-degree seeking students and undeclared undergraduates. Non-degree enrollment declined at a -6% annual rate between 2007 and 2016. As of Fall 2016, there were 400 non-degree students enrolled at the University of Wisconsin River Falls compared to 903 students in 2007.



- As depicted in the following table, undergraduates represented roughly 92.5% of the degree-seeking students at the University of Wisconsin River Falls in 2016, down slightly from 94.1% in 2012.

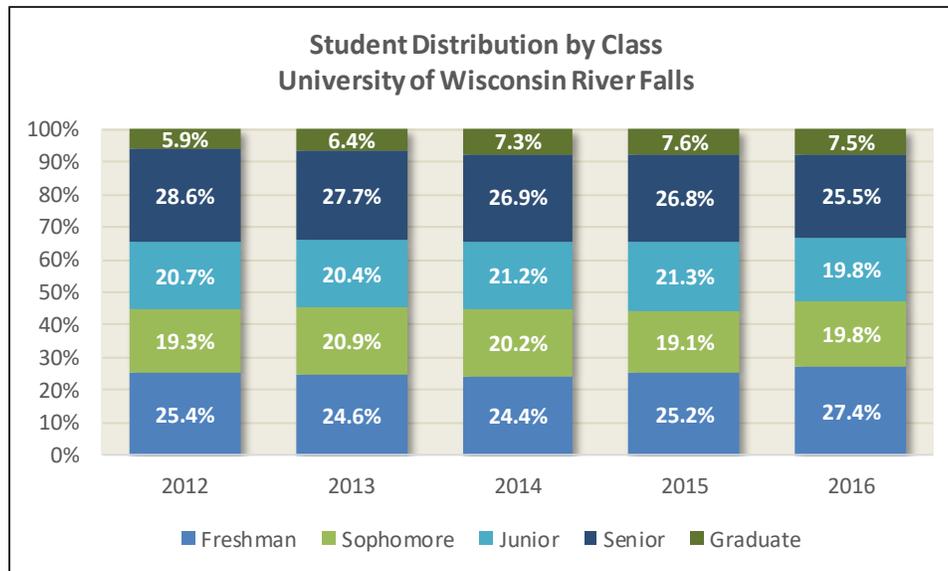
**TABLE A-11
DEGREE-SEEKING ENROLLMENT BY CLASS
UNIVERSITY OF WISCONSIN RIVER FALLS
FALL 2012 - FALL 2016**

	Fall Enrollment				
	2012	2013	2014	2015	2016
Freshman	1,585	1,443	1,410	1,437	1,578
Sophomore	1,203	1,225	1,165	1,091	1,139
Junior	1,292	1,197	1,225	1,218	1,142
Senior	1,779	1,627	1,551	1,531	1,471
Total Undergraduate	5,859	5,492	5,351	5,277	5,330
Graduate	369	373	424	431	435
Total	6,228	5,865	5,775	5,708	5,765

Sources: University of Wisconsin River Falls, Office of Institutional Research; Maxfield Research & Consulting, LLC

DEMOGRAPHIC ANALYSIS

- As depicted in the following chart, graduate students represented an average of 6.9% of total degree-seeking enrollment at the University of Wisconsin River Falls between Fall 2012 and Fall 2016.



- Approximately 27.1% of the degree-seeking students were in the Senior class (on average, between 2012 and 2016), while 25.4% were Freshmen. The Junior class represented an average of 20.7% of the degree-seeking students over the past five years, while roughly 19.8% were in the Sophomore class.
- Total degree-seeking enrollment increased between Fall 2015 and Fall 2016, adding 57 students (1.0%) over the year.
- The largest increase from Fall 2015 to Fall 2016 occurred in the Freshman class, adding 141 students (9.8%), while the Sophomore class added 48 students (4.4%). The Junior and Senior classes declined by -76 students (-6.2%) and -60 students (-3.9%), respectively. The decline in the Junior and Senior classes was the result of smaller Freshman classes in 2013 and 2014.
- In total, degree-seeking undergraduates expanded 1.0% (53 students) between Fall 2015 and Fall 2016, and the number of degree-seeking graduate students increased 0.9% with the addition of four students.

Geographic Origin of University Students

Table A-12 shows the geographic origin of students attending classes at the University of Wisconsin River Falls in Fall 2016.

- Roughly 47% of the students were from Wisconsin, while 51% were from other states and 2% were foreign/international students.

TABLE A-12 GEOGRAPHIC ORIGIN UNIVERSITY OF WISCONSIN RIVER FALLS FALL 2016		
Location	Students	% of Total
Wisconsin	2,886	47.2%
Adjacent Counties	1,391	22.8%
<i>St. Croix</i>	632	10.3%
<i>Pierce</i>	425	7.0%
<i>Barron</i>	66	1.1%
<i>Dunn</i>	77	1.3%
<i>Pepin</i>	19	0.3%
<i>Polk</i>	172	2.8%
Remainder of Wisconsin	1,495	24.5%
Other States	3,092	50.6%
International	132	2.2%
Total Enrollment:	6,110	100.0%
Sources: UW River Falls, Office of Institutional Research; Maxfield Research & Consulting, LLC		

- Within Wisconsin, the highest proportion of students is from St. Croix County with 632 students (10.3% of the total), followed by Pierce County with 425 students (7.0%).
- The four Wisconsin counties adjacent to St. Croix County and Pierce County (including the Counties of Barron, Dunn, Pepin, and Polk) were home to approximately 6% of University of Wisconsin River Falls students (334) in 2016. Nearly 25% of the students were from other counties in Wisconsin.

High School Graduation Trends

Table A-13 presents historic and projected high school graduate information in Wisconsin from the 2000-2001 school year to 2030-2031. Data was compiled from information published by the Western Interstate Commission for Higher Education (WICHE). WICHE has been publishing a report titled “Knocking at the College Door” for the past 40 years which provides high school graduate trends and projections for every State. Data was obtained from the December 2016 report. This information is useful in forecasting possible increases in college enrollment because of the direct correlation in the number of high school graduates and enrollment trends.

TABLE A-13 PUBLIC & PRIVATE HIGH SCHOOL GRADUATES WISCONSIN 2000 to 2030		
School Year	H.S. Graduates	% Change
2000-01	64,728	--
2001-02	66,283	2.4%
2002-03	69,300	4.6%
2003-04	69,293	0.0%
2004-05	68,894	-0.6%
2005-06	68,665	-0.3%
2006-07	69,394	1.1%
2007-08	70,684	1.9%
2008-09	71,017	0.5%
2009-10	70,436	-0.8%
2010-11	69,555	-1.3%
2011-12	68,185	-2.0%
2012-13	66,747	-2.1%
2013-14	66,068	-1.0%
2014-15	65,173	-1.4%
2015-16	65,174	0.0%
2016-17	65,189	0.0%
2017-18	66,246	1.6%
2018-19	65,548	-1.1%
2019-20	64,536	-1.5%
2020-21	65,056	0.8%
2021-22	65,662	0.9%
2022-23	65,133	-0.8%
2023-24	65,904	1.2%
2024-25	67,340	2.2%
2025-26	66,778	-0.8%
2026-27	65,398	-2.1%
2027-28	63,073	-3.6%
2028-29	62,446	-1.0%
2029-30	62,071	-0.6%
2030-31	61,471	-1.0%

Sources: WICHE; Maxfield Research & Consulting, LLC

DEMOGRAPHIC ANALYSIS

- There were an estimated 65,189 public and private high school graduates in Wisconsin during the 2016-2017 school year.
- The number of high school graduates in Wisconsin jumped from 64,728 in the 2000-2001 school year to over 71,000 in 2008-2009. Since 2008-2009, the number of graduates has declined steadily to 65,174 in 2015-2016.
- The number of high school graduates is expected to contract modestly to 65,000 in the 2020-2021 school year, then accelerate to 67,340 in 2024-2025.
- High school graduation numbers in Wisconsin are projected to decline sharply to 61,471 in the 2030-2031 school year.
- Roughly 64,760 public and private high school graduates are projected annually in Wisconsin between the 2017-2018 and 2030-2031 school years.



- The anticipated decline in high school graduates late next decade will be the result of the fewer number of children born during the “Great Recession,” as these children enter their high school years.
- According to research published by the Urban Institute, birth rates among women in their twenties declined over 15% in the United States between 2007 and 2012 (just before and after the Great Recession). Historically, fertility declines in the United States have coincided with economic downturns. Additionally, Millennials (people born between 1981 and 2000) are delaying having children, or not having children, which is contributing to the decline.

Introduction

Employment characteristics are an important component in assessing housing needs in any given market area. These trends are important to consider since employment growth generally fuels household growth. Typically, households prefer to live near work for convenience, which is a primary factor in choosing a housing location. Many households commute greater distances to work provided their housing is affordable enough to offset the additional transportation costs. Often, in less densely-populated areas, people will choose to live further from their place of work because they prefer a rural lifestyle (i.e. they want to live on a wooded lot or be on a lake) or suitable housing may not be available in their employer’s community.

Resident Employment

Table B-1 shows information on the resident labor force and employment in Pierce and St. Croix County compared to the MSA. The data is sourced from the Bureau of Labor Statistics. Resident employment data reveals the workforce and number of employed people living in the area. It is important to note that not all of these individuals necessarily work in the area.

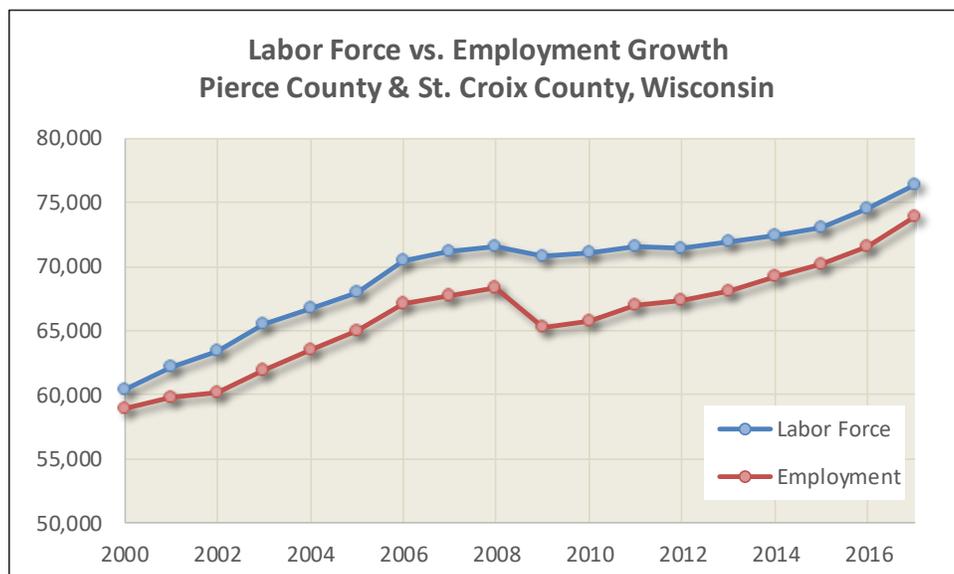
Year	Pierce County, WI			St. Croix County, WI			Metropolitan Statistical Area		
	Labor Force	Employed Residents	UE Rate	Labor Force	Employed Residents	UE Rate	Labor Force	Employed Residents	UE Rate
2017 (p)	25,316	24,474	3.3%	51,028	49,469	3.1%	1,978,769	1,912,973	3.3%
2016	24,695	23,664	4.2%	49,807	47,883	3.9%	1,938,642	1,869,429	3.6%
2015	24,153	23,201	3.9%	48,849	46,973	3.8%	1,916,011	1,849,529	3.5%
2014	24,041	22,975	4.4%	48,356	46,189	4.5%	1,909,660	1,834,025	4.0%
2013	24,024	22,758	5.3%	47,868	45,293	5.4%	1,899,746	1,809,214	4.8%
2012	23,895	22,576	5.5%	47,484	44,756	5.7%	1,885,767	1,782,423	5.5%
2011	23,999	22,549	6.0%	47,519	44,472	6.4%	1,880,888	1,761,724	6.3%
2010	23,984	22,317	7.0%	47,067	43,467	7.6%	1,870,769	1,733,642	7.3%
2009	23,490	21,706	7.6%	47,322	43,525	8.0%	1,875,124	1,731,076	7.7%
2008	24,033	22,981	4.4%	47,543	45,411	4.5%	1,876,629	1,779,272	5.2%
2007	23,806	22,767	4.4%	47,330	45,004	4.9%	1,867,297	1,786,474	4.3%
2006	23,684	22,678	4.2%	46,753	44,441	4.9%	1,852,881	1,782,751	3.8%
2005	23,337	22,384	4.1%	44,624	42,583	4.6%	1,845,418	1,774,936	3.8%
2004	23,181	22,212	4.2%	43,486	41,352	4.9%	1,840,190	1,758,042	4.5%
2003	23,062	22,023	4.5%	42,447	39,923	5.9%	1,831,555	1,745,210	4.7%
2002	22,724	21,757	4.3%	40,631	38,359	5.6%	1,815,426	1,735,901	4.4%
2001	22,828	22,053	3.4%	39,261	37,747	3.9%	1,808,249	1,745,699	3.5%
2000	22,725	22,125	2.6%	37,744	36,806	2.5%	1,791,101	1,741,964	2.7%

(p) preliminary

Sources: Bureau of Labor Statistics; Maxfield Research & Consulting, LLC

EMPLOYMENT TRENDS

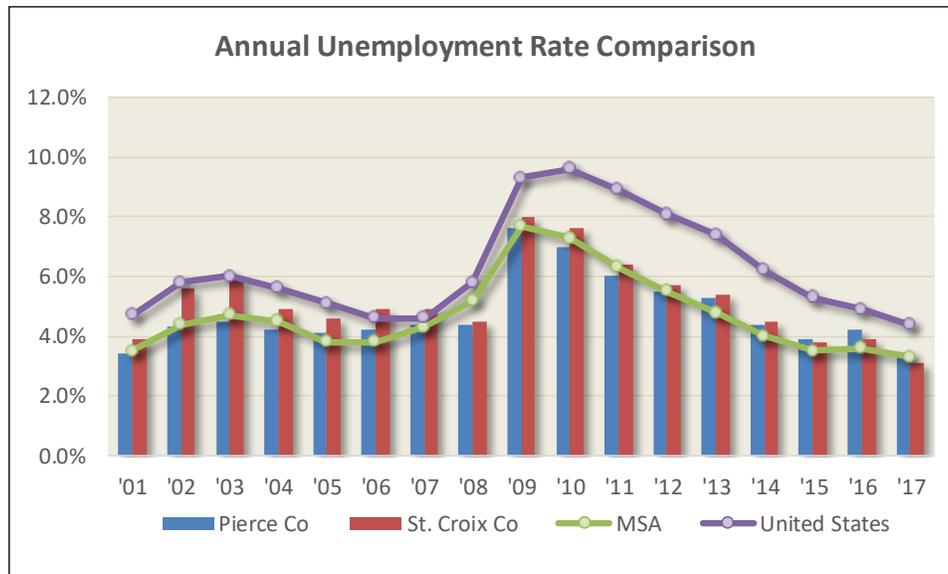
- In 2017, Pierce County had a labor force of 25,316 with 24,474 employed residents, which equates to a 3.3% unemployment rate. The unemployment rate in St. Croix County was 3.1%, as there were 49,469 residents employed out of a labor force of 51,028. By comparison, the unemployment rate in the MSA was 3.3% in 2017.
- The combined labor force in Pierce and St. Croix County increased 26.3% (15,875) between 2000 and 2017 compared to a 25.5% increase in resident employment (15,012).
- St. Croix County's labor force expanded 35.2% between 2000 and 2017 (13,284), while resident employment expanded 34.4% (12,663). By comparison, Pierce County's labor force increased 11.4% (2,591) against resident employment growth of 10.6% (2,349) during that time period.
- The MSA experienced a 9.8% increase in resident employment against labor force growth of 10.5% between 2000 and 2017.
- Combined, Pierce and St. Croix Counties labor force expanded at an average annual rate of 1.6% from 2000 through 2010. Since 2010, the labor force has increased at a rate of 0.8% per year, from 71,051 in 2010 to 76,344 in 2017.
- Resident employment in the area increased at a 1.1% annual rate from 2000 through 2010, but has since expanded at an average annual rate of 1.7%.



- By comparison the MSA's labor force has expanded 0.8% annually since 2010 against resident employment growth of 1.4% annually.
- Increased hiring drove the unemployment rate down throughout the Market Area as growth in the number of employed residents outpaced labor force growth since 2010.

EMPLOYMENT TRENDS

- The area’s labor force expanded 7.4% (5,293) during that time, while employment in Pierce and St. Croix County increased 12.4% (8,159).
- The following chart illustrates how unemployment in the Market Area has mirrored national trends but has remained well below the national rate throughout much of the past decade. The unemployment rates in Pierce County and St. Croix County have consistently tracked with unemployment trends in the MSA.



Employment Forecast

The 2000, 2005, 2010, and 2016 employment data in Table B-2 is gathered from the Bureau of Labor Statistics for Pierce County, St. Croix County, and the counties comprising the West Wisconsin Workforce Development Area (WDA). The West Wisconsin WDA includes the Counties of Barron, Chippewa, Clark, Dunn, Eau Claire, Pepin, Pierce, Polk, and St. Croix.

The 2020 forecast is based on 2014-2024 industry projections published by the State of Wisconsin Department of Workforce Development (DWD). This is the most recent employment forecast available for the State. Maxfield Research & Consulting, LLC applied the projected annual growth rate for the West Wisconsin WDA to the 2016 employment data to arrive at the 2020 forecast for the Region. We arrived at the 2020 forecast for Pierce and St. Croix County based on the average proportion of West Wisconsin WDA jobs located in each County from 2010 through 2016. The 2030 employment forecasts were based on historical trends in the ratio of jobs per person for each area utilizing 2030 population projections.

- In 2000, there were 9,283 jobs in Pierce County and 25,792 jobs in St. Croix County. Despite the economic recession, employment in Pierce County expanded 2.4% (225 jobs) and St. Croix County employment increased 8.4% (2,158) by 2010.

EMPLOYMENT TRENDS

- By comparison, employment in the West Wisconsin WDA increased 1.2% (2,093), indicating that employment in the remainder of the Region contracted during the decade.

TABLE B-2 EMPLOYMENT GROWTH TRENDS AND PROJECTIONS RIVER FALLS MARKET AREA 2000 to 2030						
Annual Employment	Pierce County, Wisconsin		St. Croix County, Wisconsin		West Wisconsin WDA*	
2000	9,283		25,792		172,479	
2010	9,508		27,950		174,572	
2016	9,990		33,075		192,577	
2020 Forecast	10,355		34,525		197,284	
2030 Forecast	11,327		40,494		211,068	
Change	No.	Pct.	No.	Pct.	No.	Pct.
2000 - 2010	225	2.4%	2,158	8.4%	2,093	1.2%
2010 - 2016	482	5.1%	5,125	18.3%	18,005	10.3%
2016 - 2020	365	3.7%	1,450	4.4%	4,707	2.4%
2020 - 2030	972	9.4%	5,969	17.3%	13,784	7.0%
*West Wisconsin Workforce Development Area includes Counties of Barron, Chippewa, Clark, Dunn, Eau Claire, Pepin, Pierce, Polk, and St. Croix						
Sources: Bureau of Labor Statistics; Wisconsin DWD; Maxfield Research & Consulting, LLC						

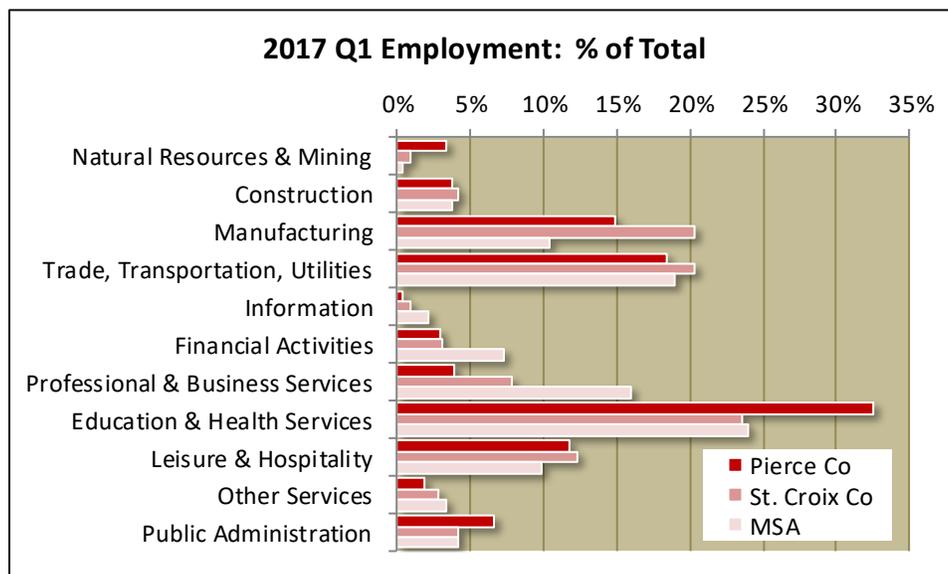
- Data from the Bureau of Labor Statistics indicates that the West Wisconsin WDA gained 18,005 jobs (10.3%) between 2010 and 2016. The number of jobs expanded 5.1% in Pierce County (482 jobs), while St. Croix County expanded 18.3% (5,125 jobs).
- Solid job growth is expected throughout the Market Area between 2016 and 2020. Pierce County is projected to experience a 3.7% gain during the remainder of the decade (365 jobs), while employment in St. Croix County is projected to grow 4.4% by 2020.
- The pace of job growth in the West Wisconsin WDA is projected to slow after 2020, as the Region could experience potential labor force shortages and a surge in retirements.
- Due in large part to anticipated population and household growth, Pierce and St. Croix County are projected to experience continued job growth, expanding 9.4% (972 jobs) and 17.3% (5,969 jobs), respectively.
- Based on employment information from the United States Census Bureau, there were 5,551 jobs in River Falls in 2015, the most recent data available. Over the past decade, River Falls has contained roughly 13.5% of the jobs in Pierce and St. Croix County combined. Assuming this proportion remains consistent, there will be approximately 6,100 jobs in River Falls in 2020, climbing to over 7,000 in 2030 (15.5%).

Industry Employment and Wage Data

Table B-3 displays information on the employment and wage situation in Pierce and St. Croix County compared to the MSA. The Quarterly Census of Employment and Wages (QCEW) data is sourced from the Wisconsin Department of Workforce Development and the Minnesota Department of Employment and Economic Development (DEED) for the first quarter of 2016 compared to the first quarter of 2017, the most recent data available.

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

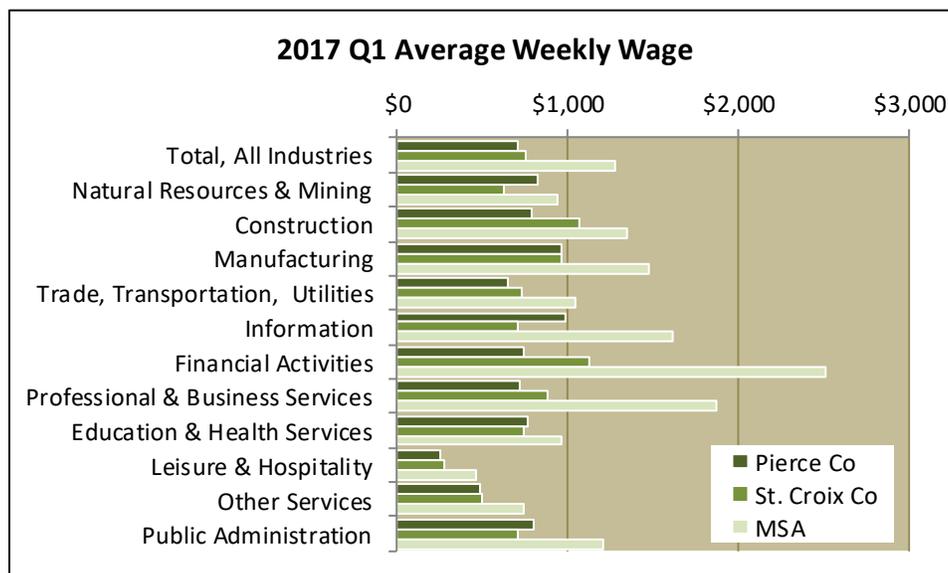
- The Education and Health Services industry is the largest employment sector in Pierce County, providing 3,142 jobs (32.5% of total employment), followed by the Trade, Transportation, and Utilities sector with 1,771 jobs (18.3%).
- Education and Health Services is also the largest employment sector in St. Croix County with 7,686 jobs (23.5%), followed by Trade, Transportation, and Utilities with 6,648 jobs (20.4%) and Manufacturing with 6,612 jobs (20.2%).



- In Pierce County, total employment declined -0.4% (-43 jobs) between the first quarters of 2016 and 2017, as employment contracted in several industry sectors. Notable job growth occurred in the Construction sector, adding 51 jobs (16.2%). Professional and Business Services added 21 jobs (6.0%) and Education and Health Services added 27 jobs (0.9%).

EMPLOYMENT TRENDS

- St. Croix County experienced a 2.3% increase in jobs (737) over the year, with the largest increases occurring in Education and Health Services (287 jobs for a 3.9% increase) and Trade, Transportation, and Utilities (245 jobs for a 3.8% increase).
- Employment in the MSA expanded 2.2% during the same time period, gaining over 40,000 jobs with the strongest growth occurring in the Education and Health Services and Trade, Transportation, and Utilities sectors.
- Average weekly wages in Pierce County (\$711) and St. Croix County (\$751) are -44% lower and -41% lower than the MSA (\$1,271), respectively.
- Wages in the Market Area experienced strong growth over the year, climbing 8.9% in Pierce County and 7.6% in St. Croix County compared to an 8.1% increase in the MSA. All industry sectors experienced wage growth during the year in Pierce and St. Croix County.
- Highest average wages are found in the Information (\$985) and Manufacturing (\$956) sectors in Pierce County, and in the Financial Activities (\$1,123) and Construction (\$1,065) industry sectors in St. Croix County.



- A household earning the average weekly wage in Pierce County (\$711) would be able to afford an apartment renting for approximately \$924 per month (\$976 in St. Croix County) to not exceed 30% of its monthly income on housing costs.
- Assuming that a potential home buyer has good credit and makes a 10% down payment, a household earning the average weekly wage in Pierce County would be able to afford to purchase a home priced at approximately \$140,000 or lower to not be cost-burdened (paying more than 30% of their income for housing).

EMPLOYMENT TRENDS

TABLE B-3 QUARTERLY CENSUS OF EMPLOYMENT AND WAGES RIVER FALLS MARKET AREA										
Industry	2016 Q1			2017 Q1			Change 2016 - 2017			
	Establish- ments	Employ- ment	Weekly Wage	Establish- ments	Employ- ment	Weekly Wage	Employment #	%	Wage #	%
PIERCE COUNTY, WISCONSIN										
Total, All Industries	877	9,703	\$653	873	9,660	\$711	-43	-0.4%	\$58	8.9%
Natural Resources & Mining	29	352	\$759	32	319	\$822	-33	-9.4%	\$63	8.3%
Construction	91	315	\$721	87	366	\$785	51	16.2%	\$64	8.9%
Manufacturing	54	1,469	\$923	51	1,435	\$956	-34	-2.3%	\$33	3.6%
Trade, Transportation, Utilities	198	1,819	\$578	194	1,771	\$648	-48	-2.6%	\$70	12.1%
Information	12	35	\$891	11	33	\$985	-2	-5.7%	\$94	10.5%
Financial Activities	67	296	\$683	65	284	\$738	-12	-4.1%	\$55	8.1%
Professional & Business Services	97	349	\$686	97	370	\$720	21	6.0%	\$34	5.0%
Education & Health Services	108	3,115	\$706	125	3,142	\$769	27	0.9%	\$63	8.9%
Leisure & Hospitality	126	1,157	\$228	121	1,134	\$245	-23	-2.0%	\$17	7.5%
Other Services	56	172	\$463	53	172	\$483	0	0.0%	\$20	4.3%
Public Administration	39	622	\$674	37	634	\$804	12	1.9%	\$130	19.3%
ST. CROIX COUNTY, WISCONSIN										
Total, All Industries	2,297	31,924	\$698	2,248	32,661	\$751	737	2.3%	\$53	7.6%
Natural Resources & Mining	34	275	\$591	34	279	\$626	4	1.5%	\$35	5.9%
Construction	260	1,228	\$928	256	1,343	\$1,065	115	9.4%	\$137	14.8%
Manufacturing	190	6,552	\$884	195	6,612	\$958	60	0.9%	\$74	8.4%
Trade, Transportation, Utilities	474	6,403	\$685	457	6,648	\$732	245	3.8%	\$47	6.9%
Information	29	270	\$678	26	272	\$709	2	0.7%	\$31	4.6%
Financial Activities	190	967	\$1,070	182	1,015	\$1,123	48	5.0%	\$53	5.0%
Professional & Business Services	360	2,747	\$855	345	2,539	\$879	-208	-7.6%	\$24	2.8%
Education & Health Services	277	7,399	\$668	283	7,686	\$738	287	3.9%	\$70	10.5%
Leisure & Hospitality	238	3,882	\$250	233	3,998	\$269	116	3.0%	\$19	7.6%
Other Services	184	857	\$465	176	916	\$494	59	6.9%	\$29	6.2%
Public Administration	61	1,343	\$677	61	1,352	\$710	9	0.7%	\$33	4.9%
MINNEAPOLIS-ST. PAUL-BLOOMINGTON, MN-WI MSA*										
Total, All Industries	86,534	1,821,816	\$1,176	89,646	1,861,927	\$1,271	40,111	2.2%	\$95	8.1%
Natural Resources & Mining	508	5,092	\$910	520	5,218	\$943	126	2.5%	\$33	3.7%
Construction	7,831	67,300	\$1,266	8,086	70,600	\$1,341	3,300	4.9%	\$75	5.9%
Manufacturing	4,806	193,624	\$1,360	4,929	193,826	\$1,473	202	0.1%	\$113	8.3%
Trade, Transportation, Utilities	17,584	345,107	\$989	17,803	352,985	\$1,040	7,878	2.3%	\$50	5.1%
Information	1,433	38,008	\$1,506	1,541	38,680	\$1,608	672	1.8%	\$102	6.8%
Financial Activities	9,032	132,302	\$2,294	9,374	135,476	\$2,508	3,174	2.4%	\$214	9.3%
Professional & Business Services	15,861	293,074	\$1,699	16,378	297,143	\$1,874	4,069	1.4%	\$175	10.3%
Education & Health Services	10,890	434,769	\$908	11,574	447,393	\$967	12,624	2.9%	\$59	6.5%
Leisure & Hospitality	8,052	176,633	\$418	8,387	182,095	\$460	5,462	3.1%	\$43	10.2%
Other Services	9,393	59,964	\$615	9,891	60,924	\$744	960	1.6%	\$129	20.9%
Public Administration	1,144	75,898	\$1,084	1,163	77,540	\$1,208	1,642	2.2%	\$124	11.5%
*Minnesota Counties of Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Le Sueur, Mille Lacs, Ramsey, Scott, Sherburne, Sibley, Washington, and Wright along with the Wisconsin Counties of Pierce and St. Croix										
Sources: Wisconsin Department of Workforce Development; Minnesota Department of Employment and Economic Development; Maxfield Research & Consulting, LLC										

Commuting Patterns

Proximity to employment is often a primary consideration when choosing where to live, particularly for younger and lower income households since transportation costs often account for a greater proportion of their budgets. For the purpose of this analysis, we reviewed commuting patterns in the City of River Falls. Table B-4 highlights the commuting patterns of workers in River Falls based on data from the U.S. Census Bureau Local Employment Dynamics data for 2015, the most recent data available.

- As the table illustrates, about 71% of the workers employed in the City of River Falls reside outside the City, while 29% (1,425) reside in the City. The largest proportion of workers commuting into River Falls come from Hudson (4.0%), followed by Prescott (2.8%), St. Paul (1.9%), Ellsworth (1.8%), and New Richmond (1.7%).
- Approximately 49% of the workers in River Falls reside within ten miles of their place of employment while 29% travel from 10 to 24 miles. Roughly 11% of the workers commute from a distance of 25 to 50 miles while another 11% come from more than 50 miles away.

TABLE B-4 COMMUTING PATTERNS CITY OF RIVER FALLS 2015					
Home Destination			Work Destination		
<u>Place of Residence</u>	<u>Count</u>	<u>Share</u>	<u>Place of Employment</u>	<u>Count</u>	<u>Share</u>
River Falls city, WI	1,425	28.6%	River Falls city, WI	1,425	24.9%
Hudson city, WI	198	4.0%	Hudson city, WI	665	11.6%
Prescott city, WI	141	2.8%	St. Paul city, MN	245	4.3%
St. Paul city, MN	95	1.9%	Prescott city, WI	165	2.9%
Ellsworth village, WI	88	1.8%	Eau Claire city, WI	139	2.4%
New Richmond city, WI	86	1.7%	Ellsworth village, WI	129	2.3%
Woodbury city, MN	79	1.6%	Minneapolis city, MN	98	1.7%
North Hudson village, WI	60	1.2%	Bayport city, MN	90	1.6%
Baldwin village, WI	44	0.9%	Red Wing city, MN	86	1.5%
Spring Valley village, WI	44	0.9%	Madison city, WI	86	1.5%
All Other Locations	2,720	54.6%	All Other Locations	2,595	45.3%
<u>Distance Traveled</u>			<u>Distance Traveled</u>		
Total Primary Jobs	4,980	100.0%	Total Primary Jobs	5,723	100.0%
Less than 10 miles	2,428	48.8%	Less than 10 miles	2,255	39.4%
10 to 24 miles	1,443	29.0%	10 to 24 miles	1,571	27.5%
25 to 50 miles	545	10.9%	25 to 50 miles	704	12.3%
Greater than 50 miles	564	11.3%	Greater than 50 miles	1,193	20.8%
Home Destination = Where workers live who are employed in the selection area					
Work Destination = Where workers are employed who live in the selection area					
Sources: US Census Bureau Local Employment Dynamics; Maxfield Research & Consulting, LLC					

EMPLOYMENT TRENDS

- Roughly 25% of the workers living in River Falls also have jobs in the City. The remaining 75% commute to other communities, most notably to Hudson (11.6%), St. Paul (4.3%), Prescott (2.9%), Eau Claire (2.4%), and Ellsworth (2.3%).
- Roughly 39% of resident workers in River Falls travel less than ten miles for their jobs, while 28% have a commute distance from 10 to 24 miles. Approximately 12% commute between 25 and 50 miles while 21% commute more than 50 miles for employment.

Table B-5 provides a summary of the inflow and outflow characteristics of the workers in River Falls. Outflow reflects the number of workers living in the City but employed outside River Falls, while inflow measures the number of workers that are employed in the City but live outside the City. Interior flow reflects the number of workers that live and work in River Falls.

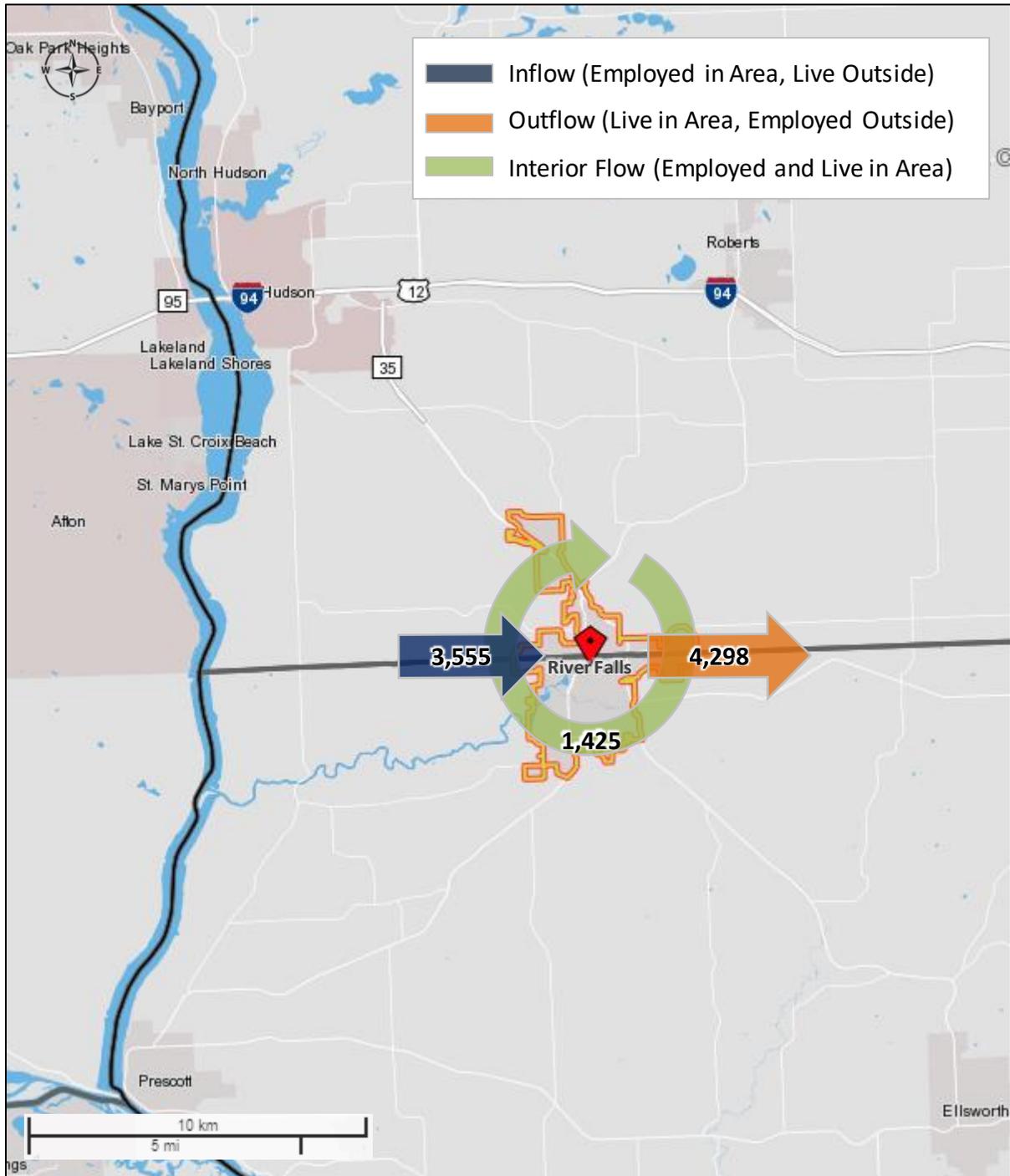
	Outflow		Inflow		Interior Flow	
River Falls	4,298	100.0%	3,555	100.0%	1,425	100.0%
<u>By Age</u>						
Workers Aged 29 or younger	1,197	27.9%	1,099	30.9%	408	28.6%
Workers Aged 30 to 54	2,265	52.7%	1,642	46.2%	692	48.6%
Workers Aged 55 or older	836	19.5%	814	22.9%	325	22.8%
<u>By Monthly Wage</u>						
Workers Earning \$1,250 per month or less	868	20.2%	1,081	30.4%	397	27.9%
Workers Earning \$1,251 to \$3,333 per month	1,495	34.8%	1,183	33.3%	522	36.6%
Workers Earning More than \$3,333 per month	1,935	45.0%	1,291	36.3%	506	35.5%
<u>By Industry</u>						
"Goods Producing"	980	22.8%	528	14.9%	168	11.8%
"Trade, Transportation, and Utilities"	881	20.5%	474	13.3%	163	11.4%
"All Other Services"*	2,437	56.7%	2,553	71.8%	1,094	76.8%
*includes the following sectors: Information, Financial Activities, Professional & Business Services, Education & Health Services, Leisure & Hospitality, Other Services, and Public Administration						
Sources: US Census Bureau Local Employment Dynamics; Maxfield Research & Consulting, LLC						

- As the table shows, River Falls is an exporter of workers as a higher number of residents leave the City for work than nonresidents commute into the City for work. Approximately 3,555 workers come into River Falls for employment (inflow) daily, while 4,300 resident workers commute out of the City (outflow). An estimated 1,425 people both live and work in River Falls (interior flow).
- Roughly 71% of the jobs in River Falls are filled by workers commuting into the City. The highest proportion of workers coming into the City are aged 30 to 54 and earn more than \$3,333 per month (\$40,000 per year). The "All Other Services" sector (includes Education and Health Services) brings in most of the employees (72%).

EMPLOYMENT TRENDS

- With 3,555 workers commuting into the City of River Falls for employment daily, many coming from over 50 miles, there appears to be an opportunity to provide housing options for a portion of these workers.

**2015 Commuting Pattern
City of River Falls**



Major Employers

The following list provides a summary of the major employers in the City of River Falls. This data is sourced from the City of River Falls 2017-2018 Approved Budget.

TABLE B-6 MAJOR EMPLOYERS CITY OF RIVER FALLS, WISCONSIN 2016		
Employer	Business Description	Employees
University of Wisconsin - River Falls	Post-Secondary Education	886
School District of River Falls	Elementary & Secondary Education	455
River Falls Area Hospital	Hospital	406
BioDiagnostics, Inc.	Genetic Testing	180
Best Maid Cookie Company	Bakers	175
Vibrant Health	Medical Clinic	148
City of River Falls	Municipal Government	130
Minnesota Rubber & Plastics	Rubber and Plastic Manufacturer	130
Family Fresh Market	Grocery Store	130
Shopko	Retail Store	100
Sources: City of River Falls; Maxfield Research & Consulting, LLC		

- The University of Wisconsin – River Falls, School District of River Falls, and River Falls Area Hospital are the largest employers in the City. Combined, these three establishments employ over 35% of all workers in the City.
- With nearly 900 employees, the University of Wisconsin – River Falls employs approximately 18% of the workers in the City.
- Based on the industry sector composition of the major employers, it appears that the City of River Falls has a diverse employment base. These ten employers represent six different industry sectors, including two in Educational Services, two in Health Care and Social Assistance, two in Manufacturing, and two in Retail Trade, along with Agriculture and Public Administration.
- This finding is supported by the Local Employment Dynamics data for 2015 summarized in the Commuting Patterns section of this study. Based on that data, the Educational Services sector employs 21% of all workers in River Falls, followed by the Health Care and Social Assistance sector at 18%, Accommodation and Food Services (13%), Retail Trade (11%), and Manufacturing (10%).

Employer Survey

Maxfield Research interviewed representatives of the largest employers in River Falls during January 2018. The questions covered topics such as recent trends in job growth, employee turnover, and anticipated job growth. In addition, representatives were asked their opinion about issues related to housing in the area. Specifically, they were asked whether the current supply of housing in the area matches the needs of their workforce.

The following points summarize our findings.

- Much of the workforce in River Falls commutes into the City from other western Wisconsin communities or the eastern half of the Twin Cities Metro Area (i.e. St. Paul and Woodbury).
- Many of the workers commute by choice, rather than necessity, but housing affordability is an issue in River Falls, particularly for lower wage earners.
- There appears to be a need for affordable workforce rental housing in River Falls.
- Hiring is expected to increase over the next several years as service needs and business conditions dictate.
- For new hires and existing commuter employees that want to live in River Falls, it is difficult to find suitable housing.
- There is a limited inventory of housing available, particularly modestly-priced single-family homes. Homes that become available move quickly.
- While it may be difficult for employees to find housing in River Falls, the housing shortage is not hampering the ability of employers to hire.
- River Falls' commute shed is fairly large, so workers will often reside in nearby communities such as Ellsworth or Prescott if pricing is too high in River Falls.
- Many workers also choose to live in the Twin Cities Metro Area for a variety of reasons, including diversity (particularly important for employees in a racial or ethnic minority) and proximity to entertainment amenities.

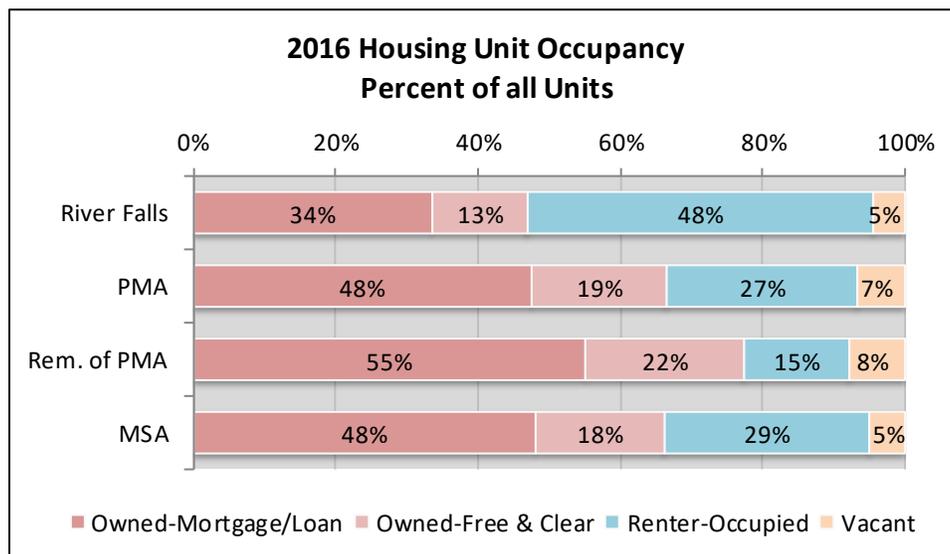
Introduction

The variety and condition of the housing stock in a community provides the basis for an attractive living environment. We examined the housing market in River Falls and the surrounding Primary Market Area in comparison to the Metropolitan Statistical Area by reviewing data on the total number of housing units by occupancy status, housing types, age of the housing supply, and residential construction trends. Housing unit is defined as a house, an apartment, a group of rooms, or a single room occupied or intended for occupancy as separate living quarters. Householder refers to the person in whose name the housing unit is owned or rented.

Housing Unit Occupancy

Housing unit occupancy is a key variable used to assess neighborhood stability. Table C-1 on the following page shows the total number of housing units, as well as the occupancy status in 2010 and 2016. This data is sourced from the U.S. Census (2010) and the 2012-2016 American Community Survey (2016). The Census’ definition of a vacant housing unit includes: units that were listed for sale or for rent at the time of the Census survey; units that have been rented or sold, but were not yet occupied; seasonal housing (vacation or second homes); and, “other” vacant housing. Other vacant housing units include housing for migratory workers, housing units held for occupancy of a caretaker, and units in the foreclosure process.

- As of 2016, the Primary Market Area contained an estimated 15,778 housing units, approximately 35% of which were located in the City of River Falls.
- Roughly 93.3% of the PMA’s housing stock was occupied in 2016, compared to 95.0% in the MSA. The City of River Falls maintained an occupancy rate of 95.4% while occupancy throughout the Remainder of the Primary Market Area was at 92.1% in 2016.



HOUSING CHARACTERISTICS

- Occupancy rates have increased modestly in River Falls and the MSA since 2010. In 2010, occupancy was at 94.5% in River Falls, compared to 93.7% in the MSA. The Remainder of the PMA had an occupancy rate of 93.8% in 2010.

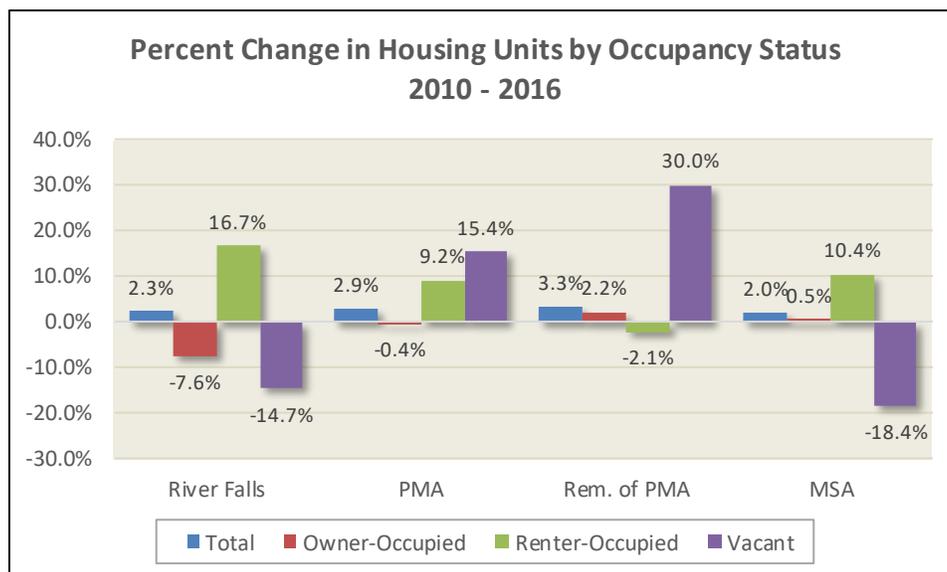
	City of River Falls		PMA		Remainder of PMA		MSA	
	No.	Pct.	No.	Pct.	No.	Pct.	Pct.	
2016	Total Housing Units	5,575	100%	15,778	100%	10,203	100%	100%
	Occupied Units	5,320	95.4%	14,721	93.3%	9,401	92.1%	95.0%
	Owner-Occupied	2,623	47.0%	10,512	66.6%	7,889	77.3%	66.2%
	mortgage or loan	1,878	33.7%	7,510	47.6%	5,632	55.2%	48.2%
	free and clear	745	13.4%	3,002	19.0%	2,257	22.1%	17.9%
	Renter-Occupied	2,697	48.4%	4,209	26.7%	1,512	14.8%	28.8%
	Vacant Units	255	4.6%	1,057	6.7%	802	7.9%	5.0%
	For Rent	121	2.2%	156	1.0%	35	0.3%	1.0%
	For Sale Only	0	0.0%	99	0.6%	99	1.0%	0.7%
	Seasonal/Recreational	41	0.7%	295	1.9%	254	2.5%	1.1%
Rented/Sold, Not Occupied	93	1.7%	311	2.0%	218	2.1%	0.8%	
Other	0	0.0%	196	1.2%	196	1.9%	1.4%	
2010	Total Housing Units	5,449	100%	15,328	100%	9,879	100%	100%
	Occupied Units	5,150	94.5%	14,412	94.0%	9,262	93.8%	93.7%
	Owner-Occupied	2,839	52.1%	10,556	68.9%	7,717	78.1%	67.1%
	mortgage or loan	2,255	41.4%	8,183	53.4%	5,928	60.0%	53.1%
	free and clear	584	10.7%	2,373	15.5%	1,789	18.1%	14.0%
	Renter-Occupied	2,311	42.4%	3,856	25.2%	1,545	15.6%	26.6%
	Vacant Units	299	5.5%	916	6.0%	617	6.2%	6.3%
	For Rent	174	3.2%	301	2.0%	127	1.3%	2.2%
	For Sale Only	58	1.1%	176	1.1%	118	1.2%	1.3%
	Seasonal/Recreational	20	0.4%	214	1.4%	194	2.0%	1.2%
Rented/Sold, Not Occupied	16	0.3%	47	0.3%	31	0.3%	0.4%	
Other	31	0.6%	178	1.2%	147	1.5%	1.3%	

Sources: US Census; 2012-2016 American Community Survey; Maxfield Research & Consulting, LLC

- Approximately 47% of River Falls' housing units were owner-occupied in 2016, 48% were renter-occupied, and the remaining 5% were vacant.
- Of the owner-occupied housing units in River Falls in 2016, nearly 72% were owned with a mortgage or loan (34% of all housing units) and 28% were owned free and clear (13% of all housing units).

HOUSING CHARACTERISTICS

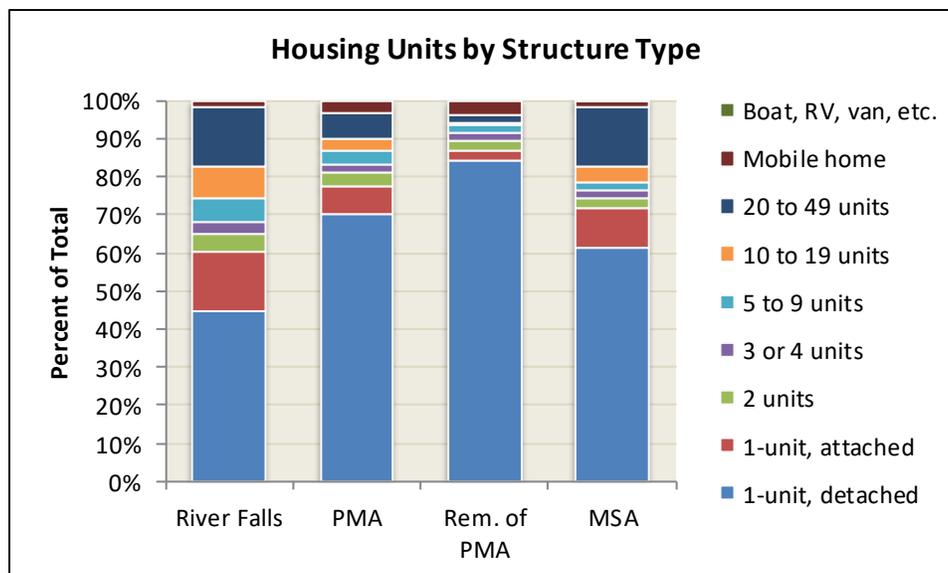
- The Remainder of the PMA had a higher rate of owner-occupied units in 2016, at 77.3% of the total. An estimated 71% of these units were owned with a mortgage or loan (55% of all units) and 29% of the owner-occupied units were owned free and clear (22% of all housing units).
- Approximately 15% of the housing units in the Remainder of the PMA were renter-occupied, compared to nearly 29% in the MSA. An estimated 7.9% of the housing units in the Remainder of the PMA were vacant in 2016 (5.0% in the MSA).
- Compared to the MSA, the PMA's housing vacancy rate was higher with 6.7% of the housing units vacant in 2016 while the MSA had a 5.0% vacancy rate. The City of River Falls had a 4.6% vacancy rate, while the Remainder of the PMA had a 6.7% vacancy rate.
- The higher vacancy rate in the Remainder of the PMA is due to the higher proportion of seasonal/recreational units, which represented 2.5% of all housing units in the Remainder of the PMA compared to 0.7% in River Falls and 1.1% in the MSA.
- An estimated 450 housing units were added in the PMA between 2010 and 2016 for a 2.9% increase. The number of renter-occupied units grew 9.2% (353 units) while the number of owner-occupied units contracted -0.4% (-44 units). The total number of vacant units increased 15.4% (141 units) in the PMA. By comparison, the MSA's housing stock increased 2.0% during the decade: owner-occupied units increased 0.5%; renter-occupied units grew 10.4% and the number of vacant units declined -18.4%.
- The City of River Falls experienced a 2.3% increase in housing units (126 units), with the largest growth occurring in the number of renter-occupied units, expanding 16.7% (386 units). Owner-occupied units contracted -7.6% (-216 units) in River Falls, while the number of vacant units contracted -14.7% (-44 units) in the City between 2010 and 2016.



Housing Stock by Structure Type

The data in Table C-2 is sourced from the American Community Survey (“ACS”) which is an on-going statistical survey administered by the U.S. Census Bureau. The current ACS highlights data collected between 2012 and 2016, the most recent data available. The following points summarize key findings from Table C-2.

- Single-family (one-unit) detached units are the most common housing type in the Market Area, comprising 70% of all housing units in the PMA. By comparison, 61% of all housing units are single-family detached in the MSA. Roughly 45% of the housing units in River Falls are single-unit, detached structures, while 84% of the housing units in the Remainder of the PMA are detached single-unit homes.



- Single-unit, attached structures represent 16% of the housing supply in River Falls (886 units), while housing units in structures with 20 or more units represent 16% of the supply in the City (886 units).
- By comparison, single-unit, attached housing represents 11% of the total housing supply across the MSA and 16% of the MSA’s housing inventory is situated in structures with 20 or more units.
- An estimated 1.6% of all housing units in River Falls are mobile homes (87 units), while mobile homes represent 3.9% of all housing units in the Remainder of the PMA with 398.
- In River Falls, 4.7% of the housing units are in duplex (two-unit) structures, while structures with three or four units represent 3.0% of the City’s housing inventory.

HOUSING CHARACTERISTICS

	City of River Falls		PMA		Remainder of PMA		MSA
	No.	Pct.	No.	Pct.	No.	Pct.	Pct.
Total Housing Units	5,575	100%	15,778	100%	10,203	100%	100%
1-unit, detached	2,489	44.6%	11,066	70.1%	8,577	84.1%	61%
1-unit, attached	886	15.9%	1,154	7.3%	268	2.6%	11%
2 units	264	4.7%	545	3.5%	281	2.8%	2%
3 or 4 units	170	3.0%	389	2.5%	219	2.1%	2%
5 to 9 units	335	6.0%	561	3.6%	226	2.2%	2%
10 to 19 units	458	8.2%	486	3.1%	28	0.3%	4%
20 or more units	886	15.9%	1,092	6.9%	206	2.0%	16%
Mobile home	87	1.6%	485	3.1%	398	3.9%	2%
Boat, RV, van, etc.	0	0.0%	0	0.0%	0	0.0%	0%
Total Occupied Housing Units	5,320	100%	14,721	100%	9,401	100%	100%
Owner-Occupied	2,623	49.3%	10,512	71.4%	7,889	83.9%	70%
1-unit, detached	2,045	38.4%	9,557	64.9%	7,512	79.9%	57%
1-unit, attached	459	8.6%	543	3.7%	84	0.9%	8%
2 units	38	0.7%	49	0.3%	11	0.1%	1%
3 or 4 units	12	0.2%	16	0.1%	4	0.0%	0%
5 to 9 units	0	0.0%	0	0.0%	0	0.0%	0%
10 to 19 units	8	0.2%	8	0.1%	0	0.0%	0%
20 or more units	21	0.4%	39	0.3%	18	0.2%	2%
Mobile home	40	0.8%	300	2.0%	260	2.8%	1%
Boat, RV, van, etc.	0	0.0%	0	0.0%	0	0.0%	0%
Renter-Occupied	2,697	50.7%	4,209	28.6%	1,512	16.1%	30%
1-unit, detached	391	7.3%	978	6.6%	587	6.2%	5%
1-unit, attached	427	8.0%	581	3.9%	154	1.6%	3%
2 units	221	4.2%	342	2.3%	121	1.3%	2%
3 or 4 units	158	3.0%	373	2.5%	215	2.3%	2%
5 to 9 units	294	5.5%	485	3.3%	191	2.0%	2%
10 to 19 units	379	7.1%	407	2.8%	28	0.3%	4%
20 or more units	780	14.7%	925	6.3%	145	1.5%	13%
Mobile home	47	0.9%	118	0.8%	71	0.8%	0%
Boat, RV, van, etc.	0	0.0%	0	0.0%	0	0.0%	0%

Sources: 2012-2016 American Community Survey; Maxfield Research & Consulting, LLC

- Of the owner-occupied housing units in River Falls, roughly 78% are single-unit, detached structures (2,045 units), 17.5% (459) are in attached single-unit structures, 1.5% are mobile homes (40) and 1.4% are in duplexes (38 units).
- Nearly 29% of the renter-occupied housing units in River Falls are in structures with 20 or more units (780 units), while 16% are attached single-unit structures (427 units) and 14% are in detached single-unit structures (391).

HOUSING CHARACTERISTICS

- Compared to the MSA, River Falls has a relatively high proportion of renter-occupied single-unit structures (detached and attached). An estimated 26% of the MSA's renter-occupied units are single-unit structures, compared to 30% in River Falls. River Falls has a relatively low proportion of owner-occupied single-unit, detached units, at 38% of all units in the City compared to 57% of all housing units in the MSA.

Age of Housing Stock

Similar to the structure type data presented in Table C-2, housing age data presented in Table C-3 is also sourced from the 2012-2016 American Community Survey. The table includes the number of housing units built in the Market Area prior to 1940 and during each subsequent decade. The Census Bureau began collecting year-built data in 1940.

- The 2000s was the most active decade in the PMA in terms of residential building activity. Over 22% of the PMA's housing stock was built from 2000 to 2009 (3,540 units), including 20.3% of the units in River Falls (1,132) and 23.6% of the units in the Remainder of the PMA (2,408). By comparison, 15% of the MSA's housing stock was delivered from 2000 to 2009.

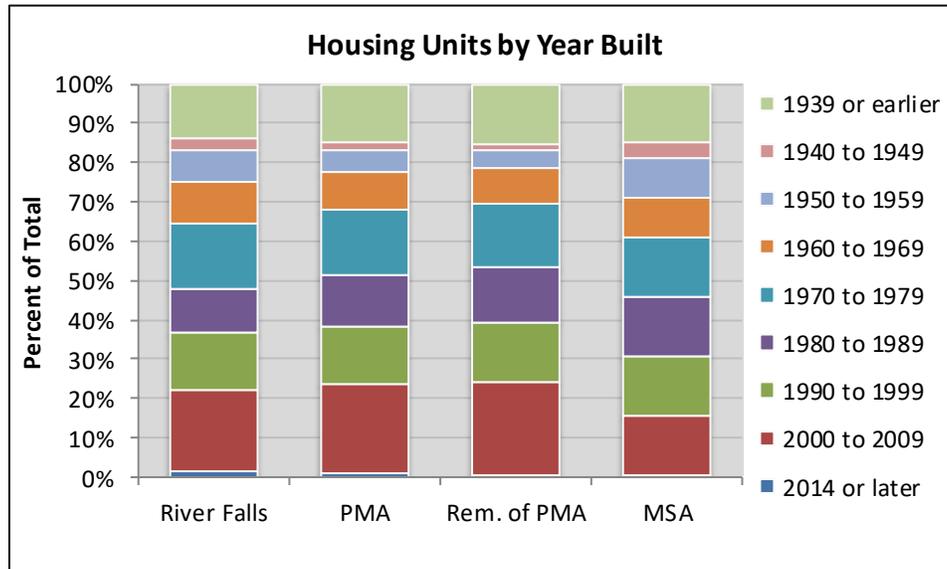
	City of River Falls		PMA		Remainder of PMA		MSA
	No.	Pct.	No.	Pct.	No.	Pct.	Pct.
Total	5,575	100%	15,778	100%	10,203	100%	100%
2014 or later	77	1.4%	121	0.8%	44	0.4%	0.4%
2010 to 2013	125	2.2%	250	1.6%	125	1.2%	1.6%
2000 to 2009	1,132	20.3%	3,540	22.4%	2,408	23.6%	15.0%
1990 to 1999	798	14.3%	2,312	14.7%	1,514	14.8%	14.7%
1980 to 1989	597	10.7%	2,004	12.7%	1,407	13.8%	14.7%
1970 to 1979	903	16.2%	2,553	16.2%	1,650	16.2%	15.1%
1960 to 1969	583	10.5%	1,502	9.5%	919	9.0%	10.0%
1950 to 1959	455	8.2%	885	5.6%	430	4.2%	9.9%
1940 to 1949	162	2.9%	348	2.2%	186	1.8%	3.9%
1939 or earlier	743	13.3%	2,263	14.3%	1,520	14.9%	14.6%

Sources: 2012-2016 American Community Survey; Maxfield Research & Consulting, LLC

- Over 14% of the PMA's housing units (2,263 units) were built prior to 1940. While many homes built before 1940 are in good condition, housing units this age are at risk of becoming substandard or functionally obsolete and maintenance costs are generally higher for these older homes. Roughly 13% of the homes in River Falls were built prior to 1940, while 15% of the housing stock in the Remainder of the PMA was built before 1940. By comparison, 15% of all homes in the MSA were built prior to 1940.

HOUSING CHARACTERISTICS

- Aside from the 2000s, the 1970s and 1990s were the most active decades in terms of housing unit production in the Market Area.
- Over 16% of the PMA's housing supply was built in the 1970s (2,553 units), including 903 units in River Falls and 1,650 units in the Remainder of the PMA.
- Nearly 15% of the housing units in the PMA were produced in the 1990s, including 798 units in River Falls (14.3%) and 1,514 units in the Remainder of the PMA (14.8%).



- Compared to the MSA, the housing stock in the PMA is relatively new as 40% of the housing inventory in the Remainder of the PMA has been constructed since 1990 while 38% of River Falls's housing units were constructed after 1990. By comparison, 32% of the MSA's housing inventory has been built since 1990.
- Housing unit production has dropped off sharply since the 2000s. From 2000 to 2009, the PMA averaged 354 new housing units per year, including 113 units per year in River Falls and 241 units per year in the Remainder of the PMA. However, since 2009, the PMA has averaged 62 units per year, including 34 in River Falls and 28 in the Remainder of the PMA.

HOUSING CHARACTERISTICS

The following photographs represent a sample of the housing stock in River Falls.



Example of pre-1940's housing in the central area of River Falls



1970's era subdivision in the south-central portion of River Falls



Attached housing in the Highview Meadows development



Newer, single-family homes in the Royal Oaks subdivision



1960's era renter-occupied housing structure in the east-central portion of River Falls



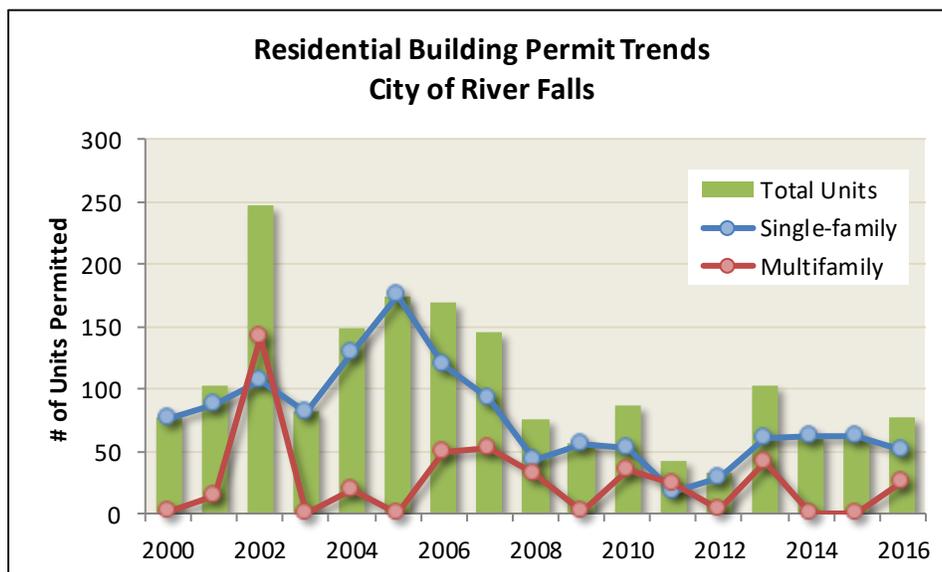
Newer rental housing structure located in the north side of River Falls

Residential Construction Trends

Building permit data for the City of River Falls was provided by the City, while information for the Remainder of the PMA was obtained from the U.S. Census Building Permits Survey (BPS) and the U.S. Department of Housing and Urban Development (HUD) State of the Cities Data Systems (SOCDS). Statistics from the BPS are based on reports submitted by local permit officials and the survey covers all jurisdictions that issue building or zoning permits. The HUDS SOCDS takes information from the BPS and includes any subsequent Census revisions to achieve higher quality data.

Table C-4 on the following page displays the number of units permitted for single-family homes and multifamily structures from 2000 through October 2017 in the City of River Falls as well as the County Subdivisions comprising the Remainder of the PMA. Multifamily housing includes for-sale and rental units and is generally defined as residential buildings containing units built one on top of another and those built side-by-side which do not have a ground-to-roof wall and/or have common facilities. Single-family is defined as fully detached, semi-detached (semi-attached, side-by-side), row houses, and townhouses. For attached units, each unit must be separated from the adjacent unit by a ground-to-roof wall and they must not share systems or utilities to be classified as single-family.

- Since 2000, 1,802 new housing units have been permitted in River Falls, for an average of 101 new units per year. River Falls’ single-family housing stock has grown at an average rate of 75 new units per year, while the multifamily supply has expanded by roughly 26 units per year.
- By comparison, the housing stock in the Remainder of the PMA has expanded at an average rate of 84 units per year, including 80 new single-family homes annually and four multifamily units.



HOUSING CHARACTERISTICS

- As depicted in the preceding chart, residential construction activity dropped off in River Falls from 2008 through 2012 due to the economic recession and related “housing bust.”
- Prior to 2008, River Falls permitted an average of 144 new housing units per year. Permitting activity declined to an annual average of 59 units from 2008 to 2012. Building activity has gained momentum, averaging 75 new housing units per year since 2012.
- A similar trend occurred in the Remainder of the PMA, which averaged 130 new housing units per year between 2000 and 2008. Housing development activity dropped to an average of 24 new units annually from 2008 to 2012 and has since increased to 71 new units per year.

	River Falls			Remainder of PMA			PMA Total		
	SF	MF	TOTAL	SF	MF	TOTAL	SF	MF	TOTAL
2000	76	2	78	99	6	105	175	8	183
2001	88	14	102	87	39	126	175	53	228
2002	107	141	248	140	4	144	247	145	392
2003	82	0	82	185	8	193	267	8	275
2004	129	20	149	182	0	182	311	20	331
2005	175	0	175	143	2	145	318	2	320
2006	119	50	169	92	0	92	211	50	261
2007	93	52	145	48	4	52	141	56	197
2008	43	32	75	32	0	32	75	32	107
2009	55	2	57	19	0	19	74	2	76
2010	52	35	87	19	0	19	71	35	106
2011	18	24	42	15	0	15	33	24	57
2012	29	4	33	33	0	33	62	4	66
2013	61	42	103	74	0	74	135	42	177
2014	62	0	62	74	0	74	136	0	136
2015	62	0	62	67	0	67	129	0	129
2016	51	26	77	68	2	70	119	28	147
2017*	40	16	56	55	2	57	95	18	113

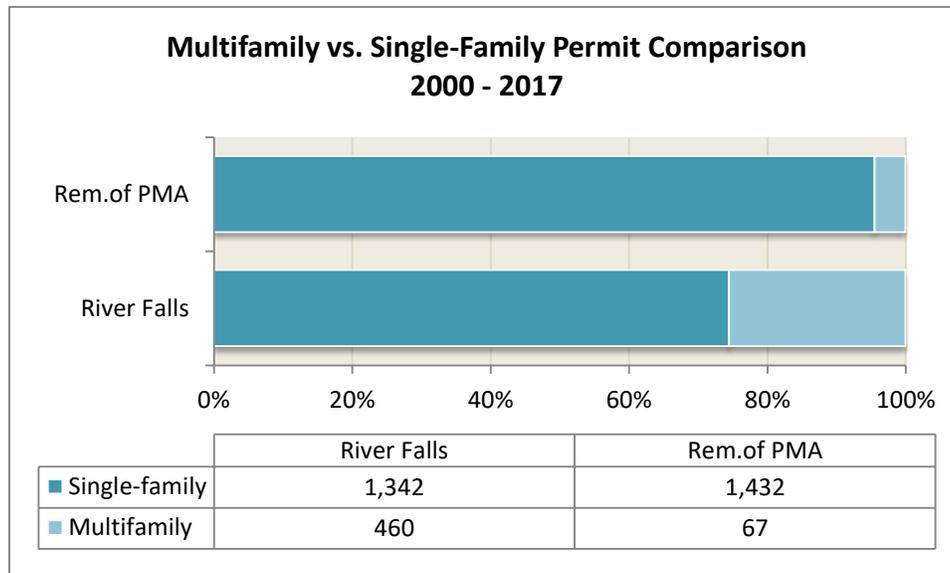
Notes: SF = Single Family; MF = Multifamily
*through October

Sources: City of River Falls; HUD SOCDs; Maxfield Research & Consulting, LLC

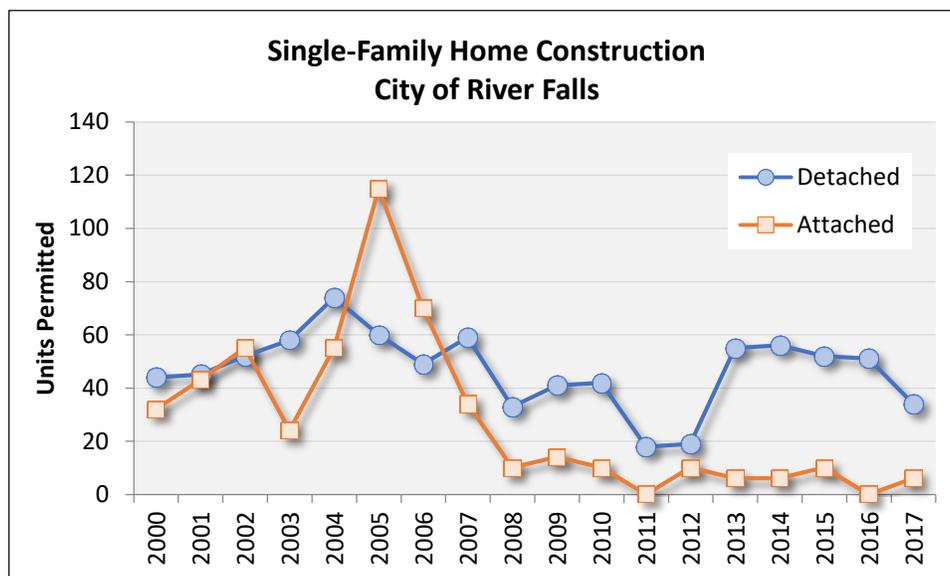
- From 2000 through October 2017, permits were issued for 2,774 single-family homes and 527 multifamily units in the PMA. An estimated 55% of the permitted units were located in the City of River Falls (1,802 units), including 48% of the single-family units (1,342) and 87% of the multifamily units (460).

HOUSING CHARACTERISTICS

- Since 2000, an estimated 74% of the permitted housing units in the City of River Falls were single-family, while the remaining 26% were multifamily. By comparison, 96% of the new units in the Remainder of the PMA were single-family and 4% were multifamily.



- Of the 1,342 single-family homes permitted in the City of River Falls since 2000, 63% have been detached single-family homes (842 units) while the remaining 37% have been attached single-family homes (500 units).
- Since 2008 however, 85% of the single-family homes have been detached units while 15% have been attached. The mix was evenly split between 2000 and 2008, as 51% of the permitted units were detached single-family homes and 49% were attached.

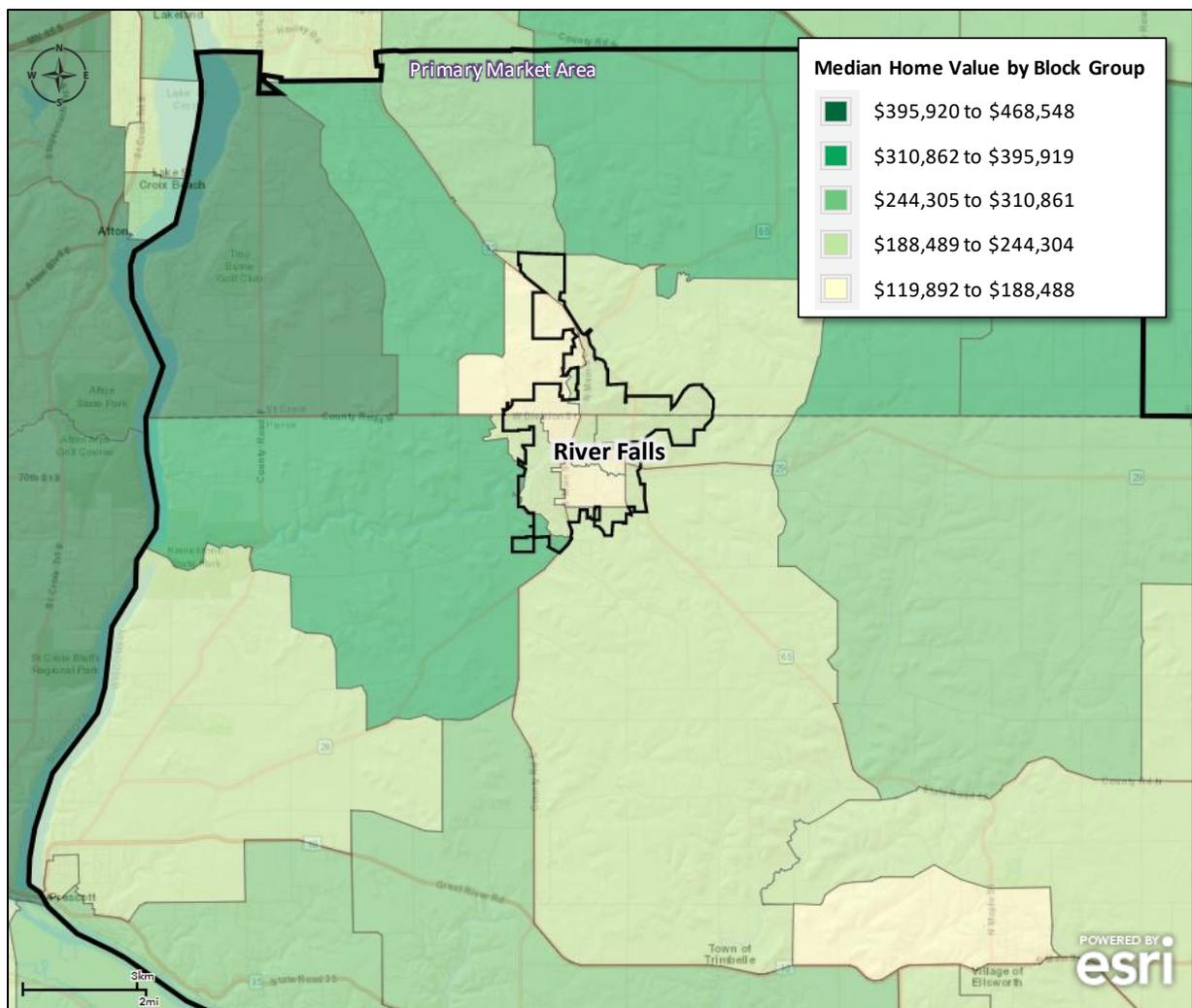


Owner-Occupied Housing Units by Value

Table C-5 and the following map present data on housing values summarized in ranges and median value. Home value reflects the owner’s estimate of how much the property (house and lot or condominium unit) would sell for if it were for sale. The following are the main points from Table C-5.

- As illustrated on the following map, within the PMA, median home values are highest in the Block Groups to the west and north of River Falls, most notably in Troy Township in the northwest corner of the PMA.
- Lowest home values can be found in the City of River Falls, the City of Prescott and in the Village of Ellsworth.

**River Falls Market Area
2017 Median Home Value by Block Group**



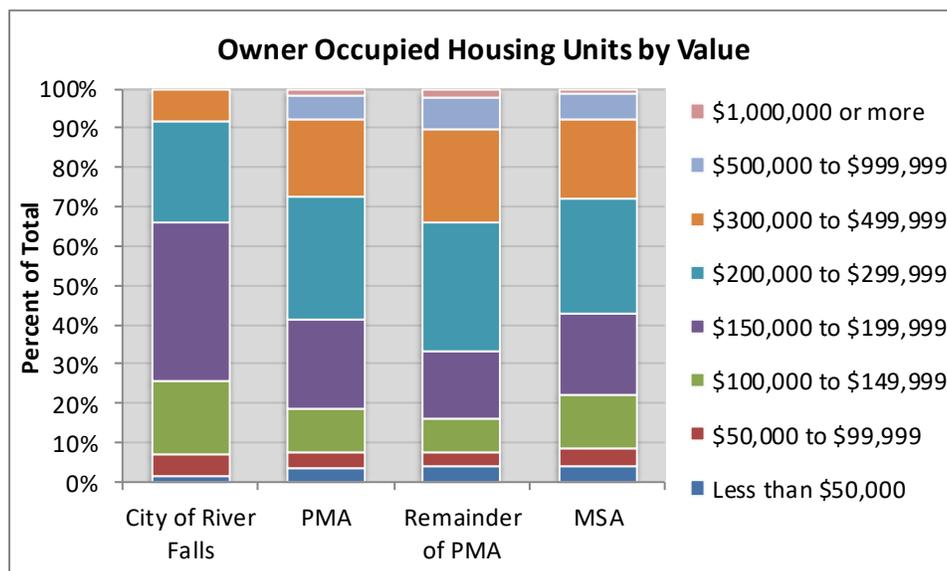
HOUSING CHARACTERISTICS

- The median owner-occupied home value was \$174,600 in River Falls during the 2012-2016 ACS period, roughly -21% lower than the MSA median of \$220,700.
- The Remainder of the PMA had a median home value of \$254,124, substantially higher than in the City of River Falls and 15% higher than the MSA.

	City of River Falls		PMA		Remainder of PMA		MSA
	No.	Pct.	No.	Pct.	No.	Pct.	Pct.
Total	2,623	100%	10,512	100%	7,889	100%	100%
Less than \$50,000	39	1%	345	3%	306	4%	4%
\$50,000 to \$99,999	150	6%	423	4%	273	3%	5%
\$100,000 to \$149,999	481	18%	1,167	11%	686	9%	13%
\$150,000 to \$199,999	1,060	40%	2,415	23%	1,355	17%	21%
\$200,000 to \$299,999	680	26%	3,287	31%	2,607	33%	29%
\$300,000 to \$499,999	213	8%	2,057	20%	1,844	23%	20%
\$500,000 to \$999,999	0	0%	660	6%	660	8%	7%
\$1,000,000 or more	0	0%	158	2%	158	2%	1%
Median Value	\$174,600		\$234,291		\$254,124		\$220,700

Sources: 2012-2016 American Community Survey; Maxfield Research & Consulting, LLC

- The largest proportion of owner-occupied housing units in River Falls is estimated to be valued in the \$150,000 to \$199,999 range with 40% of all owner-occupied units in the City (1,060 units), followed by homes valued in the \$200,000 to \$299,999 and the \$100,000 to \$149,999 ranges (26% and 18%, respectively).



HOUSING CHARACTERISTICS

- Approximately 1% (39) of River Falls' owner-occupied housing units are valued below \$50,000 while 6% (150) have values between \$50,000 and \$99,999. Another 8% (213) of the homes in River Falls are valued between \$300,000 and \$499,999 and there are no homes valued over \$500,000 per ACS data.
- Outside of River Falls, the largest proportion of owner-occupied housing units in the Remainder of the PMA is estimated to be valued in the \$200,000 to \$299,999 range with 33% of all owner-occupied units (2,607 units), followed by homes valued in the \$300,000 to \$499,999 range (23%). Approximately 17% of the housing units in the PMA outside of River Falls are valued between \$150,000 and \$199,999 and 9% have values between \$100,000 and \$149,999. An estimated 4% of the homes are valued at less than \$50,000, while 3% have values ranging from \$50,000 to \$99,999. Nearly 8% of the homes in the Remainder of the PMA (660 homes) have values between \$500,000 and \$999,999, while 2% (158) have values of \$1 million or higher.

Renter-Occupied Units by Contract Rent

Table C-6 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 following are key points from Table C-6.

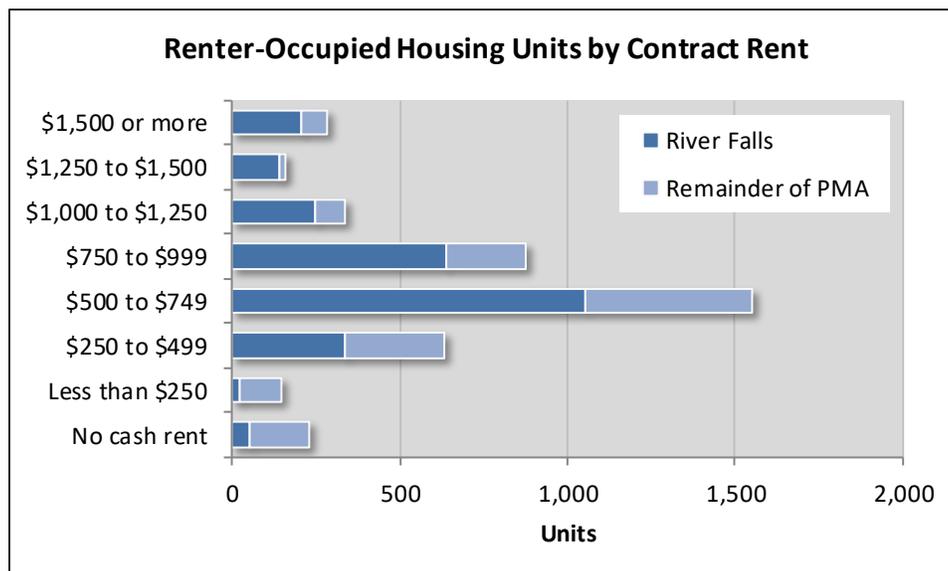
- The City of River Falls contains approximately 64% of the Primary Market Area's supply of renter-occupied housing units, while the remaining 36% are scattered around the Remainder of the Primary Market Area.

	City of River Falls		PMA		Remainder of PMA		MSA
	No.	Pct.	No.	Pct.	No.	Pct.	Pct.
Total:	2,697	100%	4,209	100%	1,512	100%	100%
Median Contract Rent	\$731		\$702		\$669		\$881
Less than \$250	19	0.7%	147	3.5%	128	8.5%	5.3%
\$250 to \$499	336	12.5%	634	15.1%	298	19.7%	6.7%
\$500 to \$749	1,056	39.2%	1,551	36.8%	495	32.7%	20.1%
\$750 to \$999	640	23.7%	873	20.7%	233	15.4%	29.2%
\$1,000 to \$1,250	248	9.2%	336	8.0%	88	5.8%	16.7%
\$1,250 to \$1,500	142	5.3%	156	3.7%	14	0.9%	9.9%
\$1,500 or more	206	7.6%	280	6.7%	74	4.9%	9.2%
No cash rent	50	1.9%	232	5.5%	182	12.0%	3.0%

Sources: 2012-2016 American Community Survey; Maxfield Research & Consulting, LLC

HOUSING CHARACTERISTICS

- The median contract rent in River Falls was \$731 during the 2012-2016 ACS, roughly -17% lower than the MSA median of \$881.
- Based on a 30% allocation of income to housing, a household in River Falls would need an income of about \$29,240 to afford an average monthly rent of \$731. The median rent outside of River Falls is slightly lower, at \$669 per month.
- Approximately 94% of Primary Market Area renters are paying cash rent, with the highest proportion of units renting for between \$500 and \$749 per month (37%).
- Housing units without payment of rent (“no cash rent”) comprise roughly 2% of River Falls’ renters and 12% of the renters in the Remainder of the PMA. In the MSA, renter-occupied housing units without a rent payment comprise about 3% of all renter-occupied units. Typically, these units may be owned by a relative or friend who lives elsewhere whom allow occupancy without charge. Other sources may include caretakers or ministers who may occupy a residence without charge.
- In River Falls, 39% (1,056 units) of all renter-occupied housing units have monthly contract rents in the \$500 to \$749 range, while 24% (640 units) have rents from \$750 to \$999 per month. An estimated 13% of the units have monthly rents in the \$250 to \$499 range, while 9% rent for \$1,000 to \$1,250 per month and 5% rent for \$1,250 to \$1,500 per month. Less than 1% of the renter-occupied units have monthly rents of less than \$200 per month, while 8% rent for \$1,500 or more per month.



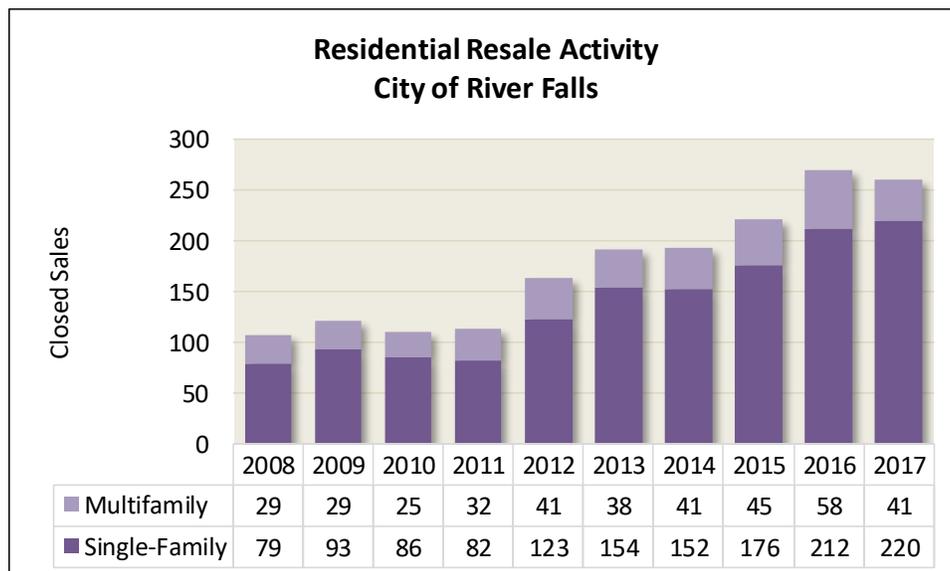
Introduction

Maxfield Research analyzed the for-sale housing market in River Falls by collecting data on home sales, the supply of residential lots in the area, and conducting interviews with area real estate professionals. Demand calculations for general occupancy for-sale housing in the Market Area between 2017 and 2030 are also provided.

Home Sales

Table D-1 on the following page presents home resale data from 2008 through 2017 for River Falls compared to the Remainder of the PMA and the MSA. The table displays the median sale price, number of closed transactions, and marketing time (average days on market) for all detached single-family residential resales (excludes new construction) and attached single-family (referred to as multifamily in this section of the report) residential resales which includes townhomes, twin homes, and condominiums. This data was obtained from the Greater Minneapolis Area Association of Realtors.

- Residential resale activity in River Falls was relatively flat from 2008 through 2011, but has been increasing since 2012. There were 261 residential resales in River Falls in 2017, more than double the sales volume in 2011 (114 sale transactions).
- Single-family sales jumped 50% from 82 sales in 2011 to 123 sales in 2012. Single-family sales activity held steady between 2013 and 2014, but increased to 176 sales in 2015, 212 sales in 2016, and 220 sales in 2017 (a ten-year high).
- Multifamily sales activity in River Falls climbed from a low of 25 sales in 2010 to a ten-year high of 58 sales in 2016. There were 41 multifamily sales in 2017.



FOR-SALE MARKET ANALYSIS

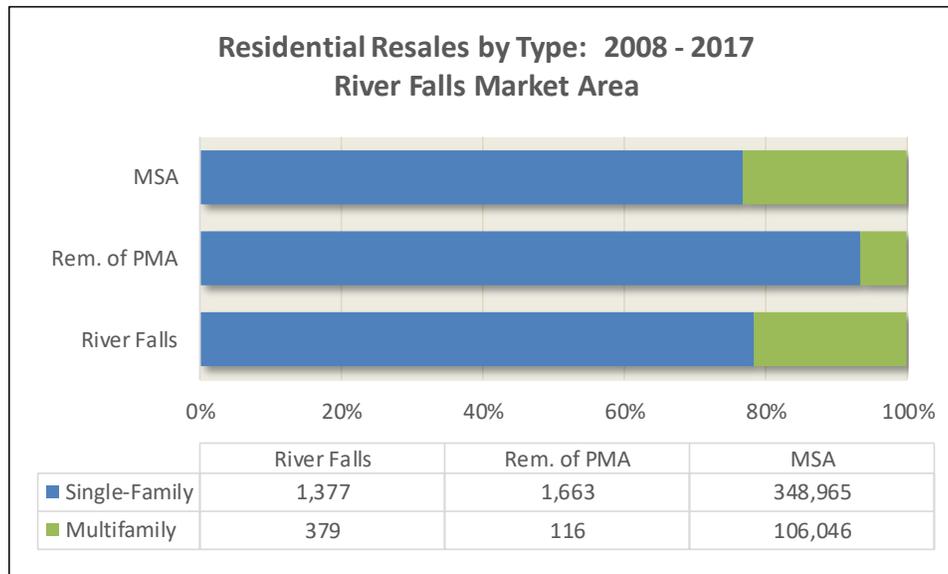
- In 2017, total resales activity in River Falls trailed 2016 slightly as a total of 261 transactions have closed (21.8 per month average), compared to an annual average of 22.5 per month in 2016.

	Single-Family					Multifamily				
	Median Sale Price	% Change	Closed Sales	% Change	Avg. Days on Market	Median Sale Price	% Change	Closed Sales	% Change	Avg. Days on Market
City of River Falls										
2017	\$245,000	8.0%	220	--	106	\$154,000	2.2%	41	--	52
2016	\$226,750	3.7%	212	20.5%	132	\$150,750	10.0%	58	28.9%	83
2015	\$218,750	18.1%	176	15.8%	134	\$137,000	-7.4%	45	9.8%	106
2014	\$185,250	6.2%	152	-1.3%	132	\$148,000	2.1%	41	7.9%	90
2013	\$174,500	8.4%	154	25.2%	143	\$145,000	31.8%	38	-7.3%	96
2012	\$161,000	12.6%	123	50.0%	184	\$110,000	1.9%	41	28.1%	154
2011	\$143,000	-17.8%	82	-4.7%	187	\$108,000	-1.8%	32	28.0%	220
2010	\$174,000	2.4%	86	-7.5%	184	\$110,000	-15.4%	25	-13.8%	209
2009	\$169,900	-5.6%	93	17.7%	189	\$130,050	2.4%	29	0.0%	206
2008	\$179,900	--	79	--	158	\$127,000	--	29	--	179
Remainder of PMA										
2017	\$214,700	10.7%	181	--	131	\$173,993	0.7%	20	--	208
2016	\$194,000	4.9%	187	6.9%	158	\$172,750	23.5%	12	-7.7%	163
2015	\$185,000	7.2%	175	3.6%	162	\$139,900	0.0%	13	-31.6%	141
2014	\$172,500	1.5%	169	-8.6%	146	\$139,900	9.7%	19	35.7%	175
2013	\$170,000	1.2%	185	17.1%	203	\$127,500	-11.3%	14	-22.2%	205
2012	\$168,000	10.7%	158	18.8%	199	\$143,750	-7.5%	18	200.0%	180
2011	\$151,750	-15.4%	133	-12.5%	194	\$155,450	38.2%	6	-25.0%	199
2010	\$179,450	4.9%	152	-14.1%	190	\$112,500	-11.1%	8	33.3%	244
2009	\$171,000	-13.9%	177	21.2%	183	\$126,500	-2.7%	6	-14.3%	101
2008	\$198,500	--	146	--	216	\$130,000	--	7	--	324
Minneapolis-St. Paul-Bloomington, MN-WI MSA										
2017	\$260,000	6.2%	41,250	--	57	\$180,000	5.9%	14,165	--	43
2016	\$244,900	6.5%	42,089	4.7%	69	\$169,900	5.5%	13,678	9.2%	55
2015	\$229,900	6.9%	40,195	15.9%	81	\$161,000	4.2%	12,527	12.8%	65
2014	\$215,000	7.0%	34,681	-8.4%	84	\$154,500	8.8%	11,106	-0.7%	72
2013	\$201,000	14.6%	37,850	7.8%	85	\$142,000	18.3%	11,188	9.6%	79
2012	\$175,350	9.6%	35,100	18.2%	115	\$120,000	9.1%	10,212	11.9%	126
2011	\$160,000	-10.1%	29,683	9.9%	143	\$109,975	-14.3%	9,124	15.9%	162
2010	\$178,000	3.5%	27,018	-18.4%	129	\$128,300	-2.8%	7,870	-12.3%	150
2009	\$172,000	-14.3%	33,123	18.4%	137	\$132,000	-15.2%	8,972	24.5%	167
2008	\$200,725	--	27,976	--	149	\$155,575	--	7,204	--	166

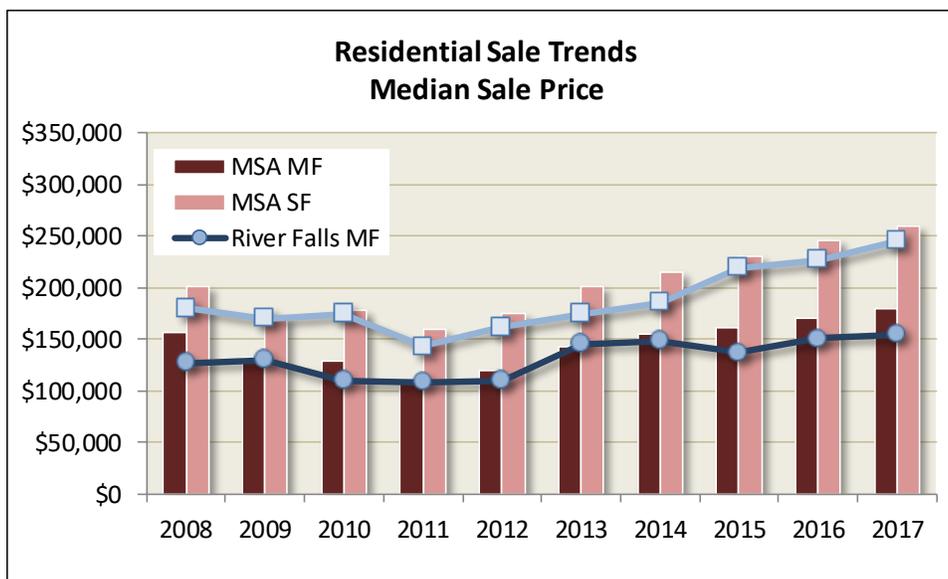
Sources: Greater Minneapolis Area Association of Realtors; Maxfield Research & Consulting, LLC

FOR-SALE MARKET ANALYSIS

- From 2008 through 2017, there were 1,756 residential sales in River Falls, representing approximately 50% of all PMA sales.
- River Falls' multifamily housing market appears to be comparable to the MSA, as 22% of all closed resales from 2008 through 2017 have been multifamily homes in River Falls compared to 23% in the MSA. By comparison, multifamily transactions represented only 7% of all closed sales in the Remainder of the PMA.



- The 2017 median resale price for single-family homes in River Falls is \$245,000, slightly lower than the MSA median sales price of \$260,000. The multifamily median sale price in River Falls (\$154,000) is also lower than the MSA median of \$180,000.



FOR-SALE MARKET ANALYSIS

- At \$214,700, the median resale prices for single-family homes in the Remainder of the PMA is -12% lower than in River Falls, while the median price for multifamily homes in the Remainder of the PMA (\$173,993) is 13% higher than in River Falls.
- Median resale prices have experienced strong growth in River Falls since dropping in 2011. The median resale price for single-family homes jumped 71% to \$245,000 between 2011 and 2017, while multifamily pricing increased 43% to \$154,000.
- Based on information captured by the Greater Minneapolis Association of Realtors MLS, which captures only a portion of new construction sales data, new construction comprised 10% of all single-family sales and 16% of multifamily sales since 2008 in River Falls. A total of 153 new single-family homes and 74 new multifamily units were purchased in River Falls during that time period. By comparison, in the Remainder of the PMA, new construction comprised 4% of all single-family sales (66 new construction sales) and 13% of multifamily sales (18 new construction sales) since 2008.
- The proportions for River Falls are notably higher than the MSA, where 7% of all single-family sales and 9% of multifamily sales have been new construction homes since 2008.
- As depicted in the following graph, new construction sales activity dropped off sharply from 2008 to 2012 in the Market Area. After increasing for three consecutive years (2013 through 2015), new construction sales activity in River Falls declined in 2016, while sales activity in the MSA increased.



- Year-to-date in 2017, new construction single-family homes have sold at a median price of \$260,500 in River Falls, roughly 7% higher than previously-owned homes. The median sale price for new construction multifamily units (\$207,510) is 26% higher than previously owned multifamily units.

FOR-SALE MARKET ANALYSIS

Table D-2 presents the price distribution for residential sales (includes previously owned homes as well as new construction) in the City of River Falls from 2015 through 2017.

- As depicted, detached single-family homes priced between \$200,000 and \$299,999 have been the most commonly purchased product in River Falls since 2015, representing 43% of all single-family sales. Single-family homes priced from \$150,000 to \$199,999 represented 25% of the sales, while 15% of the single-family homes were priced between \$300,000 and \$400,000
- Of the multifamily units sold in River Falls since 2015, over 39% were priced in the \$150,000 to \$199,999 range, while 33% were priced between \$100,000 and \$149,999 and 19% were priced in the \$200,000 to \$299,999 range.
- Based on the 816 closed home sales since 2015, River Falls experiences approximately 22.7 residential sales per month, including 18.1 single-family sale transactions per month and 4.6 multifamily sales per month.

	2015		2016		2017		Total	
	Closed Sales	% of Total						
Single-family								
Less than \$100,000	3	1.5%	1	0.4%	4	1.7%	8	1.2%
\$100,000 to \$149,999	19	9.8%	20	9.0%	10	4.3%	49	7.5%
\$150,000 to \$199,999	58	29.9%	66	29.6%	36	15.5%	160	24.6%
\$200,000 to \$299,999	76	39.2%	92	41.3%	109	46.8%	277	42.6%
\$300,000 to \$399,999	20	10.3%	31	13.9%	48	20.6%	99	15.2%
\$400,000 to \$499,999	9	4.6%	8	3.6%	20	8.6%	37	5.7%
\$500,000 or more	9	4.6%	5	2.2%	6	2.6%	20	3.1%
Total	194	100%	223	100%	233	100%	650	100%
Multifamily								
Less than \$100,000	5	9.3%	9	14.3%	0	0.0%	14	8.4%
\$100,000 to \$149,999	19	35.2%	20	31.7%	16	32.7%	55	33.1%
\$150,000 to \$199,999	25	46.3%	23	36.5%	17	34.7%	65	39.2%
\$200,000 to \$299,999	5	9.3%	11	17.5%	16	32.7%	32	19.3%
\$300,000 to \$399,999	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$400,000 to \$499,999	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$500,000 or more	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	54	100%	63	100%	49	100%	166	100%

Sources: Greater Minneapolis Area Association of Realtors; Maxfield Research & Consulting, LLC

Active Listings

Table D-3 presents a summary of detached single-family and multifamily homes currently listed for sale in River Falls. Multifamily includes condominiums, townhouses, and twin homes. Data was obtained from the Greater Minneapolis Area Association of Realtors.

- There were 58 homes listed for sale in River Falls as of December 2017. Nearly 95% of the for-sale listings (55 homes) were detached single-family housing units and the remaining 25% (3 homes) were multifamily units.

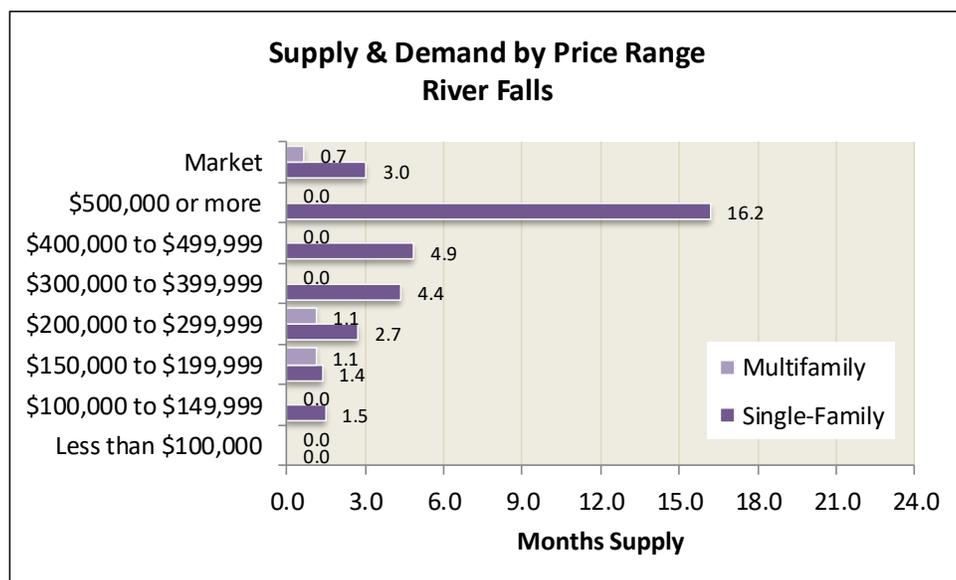
	Listings	% of Total	Median Year Built	Median Size	Median Price	Price per Sq. Ft.
Single-family Detached						
Less than \$100,000	0	0.0%	NA	NA	NA	NA
\$100,000 to \$149,999	2	3.4%	1952	1,008	\$131,950	\$130.90
\$150,000 to \$199,999	6	10.3%	1973	1,754	\$192,400	\$109.69
\$200,000 to \$299,999	21	36.2%	2006	1,900	\$249,900	\$131.53
\$300,000 to \$399,999	12	20.7%	2004	2,482	\$317,450	\$127.90
\$400,000 to \$499,999	5	8.6%	2004	3,726	\$430,000	\$115.41
\$500,000 or more	9	15.5%	2001	3,974	\$539,900	\$135.86
Subtotal	55	94.8%	2000	2,221	\$299,900	\$135.03
Multifamily						
Less than \$100,000	0	0.0%	NA	NA	NA	NA
\$100,000 to \$149,999	0	0.0%	NA	NA	NA	NA
\$150,000 to \$199,999	2	3.4%	2004	1,478	\$182,000	\$123.14
\$200,000 to \$299,999	1	1.7%	2017	1,363	\$225,000	\$165.08
\$300,000 to \$399,999	0	0.0%	NA	NA	NA	NA
\$400,000 to \$499,999	0	0.0%	NA	NA	NA	NA
\$500,000 or more	0	0.0%	NA	NA	NA	NA
Subtotal	3	5.2%	2007	1,363	\$189,000	\$138.66
Market Total	58	100%	2001	2,177	\$294,450	\$135.25

Sources: Greater Minneapolis Area Association of Realtors; Maxfield Research & Consulting, LLC

- The median asking price for single-family homes in River Falls was \$299,900, which was 22% higher than the median price of closed sales in 2017 (\$245,000). The median asking price for multifamily units is \$189,000, roughly 23% higher than the median price of closed multifamily sales in 2017 (\$154,000).
- The median size of homes listed for sale was 2,177 square feet which equates to a median price per square foot of \$135.25, based on a total median list price of \$294,450.

FOR-SALE MARKET ANALYSIS

- With a median size of 2,221 square feet, the median price per square foot for single-family homes was \$135.03. Multifamily units are substantially smaller, at 1,363 square feet, but priced comparably on a per square foot basis with a median price of \$138.66.
- Approximately 26% of the homes for sale in River Falls were built in the year 2010 or later while 28% were built in the 2000s and 10% were constructed in the 1990s. Roughly 7% were constructed in the 1980s, 10% in the 1970s, 3% in the 1960s, 5% in the 1950s, 2% in the 1940s, and 9% prior to 1940. All the homes listed for sale that were built prior to the year 2000 were detached single-family detached units. Multifamily units represented 10% of the for-sale homes that were built in 2000 or later.
- Since 2015, River Falls has averaged 18.1 single-family sales and 4.6 multifamily sales per month.
- Based on the current supply of available for-sale housing in River Falls, there is a 2.6-month supply of homes available for sale on the market, including a 3.0-month supply of detached single-family homes and a 0.7-month supply of multifamily units. By comparison, there is a 2.3-month supply of homes available across the Metro Area (2.4-month supply of single-family homes and 1.7-month supply of multifamily housing units).
- Equilibrium in the for-sale residential market is generally considered to be a six-month supply of homes on the market. As such, it appears that the current inventory of available for-sale housing in River Falls is undersupplied, particularly the multifamily housing market.
- As illustrated in the following graph, the River Falls housing market appears to be undersupplied in most price ranges. Although, detached single-family homes priced at \$500,000 have a 16.2-month supply.



Residential Subdivisions

Maxfield Research obtained lot inventory and subdivision data from Metrostudy, a homebuilding consulting company that maintains a database of all subdivision activity in the greater Twin Cities Metro Area. Table D-4 provides a summary of all active and fully-developed residential subdivisions in River Falls and adjacent townships.

The following terms are used in the lot inventory table:

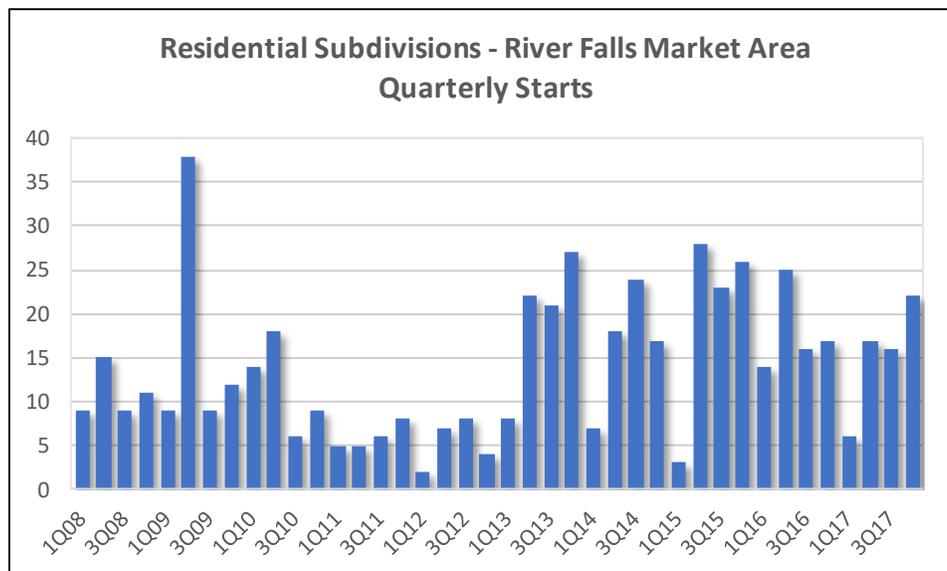
- Annual Starts and Closings: The sum of activity for the most recent four quarters.
- Closing: Defined as when a “move in” has occurred and the home is occupied.
- Future Lots Inventory: Future lots are recorded after a preliminary plat or site plan has been submitted for consideration by the City.
- Lot Frontage: Range of all lot sizes within the subdivision; based on the lot front foot width
- 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.
- Lots Remaining (Vacant Developed Lot): The subdivision is considered developed after subdivision streets are paved and vehicles can physically drive in front of the lot.

This data is intended to provide an overview of the supply of residential lots in and near River Falls, including the total number of lots, vacant lots, base price ranges, product type, absorption, and lot sizes. The following points summarize our findings:

- Metrostudy is tracking a total of 33 residential subdivisions in River Falls and the surrounding area, including 22 single-family subdivisions, four subdivisions targeting duplex/twin home development, and seven subdivisions targeting townhouse development.
- Of the 33 subdivisions, 17 are active (1,119 total lots) while 13 are fully-developed (364 total lots) and three are planned (419 total lots). Of the 1,119 active lots, 164 are vacant.
- Roughly 73% of the vacant residential lots in the Market Area are in single-family subdivisions (120 lots), while 17% are for twin homes (28 lots), and 10% are townhouse lots (16).

FOR-SALE MARKET ANALYSIS

- Lot dimensions vary greatly by subdivision:
 - Single-family lot fronts range from 35 feet to 170 feet (average 85 feet wide) and lot depths ranging from 80 to 410 feet (average depth of 160 feet);
 - Duplex/Twin Home lot fronts range from 35 to 55 feet (average of 46 feet) and depths range from 120 to 175 feet (140-foot average); and,
 - Townhouse lot fronts range from 25 to 35 feet (31-foot average) with lot depths ranging from 33 feet to 97 feet (54 feet on average).
- Detailed pricing information for available new construction homes is presented in New Construction Home Pricing portion of this section of the Market Study, which is presented next, but Table D-4 provides general base price information for the residential subdivisions in and around River Falls.
- Homes in the active single-family subdivisions have base prices ranging from approximately \$165,000 to \$525,000. There are two active duplex/twin home subdivisions, with a base price range of \$200,000 to \$300,000, and the two active townhouse subdivisions have a base price range of \$130,000 to \$170,000.
- According to the Metrostudy data, there were a total of 61 construction starts during 2017 in these subdivisions, including 53 single-family homes and eight duplex/twin homes.
- The following graph illustrates the number of construction starts in the set of 33 subdivisions over the past ten years. On average, there have been 14 starts in these subdivisions on a quarterly basis (56 per year) since 2008.



FOR-SALE MARKET ANALYSIS

**TABLE D-4
RESIDENTIAL SUBDIVISIONS
CITY OF RIVER FALLS AND SURROUNDING AREA
Fourth Quarter 2017**

Subdivision	Product Type	Status	Date Open Qtr./Year	Total Lots	Lots Remaining	Price Range		Typical Dimensions		Activity	
						Min (\$,000's)	Max (\$,000's)	Lot Frontage	Lot Depth	Annual Starts	Annual Closings
Boulder Ridge of River Falls	Single-Family	Active	2Q02	77	31	\$250	-\$400	85	135	2	3
Farm View	Single-Family	Active	3Q06	6	1	\$180	-\$210	105	410	0	0
Happy Valley Homes	Single-Family	Active	4Q04	16	1	\$250	-\$450	135	170	0	1
Highview Meadows	Single-Family	Active	1Q05	179	4	\$200	-\$350	125	240	3	1
Knollwood	Single-Family	Active	1Q07	81	38	\$165	-\$220	50	125	3	4
Quail Ridge II	Single-Family	Active	4Q04	53	4	\$210	-\$280	80	150	1	0
Quail Ridge in River Falls	Single-Family	Active	4Q04	60	1	\$220	-\$235	80	120	1	0
Royal Oaks of River Falls	Single-Family	Active	3Q05	85	2	\$185	-\$350	80	140	1	3
Shady Bend of Spring Creek	Single-Family	Active	4Q06	30	7	\$280	-\$400	80	130	0	0
Spring Creek Estates	Single-Family	Active	1Q06	100	16	\$224	-\$300	80	145	25	12
Sterling Ponds of River Falls/Villas	Single-Family	Active	2Q07	35	11	\$180	-\$250	47	130	1	0
Stone Brook	Single-Family	Active	2Q06	36	1	\$215	-\$280	--	--	7	4
Tribute (Walnut Hill Farm)	Single-Family	Active	2Q05	73	3	\$325	-\$525	170	300	4	5
Sterling Ponds of River Falls	Single-Family	Future	--	140	0	\$205	-\$280	90	135	0	0
Collins	Single-Family	Built out	3Q00	10	0	\$100	-\$200	80	135	0	0
Highview Meadows/Villas	Single-Family	Built out	2Q17	42	0	\$161	-\$381	35	80	0	2
Parkview Place	Single-Family	Built out	3Q06	10	0	\$219	-\$300	45	180	0	0
Riverside	Single-Family	Built out	1Q02	9	0	\$200	-\$300	90	165	0	0
Rocky Branch	Single-Family	Built out	3Q09	29	0	\$300	-\$400	90	135	0	0
Rolling Hills II	Single-Family	Built out	1Q05	17	0	\$180	-\$250	65	100	0	0
South Ridge Ranch	Single-Family	Built out	4Q10	53	0	\$220	-\$320	75	130	0	0
Southpointe	Single-Family	Built out	4Q10	34	0	\$300	-\$400	95	110	5	7
Single-Family Summary:				1,175	120	\$100 - \$525				53	42
Spring Creek Estates	Duplex/Twin Home	Active	2Q17	14	6	\$200	-\$300	35	120	8	2
Sterling Ponds of River Falls	Duplex/Twin Home	Active	4Q04	50	22	\$210	-\$230	47	130	0	0
Boulder Ridge of River Falls	Duplex/Twin Home	Built out	2Q14	14	0	\$190	-\$210	55	175	0	0
Royal Oaks of River Falls	Duplex/Twin Home	Built out	3Q15	28	0	\$164	-\$210	45	135	0	0
Duplex/Twin Home Summary:				106	28	\$164 - \$300				8	2
----- continued -----											

FOR-SALE MARKET ANALYSIS

**TABLE D-4 continued
RESIDENTIAL SUBDIVISIONS
CITY OF RIVER FALLS AND SURROUNDING AREA
Fourth Quarter 2017**

Subdivision	Product Type	Status	Date Open Qtr./Year	Total Lots	Lots Remaining	Price Range		Typical Dimensions		Activity	
						Min (\$,000's)	Max (\$,000's)	Lot Frontage	Lot Depth	Annual Starts	Annual Closings
Highview Meadows	Townhouse	Active	2Q05	158	12	\$130 - \$140		31	34	0	0
Stone Brooke	Townhouse	Active	2Q07	66	4	\$160 - \$170		0	0	0	12
Sterling Heights of River Falls	Townhouse	Future	--	120	0	\$139 - \$139		33	33	0	0
Sterling Ponds of River Falls	Townhouse	Future	--	159	0	-- ---		225	410	0	0
Boulder Ridge of River Falls	Townhouse	Built out	1Q13	63	0	\$100 - \$110		25	60	0	0
Highview Meadows	Townhouse	Built out	2Q07	19	0	\$227 - \$244		35	97	0	0
Stone Brook	Townhouse	Built out	3Q16	36	0	\$142 - \$162		29	48	0	0
Townhouse Summary:				621	16	\$100 - \$244				0	12
Residential Subdivision Total:				1,902	164	\$100 - \$525				61	56

Sources: Metrostudy; Maxfield Research & Consulting, LLC

New Construction Home Pricing

Table D-5 identifies residential subdivisions in the PMA that have new construction homes actively marketing with the Greater Minneapolis Area Association of Realtors which captures only a portion of new construction sales data. The table presents detailed information on homes sold in 2015 through 2017 year-to-date as well as homes currently listed for sale in these developments.

Data is presented by project and includes the development name, City, style of the project, listings (closed sales and active listings), finished square feet, price range, and median price per square foot.

- According to available data, there have been 64 new construction single-family homes sold and 21 new construction multifamily homes sold in the PMA since 2015. Additionally, there are 12 new construction single-family homes and one new construction multifamily unit actively being marketed with the Greater Minneapolis Area Association of Realtors.
- The single-family units have a median size of 1,531 finished square feet, and range from 933 finished square feet for two-bedroom units at the Knollwood subdivision in River Falls to 5,055 square feet for a five-bedroom home at Meadow Valley in Troy Township.
- New construction pricing in the single-family subdivisions ranges from a low of \$167,000 at Knollwood in River Falls to a high of \$758,976 at Meadow Valley (located in Troy Township).
- The median sale price for these new construction single-family units is \$272,150. Based on the median size of 1,531 square feet, the median price for new construction single-family units in the PMA equates to \$177.76 per square foot.
- The multifamily units are slightly larger than the single-family homes, with a median size of 1,798 finished square feet. New construction multifamily unit sizes range from 1,338 finished square feet for two-bedroom units at Spring Creek Estates in River Falls to 2,664 square feet for a three-bedroom unit at Highview Meadows in River Falls.
- Pricing ranges from \$164,900 for a three-bedroom unit at Stone Brook Townhomes to \$252,750 for a 2,580 square-foot, three-bedroom unit at Highview Meadows.
- The median sale price for these new construction multifamily units is \$174,950, which equates to a median price of \$97.30 per square foot.

FOR-SALE MARKET ANALYSIS

**TABLE D-5
NEW CONSTRUCTION PRICING BY SUBDIVISION
PRIMARY MARKET AREA
December 2017**

	City	Style	Listings	Size Range			Sale/List Price Range			Price/SF
				Low	High	Median	Low	High	Median	
Single-Family										
Knollwood	River Falls	One-story & Bi-level	11	933	1,900	984	\$167,000	\$240,000	\$210,000	\$213.41
Quail Ridge II	River Falls	One-story	2	1,488	1,540	1,514	\$250,000	\$280,000	\$265,000	\$175.03
Royal Oaks	River Falls	One-story & Bi-level	16	1,184	3,324	1,506	\$215,000	\$366,209	\$264,948	\$175.93
Shady Bend of Spring Creek	River Falls	One-story	1	1,300	1,300	1,300	\$224,000	\$224,000	\$224,000	\$172.31
Southpointe	River Falls	One-story	7	1,040	2,136	1,523	\$212,000	\$288,000	\$259,900	\$170.65
Spring Creek Estates	River Falls	One-story & Bi-level	10	1,040	1,821	1,439	\$225,000	\$314,900	\$297,400	\$206.67
Sterling Ponds	River Falls	Bi-level	1	2,602	2,602	2,602	\$276,000	\$276,000	\$276,000	\$106.07
Walnut Hill Farm	River Falls	One-story	2	1,859	2,796	2,328	\$333,900	\$439,000	\$386,450	\$166.00
Woodland Springs	Clifton Twp	One-story	1	3,235	3,235	3,235	\$444,076	\$444,076	\$444,076	\$137.27
Crossing Meadows	Ellsworth	One-story & Bi-level	4	1,172	1,215	1,215	\$190,000	\$220,900	\$210,763	\$173.47
Highlands Village	Ellsworth	Bi-level	3	1,104	2,140	1,210	\$189,940	\$258,579	\$205,108	\$169.51
Troy Wood	Troy Twp	Two-story	1	2,564	2,564	2,564	\$499,900	\$499,900	\$499,900	\$194.97
Meadow Ridge	Troy Twp	One-story	2	3,718	3,996	3,857	\$575,000	\$703,389	\$639,195	\$165.72
Meadow Valley	Troy Twp	One- & Two-story	2	3,543	5,055	4,299	\$615,000	\$758,976	\$686,988	\$159.80
Sunset View	Troy Twp	One-story	1	1,736	1,736	1,736	\$345,000	\$345,000	\$345,000	\$198.73
The Tribute	Troy Twp	One- & Two-story	10	1,302	3,100	2,378	\$238,834	\$469,406	\$346,763	\$145.82
Troy Burne Village	Troy Twp	One-story	1	3,292	3,292	3,292	\$514,750	\$514,750	\$514,750	\$156.36
Troy Glen	Troy Twp	One-story	1	1,899	1,899	1,899	\$421,422	\$421,422	\$421,422	\$221.92
Single-Family Total:			76	933	5,055	1,531	\$167,000	\$758,976	\$272,150	\$177.76
Multifamily										
Highview Meadows	River Falls	(TH) Detached	4	1,464	2,664	2,022	\$175,000	\$252,750	\$226,806	\$112.17
Spring Creek Estates	River Falls	(TH) Detached	2	1,338	1,338	1,338	\$205,000	\$212,000	\$208,500	\$155.83
Stone Brook of Spring Creek	River Falls	(TH) Quad/4 Corners	4	1,746	1,746	1,746	\$189,900	\$210,594	\$198,705	\$113.81
Stone Brook Townhomes	River Falls	(TH) Quad/4 Corners	12	1,363	1,800	1,798	\$164,900	\$225,000	\$170,900	\$95.05
Multifamily Total:			22	1,338	2,664	1,798	\$164,900	\$252,750	\$174,950	\$97.30
Total New Construction:			98	933	5,055	1,735	\$164,900	\$758,976	\$248,442	\$143.19

Sources: Greater Minneapolis Area Association of Realtors; Maxfield Research & Consulting, LLC

Residential Lots for Sale

Table D-6 provides a detailed summary of the residential lots currently listed for sale in the City of River Falls compared to the Remainder of the Primary Market Area from information gathered from the Greater Minneapolis Association of Realtors.

- There are currently six single-family residential lots listed for sale in River Falls, divided between four separate subdivisions.
- Spring Creek Estates is currently the most active subdivision, with three single-family listings (50% of the total), while Boulder Ridge, Falcon Heights, and Highview Meadows each have one lot listed for sale with the Greater Minneapolis Association of Realtors.
- Lot prices vary depending on location, features and community amenities. List prices range from as low as \$1.83 per square foot for a one-acre site in Spring Creek Estates to a high of \$4.94 per square foot for an 11,326 square-foot (.26 acre) lot in the Falcon Heights subdivision.
- The average per square foot cost for single-family lots in the City of River Falls is \$3.30 with an average lot price of \$63,117.
- The average lot size for single-family lots listed for sale in River Falls is 19,108 square feet (0.44 acre).
- Based on the median list price in each subdivision and assuming that land values equate to 20% of the total home value, we estimate the anticipated value of homes in these subdivisions. Single-family values range from as low as \$275,000 in the Highview Meadows subdivision to over \$336,000 in Spring Creek Estates. The average value for new construction homes in these subdivisions is estimated to be \$315,585.
- Sizes of lots listed for sale throughout the Remainder of the PMA vary greatly, but are typically much larger in size, averaging 111,317 square feet (2.6 acres). Larger lot sizes are generally required in areas not served by public sewer and water to accommodate private wells and septic systems.
- At an average list price of \$65,109, lots in the Remainder of the PMA are priced slightly higher than in River Falls, although the average price per square foot is much lower (\$0.58 per square foot in the Remainder of the PMA compared to \$3.30 in River Falls).

FOR-SALE MARKET ANALYSIS

**TABLE D-6
RESIDENTIAL LOTS FOR SALE BY SUBDIVISION
PRIMARY MARKET AREA
December 2017**

Subdivision, City/Township	Residential Type	Lots for Sale	Min. Size (Sq. Ft.)	Max. Size (Sq. Ft.)	Average Size	Min. Price	Max. Price	Average Price	Price/Sq. Ft.	Est. Home Value ¹
River Falls Total		6	11,326	43,560	19,108	\$52,000	\$79,900	\$63,117	\$3.30	\$315,585
Boulder Ridge, River Falls	Single-family	1	16,596	16,596	16,596	\$65,900	\$65,900	\$65,900	\$3.97	\$329,500
Falcon Heights, River Falls	Single-family	1	11,326	11,326	11,326	\$56,000	\$56,000	\$56,000	\$4.94	\$280,000
Highview Meadows, River Falls	Single-family	1	12,110	12,110	12,110	\$55,000	\$55,000	\$55,000	\$4.54	\$275,000
Spring Creek Estates, River Falls	Single-family	3	14,505	43,560	24,873	\$52,000	\$79,900	\$67,267	\$2.70	\$336,335
Remainder of PMA Total		99	7,405	482,645	111,317	\$29,900	\$259,900	\$65,109	\$0.58	\$325,545
Croix Country, Clifton Twp	Single-family	3	166,528	217,800	194,568	\$69,900	\$69,900	\$69,900	\$0.36	\$349,500
Woodland Springs, Clifton Twp	Single-family	5	132,030	194,975	147,355	\$79,900	\$89,500	\$81,640	\$0.55	\$408,200
The Highlands, Ellsworth	Single-family	1	17,424	17,424	17,424	\$29,900	\$29,900	\$29,900	\$1.72	\$149,500
Wildflower, Ellsworth	Single-family	1	43,560	43,560	43,560	\$32,500	\$32,500	\$32,500	\$0.75	\$162,500
Youngman's, Ellsworth	Single-family	1	29,185	29,185	29,185	\$34,900	\$34,900	\$34,900	\$1.20	\$174,500
Big River Estates, Oak Grove Twp	Single-family	1	146,797	146,797	146,797	\$35,000	\$35,000	\$35,000	\$0.24	\$175,000
Prairie View Highlands, Oak Grove Twp	Single-family	3	130,680	133,119	131,638	\$42,900	\$42,900	\$42,900	\$0.33	\$214,500
Trumpeter Valley, Prescott	Single-family	27	131,159	250,949	166,841	\$45,000	\$130,000	\$71,548	\$0.43	\$357,740
Aspen Creek, Prescott	Single-family	12	130,680	186,742	145,643	\$43,900	\$159,900	\$63,175	\$0.43	\$315,875
Diamond Bluff, Prescott	Single-family	3	161,608	482,645	273,412	\$67,900	\$159,900	\$99,267	\$0.36	\$496,335
Great Rivers, Prescott	Single-family	31	7,405	45,302	15,794	\$42,500	\$68,500	\$52,581	\$3.33	\$262,905
Oakwood Acres, Prescott	Single-family	6	130,680	243,065	161,825	\$39,900	\$65,000	\$52,417	\$0.32	\$262,085
Gateway to the Valley, Prescott	Single-family	1	199,069	199,069	199,069	\$85,000	\$85,000	\$85,000	\$0.43	\$425,000
Whitetail Crest, Prescott	Single-family	1	132,684	132,684	132,684	\$45,000	\$45,000	\$45,000	\$0.34	\$225,000
Eagle Bluff, Troy Twp	Single-family	1	108,508	108,508	108,508	\$259,900	\$259,900	\$259,900	\$2.40	\$1,299,500
Meadow Valley Bay, Troy Twp	Single-family	1	43,560	43,560	43,560	\$79,900	\$79,900	\$79,900	\$1.83	\$399,500
Troy Overlook, Troy Twp	Single-family	1	50,965	50,965	50,965	\$164,900	\$164,900	\$164,900	\$3.24	\$824,500

¹Home value represents the anticipated value of homes built in the subdivision, based on the assumption that land values equate to 20% of total home value.

Sources: Greater Minneapolis Area Association of Realtors; Maxfield Research & Consulting, LLC

Residential Lot Supply

Table D-7 identifies residential lots and subdivisions in the City of River Falls. Information in the table includes total number of lots available in each subdivision along with average monthly lot absorption and average annual lot absorption per subdivision. This information was provided by the City and is similar to the Metrostudy data presented earlier, but it is specific to the City of River Falls. Absorption is based on new construction permits issued by lot from February 2016 through August 2017.

- Based on the information provided by the City, there are 105 residential lots available in the City of River Falls (as of August 31, 2017). On average, these subdivisions have absorbed lots at a combined rate of 51.0 lots per year, with the Spring Creek/Shady Bend/ Stone Brook subdivision having absorbed at the fastest pace (21.9 lots per year), followed by Highview Meadows (10.0 lots per year).
- Based on the total average annual absorption of 51.0 lots per year in the City of River Falls, the 105 available lots could be developed in just over two years. This assumption does not take into account the quality and marketability of specific lots.
- The industry standard for a balanced lot supply is three to five years. As such, it appears that the existing supply of platted lots in River Falls is insufficient to meet demand through the end of the decade.
- Based on the information presented in Table D-6 (Residential Lots Listed for Sale by Subdivision), it appears that many of these available lots are not being actively marketed through real estate agents, although builders may be marketing lots separately.

TABLE D-7 RESIDENTIAL LOT SUPPLY CITY OF RIVER FALLS December 2017			
Residential Subdivision	Total Lots Available*	Average Monthly Lot Absorption	Average Annual Lot Absorption
Royal Oaks	3	0.39	4.7
Spring Creek/Shady Bend/Stone Brook	51	1.82	21.9
Highview Meadows	6	0.83	10.0
Boulder Ridge	16	0.11	1.3
South Pointe	0	0.65	7.8
Knollwood	2	0.33	4.0
All Others	27	0.11	1.3
Total:	105	4.25	51.0
*Lots available as of August 31, 2017			
Sources: City of River Falls; Maxfield Research & Consulting, LLC			

Real Estate Agent/Builder Interviews

In an attempt to gain additional insight into trends in the for-sale residential market in River Falls, Maxfield Research solicited input from real estate agents, developers and builders active in the area.

Topics addressed included issues such as the general condition of River Falls' housing stock, the types of homes being sought by buyers, and whether the existing supply of available housing in River Falls satisfies buyer demand. The following points summarize the findings from this process.

- Most properties in River Falls have been well-maintained, although there are pockets of older homes in the City, particularly around the University of Wisconsin – River Falls, that are in need of updating.
- River Falls has a strong residential market and there seems to be a housing shortage in the City. Sales activity and pricing are expected to trend upwards over the next several years.
- Many people would like to move to River Falls for employment, the natural amenities offered by the area and the school system, but it is often difficult for potential buyers to find suitable housing in the City.
- There is demand for a variety of housing types, particularly for affordable entry-level homes and move-up housing. Higher-priced executive homes are selling at a slower pace.
- Demand is consistently strong for entry-level homes in River Falls and the Millennial population is expected to start buying which will increase demand for entry-level homes.
- Entry-level housing was described as being priced below \$200,000, while move-up housing is generally in the \$200,000 to \$400,000 range. Homes priced above \$400,000 would be considered executive housing.
- Ranch-style housing (single-story) is the most requested product type, but there is limited supply, particularly new construction. Many of the newer homes are split-entry, which are not nearly as popular among buyers.
- There is very strong demand for housing priced below \$250,000, but the inventory is limited, particularly for homes priced below \$200,000.
- River Falls needs more housing targeted to the Baby Boom population, such as twinhomes and single-level townhomes.

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- Depending on pricing, there is also some demand for townhomes from the first-time home buyer market.
- Many potential first-time home buyers that reside in rental properties are having trouble finding homes to purchase, so they remain “stuck” in rentals. The rental market is very tight, so increasing the supply of available homes for first-time home buyers would likely alleviate pressure on the rental market.
- It was suggested that, while River Falls has good builders, the City could actively try to get more residential developers building homes in River Falls.
- The supply of available residential lots is limited and the City could support additional subdivision activity.

For-Sale Housing Market Demand Analysis

Table D-8 presents demand calculations for general occupancy for-sale housing in River Falls between 2017 and 2030. This analysis identifies potential demand for general occupancy for-sale housing that is generated from both new households and turnover households. The following points summarize our findings.

- According to projections, the PMA is expected to grow by 2,109 households between 2017 and 2030. Because the 65 and older cohort is typically not a target market for new general occupancy for-sale housing, we limit demand from household growth to only those households under age 65. In the PMA, 34% of the projected household growth will occur among households age 64 and younger, which results in projected demand for 717 general occupancy for-sale units from household growth. Based on household tenure data from the US Census, we expect that 69% of the demand will be for owner-occupied housing units, equating to a potential of 495 owner households from household growth.
- As of 2017, there are an estimated 8,222 owner households under the age of 65 in the PMA. Based on household turnover data from the 2016 American Community Survey, we estimate that 52% of these under-65 owner households will experience turnover between 2017 and 2030. This estimate results in anticipated turnover of 4,275 existing households by 2030.
- We then estimate the percent of existing owner households turning over that would prefer to purchase new housing. In River Falls, 11% of all home sales were for new construction over the past ten years, while nearly 8% of all sales were for new construction throughout Pierce and St. Croix County. In the MSA, 7% of all home sales were for new homes over the past ten years. Considering the existing housing supply along with recent sale trends in the Market Area and understanding that new construction activity slowed significantly due to

FOR-SALE MARKET ANALYSIS

the Great Recession, we estimate that 15% of the households turning over in River Falls will desire new housing. This estimate results in demand from existing households for 641 new owned units in the PMA between 2017 and 2030.

- Total demand from household growth and existing household turnover between 2017 and 2030 equates to 1,136 new for-sale housing units in the PMA. An additional proportion is added for households that would move into ownership housing in the PMA who currently reside outside the area.
- Due, in large part, to the employment opportunities along with other community amenities (i.e. Kinnickinnic River, natural features, quality schools, etc.), River Falls will draw a portion of potential home buyers from areas outside the PMA. We estimate that 25% of the demand potential for general occupancy ownership housing in River Falls would be derived from outside the area, increasing total demand to 1,515 units.
- Based on the population and household growth projections, we estimate that the City of River Falls can capture 55% of the PMA's demand for new for-sale housing between 2017 and 2030, equating to demand for 833 units.
- Based on building permit trends, new construction sales data and household growth projections by age group in the Market Area, we estimate that 65% of the householders seeking new housing will desire single-family housing, while the remaining 35% will seek multifamily units. We anticipate that there will be demand for 542 general occupancy single-family homes and 292 multifamily units in River Falls between 2017 and 2030.

TABLE D-8 GENERAL OCCUPANCY FOR-SALE HOUSING DEMAND CITY OF RIVER FALLS 2017 to 2030			
DEMAND FROM PROJECTED HOUSEHOLD GROWTH			
Projected household growth in the PMA 2017 to 2030 ¹		2,109	
(times) Pct. of HH growth for general occupancy housing ²	x	34%	
(equals) Projected demand for general occupancy units	=	717	
(times) Propensity to Own ³	x	69%	
(equals) Number of potential owner households from HH growth	=	495	
DEMAND FROM EXISTING OWNER HOUSEHOLDS			
Number of owner households (age 64 and younger) in the PMA, 2017	=	8,222	
(times) Estimated % of owner turnover (age 64 and younger, 2017 to 2030) ⁴	x	52%	
(equals) Total existing households projected to turnover between 2017 and 2030	=	4,275	
(times) Estimated % desiring new owner housing	x	15%	
(equals) Demand from existing households	=	641	
Total Demand From Household Growth and Existing Households, 2017 to 2030	=	1,136	
(times) Ownership demand generated from outside PMA	+	25%	
(equals) Total demand potential for ownership housing in the PMA	=	1,515	
(times) Proportion of PMA demand capturable in River Falls	x	55%	
(equals) Demand from Household Growth and Existing Households in River Falls	=	833	
		Single-	Multi-
		family	family
(times) Percent desiring for-sale single-family vs multifamily ⁵	x	65%	35%
(equals) Total demand potential for new for-sale housing in River Falls	=	542	292
¹ Estimated household growth per ESRI, WI Demographic Services Center, and Maxfield Research & Consulting, LLC ² Pct. of household growth under age 65 plus 20% of age 65 to 74 cohort ³ Pct. Owner households under age 65 from 2012-2016 American Community Survey ⁴ Based on household turnover and mobility data (2016 American Community Survey) ⁵ Based on new construction sales data, construction trends, and growth projections by age group * Multifamily demand includes demand for townhomes, twinhomes, and condominium units.			
Source: Maxfield Research & Consulting, LLC			

Introduction

The following section of the report analyzes current market conditions for general occupancy rental housing in the Primary Market Area. Topics covered include rental housing data from the American Community Survey, detailed information on individual rental developments in River Falls, and a calculation of rental housing demand.

Overview of Rental Market Conditions

Maxfield Research utilized data from the American Community Survey (ACS) to summarize rental market conditions in River Falls and the surrounding Market Area. Table E-1 shows estimated rental vacancy rates and gross rental rates for River Falls, Pierce County, St. Croix County, and the Minneapolis-St. Paul-Bloomington, MN-WI MSA from the 2012-2016 ACS (the most recent data available) compared to estimates from the previous six surveys.

Based on the ACS definition, a housing unit is considered vacant if no one is living in it at the time of the survey. Also, units occupied at the time of survey entirely by persons who are staying two months or less and who have a more permanent residence elsewhere are considered to be temporarily occupied and are classified as vacant. Vacant units are excluded from the housing inventory if they are open to the elements (roof, walls, windows, and/or doors no longer protect the interior), if they have been condemned, or if they are to be demolished. Gross rent is defined as the amount of the contract rent plus the estimated average monthly cost of utilities and fuels if these are paid by the renter.

- Reported vacancies are slightly higher in River Falls than the Remainder of the Market Area and the MSA. In 2016, it was estimated that the rental vacancy rate in River Falls was 4.2%, higher than the rest of Pierce County, which had an estimated vacancy of 4.0% and St. Croix County (3.5%). By comparison, the MSA had a 3.3% vacancy rate in 2016. The ACS vacancy estimate is typically higher than what is found in apartment buildings due to the inclusion of other types of rental situations. As reflected in our survey of apartment buildings, the actual rental vacancy rate in River Falls is much lower than the ACS estimate.
- Compared to the 2006-2010 ACS, the estimated rental vacancy in River Falls declined -2.5% from 6.7% in 2010, while Pierce County's vacancy rate decreased -3.6% and St. Croix County's vacancy rate declined -0.4%. The vacancy rate in the MSA dropped -2.8%.
- Median gross rents increased in the Market Area between the 2006-2010 ACS and the 2012-2016 ACS. The median gross rent in River Falls increased 7.0% to \$821 in 2016, while the MSA experienced a 14.4% increase in the median gross rent to \$963 in 2016.
- Pierce County experienced a 7.9% increase in the median gross rent, climbing to \$781, while the rent in St. Croix County climbed 14.1% to \$922.

**TABLE E-1
RENTAL HOUSING VACANCY & RENT ESTIMATES
RIVER FALLS MARKET AREA
2010 - 2016**

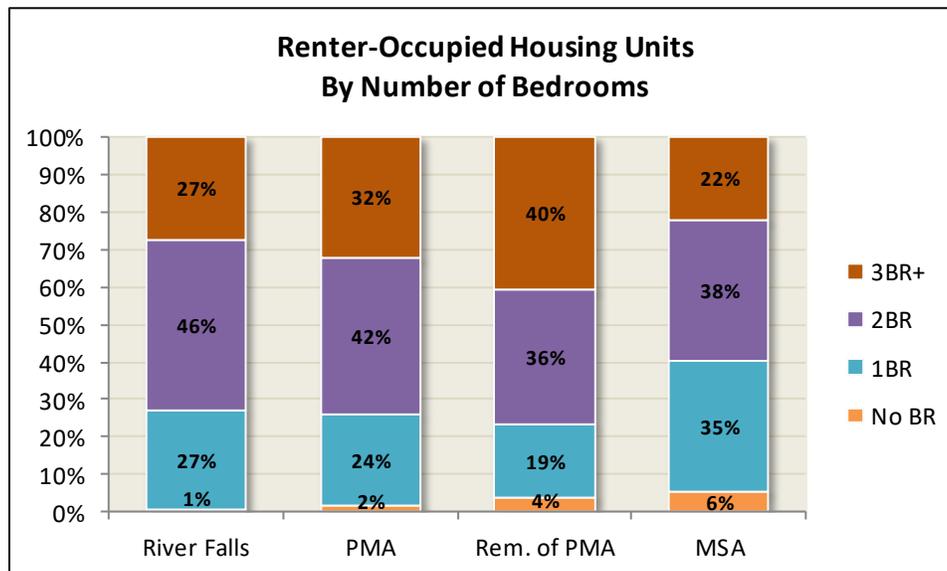
	2010	2011	2012	2013	2014	2015	2016
Vacancy							
River Falls	6.7%	5.9%	5.7%	5.2%	3.1%	2.4%	4.2%
Pierce County	7.6%	7.2%	6.6%	5.2%	4.8%	2.8%	4.0%
St. Croix County	3.9%	3.7%	4.6%	5.5%	4.3%	3.5%	3.5%
MSA	6.1%	5.6%	4.9%	4.4%	4.1%	3.5%	3.3%
Rent							
River Falls	\$767	\$788	\$803	\$783	\$773	\$769	\$821
Pierce County	\$724	\$762	\$765	\$758	\$760	\$750	\$781
St. Croix County	\$808	\$835	\$857	\$860	\$881	\$883	\$922
MSA	\$842	\$864	\$884	\$898	\$916	\$931	\$963

Note: Rent equals median gross rent

Sources: American Community Survey 5-year Estimates; Maxfield Research & Consulting, LLC

Table E-2 on the following page presents a breakdown of median gross rent and monthly gross rent ranges by number of bedrooms in renter-occupied housing units from the 2012-2016 ACS in River Falls and the Remainder of the PMA compared to the MSA.

- As depicted in the following chart, River Falls has a relatively small proportion of units without a bedroom (less than 1% of the inventory), while 46% are two-bedroom units. One- and three-bedroom units comprise 27% and 27% of the rental inventory, respectively.



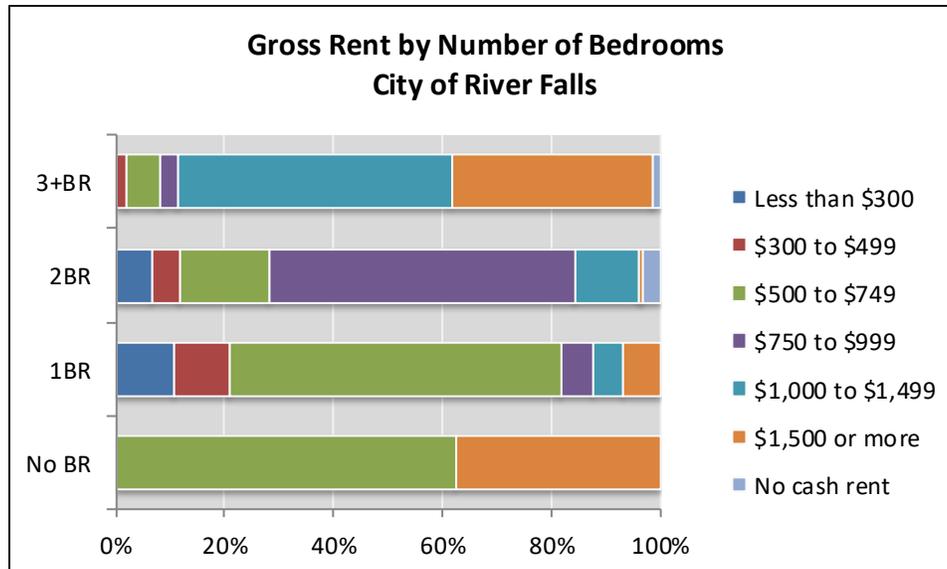
**TABLE E-2
BEDROOMS BY GROSS RENT, RENTER-OCCUPIED HOUSING UNITS
RIVER FALLS MARKET AREA
2016**

	River Falls		PMA		Rem. of PMA		MSA
	No.	% of Total	No.	% of Total	No.	% of Total	% of Total
Total Units:	2,697	100%	4,230	100%	1,533	100%	100%
Median Gross Rent	\$821		\$828		\$840		\$963
No Bedroom	16	0.6%	74	1.7%	58	3.8%	5.5%
Less than \$300	0	0.0%	0	0.0%	0	0.0%	0.6%
\$300 to \$499	0	0.0%	0	0.0%	0	0.0%	0.5%
\$500 to \$749	10	0.4%	68	1.6%	58	3.8%	2.2%
\$750 to \$999	0	0.0%	0	0.0%	0	0.0%	1.3%
\$1,000 to \$1,499	0	0.0%	0	0.0%	0	0.0%	0.6%
\$1,500 or more	6	0.2%	6	0.1%	0	0.0%	0.3%
No cash rent	0	0.0%	0	0.0%	0	0.0%	0.1%
1 Bedroom	717	26.6%	1,013	23.9%	296	19.3%	34.8%
Less than \$300	76	2.8%	158	3.7%	82	5.3%	3.3%
\$300 to \$499	75	2.8%	167	3.9%	92	6.0%	2.4%
\$500 to \$749	437	16.2%	538	12.7%	101	6.6%	8.0%
\$750 to \$999	41	1.5%	58	1.4%	17	1.1%	12.8%
\$1,000 to \$1,499	40	1.5%	40	0.9%	0	0.0%	6.0%
\$1,500 or more	48	1.8%	48	1.1%	0	0.0%	2.0%
No cash rent	0	0.0%	4	0.1%	4	0.3%	0.4%
2 Bedrooms	1,231	45.6%	1,779	42.1%	548	35.7%	37.7%
Less than \$300	81	3.0%	123	2.9%	42	2.7%	1.1%
\$300 to \$499	63	2.3%	75	1.8%	12	0.8%	1.1%
\$500 to \$749	202	7.5%	381	9.0%	179	11.7%	2.9%
\$750 to \$999	693	25.7%	884	20.9%	191	12.5%	11.9%
\$1,000 to \$1,499	144	5.3%	217	5.1%	73	4.8%	15.5%
\$1,500 or more	8	0.3%	16	0.4%	8	0.5%	4.2%
No cash rent	40	1.5%	83	2.0%	43	2.8%	1.0%
3 or More Bedrooms	733	27.2%	1,343	31.7%	610	39.8%	22.0%
Less than \$300	0	0.0%	0	0.0%	0	0.0%	0.3%
\$300 to \$499	15	0.6%	22	0.5%	7	0.5%	0.7%
\$500 to \$749	44	1.6%	132	3.1%	88	5.7%	1.4%
\$750 to \$999	24	0.9%	163	3.9%	139	9.1%	2.0%
\$1,000 to \$1,499	369	13.7%	527	12.5%	158	10.3%	7.9%
\$1,500 or more	271	10.0%	354	8.4%	83	5.4%	8.1%
No cash rent	10	0.4%	145	3.4%	135	8.8%	1.6%

Sources: 2012-2016 American Community Survey; Maxfield Research & Consulting, LLC

RENTAL MARKET ANALYSIS

- Among the units without a bedroom in River Falls, 63% had monthly gross rents between \$500 and \$749, while 38% rented for \$1,500 or more per month.
- Nearly 61% of the one-bedroom units in River Falls rented for between \$500 and \$749 per month, and 11% have gross monthly rents between \$300 and \$499. Another 11% have monthly rents of less than \$300. Approximately 7% of the one-bedroom units rent for \$1,500 or more per month, while 6% of rent for between \$750 and \$999 per month and 6% rent for between \$1,000 and \$1,499 per month.



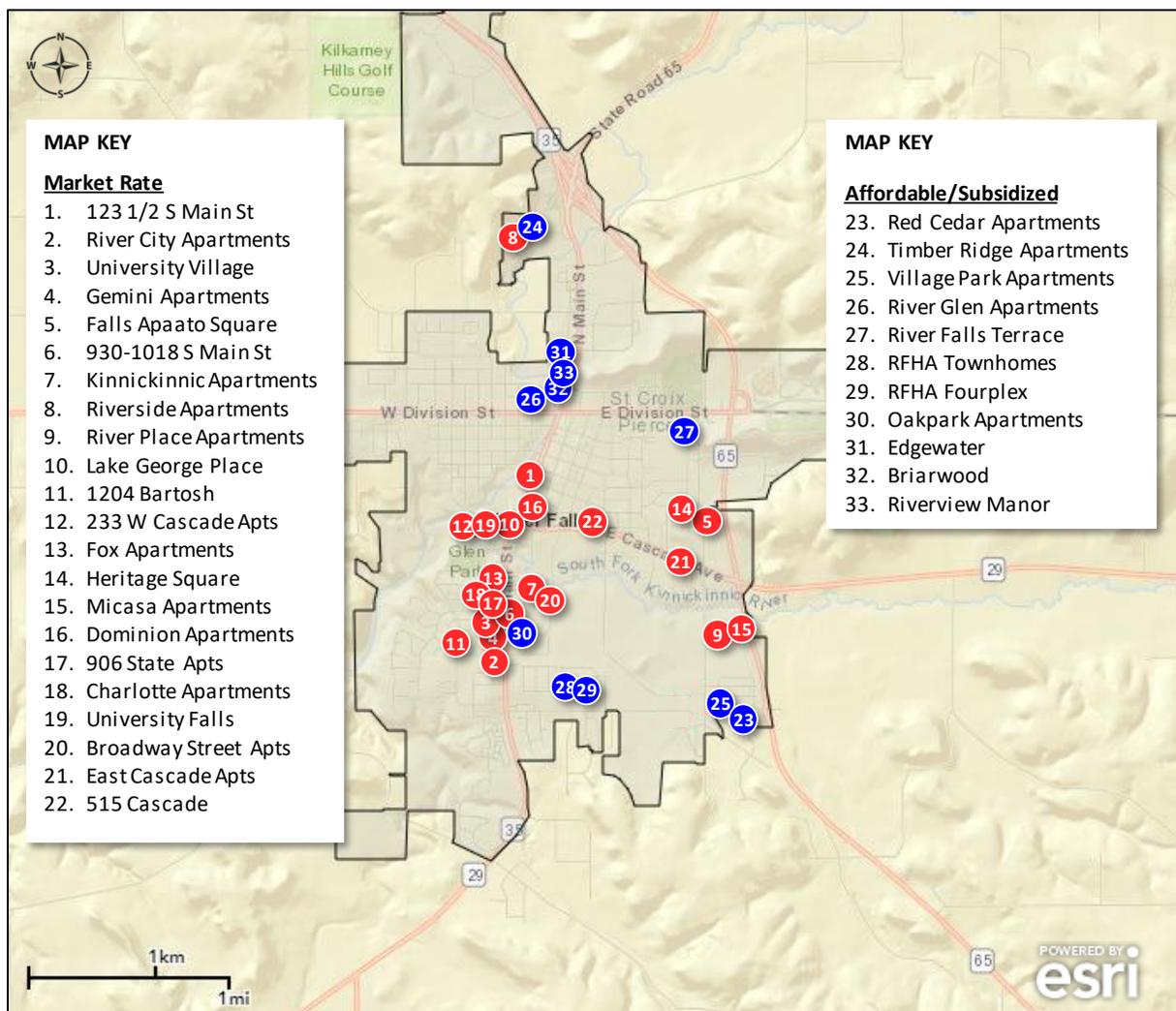
- Roughly 56% of the two-bedroom units in River Falls have gross monthly rents ranging from \$750 to \$999, and 16% have a rental rate ranging from \$500 to \$749. Units with rents in the \$1,000 to \$1,499 per month range represent 12% of the two-bedroom units and 7% rent for less than \$300 per month. Units with monthly rents in the \$300 to \$499 range represent 5% of the two-bedroom units, while another 3% have no cash rent.
- Over 50% of the units with three or more bedrooms in River Falls rent for between \$1,000 and \$1,499 per month and 37% have monthly rents of \$1,500 or more. Roughly 6% have rents in the \$500 to \$749 range and 3% have monthly rents between \$750 and \$999. Units renting for between \$300 and \$499 per month represent 2% of the units with three or more bedrooms, while very few rent for less than \$300 per month. Approximately 1% of the units with three or more bedrooms have no cash rent.
- Roughly 2% of the renter-occupied units in River Falls (12% in the Remainder of the PMA) were reported as having no cash rent. These units may be owned by friends or relatives who live elsewhere and who allow occupancy at no charge. Rent-free houses or apartment units may be provided to compensate caretakers, ministers, tenant farmers, or others.

General Occupancy Rental Projects

Maxfield Research compiled detailed information for market rate apartment projects with 12 or more units in the City of River Falls, including 18 general occupancy apartment properties and four off-campus student-oriented properties. In addition, we surveyed four general occupancy Low Income Housing Tax Credit (LIHTC) properties and seven subsidized facilities in River Falls. Data for these rental housing projects was collected by contacting managers and owners for each of the properties in December 2017 and January 2018.

These properties represent a combined total of 1,002 units (roughly 37% of the total rental housing inventory in River Falls), including 769 market rate units, 162 affordable (LIHTC) units, and 208 subsidized units. The rents shown represent quoted rents and have not been adjusted to reflect the inclusion or exclusion of utilities at this time. Tables E-3 through E-5 on the following pages summarize information on these projects.

General Occupancy Properties Location Map



RENTAL MARKET ANALYSIS

TABLE E-3 SELECT MARKET RATE RENTAL PROJECTS CITY OF RIVER FALLS											
Project Name/Location	Occp. Date	No. of Units	Total Vacant	Unit Description			Monthly Rent		Rent/sq. ft.		
				Type	No.	Vac.	Size	Min	Max	Min	Max
123 1/2 S Main St	1870	13	2	Studio	3	0	490 - 490	\$795 - \$795	\$1.62 - \$1.62		
123 1/2 S Main St <i>River Falls, WI</i>	vacancy rate: 15.4%			1BR	9	1	490 - 525	\$850 - \$850	\$1.62 - \$1.73		
				3BR	1	1	812 - 812	\$1,549 - \$1,549	\$1.91 - \$1.91		
	Notes: Newly renovated units with granite countertops, hardwood floors, and black appliances. Utilities included in rent.										
River City Apartments	1985	24	0	2BR	24	0	700 - 700	\$798 - \$798	\$1.14 - \$1.14		
132 W Johnson St <i>River Falls, WI</i>	vacancy rate: 0.0%			Notes: Rent includes water, sewer, electricity, heat, AC, and trash removal. Amenities include dishwasher, wall AC, full kitchen appliance package, common laundry, and off-street parking.							
University Village	1973	64	2	1BR	32	0	500 - 500	\$570 - \$570	\$1.14 - \$1.14		
1011-1041 State St <i>River Falls, WI</i>	vacancy rate: 3.1%			2BR	32	2	680 - 680	\$660 - \$660	\$0.97 - \$0.97		
	Notes: Water, sewer, and trash collection included in rent. Amenities include oven and refrigerator, window AC, common laundry, and off-street parking.										
Gemini Apartments	1978	60	0	1BR	NA	0	450 - 450	\$450 - \$450	\$1.00 - \$1.00		
1143 State St <i>River Falls, WI</i>	vacancy rate: 0.0%			2BR	NA	0	650 - 650	\$595 - \$595	\$0.92 - \$0.92		
	Notes: Amenities include oven and refrigerator, on-site laundry, wall-unit AC, and patio or balcony. Garage parking available for \$50/month.										
Falls Apaato Square	NA	46	0	1BR	22	0	750 - 750	\$690 - \$710	\$0.92 - \$0.95		
415-417 S Wasson Ln <i>River Falls, WI</i>	vacancy rate: 0.0%			2BR	24	0	1,000 - 1,000	\$790 - \$810	\$0.79 - \$0.81		
	Notes: Amenities include on-site laundry, AC, full kitchen appliance package, and off-street parking. Garage stall available for \$30/month. All utilities included in rent.										
930-1018 S Main St	NA	45	1	2BR	45	1	750 - 790	\$600 - \$615	\$0.78 - \$0.80		
930-1018 S Main St <i>River Falls, WI</i>	vacancy rate: 2.2%			Notes: Rent includes water, sewer, and trash removal. Amenities include on-site laundry and off-street parking. Resident profile is mixed.							
Kinnickinnic Apartments	2003	19	0	2BR	19	0	940 - 940	\$900 - \$1,000	\$0.96 - \$1.06		
237 Broadway St <i>River Falls, WI</i>	vacancy rate: 0.0%			Notes: Amenities include AC, balcony, on-site laundry, full kitchen appliance package, grilling area, and garage parking for \$25/month. Heat, water, and trash removal included in rent. Resident profile is							
Riverside Apartments	1994	77	1	1BR	20	0	675 - 675	\$749 - \$749	\$1.11 - \$1.11		
1473/1477 Riverside Dr <i>River Falls, WI</i>	vacancy rate: 1.3%			2BR	50	1	810 - 905	\$859 - \$869	\$0.96 - \$1.06		
				3BR	7	0	1,000 - 1,000	\$949 - \$949	\$0.95 - \$0.95		
	Notes: Units feature walk-in closets, full kitchen appliance packages, balcony/deck, and AC. Amenities include on-site laundry on each floor, playground, and garage parking. Heat and trash removal included in rent.										
River Place Apartments	1992	77	0	1BR	20	0	675 - 675	\$749 - \$749	\$1.11 - \$1.11		
1431/1457 Wildcat Ct <i>River Falls, WI</i>	vacancy rate: 0.0%			2BR	50	0	810 - 905	\$859 - \$869	\$0.96 - \$1.06		
				3BR	7	0	1,000 - 1,000	\$949 - \$949	\$0.95 - \$0.95		
	Notes: Units feature walk-in closets, full kitchen appliance packages, balcony/deck, and AC. Amenities include on-site laundry on each floor, picnic area, fitness center, bike storage, and garage parking. Heat included in rent.										

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RENTAL MARKET ANALYSIS

TABLE E-3 continued SELECT MARKET RATE RENTAL PROJECTS CITY OF RIVER FALLS											
Project Name/Location	Occp. Date	No. of Units	Total Vacant	Unit Description			Monthly Rent		Rent/sq. ft.		
				Type	No.	Vac.	Size	Min	Max	Min	Max
Lake George Place 117-121 W Cascade Ave River Falls, WI	NA	13	0	Studio	1	0	NA - NA	\$525 - \$525	NA - NA		
	vacancy rate: 0.0%			1BR	1	0	NA - NA	\$655 - \$655	NA - NA		
				2BR	11	0	NA - NA	\$685 - \$735	NA - NA		
Notes: Unit amenities include balcony, AC, and a dishwasher. Rent includes heat, water, and trash. Mixed-use development (includes office space).											
1204 Bartosh 1204 Bartosh Ln River Falls, WI	NA	24	0	1BR	12	0	703 - 703	\$690 - \$740	\$0.98 - \$1.05		
	vacancy rate: 0.0%			2BR	12	0	1,000 - 1,000	\$780 - \$825	\$0.78 - \$0.83		
Notes: Amenities include full kitchen appliance package, detached garage, AC, in-unit laundry, patio/balcony. Tenant pays utilities.											
233 W Cascade Apts 233 W Cascade Ave River Falls, WI	NA	24	0	1BR	NA	0	600 - 700	\$555 - \$555	\$0.79 - \$0.93		
	vacancy rate: 0.0%			2BR	NA	0	800 - 900	\$655 - \$655	\$0.73 - \$0.82		
Notes: Amenities include off-street parking, wall-unit air conditioning, and balconies.											
Fox Apartments 117 Church St River Falls, WI	NA	24	1	1BR	24	1	600 - 600	\$550 - \$750	\$0.92 - \$1.25		
	vacancy rate: 4.2%										
Notes: Heat, gas, water, and trash removal included in rent. Amenities include off-street parking. Size information represents average size of all units.											
Heritage Square Apartments 403, 517, & 523 Wasson Ct River Falls, WI	NA	69	0	2BR	69	0	925 - 950	\$660 - \$685	\$0.71 - \$0.72		
	vacancy rate: 0.0%										
Notes: Amenities include AC, full kitchen appliance packages, balcony/patio, on-site laundry, and off-street parking. Garage parking available. Trash removal included in rent.											
Micasa Apartments 1485 Wildcat Ct River Falls, WI	NA	17	1	Studio	1	0	325 - 325	\$400 - \$400	\$1.23 - \$1.23		
	vacancy rate: 5.9%			2BR	16	1	800 - 800	\$700 - \$700	\$0.88 - \$0.88		
Notes: Amenities include AC, patio/deck, on-site laundry, and off-street parking. Tenant pays electric and heat.											
Dominion Apartments 122 Spring St River Falls, WI	NA	15	0	1BR	6	0	700 - 700	\$650 - \$650	\$0.93 - \$0.93		
	vacancy rate: 0.0%			2BR	9	0	850 - 850	\$785 - \$785	\$0.92 - \$0.92		
Notes: Amenities include full kitchen appliance package, off-street parking, and air conditioning. Heat included in rent.											
906 State Apts 906 State St River Falls, WI	NA	12	1	2BR	12	1	800 - 800	\$700 - \$700	\$0.88 - \$0.88		
	vacancy rate: 8.3%										
Notes: Water, sewer, and trash removal included in rent. Amenities include full kitchen appliance package and off-street parking.											
Charlotte Apartments 218 W Charlotte St River Falls, WI	NA	33	0	Studio	8	0	600 - 600	\$470 - \$470	\$0.78 - \$0.78		
	vacancy rate: 0.0%			1BR	25	0	800 - 800	\$570 - \$570	\$0.71 - \$0.71		
Notes: Water, sewer, and trash removal included in rent. Amenities include full kitchen appliance package, on-site laundry, and off-street parking.											

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RENTAL MARKET ANALYSIS

TABLE E-3 continued											
SELECT MARKET RATE RENTAL PROJECTS											
CITY OF RIVER FALLS											
Project Name/Location	Occp. Date	No. of Units	Total Vacant	Unit Description			Monthly Rent		Rent/sq. ft.		
				Type	No.	Vac.	Size	Min	Max	Min	Max
University Falls 205-215 W Cascade Ave River Falls, WI	2012	24	0	2BR	NA	0	1,075 - 1,075	\$1,000 - \$1,000	\$0.93 - \$0.93		
				3BR	NA	0	1,140 - 1,140	\$1,230 - \$1,230	\$1.08 - \$1.08		
				4BR	NA	0	1,390 - 1,390	\$1,640 - \$1,640	\$1.18 - \$1.18		
<i>Notes: Student-oriented housing. Amenities include in-unit laundry, walk-in closets, full kitchen appliance package, and off-street parking. Trash removal and WiFi included in rent.</i>											
Broadway Street Apartments 320-360 Broadway St River Falls, WI	2012	31	0	3BR	12	0	800 - 800	\$1,170 - \$1,170	\$1.46 - \$1.46		
				4BR	12	0	1,100 - 1,100	\$1,300 - \$1,300	\$1.18 - \$1.18		
				5BR	7	0	1,500 - 1,500	\$1,625 - \$1,625	\$1.08 - \$1.08		
<i>Notes: Student-oriented housing. Amenities include in-unit laundry, full kitchen appliance package, and off-street parking. Tenant pays utilities.</i>											
East Cascade Apartments 1063-1077 E Cascade Ave River Falls, WI	2000	46	0	3BR	16	0	800 - 800	\$1,050 - \$1,050	\$1.31 - \$1.31		
				4BR	16	0	1,300 - 1,300	\$1,300 - \$1,300	\$1.00 - \$1.00		
				5BR	14	0	1,568 - 1,568	\$1,625 - \$1,625	\$1.04 - \$1.04		
<i>Notes: Student-oriented housing. Amenities include in-unit laundry, full kitchen appliance package, and off-street parking. Tenant pays utilities.</i>											
515 Cascade 515 E Cascade Ave River Falls, WI	NA	12	0	5BR	12	0	1,100 - 1,100	\$1,800 - \$1,800	\$1.64 - \$1.64		
<i>Notes: Student-oriented housing. Amenities include in-unit laundry, full kitchen appliance package, and off-street parking. Tenant pays utilities.</i>											
Total		769	9								

Source: Maxfield Research & Consulting, LLC

Market Rate Summary

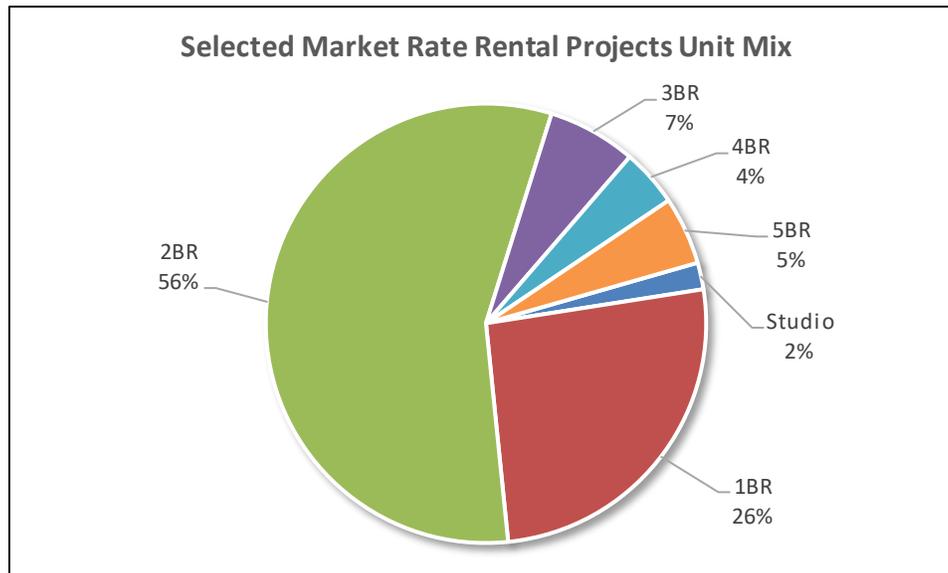
Table E-4 provides a summary of the unit mix, vacancies, average sizes, and average rental rates among these market rate rental properties. Rental rates presented in the table are a weighted average based on the number of units in each project. Therefore, developments with a larger number of units contribute more toward the average than those with fewer units.

TABLE E-4							
UNIT TYPE SUMMARY							
SELECT MARKET RATE RENTAL DEVELOPMENTS							
CITY OF RIVER FALLS							
Unit Type	% of Total	Vacant Units	% Vacant	Avg. Size	Monthly Rents		
					Range Low - High	Avg. Rent	Avg. Rent/Sq. Ft.
Studio	2%	0	0.0%	417	\$400 - \$795	\$519	\$1.25
1BR	26%	2	1.2%	612	\$450 - \$850	\$649	\$1.06
2BR	56%	6	1.6%	821	\$595 - \$1,000	\$752	\$0.92
3BR	7%	1	2.3%	946	\$949 - \$1,549	\$1,046	\$1.11
4BR	4%	0	0.0%	1,260	\$1,300 - \$1,640	\$1,381	\$1.10
5BR	5%	0	0.0%	1,481	\$1,625 - \$1,800	\$1,649	\$1.11
Total:	100%	9	1.2%	826	\$400 - \$1,800	\$849	\$1.03

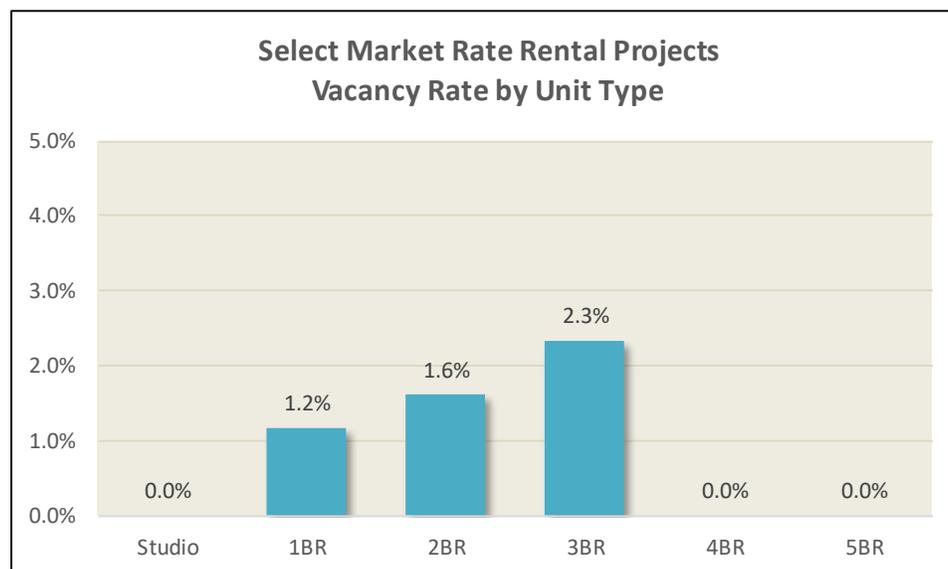
Source: Maxfield Research & Consulting, LLC

RENTAL MARKET ANALYSIS

- An estimated 56% of the units in the inventory of market rate rental projects are two-bedroom units, 26% of the units have one bedroom and 7% have three bedrooms. Five-bedroom and four-bedroom units represent 5% and 4% of the inventory, respectively (all of the four- and five-bedroom units are in student-oriented rental properties). Studio/efficiency units comprise roughly 2% of the inventory.



- At the time of the survey, there were nine vacant units, resulting in an overall market rate vacancy rate of 1.2% in the City of River Falls. The equilibrium vacancy rate for rental housing is considered to be 5.0% which allows for normal turnover and an adequate supply of alternatives for prospective renters. In effect, the supply of market rate rental housing in River Falls is below the level adequate to meet demand.



RENTAL MARKET ANALYSIS

- Six of the vacancies are in two-bedroom units (1.6% vacancy rate), while two are one-bedroom units (1.2% vacancy rate). There is also one three-bedroom unit vacant (2.3% vacancy rate).
- On average, units in these general occupancy projects have 826 square feet, with studio units being the smallest (417 square feet) and five-bedroom units being the largest at 1,481 square feet. One-bedroom units have an average size of 612 square feet, while the two-bedroom units have 821 square feet. Three- and four-bedroom units average 946 square feet and 1,260 square feet, respectively.
- The weighted average rental rate across all market rate general occupancy properties is \$849 per month with a range of \$400 for a studio unit at the Micasa Apartments property to as high as \$1,800 for a five-bedroom unit at 515 Cascade.
- Five- and four-bedroom units are the highest priced, averaging \$1,649 and \$1,381 per month, respectively. As mentioned previously, these unit types are all located in the student-oriented rental properties. Three-bedroom units have an average rent of \$1,046 per month, while two-bedroom unit rents average \$752 per month. One-bedroom units have an average monthly rent of \$649, while studio unit rents average \$519 per month.
- On a per square-foot basis, studio and one-bedroom units average \$1.25 and \$1.06, respectively, compared to \$0.92 in two-bedroom units. The three-, four-, and five-bedroom units have average rents of \$1.10 to \$1.11 per square foot.
- While each property manages utilities differently, heat, trash removal, water, and sewer are included in the rent at most properties. Most new rental properties (post 2000) require the tenant to pay most, if not all, of the utilities.
- The majority of the properties surveyed provide kitchen appliances and wall unit air conditioning, but relatively few offer an in-unit washer and dryer. Most of the properties provide a common laundry room and surface parking, with garage parking available at several of the rental properties.
- Modern features and amenities such as stainless steel appliances, granite countertops, in-unit washer/dryer, walk-in closets, fitness center, swimming pool, community room, and outdoor living options (fire pit, picnic area, etc.) are available at very few general occupancy market rate rental properties in River Falls.

RENTAL MARKET ANALYSIS

Affordable/Subsidized Summary

- We identified four affordable general occupancy tax credit properties in the City of River Falls, totaling 162 units, along with seven subsidized properties containing a total of 208 units.

TABLE E-5 AFFORDABLE AND SUBSIDIZED RENTAL PROJECTS CITY OF RIVER FALLS											
Project Name/Location	Occp. Date	No. of Units	Total Vacant	Unit Description			Monthly Rent		Rent/sq. ft.		
				Type	No.	Vac.	Size	Min	Max	Min	Max
Affordable Tax Credit Properties											
Red Cedar Apartments 1420-1510 Cemetery Rd River Falls, WI	2003	48	0	2BR	29	0	895 - 895	\$505 - \$730	\$0.56 - \$0.82		
				3BR	19	0	1,032 - 1,032	\$790 - \$830	\$0.77 - \$0.80		
				Notes: LIHTC Family Housing. Amenities include playground, AC, patio/balcony, washer/dryer hookup, dishwasher. Sewer, water, and trash removal included in rent. Garage parking for \$50/month.							
Timber Ridge Apartments 1495 Riverside Dr River Falls, WI	1995	42	1	1BR	13	0	700 - 700	\$700 - \$700	\$1.00 - \$1.00		
				2BR	29	1	900 - 900	\$775 - \$775	\$0.86 - \$0.86		
				Notes: LIHTC Family Housing. Amenities include AC & heat, walk-in closet, laundry on-site, community room, full kitchen appliance package, barbeque area. Garage parking for \$50/month.							
Village Park Apartments 1518-1546 S Wasson Ln River Falls, WI	1996	40	0	1BR	6	0	830 - 830	\$680 - \$680	\$0.82 - \$0.82		
				2BR	18	0	940 - 940	\$780 - \$780	\$0.83 - \$0.83		
				3BR	16	0	1,060 - 1,060	\$850 - \$850	\$0.80 - \$0.80		
				Notes: LIHTC Family Housing. Amenities include playground, walk-in closet, kitchen appliances, pet friendly, on-site laundry, garage parking available. Rent includes water, sewer, and trash removal.							
River Glen Apartments 564 Clark St River Falls, WI	1989	32	0	2BR	32	0	1,000 - 1,000	\$730 - \$740	\$0.73 - \$0.74		
				Notes: LIHTC Family Housing. Townhome-style rentals. Rent includes full kitchen appliance package and trash removal. Amenities include laundry hook-ups and 1-car garage parking.							
Subsidized Properties											
River Falls Terrace Apts 405-407/511-513 Wasson Ln River Falls, WI	1981	32	2	2BR	26	2	620 - 620	30% of Income	NA - NA		
				3BR	6	0	800 - 800		NA - NA		
				Notes: Project-Based Section 8 Housing. Amenities include kitchen appliances, wall-unit AC, and off-street parking.							
RFHA Family Townhomes Kennedy/Griffey St River Falls, WI	1971	33	0	1BR	3	0	NA - NA	\$50 - \$605	NA - NA		
				2BR	16	0	NA - NA	\$50 - \$757	NA - NA		
				3BR	12	0	NA - NA	\$50 - \$1,067	NA - NA		
				4BR	2	0	NA - NA	\$50 - \$1,258	NA - NA		
				Notes: Tenants have option of paying flat rent (reflected above) or 30% of their adjusted gross income. Amenities include full basement, washer and dryer hookups, outdoor storage shed, off-street parking, and playground.							
RFHA Fourplex Griffey St River Falls, WI	1990	4	0	2BR	2	0	NA - NA	\$869 - \$869	NA - NA		
				3BR	2	0	NA - NA	\$993 - \$993	NA - NA		
				Notes: Tenants have option of paying flat rent (reflected above) or 30% of their adjusted gross income. Amenities include full basement, washer and dryer hookups, outdoor storage shed, off-street parking, and playground.							
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RENTAL MARKET ANALYSIS

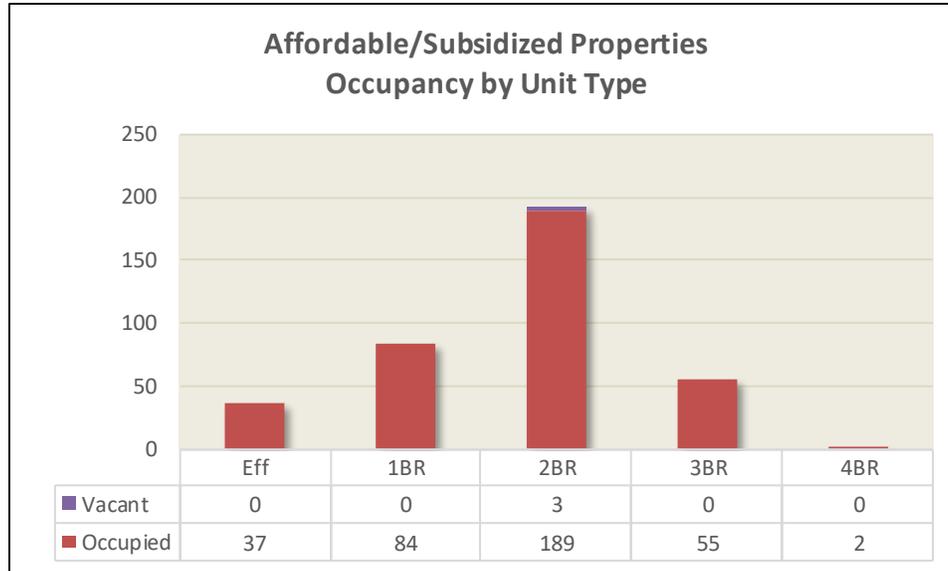
TABLE E-5 continued											
AFFORDABLE AND SUBSIDIZED RENTAL PROJECTS											
CITY OF RIVER FALLS											
Project Name/Location	Occp. Date	No. of Units	Total Vacant	Unit Description			Monthly Rent		Rent/sq. ft.		
				Type	No.	Vac.	Size	Min	Max	Min	Max
Oakpark Apartments 808 S Main St River Falls, WI	1986	25	0	1BR	23	0	590 - 590	\$412	\$692	\$0.70	\$1.17
				2BR	2	0	850 - 850	\$454	\$734	\$0.53	\$0.86
<p>Notes: Housing for persons age 62+ or with a disability. Rent is income-based (30% of gross HH income). Rents shown reflect min/max rates. Amenities include laundry facilities on-site, off-street parking, storage, secure entrance, and community room. Utilities included in rent.</p>											
Edgewater 629 N Main St River Falls, WI	1976	45	0	1BR	27	0	750 - 750	\$384	\$436	\$0.51	\$0.58
				2BR	18	0	900 - 900	\$511	\$580	\$0.57	\$0.64
<p>Notes: Housing for persons age 62+ or with a disability. Rent is income-based (30% of gross HH income). Rents shown reflect min/max rates. Amenities include laundry facilities on-site, off-street parking, storage, secure entrance, and community room. Utilities included in rent.</p>											
Briarwood 555 N Main St River Falls, WI	1979	32	0	1BR	12	0	NA - NA	\$363	\$411	NA	NA
				2BR	20	0	NA - NA	\$483	\$549	NA	NA
<p>Notes: Housing for persons age 62+ or with a disability. Rent is income-based (30% of gross HH income). Rents shown reflect min/max rates. Amenities include laundry facilities on-site, off-street parking, storage, secure entrance, and community room. Utilities included in rent.</p>											
Riverview Manor 625 N Main St River Falls, WI	1971	37	0	EFF	37	0	NA - NA	\$50	\$486	NA	NA
<p>Notes: Housing for persons age 62+ or with a disability. Rent is income-based (30% of gross HH income). Rents shown reflect min/max rates. Amenities include laundry facilities on-site, off-street parking, storage, secure entrance, and community room. Utilities included in rent.</p>											
Total		370	3								

Source: Maxfield Research & Consulting, LLC

- Units in the tax credit projects average 920 square feet, ranging from 765 square feet for one-bedroom units to 1,046 for three-bedroom units. The two-bedroom units average 934 square feet.
- The weighted average rental rate across the general occupancy tax credit properties is \$743 per month (\$0.81 per square foot), including \$690 for one-bedroom units (\$0.90 per square foot), \$727 for two-bedroom units (\$0.78 per square foot), and \$830 for three-bedroom units (\$0.79 per square foot).
- In the subsidized properties, rent is income-based (30% of adjusted household income).
- At the time of the survey of affordable and subsidized rental properties, there were three vacant units (one vacant tax credit unit and two vacant subsidized units), resulting in an overall vacancy rate of 0.8% in the City of River Falls. As such, the supply of affordable/subsidized rental housing in River Falls is below equilibrium (5.0% vacancy). All three vacancies were in two-bedroom units.

RENTAL MARKET ANALYSIS

- Over half (52%) of the units in the inventory of affordable and subsidized rental projects are two-bedroom units, while 23% have one bedroom. An estimated 15% of the units have three bedrooms and 10% are efficiency units, while less than 1% of the units have four bedrooms.



- Six of the seven subsidized properties identified are owned by the River Falls Housing Authority, including the RFHA Family Townhomes, the RFHA Fourplex, Oakpark Apartments, Edgewater, Briarwood, and Riverview Manor.
- The RFHA Family Townhomes and the RFHA Fourplex target family households, while Oakpark, Edgewater, Briarwood, and River Manor target persons age 62 and older or persons with a disability.
- Among the four senior and disabled properties, disabled tenants make up 30% to 38% of the tenant population, including 80% of the residents at Riverview Manor. This demographic is growing in the public housing buildings.
- The River Falls Housing Authority maintains a waiting list for their properties:
 - The senior and disabled properties waiting list is approximately 80 applicants;
 - The family housing wait list is 23 applicants for one-bedroom units, 152 applicants for two-bedroom units, 89 for three-bedrooms, and 23 for four-bedroom units.
- Resident turnover among the family-oriented projects averages about eight to ten units per year, while turnover in the senior/disabled facilities averages approximately 25 to 29 units per year.

RENTAL MARKET ANALYSIS

The following are photographs of select rental properties in River Falls.



University Village



Falls Aparto Square



Riverside Apartments



River Place Apartments



Heritage Square



University Falls

RENTAL MARKET ANALYSIS

The following are photographs of select rental properties in River Falls.



Broadway Street Apartments



East Cascade Apartments



515 Cascade



Red Cedar Apartments



Timber Ridge



Village Park Apartments

Rental Housing Demand Analysis

Table E-6 presents our calculation of general occupancy rental housing demand in River Falls. Factors considered include competitiveness of area rental properties, pending developments, demographic trends and population shifts. Potential rental housing demand is calculated from two categories:

1. From new household growth based on the propensity of households to rent their housing in the Primary Market Area; and,
2. From existing households that will remain in the Market Area because new product is available and they value other area amenities including proximity to education, employment, entertainment and recreation.

First, we calculate potential demand from new household growth based on the propensity of households to rent their housing. For the purpose of this analysis, we focus on households between the ages of 18 and 64 that will account for the vast majority of general-occupancy rental demand. We also include a portion (20%) of the demand potential generated by households age 65 and older, as a segment of this age group that is able to live independently could be drawn to a new general occupancy rental housing development in River Falls.

Next, we calculate the percentage of household growth that will likely rent their housing based on 2016 American Community Survey data. In 2016, roughly 30% of households under the age of 65 rented in the PMA resulting in projected demand for 215 rental housing units in the PMA from household growth by 2030.

The second part of the analysis calculates demand from existing households, or turnover demand. Younger households tend to be highly mobile, relative to older households. Mobility rates were calculated for the renter population based on American Community Survey data and were applied to the existing renter household base. We then estimate the percentage of the existing renter households that will seek new rental housing resulting in demand for 575 units from turnover by 2030.

Together with demand from projected household growth and turnover, the total demand for rental housing is summarized. In the PMA, total demand for general occupancy rental housing between 2017 and 2030 is 790 units. An additional proportion is added for households that would move to a rental project in the PMA who currently reside outside the PMA. We estimate that 25% of the demand potential for rental housing in the PMA would be derived from outside the PMA, increasing demand to 1,053 units between 2017 and 2030. Due to factors such as the geographic distribution of the renter population in the PMA along with the location of services (entertainment, shopping, education, etc.), we anticipate that the City of River Falls can capture 65% of the demand potential in the PMA. Based on this capture rate, we find demand for 684 new general occupancy rental units in River Falls between 2017 and 2030.

RENTAL MARKET ANALYSIS

TABLE E-6 DEMAND FOR GENERAL OCCUPANCY RENTAL HOUSING CITY OF RIVER FALLS 2017 to 2030			
Demand From Household Growth			
Projected household growth in the PMA 2017 to 2030 ¹			2,109
(times) Pct. Of HH growth for general occupancy housing ²	x	34%	717
(equals) Projected demand for general occupancy units	=		
(times) Proportion Estimated to Be Renting Their Housing ³	x	30%	215
(equals) Projected Demand for Rental Housing Units	=		215
Demand From Existing Households			
Number of renter households in the PMA, 2017 ⁴	=		3,946
(times) Estimated % of renter turnover between 2017 & 2030 ⁵	x	91%	3,591
(equals) Existing Renter Households Projected to Turnover, 2017 to 2030	=		
(times) Estimated % Desiring New Rental Housing ⁶	x	16%	575
(equals) Demand From Existing Households	=		575
Total Demand From Household Growth and Existing Households			790
(plus) Rental demand from outside Market Area	+	25%	1,053
(equals) Potential Demand for Rental Housing in the PMA (2017 to 2030)	=		1,053
(times) Percent of PMA Demand Capturable in the City of River Falls	-	65%	684
(equals) Total Demand for Rental Housing in River Falls	=		684
		Deep Subsidy	Shallow Subsidy
(times) Percent of rental demand by product type ⁷	x	30%	30%
(equals) Total demand for new general occupancy rental housing units	=	205	205
(minus) Units under construction or approved*	-	0	0
(equals) Excess demand for new general occupancy rental housing	=	205	274
¹ Estimated household growth ² Pct. of household growth under age 65 plus 20% of households age 65 and older. ³ Pct. Renter households under age 65 in 2016. ⁴ Renter households age 64 and younger plus 20% of renter households age 65 and older. ⁵ Based on household turnover and mobility data (2016 American Community Survey, Five Year Estimates). ⁶ Source - The Upscale Apartment Market: Trends and Prospects. Prepared by Jack Goodman of Hartrey Advisors for the National Multi Housing Council. ⁷ Based on a combination of current rental product, income limits, and household incomes of area renters. *Pending competitive units at 95% occupancy.			
Source: Maxfield Research & Consulting, LLC			

Based on a review of renter household incomes and income limits set by HUD, we estimate that approximately 30% of the total demand will be for deep-subsidy housing, 30% will be for shallow-subsidy housing, and 40% will be for market rate housing. Next we subtract housing projects that are under construction or pending at this time at 95% occupancy (equilibrium), since these projects will satisfy some of the demand for new general occupancy rental housing.

RENTAL MARKET ANALYSIS

From the demand potential, we would subtract pending rental developments in River Falls at market equilibrium (95% occupancy) to find the remaining excess demand in the Market Area. We did not identify any general occupancy rental projects planned or under construction. As such, we find demand for 205 deep-subsidy units, 205 shallow-subsidy units, and 274 market rate rental units in River Falls between 2017 and 2030.

Our competitive inventory identified that the vacancy rate (1.1%) for all types of general occupancy rental product is well-below market equilibrium (5.0% vacancy rate), suggesting that there is substantial pent-up demand for rental units in River Falls. As of January 2018, there is a 0.6% vacancy rate in the shallow-subsidy projects and a 1.0% vacancy rate in deep-subsidy rental projects, while the market rate vacancy rate is 1.2% in River Falls.

Strong demographics from the echo boom generation will likely generate rental housing demand over the next several years. Additionally, there continues to be more lifestyle renters in the market, those with busy professional lives and people who prefer to spend their free time in leisure pursuits rather than on upkeep and maintenance of a home.

The strongest sources of demand for new rental housing in River Falls will likely be college students, young singles, or couples without children in their late-20s to early-30s who work nearby. Mid-age households (never-nesters or empty-nesters) could also account for a portion of demand for new rental housing in the area. These households tend to have higher incomes and desire rental housing with modern features and higher finish levels.

A rental townhome development could also attract family households, and shallow-subsidy rental housing will draw from a wide variety of population segments, including; low-wage workers, single-parent households, and low-income family households.

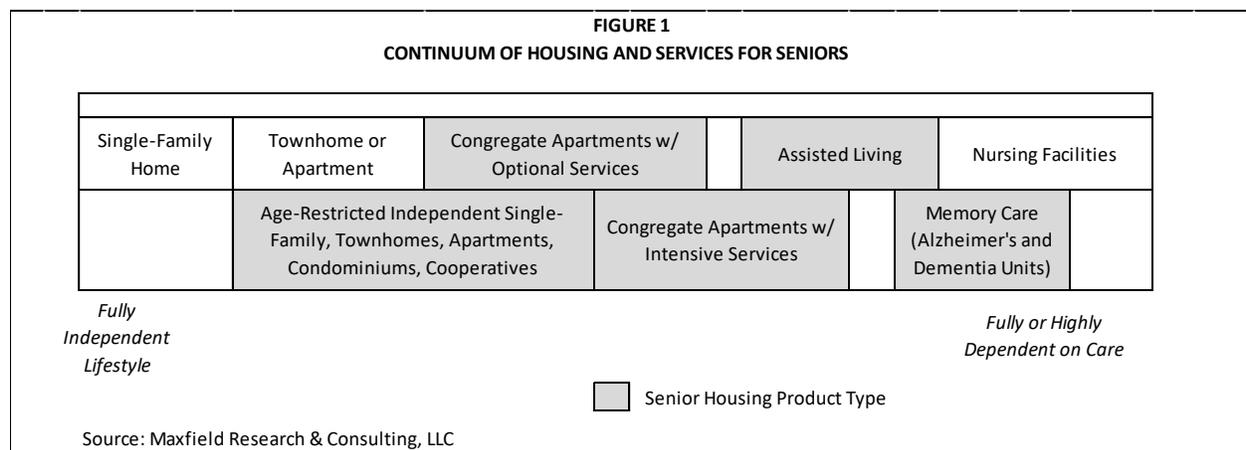
Based on our demand estimates along with feedback provided by area employers and real estate professionals, there appears to be demand for new general occupancy rental housing in the City. We believe that the development of new general occupancy rental housing is needed to increase the variety of housing in the community and provide housing opportunities for a market that currently has limited options available.

Introduction

This section provides an assessment of the market support for senior housing (active adult, congregate, assisted living, memory care, and skilled nursing) in River Falls, Wisconsin. An overview of the demographic and economic characteristics of the senior population in the PMA is presented along with an inventory of existing and pending senior housing developments in the PMA. Demand for senior housing is calculated based on demographic, economic and competitive factors that would impact demand for additional senior housing units in the City.

Senior Housing Defined

Senior housing is a concept that generally refers to the integrated delivery of housing and services to seniors. However, as Figure 1 illustrates, senior housing embodies a wide variety of product types across the service-delivery spectrum. Products range from independent apartments and/or townhomes with virtually no services on one end, to highly specialized, service-intensive assisted living units or housing geared for people with dementia-related illnesses (termed "memory care") on the other end of the spectrum. In general, independent senior housing attracts people age 65 and over while assisted living typically attracts people age 80 and older who need assistance with activities of daily living (ADLs). For analytical purposes, Maxfield Research and Consulting, LLC classifies market rate senior housing into five categories based on the level and type of services offered.



- Active Adult** properties (or independent living without services available) are similar to a general-occupancy building, in that they offer virtually no services but have age-restrictions (typically 55 or 62 or older). Residents are generally age 70 or older if in an apartment-style building. Organized entertainment, activities and occasionally a transportation program represent the extent of services typically available at these properties. Because of the lack of services, active adult properties generally do not command the rent premiums of more service-enriched senior housing. Active adult properties can have a rental or owner-occupied (condominium or cooperative) format.

- **Congregate** properties (or independent living with services available) offer support services such as meals and/or housekeeping, either on an optional basis or a limited amount included in the rents. These properties often dedicate a larger share of the overall building area to common areas, in part, because the units are smaller than in adult housing and in part to encourage socialization among residents. 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. Sponsorship by a nursing home, hospital or other health care organization is common.
- **Assisted Living** properties come in a variety of forms, but the target market for most is generally the same: very frail seniors, typically age 80 or older (but can be much younger, depending on their particular health situation), who are in need of extensive support services and personal care assistance. Absent an assisted living option, these seniors would otherwise need to move to a nursing facility. At a minimum, assisted living properties include two meals per day and weekly housekeeping in the monthly fee, with the availability of a third meal and personal care (either included in the monthly fee or for an additional cost). Assisted living properties also have either staff on duty 24 hours per day or at least 24-hour emergency response.
- **Memory Care** properties, designed specifically for persons suffering from Alzheimer's disease or other dementias, is one of the newest trends in senior housing. Properties consist mostly of suite-style or studio units or occasionally one-bedroom apartment-style units, and large amounts of communal areas for activities and programming. In addition, staff typically undergoes specialized training in the care of this population. Because of the greater amount of individualized personal care required by residents, staffing ratios are much higher than traditional assisted living and thus, the costs of care are also higher. Unlike conventional assisted living, however, which addresses housing needs almost exclusively for widows or widowers, a higher proportion of persons afflicted with Alzheimer's disease are in two-person households. That means the decision to move a spouse into a memory care facility involves the caregiver's concern of incurring the costs of health care at a special facility while continuing to maintain their home.
- **Skilled Nursing Care**, or long-term care, provides a living arrangement that integrates shelter and food with medical, nursing, psychosocial and rehabilitation services for persons who require 24-hour nursing supervision. Residents in skilled nursing homes can be funded under Medicare, Medicaid, Veterans, HMOs, insurance as well as use of private funds.

The State of Wisconsin Department of Health Services separates long term care living options into four different categories. These are summarized briefly below.

- **Residential Care Apartment Complex (RCAC)**: An apartment that includes a kitchen, living area, bedroom and private bathroom. Services required at RCACs include meals, housekeeping, laundry, arranging medical appointments, and transportation. RCACs may also provide up to 28 hours per week of personal care or nursing services.

- **Community Based Residential Facility (CBRF)**: A facility where five or more unrelated adults reside, and care, treatment, or services other than basic room and board are provided. Services provided include three meals per day and assistance with activities of daily living. CBRFs may also provide no more than three hours per week of nursing care.
- **Adult Family Home (AFH)**: Defined as “a place where three or four adults who are not related to the operator reside and receive care, treatment or services that are above the level of room and board and that may include up to seven hours per week of nursing care per resident.”
- **Nursing Home**: A nursing home is a facility licensed to provide skilled nursing care. Services include three meals per day, 24-hour skilled nursing care, rehab treatment, and personal care.

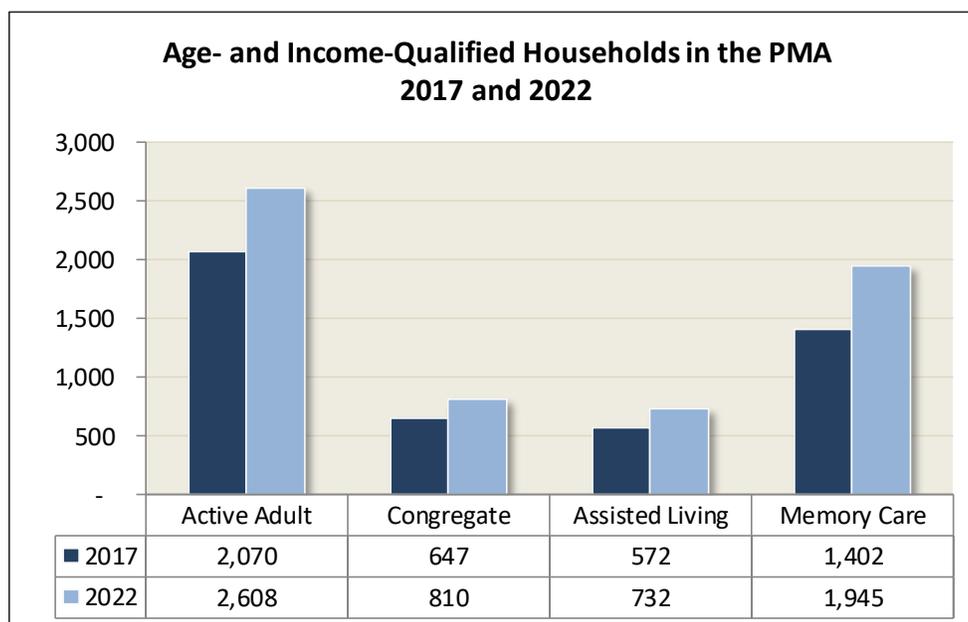
Older Adult (Age 55+) Population and Household Trends

The Demographic Analysis section of this study presented general demographic characteristics of the PMA population. The following points summarize key findings from that section as they pertain to the older adult population in the PMA.

- The greatest growth is expected to occur among older adults in the Market Area. Aging of baby boomers led to an increase of 2,006 people (83%) in the 55 to 64 population between 2000 and 2010 in the PMA. As this group ages, all cohorts age 55 or greater are expected to see increases over the next several years, particularly the 70 to 74 age group which is projected to grow 36% (463 people) between 2017 and 2022.
- The primary market for service-enhanced housing is senior households age 75 and older. While individuals in their 50s and 60s typically do not comprise the market base for service-enhanced senior housing, they often have elderly parents to whom they provide support when they decide to relocate to senior housing. Since elderly parents typically prefer to be near their adult caregivers, growth in the older adult age cohort (age 55 to 64) generally results in additional demand for senior housing products.
- The frailer the senior, the greater the proportion of their income they will typically spend on housing and services. Studies have shown that seniors are willing to pay increasing proportions of their incomes on housing with services, beginning with an income allocation of 40% to 50% for market rate active adult senior housing with little or no services, increasing to 65% for congregate housing and to 80% to 90% or more for assisted living housing. The proceeds from the sales of their homes, as well as financial assistance from their adult children, are often used as supplemental income in order to afford senior housing alternatives.

SENIOR HOUSING ANALYSIS

- The key market for active adult/few services housing is comprised of senior households (age 65+) with incomes of \$35,000 or more. The age threshold increases to 70+ if in an apartment-style building. In 2017, we estimate there are 2,070 age- and income-qualified households in the PMA that comprise the key market for active adult housing. Including all households with incomes of \$40,000 and over (adjusted for inflation), the number of age 65+ senior households projected to income-qualify for active adult/few services housing is expected to grow to 2,608 households in 2022 (26%).
- Congregate (independent living with services available) housing demand is driven by senior households (age 75+) with incomes of \$35,000 or more. We estimate the number of age- and income-qualified households in the PMA to be 647 householders in 2017, increasing to 810 householders (25%) in 2022.
- The target market for assisted living housing is senior households age 75 and older with incomes of at least \$40,000 (plus senior homeowners with lower incomes). As of 2017, there are an estimated 572 older senior households (age 75+) in the PMA with incomes of at least \$40,000, accounting for 45% of all older senior households. Including all households with incomes of \$45,000 and over (adjusted for inflation), the number of older senior households projected to income-qualify for senior housing with services is expected to grow to 732 households in 2022 (28%).
- Memory care housing has a target market of senior households age 65 and older with a memory impairment and incomes of at least \$60,000. In 2017, we estimate that there are 1,402 age 65+ households in the PMA with incomes of at least \$60,000, accounting for 44% of all senior households. The number of income-qualified (\$65,000 adjusted for inflation) households is projected to increase to 1,945 by 2022 (+39%). We estimate that roughly 15% of the senior population has a memory impairment.



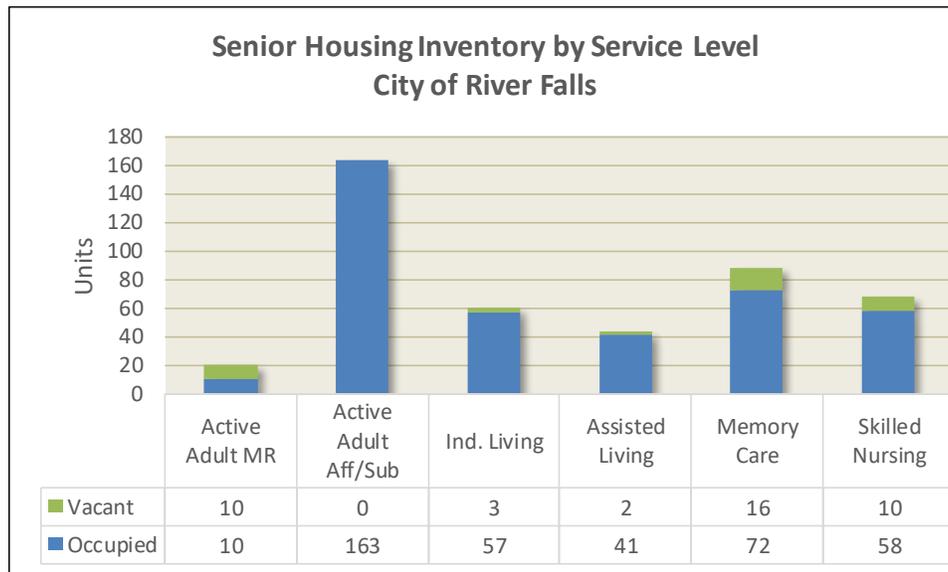
Homeownership information lends insight into the number of households that may still have homes to sell and could potentially supplement their incomes from the sales of their homes to support monthly fees for alternative housing.

- The PMA maintains homeownership rates in the older adult age cohorts that are higher than the Metropolitan Statistical Area. The homeownership rate in 2016 was 86% for age 55 to 64 households compared to 81% throughout the MSA. The PMA homeownership rate increases to 90% for age 65 to 74 households compared to 83% in the MSA. Seniors typically begin to consider moving into senior housing alternatives in their early to mid-70s. This movement pattern is demonstrated by the drop in homeownership between the 65 to 74 age cohort (90%) and the 75+ age cohort (67%). Throughout the MSA, the homeownership rate dropped from 83% (age 65 to 74) to 70% (age 75+).
- With a homeownership rate of 80% for all households age 65 and older, many residents would be able to use proceeds from the sales of their homes toward senior housing alternatives. The resale of single-family homes would allow additional senior households to qualify for market rate housing products, since equity from the home sale could be used as supplemental income for alternative housing.
- Home sale data is useful in that it represents the amount of equity seniors may be able to derive from the sales of their homes that could be used to cover the cost of senior housing alternatives. Because seniors are typically not a target market for new single-family home construction and seniors often reside in older homes, we evaluate home sales data for single-family homes that are over 15 years old in the PMA. In 2017, the median sale price of homes built in the year 2002 or earlier is at \$213,000.
- Based on the 2017 median sale price for older single-family homes in the PMA, a senior household could generate approximately \$4,004 of additional income annually (about \$334 per month), if they invested in an income-producing account (2.0% interest rate) after accounting for marketing costs and/or real estate commissions (6.0% of home sale price).
- Should a senior utilize the home proceeds dollar for dollar to support living in senior housing with services, the proceeds of the home sale would last roughly nine years in congregate housing (monthly rent approximated at \$2,000), five years in assisted living (monthly rent approximated at \$3,500), or nearly four years in memory care housing (monthly rent approximated at \$4,500). Seniors in service-intensive housing typically have lengths of stays between two and three years indicating that a large portion of PMA seniors will be financially prepared to privately pay for their housing and services.
- Due to the decline in home values along with the increased marketing time that occurred late last decade, some seniors – particularly those in the market for independent housing products – may have delayed their moves. With greater improvement in the housing market, some of these seniors may now be more inclined to consider housing alternatives.

Supply of Senior Housing and Skilled Nursing

Table F-1 provides information on the various senior housing products in River Falls by service-level. Information in the table includes year built, number of units, unit sizes, vacancies, rents, and general comments about each project. The following section summarizes key points from our survey of senior housing facilities in River Falls.

- Maxfield Research identified 11 separate senior housing facilities and one skilled nursing facility in River Falls. Combined, these projects contain a total of 374 senior housing units and 68 skilled nursing beds.
- Six of the senior housing facilities, with 211 units, are market rate, while one 24-unit project is a Low Income Housing Tax Credit property and four projects totaling 139 units are subsidized. Of the 374 senior housing units, 31 are currently vacant, representing an 8.3% vacancy rate. The skilled nursing beds are 14.7% vacant (ten available beds).



- Based on the senior housing inventory, 51% of the units (excluding skilled nursing beds) are service-enhanced housing, for a total of 191 units (60 independent living with services available, 43 assisted living units, and 88 memory care units).
- At the time of the survey, there were 21 vacant service-enhanced units (11% vacancy rate). Three were independent living vacancies (5.0% vacancy), two were assisted living units (4.7% vacancy) and 16 were memory care (18.2% vacancy).
- A 93% occupancy rate is generally considered equilibrium in assisted living and memory care senior housing, while 95% occupancy is considered equilibrium in independent living. As such, the current supply of independent living and assisted living units appears to be tight, while the memory care market appears to be oversupplied.

SENIOR HOUSING ANALYSIS

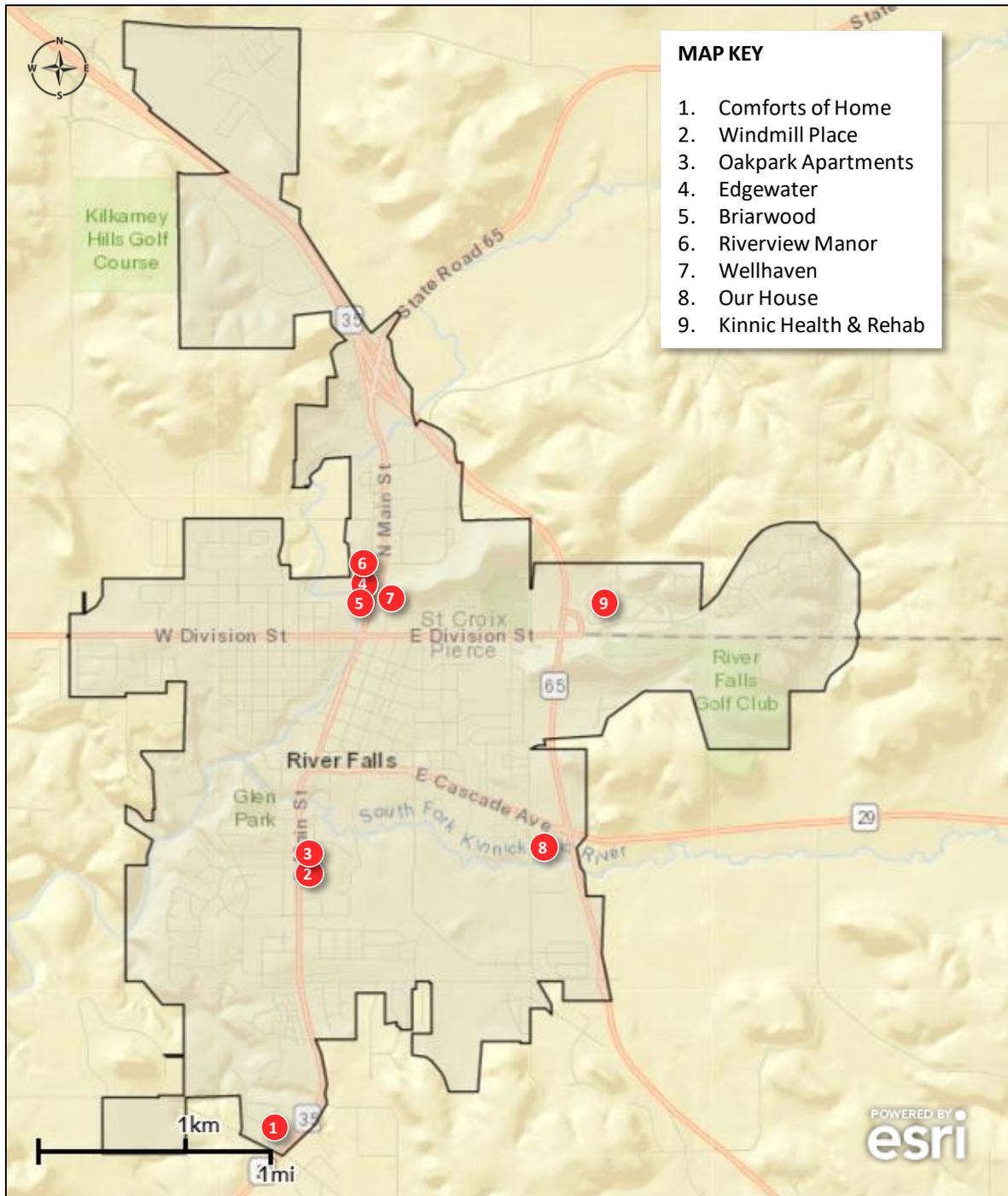
TABLE F-1 SENIOR HOUSING PROJECTS CITY OF RIVER FALLS December 2017										
Project Name/Location	Year	No. of	Total	Unit Description			Monthly Rent		Rent/sq. ft.	
	Open	Units	Vacant	Type	Vac.	Size	Min	Max	Min	Max
ACTIVE ADULT - Market Rate Rental										
Comforts of Home - The Grands 2306-2418 Aurora Cir River Falls, WI	2009	20	10	2BR	10	1,100 - 1,100	\$1,800 - \$1,800		\$1.64 - \$1.64	
			vacancy rate: 50.0%							
	Notes: Units feature full kitchen appliance package, washer/dryer, and a deck or patio. Basic cable and utilities (except phone and internet) included in rent.									
ACTIVE ADULT - Affordable/Subsidized Rental										
Windmill Place 914 S Main St River Falls, WI	2007	24	0	1BR	0	636 - 636	\$438 - \$821		\$0.69 - \$1.29	
			vacancy rate: 0.0%	2BR	0	810 - 1,064	\$521 - \$940		\$0.64 - \$0.88	
	Notes: LIHTC Senior Housing (10 units affordable). Age 55 plus. Amenities include full kitchen appliance package, in-unit washer/dryer, patio or deck, underground parking, sunrooms, business center, community room, patio and gazebo.									
Oakpark Apartments 808 S Main St River Falls, WI	1986	25	0	1BR	0	590 - 590	\$412 - \$692		\$0.70 - \$1.17	
			vacancy rate: 0.0%	2BR	0	850 - 850	\$454 - \$734		\$0.53 - \$0.86	
	Notes: Housing for persons age 62+ or with a disability. Rent is income-based (30% of gross HH income). Rents shown reflect min/max rates. Amenities include laundry facilities on-site, off-street parking, storage, secure entrance, and community room. Utilities included in rent.									
Edgewater 629 N Main St River Falls, WI	1976	45	0	1BR	0	750 - 750	\$384 - \$436		\$0.51 - \$0.58	
			vacancy rate: 0.0%	2BR	0	900 - 900	\$511 - \$580		\$0.57 - \$0.64	
	Notes: Housing for persons age 62+ or with a disability. Rent is income-based (30% of gross HH income). Rents shown reflect min/max rates. Amenities include laundry facilities on-site, off-street parking, storage, secure entrance, and community room. Utilities included in rent.									
Briarwood 555 N Main St River Falls, WI	1979	32	0	1BR	0	NA - NA	\$363 - \$411		NA - NA	
			vacancy rate: 0.0%	2BR	0	NA - NA	\$483 - \$549		NA - NA	
	Notes: Housing for persons age 62+ or with a disability. Rent is income-based (30% of gross HH income). Rents shown reflect min/max rates. Amenities include laundry facilities on-site, off-street parking, storage, secure entrance, and community room. Utilities included in rent.									
Riverview Manor 625 N Main St River Falls, WI	1971	37	0	EFF	0	NA - NA	\$50 - \$486		NA - NA	
			vacancy rate: 0.0%							
	Notes: Housing for persons age 62+ or with a disability. Rent is income-based (30% of gross HH income). Rents shown reflect min/max rates. Amenities include laundry facilities on-site, off-street parking, storage, secure entrance, and community room. Utilities included in rent.									
CONGREGATE										
Wellhaven Senior Apts. RCAC 119 Union Street River Falls, WI	1986	60	3	1BR		500 - 500	\$1,767 - \$1,767		\$3.53 - \$3.53	
			vacancy rate: 5.0%	2BR		848 - 848	\$2,141 - \$2,141		\$2.52 - \$2.52	
	Notes: Monthly rent includes utilities (except phone), weekly housekeeping, 24-hour staffing, van transportation. Amenities include exercise room, free WiFi, community room, dining room, and meal plans. Underground parking available for \$50/month.									
----- continued -----										

SENIOR HOUSING ANALYSIS

TABLE F-1 continued SENIOR HOUSING PROJECTS CITY OF RIVER FALLS December 2017											
Project Name/Location	Year	No. of	Total	Unit Description			Monthly Rent		Rent/sq. ft.		
	Open	Units	Vacant	Type	Vac.	Size	Min	Max	Min	Max	
ASSISTED LIVING											
Comforts of Home - The Falls RCAC 2348 Aurora Circle River Falls, WI	2007	43	2	Studio	2	NA - NA	\$3,200 - \$3,200		NA - NA		
			vacancy rate: 4.7%	1BR	0	NA - NA	\$3,600 - \$3,600		NA - NA		
	Notes: Services included in rent: weekly housekeeping, full kitchen, weekly linen service, utilities (except phone). Meals and UG parking available for additional fee. Amenities include beauty salon, community room, exercise classes, emergency call service, I'm OK daily checks, lounges, stocked fishing pond.										
MEMORY CARE											
Comforts of Home CBRF 2328 Aurora Circle River Falls, WI	2008	28	3	Studio	3	NA - NA	\$4,600 - \$4,600		NA - NA		
			vacancy rate: 10.7%								
	Notes: Services included in rent: weekly housekeeping, laundry and weekly linen service, 3 meals/day, tray service, and utilities (except phone). Amenities include beauty salon, community room, exercise classes, emergency call service, I'm OK daily checks, lounges, stocked fishing pond.										
Comforts of Home CBRF II 2354 Aurora Circle River Falls, WI	2014	40	12	Studio	12	NA - NA	\$4,600 - \$4,600		NA - NA		
			vacancy rate: 30.0%								
	Notes: Services included in rent: weekly housekeeping, laundry and weekly linen service, 3 meals/day, tray service, and utilities (except phone). Separate 13-unit men's memory care wing. Amenities include beauty salon, community room, exercise classes, emergency call service, I'm OK daily checks, lounges, stocked fishing pond.										
Our House River Falls CBRF 902 S Wasson Ln River Falls, WI	1996	20	1	Pr. Room	1	180 - 192	\$3,775 - \$3,775		\$20.97 - \$19.66		
			vacancy rate: 5.0%	Suite	0	240 - 240	\$4,150 - \$4,150		\$17.29 - \$17.29		
	Notes: Amenities include private bedroom with closet, personal call system, living room, television lounge, beauty salon, front porch, enclosed patio. Monthly fee includes 24-hour staffing, medication management, 3 meals/day plus snacks, housekeeping, laundry, and linen services.										
SKILLED NURSING											
Kinnic Health & Rehab 1663 E Division St River Falls, WI	1997	68	10	Beds	10	NA - NA	\$238	Average Daily Private Pay Rate			
			vacancy rate: 14.7%								
	Notes: Amenities include bathrooms in each room, whirlpool tub, patio, courtyard, 3-season gazebo, and WiFi.										

Sources: WI Department of Health Services; Maxfield Research & Consulting, LLC

Senior Housing and Skilled Nursing Facilities Location Map



Active Adult Properties

- There are 183 active adult units (20 market rate, 24 shallow-subsidy units and 139 deep-subsidy units).
- The Grands is an active adult apartment building on the Comforts of Home campus. This project opened in 2009 and contains 20, two-bedroom units renting for \$1,800 per month. The building is currently 50% occupied (ten vacancies).
- As identified in the Rental Market Analysis section of this study, the four subsidized properties are owned by the River Falls Housing Authority, including Oakpark Apartments, Edgewater, Briarwood and Riverview Manor. These four facilities target persons age 62 and older or persons with a disability, with disabled tenants comprising 30% to 38% of the tenant population. The subsidized facilities are fully-occupied with a waiting list of 80 applicants.
- The 24-unit Windmill Place, an affordable active adult facility targeting residents age 55 and older, is also owned by the River Falls Housing Authority. This project is fully-occupied.
- The equilibrium vacancy rate for active adult housing is considered to be 5.0% which allows for normal turnover and an adequate supply of alternatives for prospective residents. In effect, there appears to be modest demand for market rate active adult rental units. However, there is pent-up demand for affordable and subsidized active adult units in River Falls.
- There are also six affordable and subsidized projects targeting seniors or individuals with disabilities in the Remainder of the PMA, including 48 units in Prescott and 102 units in Ellsworth. These units are incorporated into our demand calculations, but we include only 25% of the units due to their distance from River Falls.

Service-Enhanced Facilities

- Wellhaven is a 60-unit congregate (independent living with services available) facility, which is 95% occupied. Rental rates range from \$1,767 per month for one-bedroom units to \$2,141 for two-bedroom units. The monthly rent includes utilities, weekly housekeeping, 24-hour staffing, and van transportation. Additional services and assisted living are available for an additional fee.
- The Comforts of Home RCAC is a 43-unit assisted living building, two of which are vacant (4.7% vacancy). Monthly fees range from \$3,200 for a studio unit to \$3,600 for a one-bedroom unit. Services included in the monthly fee include weekly housekeeping, weekly linen service, utilities, emergency call system and I'm OK daily checks.

SENIOR HOUSING ANALYSIS

- The Comforts of Home campus also offers two memory care CBRF facilities. The 28-unit building currently has three vacancies (10.7% vacancy) and 40-unit building, which opened in 2014, is 70% occupied (12 vacancies). Monthly fees for memory care start at \$4,600, which includes weekly housekeeping, laundry, weekly linen service, three meals per day, emergency call system, I'm OK daily checks, and utilities.
- Our House is a 20-unit memory care CBRF with one vacant unit (5.0% vacancy rate). Monthly fees start at \$3,775 which includes a private room, personal call system, medication management, housekeeping, laundry, linen services, utilities, and three meals per day.
- In addition to the service-enhanced properties in the City of River Falls, there is one other facility located in the PMA.
 - Preferred Senior Living is a 40-unit property located in Ellsworth. The project opened in 2014 and contains 24 assisted living units and 16 memory care units.
 - Assisted living fees start at \$2,800 which includes three meals per day, weekly light housekeeping, and 24-hour staffing. Memory care fees start at \$4,540 which includes three meals per day, housekeeping, laundry, medication management, and twice weekly shower assistance.
 - These units are incorporated into the demand calculations, but we include only 25% of the units due to the distance from the facility to River Falls.

Skilled Nursing Facilities

- The Kinnic Health & Rehab facility offers 68 skilled nursing beds. At the time of the survey, ten of these beds were vacant, which represents a 14.7% vacancy rate. The average private pay rate is \$238 per day. The skilled nursing services are designed to follow a hospital stay, either on a short-term or long-term basis.
- The Lutheran Home was a 50-bed skilled nursing facility located at 119 Union Street in River Falls. The Lutheran Home Association closed this facility in February 2017. Based on published information, the beds were 58% occupied (21 vacant beds) at the time the closure was announced. The majority of the residents were discharged into assisted living units. Three primary factors were cited for the closure: a trend toward seniors living independently longer and using home-health care services; low Medicare and Medicaid reimbursements for skilled nursing services and staff shortages.
- There are two other skilled nursing facilities located in the PMA: Atrium Post-Acute Care is a 60-bed facility located at 403 N Maple Street in Ellsworth and Prescott Nursing and Rehab Community is a 65-bed facility located at 1505 Orrin Road in Prescott. In total, there are 193 skilled nursing beds in the PMA.

SENIOR HOUSING ANALYSIS

The following are photographs of select senior housing/skilled nursing facilities in River Falls:



Windmill Place



Comforts of Home – The Grands



Wellhaven



Comforts of Home CBRF



Our House



Kinnic Health & Rehab

Market Rate Adult/Few Services Senior Housing Demand

Table F-2 presents our demand calculations for market rate active adult/few services housing in the PMA in 2017 and 2022. The market for active adult/few services housing is comprised of older adult (age 55 to 64), younger senior (age 65 to 74) and older senior (age 75+) households, with market demand weighted most heavily toward older seniors.

In order to arrive at the potential age-, income- and asset-qualified base for active adult housing, we include all age-qualified households with incomes of \$35,000 or more plus homeowner households with incomes between \$25,000 and \$34,999 who would qualify with the proceeds from a home sale. The number of qualifying homeowner households is estimated by applying the appropriate homeownership rate to each age cohort. We estimate there are 5,093 age-, income- and asset-qualified PMA households that comprise the market for active adult housing in 2017, increasing to 5,670 qualified households in 2022.

Adjusting to include appropriate capture rates for each age cohort (0.5% of households age 55 to 64, 5.0 % of households age 65 to 74, and 12.0% of households age 75 and older) results in a demand potential for 184 active adult housing units in 2017 and 221 units in 2022. These capture rates reduce the total number of age/income/asset-qualified households to consider only the portion of older adult and senior households who would be able, willing, and inclined to move to senior housing alternatives, including both owner- and renter-occupied housing.

We estimate that seniors currently residing outside the PMA will generate 25% of the demand for active adult housing – increasing demand to 245 active adult units in 2017. Demand from outside the PMA includes parents of adult children living in the area, individuals who live outside the PMA but have an orientation to the area, and former residents who desire to return upon retirement.

Demand for active adult/few services housing in the PMA is apportioned between ownership and rental product types. Based on the age distribution of the population, homeownership rates, existing product, and trends for active adult housing products, we project that 60% of the demand will be for owner-occupied active adult housing (147 units in 2017), and the remaining 40% of demand will be for active adult rental housing units (98 units in 2017).

From the demand potential, we subtract existing and pending active adult units in the PMA at 95% occupancy. We identified 20 market rate active adult rental units, but we did not identify any age-restricted market rate active adult ownership units. The high vacancy rate among the existing active adult rental project (50% vacancy) can be attributed, in large part, to the relatively high monthly rental rate of \$1,800 for two-bedroom units, substantially higher than the market rate rent for an existing general occupancy two-bedroom unit (\$752). Overall, we subtract 19 competitive rental units from the 2017 demand potential after accounting for a 5% vacancy rate. We then incorporate pending active adult units in the PMA and subtract the total from the 2022 demand potential, although we did not identify any market rate active adult projects planned or under construction in the PMA.

SENIOR HOUSING ANALYSIS

TABLE F-2
MARKET RATE ACTIVE ADULT/FEW SERVICES HOUSING DEMAND
PRIMARY MARKET AREA
2017 & 2022

	2017			2022		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of >\$35,000 ¹	2,646	1,423	647	2,711	1,798	810
# of Households w/ Incomes of \$25,000 to \$34,999 ¹	+ 155	132	186	+ 126	140	174
(times) Homeownership Rate	x 86%	90%	67%	x 86%	90%	67%
(equals) Total Potential Market Base	= 2,779	1,542	772	= 2,819	1,924	927
(times) Potential Capture Rate	x 0.5%	5.0%	12.0%	x 0.5%	5.0%	12.0%
(equals) Demand Potential	= 14	77	93	= 14	96	111
Potential Demand from PMA Residents	= 184			= 221		
(plus) Demand from Outside PMA (25%) ²	+ 61			+ 74		
(equals) Total Demand Potential	= 245			= 295		
	Owner		Renter	Owner		Renter
(times) % by Product Type	x 60%		x 40%	x 60%		x 40%
(equals) Demand Potential by Product Type	= 147		= 98	= 177		= 118
(minus) Existing and Pending MR Active Adult Units ³	- 0		- 19	- 0		- 19
(equals) Excess Demand for MR Active Adult Units	= 147		= 79	= 177		= 99
(times) Percent capturable in River Falls	x 65%		x 65%	x 65%		x 65%
(equals) # of units supportable in River Falls	= 95		= 51	= 115		= 64

¹ 2022 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 We estimate that roughly 25% of demand will come from outside the PMA.
³ Existing and pending units are deducted at market equilibrium (95% occupancy).

Source: Maxfield Research & Consulting, LLC

In total, we find excess demand for 147 market rate active adult ownership units and 98 market rate active adult rental units in 2017. Adjusting for inflation, we estimate that households with incomes of \$40,000 or more and home-owners with incomes of \$30,000 to \$39,999 would be candidates for active adult housing in 2022. Following the same methodology, we project that excess demand will increase to 177 active adult ownership units and 118 active adult rental units by 2022.

Due to factors such as the geographic distribution of the senior population in the PMA along with the location of services (medical, religious, retail, etc.) in the PMA, we anticipate that the City of River Falls can capture 65% of the excess demand potential in the PMA. Based on this capture rate, we find demand for 147 market rate active adult units in River Falls in 2017 (95 owner-occupied and 51 renter-occupied units), growing to 180 units in 2022 (115 owner-occupied and 64 renter-occupied units).

Shallow-Subsidy/Deep-Subsidy Independent Senior Housing Demand

Table F-3 presents our demand calculations for affordable (shallow-subsidy and deep-subsidy) active adult/few services senior housing in the PMA in 2017 and 2022. While the methodology used to calculate demand for affordable housing closely mirrors the methodology used to calculate demand for market rate housing, we make adjustments to more precisely quantify demand among this market segment. The following points summarize these adjustments:

- **Income-Qualifications:** In order to arrive at the potential age and income-qualified base for low-income and affordable housing, we include all senior households age 55 and older that qualify for the income guidelines for two-person households in 2017. Households earning between 30% and 60% of AMI are generally candidates for affordable housing, while households earning less than 30% AMI are typically a market for subsidized housing. The income-restriction for a two-person household at 30% AMI is \$21,720 and the income-restriction for a two-person household at 60% AMI is \$43,440.
- **Capture Rates:** 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. Based on our experience in market feasibility for affordable and subsidized senior housing, along with our analysis of demographic and competitive market factors in the PMA, we apply a conservative 20% capture rate to the age/income-qualified market in the PMA to arrive at a total potential demand from the PMA.

Using the methodology described above results in a demand potential for 328 shallow-subsidy and deep-subsidy active adult housing units in 2017. We estimate that seniors currently residing outside the PMA will generate 25% of the demand for shallow/deep-subsidy active adult housing – increasing demand to 437 units. Based on the existing and projected distribution of households with incomes below \$43,440, we estimate that roughly 60% of the demand will be for deep-subsidy units and 40% will be for shallow-subsidy units.

Next, we subtract existing competitive units. There is one 24-unit shallow-subsidy active adult project in River Falls and another 24-units project in Ellsworth. Overall, we subtract 29 affordable units from the demand potential after adjusting for location and accounting for a 5% vacancy rate, resulting in excess demand for 146 shallow-subsidy active adult housing in the PMA in 2017. We also include 65% of the of the deep-subsidy units in the PMA that are restricted to seniors or residents with a disability. We use 65% of these units because approximately 35% of the units are occupied by persons with a disability. After accounting for a 5% vacancy rate and adjusting for location, we find excess demand for 157 deep-subsidy units in the PMA in 2017.

To calculate demand in 2022, we increase the income-qualifications to account for inflation. Following the same methodology, excess demand is projected to increase to 175 deep-subsidy units and 158 shallow-subsidy units in the PMA in 2022.

SENIOR HOUSING ANALYSIS

We anticipate that the City of River Falls can capture 65% of the excess demand potential for subsidized active adult housing in the PMA. Based on this capture rate, we find demand for 102 deep-subsidy and 95 shallow-subsidy units in River Falls in 2017. Demand in River Falls is expected to grow to 114 deep-subsidy and 103 shallow-subsidy units in 2022.

TABLE F-3 AFFORDABLE ACTIVE ADULT/FEW SERVICES HOUSING DEMAND PRIMARY MARKET AREA 2017 & 2022						
	2017			2022		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of <\$43,440	639	598	750	500	612	821
Less Households w/ Incomes of \$35,000 to \$43,440 ¹ (times) Homeownership Rate	- 165 x 86%	135 90%	126 67%	- 69 x 86%	76 90%	78 67%
(equals) Total Potential Market Base by Age	= 497	477	665	= 441	544	769
(equals) Total Potential Market Base	=	1,639		=	1,753	
(times) % of Seniors Needing/Desiring Affordable Hsg	x	20.0%		x	20.0%	
(equals) Potential Demand from PMA	=	328		=	351	
(plus) Demand from Outside PMA (25%)	+ 109			+ 117		
(equals) Total Demand Potential	=	437		=	467	
Product (Subsidy) Type	Deep		Shallow	Deep		Shallow
(times) % by Product Type	x 60%		x 40%	x 60%		x 40%
(equals) Demand Potential by Product Type	= 262		= 175	= 280		= 187
(minus) Existing and Pending Affordable Units ²	- 105		- 29	- 105		- 29
(equals) Excess Demand for Affordable Units	= 157		= 146	= 175		= 158
(times) Percent that Could be Captured in River Falls	x	65%		x	65%	
(equals) Excess Demand in River Falls	=	102	95	=	114	103
¹ 2022 calculations define income-qualified households as all households with incomes less than \$45,000. Homeowner households with incomes between \$40,000 and \$44,999 are excluded from the market potential for financially-assisted housing.						
² Existing units are deducted at market equilibrium, or 95% occupancy.						
Source: Maxfield Research & Consulting, LLC						

As of January 2018, the River Falls Housing Authority has approximately 80 applicants on the waiting list for the four senior/disabled properties, suggesting that there is significant pent-up demand for subsidized senior housing in River Falls. A portion of the people on the waiting list would qualify for either deep-subsidy or shallow-subsidy housing.

Demand for Congregate Senior Housing

Table F-4 presents our demand calculations for independent (congregate) living senior housing with some services available in the Primary Market Area in 2017 and 2022. This analysis focuses on the potential private pay/market rate demand for independent (congregate) living units in the Primary Market Area.

In order to arrive at the potential age-income qualified base for independent (congregate) senior housing, we include all senior households with incomes of \$35,000 or more and homeowners with incomes between \$25,000 and \$35,000 who would qualify with the proceeds from a home sale (this proportion was estimated based on the homeownership rates for each age cohort).

Senior householders with incomes of \$35,000 allocating 65% of their income toward base housing cost could afford beginning rents of \$1,900. Householders with incomes of \$25,000 allocating 65% of their income toward rent and using the proceeds from an older home sold at the median sale price in the PMA (\$213,000) could afford rents of nearly \$1,690 per month. These rents are similar to average rents for units at the Wellhaven Senior Apartments RCAC in River Falls (beginning at \$1,634 for a one-bedroom unit which includes utilities plus weekly house-keeping).

We estimate the number of age/income/asset-qualified households in the Market Area to be 3,188 households in 2017, increasing to 4,004 households in 2022. Demand for congregate housing is need-driven, which reduces the qualified market to only the portion of seniors who need some assistance. Thus, the age/income-qualified base is multiplied by the percentage of seniors who need some assistance with IADLs (at least three), but not six or more ADLs/IADLs, as these frailer seniors would need the level of care found in service-intensive assisted living.

According to the Summary Health Statistics of the U.S. Population: National Health Interview Survey, 2007 (conducted by the U.S. Department of Health and Human Services), the percentage of seniors having limitation in activities of daily living (bathing, dressing, toileting, transferring, eating) and instrumental activities of daily living (using the telephone, shopping, food preparation, housekeeping, laundry, transportation, taking medication, handling finances) are as follows:

Limitation in ADLs & IADLs		
Age	ADLs	IADLs
65-74 years	3.3%	6.3%
75+ years	11.0%	20.0%

It is most likely that seniors who need assistance with ADLs also need assistance with multiple IADLs, and are more likely to be candidates for service-intensive assisted living. The prime candidates for congregate living are seniors needing assistance with IADLs, but not ADLs.

SENIOR HOUSING ANALYSIS

We derive the capture rate for independent (congregate) housing by subtracting the percentage of seniors needing assistance with ADLs from those needing assistance with IADLs, which equates to 3.0% of seniors age 65 to 74 and 9.0% of seniors age 75+. For the purposes of this report and understanding that many seniors do not view senior housing as an alternative retirement destination but a supportive living option only when they can no longer live independently, we have reduced the potential capture rates for the 65 to 74 age group to 1.5% while increasing the capture rate of the 75+ age group to 13.0%. Multiplying the senior household base by these capture rates results in Market Area demand potential for 123 congregate housing units in 2017 and 149 units in 2022.

TABLE F-4 INDEPENDENT (CONGREGATE) LIVING DEMAND PRIMARY MARKET AREA 2017 & 2022				
	2017		2022	
	Age of Householder		Age of Householder	
	65-74	75+	65-74	75+
# of Householders w/ Incomes of \$35,000+ in 2017 / \$40K in 2022 (plus)	1,423	647	1,798	810
# of Hhldrs w/ Incomes of \$25K - \$35K in 2017 / \$30K - \$40K in 2022 (times) Homeownership Rate (equals) Potential Market	+ 132 x 90%	186 67%	+ 140 x 90%	174 67%
(equals) Total Potential Market Base	= 119	125	= 126	117
(times) Potential Capture Rate of Independent Living Demand ¹ (equals) Potential Demand	= 1,542	772	= 1,924	927
Total Local Demand Potential	x 1.5%	13.0%	x 1.5%	13.0%
(plus) Demand from Outside the PMA (25%)	= 23	+ 100	= 29	+ 120
(equals) Total Demand Potential	= 123	= 149	= 149	= 199
(minus) Existing & Pending Competitive Units ²	+ 41	= 165	+ 50	= 199
(equals) Excess Independent Demand Potential	= 165	= 199	= 199	= 199
(times) Percent capturable in River Falls	- 57	= 108	- 57	= 142
(equals) Number of Units Supportable in River Falls	= 108	= 142	= 142	= 142
	x 65%	= 66	x 65%	= 88
	= 66	= 88	= 88	= 88

¹ The potential capture rate is derived from data from the Summary Health Statistics for the U.S. Population: National Health Interview Survey, 2007 by the U.S. Department of Health and Human Services. The capture rate used is the percentage of seniors needing assistance with IADLs, but not ADLs (seniors needing assistance with ADLs typically need assistance with multiple IADLs and are primary candidates for service-intensive assisted living.).

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

Source: Maxfield Research & Consulting, LLC

We estimate that seniors currently residing outside the Market Area will generate 25% of the demand for congregate senior housing – increasing total demand by 41 congregate units in 2017. This demand consists primarily of parents of adult children living in the Market Area, individuals who live just outside the Market Area and have an orientation to the area, retirees who wish to relocate to the area and former residents who want to return upon retirement.

SENIOR HOUSING ANALYSIS

Together, the demand from Market Area seniors and demand from seniors who would relocate to the Market Area totals 165 congregate units in 2017 and 199 units in 2022.

Next, existing and pending congregate units are subtracted from overall demand. There is one existing congregate property in the Primary Market Area. Overall, we subtract 57 existing competitive units from the demand potential after accounting for a 5% vacancy rate. This results in a total excess demand potential of 108 units in 2017, climbing to 142 units in 2022.

Due to factors such as the geographic distribution of senior households in the PMA along with the location of services (medical, religious, retail, etc.) in the PMA, we anticipate that the City of River Falls can capture 65% of the excess demand potential in the PMA. Based on this capture rate, we find demand for 66 congregate units in River Falls in 2017, expanding to 88 congregate units in 2022.

Assisted Living Demand Estimate

Table F-5 presents our demand calculations for assisted living housing in the PMA in 2017 and 2022. This analysis focuses on the potential *private pay/market rate* demand for assisted living units in the PMA.

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 over age 75. In 2017, there are an estimated 1,882 seniors ages 75 and over in the PMA and we project that this number will increase to 2,356 in 2022.

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 Centers for Disease Control and the National Center for Health Statistics (Health, United States, 1999 Health and Aging Chartbook), about 35% 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 an estimated 675 seniors in the PMA in 2017 and 816 seniors in 2022.

SENIOR HOUSING ANALYSIS

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

Approximately 67% of age 75+ households in the PMA are homeowners and the estimated median sale price for older (built in 2002 or earlier) single-family homes in the PMA was \$213,000 in 2017 (year-to-date through November 30). Seniors selling their homes for the median price would generate about \$200,220 in proceeds after selling costs. With an average monthly fee of \$3,500, these proceeds would last roughly five years (60 months) in assisted living housing, which is significantly longer than the average length of stay in assisted living (20 months according to the 2009 Overview of Assisted Living).

For the age groups in Table F-5, we estimate the income-qualified percentage to be all seniors in households with incomes at or above \$40,000 (who could afford monthly rents of \$3,500+ per month) plus 40% of the estimated seniors in owner 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 for about 365 units from the PMA as of 2017.

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 PMA living alone, or 54% based on Census data. This results in a total base of about 197 age/income-qualified singles. The 2009 Overview of Assisted Living found that 12% of residents in assisted living were couples. Including couples, results in a total of 223 age/income-qualified seniors needing assistance in the PMA in 2017.

We estimate that 60% of the qualified market needing significant assistance with ADLs could either remain in their homes or less service-intensive senior housing with the assistance of a family member or home health care, or would need greater care provided in a skilled care facility. The remaining 40% could be served by assisted living housing. Applying this market penetration rate of 40% results in demand for 90 assisted living units in 2017.

SENIOR HOUSING ANALYSIS

We estimate that a portion of demand for assisted living units on the Site (25%) will come from outside the PMA. This secondary demand includes seniors currently living just outside the PMA, former residents, and parents of adult children who desire supportive housing near their adult children. Applying this figure results in total potential demand for 120 assisted living units in 2017.

TABLE F-5 MARKET RATE ASSISTED LIVING DEMAND PRIMARY MARKET AREA 2017 & 2022						
Age group	2017			2022		
	People	Percent Needing Assistance ¹	Number Needing Assistance ¹	People	Percent Needing Assistance ¹	Number Needing Assistance ¹
75 - 79	766	25.5%	196	1,094	25.5%	279
80 - 84	537	33.6%	181	638	33.6%	215
85+	579	51.6%	299	624	51.6%	322
Total	1,882		675	2,356		816
Percent Income-Qualified ²			54%			55%
Total potential market			365			449
(times) Percent living alone			x 54%			x 54%
(equals) Age/income-qualified singles needing assistance			= 197			= 242
(plus) Proportion of demand from couples (12%) ³			+ 26			+ 32
(equals) Total age/income-qualified market needing assistance			= 223			= 274
(times) Potential penetration rate ⁴			x 40%			x 40%
(equals) Potential demand from PMA residents			= 90			= 111
(plus) Proportion from outside the PMA (25%)			+ 30			+ 37
(equals) Total potential assisted living demand			= 120			= 148
(minus) Existing market rate assisted living units ⁵			- 36			- 36
(equals) Total excess market rate assisted living demand			= 84			= 112
(times) Percent capturable in River Falls			x 65%			x 65%
(equals) Number of Units Supportable in River Falls			= 51			= 68
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 the 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, minus units estimated to be occupied by Elderly Waiver residents.						
Source: Maxfield Research & Consulting, LLC						

Next, existing and pending assisted living units are subtracted from overall demand. There are two existing properties in the PMA with a total of 67 assisted living units. We adjust the number of competing units based on location and exclude estimated units occupied by low-income seniors utilizing Elderly Waivers (20%).

After subtracting the existing competitive units (minus a 7% vacancy factor) from the total demand equals excess demand potential for 84 assisted living units in the PMA in 2017, climbing to 112 units in 2022.

We anticipate that the City of River Falls can capture 65% of the excess assisted living demand potential in the PMA. Based on this capture rate, we find demand for 51 assisted living units in River Falls in 2017, expanding to 68 units in 2022.

Demand for Memory Care Senior Housing

Table F-6 presents our demand calculations for memory care housing in the PMA in 2017 and 2022. Demand is calculated by starting with the estimated PMA senior (ages 65+) population in 2017 and multiplying by the incidence rate of Alzheimer's/dementia among the age cohorts in this population. This yields a potential market of about 555 seniors in the PMA. We project that this number will climb to 671 in 2022.

According to data from the National Institute of Aging, about 25% of all individuals with memory care impairments are a 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 latter 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 139 seniors in the PMA in 2017 and 168 seniors in 2022.

Because of the staff-intensive nature of dementia care, typical monthly fees for this type of housing start at about \$4,500. Although some of the seniors will have high monthly incomes, most will be willing to spend down assets and/or receive financial assistance from family members to afford memory care housing.

Based on our review of senior household incomes in the PMA, homeownership rates, and home sale data, we estimate that 43% of all seniors in the PMA have incomes and/or assets to sufficiently cover the costs for 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 potential market (139 seniors) by 43% results in a total of about 60 income-qualified seniors in the PMA in 2017. We estimate that 25% of the overall demand for memory care housing would come from outside the PMA, for a total demand of 79 units in 2017.

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Next, existing and pending memory care units are subtracted from overall demand. There are four existing properties in the PMA with a total of 104 memory care units. We adjust the number of competing units based on location and exclude estimated units occupied by low-income seniors utilizing Elderly Waivers (20%). We find limited excess demand in 2017 after subtracting the existing competitive units (minus a 7% vacancy factor) from the total, but excess demand is expected to grow to 32 units in 2022.

We anticipate that the City of River Falls can capture 65% of the excess memory care demand potential in the PMA. Based on this capture rate, we find demand for 19 memory care units in River Falls in 2022.

TABLE F-6 MEMORY CARE DEMAND PRIMARY MARKET AREA 2017 & 2022		
	2017	2022
65 to 74 Population	3,188	4,004
(times) Dementia Incidence Rate ¹	x <u>2%</u>	x <u>2%</u>
(equals) Estimated Senior Pop. with Dementia	= 64	= 80
75 to 84 Population	1,303	1,732
(times) Dementia Incidence Rate ¹	x <u>19%</u>	x <u>19%</u>
(equals) Estimated Senior Pop. with Dementia	= 248	= 329
85+ Population	579	624
(times) Dementia Incidence Rate ¹	x <u>42%</u>	x <u>42%</u>
(equals) Estimated Senior Pop. with Dementia	= 243	= 262
(equals) Total Population with Dementia	555	671
(times) Percent Needing Specialized Memory Care Assistance	x <u>25%</u>	<u>25%</u>
(equals) Total Need for Dementia Care	= 139	= 168
(times) Percent Income/Asset-Qualified ²	x <u>43%</u>	x <u>47%</u>
(equals) Total Income-Qualified Market Base	= 60	= 79
(plus) Demand from Outside the Market Area (25%)	+ <u>20</u>	+ <u>26</u>
Total Demand for Memory Care Units	79	105
(minus) Existing and Pending Memory Care Units ³	- 73	- 73
(equals) Excess Primary Market Area Demand Potential	= 6	= 32
(times) Percent capturable in River Falls	x 65%	x 65%
(equals) Number of Units Supportable in River Falls	= 4	= 19
¹ Alzheimer's Association: Alzheimer's Disease Facts & Figures (2007)		
² Income greater than \$60,000 in 2017 and greater than \$65,000 in 2022, plus some lower-income homeowners.		
³ Existing and pending units at 93% occupancy, minus units estimated to be occupied by Elderly Waiver residents.		
Source: Maxfield Research & Consulting, LLC		

Demand for Skilled Nursing Care

According to the Wisconsin Department of Health and Human Services, there are 388 licensed nursing facilities in Wisconsin with a total of 32,289 beds. Based on current population estimates for the State, this equates to an estimated 34 nursing beds per 1,000 residents age 65 and older and 244 beds per 1,000 people age 85 and older. Wisconsin is reducing the bed count throughout the State as alternative care options are made available to seniors. In 2000, there were 66 beds per 1,000 people age 65 and older (485 beds for the 85 and older age group). As shown in the following figure, the bed-to-population ratios in the PMA are higher than Wisconsin and the United States.

	PMA	Wisconsin	United States
Beds/1,000 pp Age 65+	38	34	36
Beds/1,000 pp Age 85+	333	244	270

Sources: Wisconsin Department of Human Services; Maxfield Research & Consulting, LLC

The demand methodology for nursing home beds, as shown in Table F-7 on the following page, begins with the estimated senior population in 2017 and 2022 in the age 65 to 84 cohort as well as age 85 and older. We apply specific utilization rates for each age cohort based on information available from the Center for Medicare and Medicaid Services 2015 Nursing Home Compendium. Utilization rates of 2.5% for seniors age 65 to 84, and 10.9% for age 85 and older are applied to the PMA senior population, equating to demand for an estimated 175 nursing beds from PMA seniors in 2017.

Due to the decline in disability rates, shortened nursing home stays and increased utilization of alternatives to nursing home services (i.e. home health care, assisted living facilities, memory care housing, etc.), utilization rates have been declining. The trend of declining utilization of nursing beds is projected to continue. Based on historical trends and forecast information, the 2022 utilization rates are adjusted to 2.2% for the 65 to 84 age group, and 10.5% among the 85 and older age group in the PMA. While the population in these age cohorts is projected to grow, utilization rates are expected to decline. As such, total skilled nursing bed demand in the PMA will increase slightly to 192 beds through 2022.

As identified earlier, there are 193 skilled nursing beds in the PMA. Based on the average utilization rate for skilled nursing beds in Wisconsin of 90.4% (per the Wisconsin Department of Health Services Long-Term Care Scorecard Report), there are an estimated 174 beds in the PMA serving the local population.

As shown in Skilled Care Demand table on the following page, it appears that there is limited excess demand potential for additional skilled nursing beds in the PMA in 2017, with modest growth occurring by 2022.

SENIOR HOUSING ANALYSIS

TABLE F-7 SKILLED CARE DEMAND PRIMARY MARKET AREA 2017 & 2022						
Age Group	2017			2022		
	Nursing Care Need*	Population	Bed Need	Nursing Care Need*	Population	Bed Need
Primary Market Area						
65 to 84	2.5%	4,491	112	2.2%	5,736	126
85+	10.9%	579	63	10.5%	624	66
Total:		5,070	175		6,360	192
			↓			↓
Local Demand			175	192		
(beds/65+ pop.) - PMA			38.1	30.3		
(beds/85+ pop.) - PMA			333.3	309.3		
Number of Existing Beds in PMA			193	193		
(times) Average Utilization Rate in WI			x 90.4%	90.4%		
Total Beds Serving PMA Population			174	174		
Excess Demand Potential for Skilled Nursing Beds			= 1	17		
(times) % capturable in River Falls			x 65%	65%		
Demand Potential for Beds in River Falls			= 1	11		
*NOTE: Includes demand for long-term, short-term, respite and hospice care and is based on average length of stay for each component.						
Sources: Wisconsin Department of Health Services; Center for Medicare and Medicaid Services, 2015 Nursing Home Compendium; Maxfield Research & Consulting, LLC						

Introduction

This section of the Comprehensive Housing Needs Analysis examines the need for additional special needs housing in River Falls by examining the following data:

- Number of people in River Falls with disabilities;
- Estimates of disability by household income level in River Falls;
- Housing facilities and service providers for persons with special needs;
- Homeless population counts; and,
- US Census American Community Survey results.

Persons with Disabilities

Data on the number of non-institutionalized people in the City of River Falls with disabilities was obtained from the 2016 US Census American Community Survey. The Census Bureau defines a disability as a long-lasting physical, mental, or emotional condition lasting six months or more.

Table G-1 on the following page shows the number of people by age group who are classified as having one or more disabilities, including; hearing, vision, cognitive (difficulty with various types of mental tasks), ambulatory (difficulty moving from place to place without aid), self-care, or independent living. A person can have more than one disability, so the age group subtotal by disability exceeds the number of persons with a disability for each age group. The following are key points from Table G-1.

- Overall, roughly 10.0% of River Falls' non-institutionalized population could have some form of disability, slightly higher than the MSA proportion of 9.6%.
- When comparing disabilities by age, 4.5% of the City's under-18 age population had a disability, as did about 7.5% of the age 18 to 64 population and 36.9% of the age 65 and over population.
- Cognitive disability is the most prevalent type of disability among children (under age 18) with 3.3% of the population, as well as the 18 to 64 age group (5.4%).
- Among seniors, the most common disability is ambulatory (22.2%). Independent living disabilities are also common among seniors (19.7%).

TABLE G-1 TYPE OF DISABILITY BY AGE OF NON-INSTITUTIONALIZED PERSON CITY OF RIVER FALLS 2016		
	<u>With a Disability</u>	<u>Percent with Disability</u>
Under age 18 years	113	4.5%
Hearing disability	0	0.0%
Vision disability	21	0.8%
Cognitive disability	82	3.3%
Ambulatory disability	7	0.3%
Self-care disability	21	0.8%
Age 18 to 64 years	826	7.5%
Hearing disability	159	1.4%
Vision disability	49	0.4%
Cognitive disability	595	5.4%
Ambulatory disability	251	2.3%
Self-care disability	107	1.0%
Independent Living Disability	256	2.3%
Age 65 years and over	573	36.9%
Hearing disability	221	14.2%
Vision disability	82	5.3%
Cognitive disability	215	13.9%
Ambulatory disability	345	22.2%
Self-care disability	208	13.4%
Independent Living Disability	306	19.7%
Total with Disabilities (all ages):	1,512	10.0%
Sources: Census 2016 ACS; Maxfield Research & Consulting, LLC		

Households with Limitations/Disabilities

The 2000 Census provided a strong dataset on the number of people with disabilities. Disability categories were expanded in the 2000 Census and included several categories. This data was not available for the 2010 Census and information obtained through the American Community Survey provides only limited information for selected larger communities. HUD Consolidated Planning division has compiled specific tabulations of households with various types of disabilities to address this issue. The special tabulations were developed using information specifically provided to HUD by the Census Bureau using an average of the years between 2010 and 2014.

Table G-2 on the following page summarizes the number of households in the City of River Falls that have identified some physical or mental limitation or none of the above limitations. Disabilities represented on the table include: hearing or vision impairment, ambulatory limitation (a condition that substantially limits one or more basic physical activities, such as walking,

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climbing stairs, reaching lifting, or carrying), cognitive (difficulty learning, remembering, or concentrating) and self-care or independent living limitation (household requires assistance with activities of daily living such as bathing, dressing, grooming). A household may have more than one member with these limitations and an individual may have more than one limitation.

Type of Limitation and Income Category	Total HHs		Owner HHs		Renter HHs	
	No.	Pct.	No.	Pct.	No.	Pct.
Households w/Incomes at or less than 30% AMI						
With a hearing or vision impairment	100	1.6%	10	0.3%	90	2.9%
With an ambulatory limitation	145	2.4%	45	1.5%	100	3.2%
With a cognitive limitation	145	2.4%	25	0.8%	120	3.8%
With a self-care or independent living limitation	130	2.1%	30	1.0%	100	3.2%
With none of the above limitations	840	13.6%	75	2.5%	765	24.5%
Households w/Incomes greater than 30% but 50% or less of AMI						
With a hearing or vision impairment	50	0.8%	35	1.1%	15	0.5%
With an ambulatory limitation	100	1.6%	55	1.8%	45	1.4%
With a cognitive limitation	125	2.0%	25	0.8%	100	3.2%
With a self-care or independent living limitation	100	1.6%	25	0.8%	75	2.4%
With none of the above limitations	780	12.7%	160	5.3%	620	19.9%
Households w/Incomes greater than 50% but 80% or less of AMI						
With a hearing or vision impairment	30	0.5%	30	1.0%	0	0.0%
With an ambulatory limitation	65	1.1%	65	2.1%	0	0.0%
With a cognitive limitation	50	0.8%	20	0.7%	30	1.0%
With a self-care or independent living limitation	35	0.6%	35	1.1%	0	0.0%
With none of the above limitations	695	11.3%	210	6.9%	485	15.5%
Households w/Incomes greater than 80% of AMI						
With a hearing or vision impairment	140	2.3%	120	3.9%	20	0.6%
With an ambulatory limitation	130	2.1%	100	3.3%	30	1.0%
With a cognitive limitation	180	2.9%	95	3.1%	85	2.7%
With a self-care or independent living limitation	175	2.8%	120	3.9%	55	1.8%
With none of the above limitations	2,150	34.9%	1,765	58.0%	385	12.3%
Total	6,165	100.0%	3,045	100.0%	3,120	100.0%

Sources: HUD CHAS 2010-2014; Maxfield Research & Consulting, LLC

- Roughly 28% of renter households are occupied by a person with a disability, slightly higher than 27% of owner households. A large number of renter households (410 households) or 35% of all renter households with incomes of 30% or less of AMI indicated some type of limitation either vision/hearing, ambulatory, cognitive, or self-care.
- As incomes increase, the percentage of households with disabilities decreases. An estimated 38% of all households with incomes at or below 30% of AMI have disabilities, followed by 33% of households with incomes ranging from 30% to 50% of AMI. By comparison, 21% of households with incomes in the 50% to 80% of AMI range and 23% of households with incomes greater than 80% of AMI have disabilities.

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- In total, 3,045 owner households indicated some type of disability compared to 3,120 renter households. Owner households with disabilities are more likely to have higher incomes than are renter households with disabilities.

Wisconsin Continuum of Care

For the purpose of the Continuum of Care and homeless needs, the State of Wisconsin separates the states into the Dane County or Madison region, the Milwaukee area region and the Balance of the State. The Balance of the State includes 18 submarkets that compete for resources and services. Jurisdictions incorporated in the 18 submarkets including:

Brown, CAP, Central, Coulee, Dairyland, Fox Cities, Indianhead, Jefferson, Kenosha, North Central, Northeast, Northwest, NWISH, Rock Walworth, Washington, Waukesha, West Central and Winnebago land. Point-in-Time Counts for the West Central jurisdiction are compiled by West-CAP, the West Central Wisconsin Community Action Agency.

Point-in-Time (PIT) counts are unduplicated counts on a single night of people who are experiencing homelessness that includes sheltered and unsheltered populations. HUD requires that communities that are receiving funds from the McKinney-Vento Homeless Assistance grants conduct an annual count of all sheltered people in the last week in January. Sheltered facilities include emergency shelters, transitional housing and Safe Havens that provide shelter. Although unsheltered counts are required every other year, nearly all PIT counts include unsheltered in addition to sheltered. Volunteers and outreach workers are enlisted to enumerate the people that are living in places not meant for human habitation. Sheltered includes those in emergency shelters, transitional housing, hotels, group quarters and other locations that are providing temporary or short-term shelter. Unsheltered includes those that are identified as out in the open and unsheltered. These counts do not include those that may be staying with friends, relatives, or others where these individuals or families may not be able to be identified by the people making these counts.

During the counts, communities are required to identify whether the person is an individual, a member of a family unit or an unaccompanied youth under the age of 18 or 18 to 24. In addition, communities must identify if a person is chronically homeless, indicating long-time or repeated homelessness and the presence of a disability.

West Cap

WestCAP – West Central Wisconsin Community Action Agency, Inc. is located in Glenwood City, WI and as a community action agency, manages and provides a number of economic development, housing and social service programs to communities and counties in West Central Wisconsin. WestCAP's jurisdiction includes the counties of Barron, Chippewa, Dunn, Pepin, Pierce, Polk and St. Croix Counties.

Special Needs Housing Facilities

Emergency Shelter

Grace Place, an emergency shelter facility in New Richmond, Wisconsin, has 32 rooms that were converted from a former nursing home. The facility in New Richmond officially opened in October 2014 and serves people in St. Croix, Pierce and Polk Counties. Grace Place relocated to the New Richmond facility after its smaller facility in Somerset, Wisconsin was regularly full to capacity and turn-aways were far exceeding their ability to serve those that need assistance. Despite the additional capacity in New Richmond, Grace Place still has to turn away some individuals and families each year due to over capacity at its facility. Programs offered at the shelter are designed to assist residents in achieving greater independence and to promote housing stabilizations. Programs provided at Grace Place include: Budgeting Classes, Resume Writing and Interview Skills, Wellness Classes, Nutrition Classes, Rent Smart, Children & Adult Tutoring, Family Meals and Fellowship (Monday through Thursday evenings) and ADOA (Faith House provides transportation to addiction counseling of the residents' choice).

Although the location in New Richmond was a significant expansion from the Somerset facility, capacity issues for the emergency shelter still exist. Residents are allowed to reside at Grace Place for a period of up to 90 days. During that period, the goal is to establish a housing stabilization program for the individual or family in order for them to become independent.

The Salvation Army operates Grace Place. In addition, the Salvation Army also provides the following additional services to individuals and families in the area:

- Rent assistance
- Utility assistance
- Emergency hotel assistance
- Transportation assistance
- Transitional housing

State-wide programs offered by the Salvation Army to individuals and families in St. Croix, Pierce and Polk Counties include:

- Emergency Disaster Services
- Adult Rehabilitation Center
- Summer Camp
- State Patrol Assistance
- Prison Toy-Lift Program

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Transitional Housing

The Salvation Army assists individuals and families with a rent assistance program that will provide them with affordable, safe and decent housing for the period while they are waiting to be able to obtain a permanent low-income housing option. The applicant must meet eligibility guidelines and the rental unit selected (choice of the applicant) must pass HUD guidelines and the landlord of the unit must agree to participate in the program. If there is no funding available at the time of the request, the applicant is placed on a waiting list until funding becomes available.

In addition, funding and options for those seeking transitional housing remain very tight and as was mentioned previously, households may have to leave the area because they are unable to find available affordable housing that will meet the eligibility criteria. Many landlords are unwilling to accept rental assistance or participate in a HUD voucher program.

Domestic Violence

Turning Point in River Falls provides emergency shelter and support to victims of domestic violence and their children. The shelter has been in existence since 1989, is staffed 24 hours per day, 365 days per year, with a capacity for 20 beds. At times however, a limited number of additional beds may be incorporated temporarily to be able to house complete families. Counseling and resource assistance is also provided. Turning Point also has a satellite location in New Richmond in St. Croix County that provides safety planning, one-on-one support, legal system support and other services. Turning Point operates Second Chances, second hand store, which accepts donations of gently used items that are given to shelter residents who are in need of clothing and household goods. Second Chances Thrift Store is also open to the public and revenue from the store goes to support Turning Point's annual budget.

Turning Point consistently serves an average of about 1,000 adults and children annually. An Estimated 60% of those are children. Unfortunately, Turning Point has had to turn away some victims seeking shelter because the shelter has been at capacity. In one year, the shelter has turned away approximately 100 people seeking shelter and safety from domestic violence. Turning Point works to stabilize clients' situations before relocating them. Shelter clients are allowed to remain at the shelter for a period of up to 90 days. Trying to find safe, secure and suitable housing is a consistent challenge. There is not enough affordable housing in the area and some of the affordable options that are available may not be viewed by clients as having a safe and secure environment, especially for children. Some clients are forced to seek housing outside of the area because of the very limited availability of housing that will serve their needs. This was a consistent message across all of the providers that work with at-risk populations in St. Croix and Pierce Counties.

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Our Neighbor's Place (ONP) is located in River Falls and provides support, shelter and housing services to establish self-determination for individuals and families in Pierce and St. Croix Counties. Support is provided through four basic programs designed to help meet basic needs with a holistic approach. The Day Center provides comprehensive housing support and general advocacy. A transitional housing program assists a household's need for shelter and security. In 2017, Our Neighbor's Place provided services to 1,723 unique clients in St. Croix and Pierce Counties, with 53% of those served coming from River Falls.

The Day Center had a total of 3,171 points of contact in 2017, a substantial increase over the 1,623 points of contact in 2016, almost double and a new record for the facility. Of those contacts, 51% were families, 44% were individuals and the remainder were unknown. Twenty (20%) percent of the contacts came from families or individuals that identified themselves as homeless. Of the contacts, 108 requested shelter referrals and 14 were provided motel vouchers (maximum stay of three nights). In 2017, the Day Center made a record number of referrals to partner agencies. As noted by Our Neighbor's Place, the housing counseling and general advocacy services were significantly important to their clients. The Day Center provides focused direct assistance to facilitate a client's self-determination and make connections (employment, legal, health care) necessary to procure or maintain their housing.

Housing counseling is one of the most sought-after services at ONP. In 2017, the Case Manager formally assessed and placed 187 clients on the prioritization list. Of those placed on the list, 36 were taken off and placed in an external housing program based on individualized needs. Another 21 clients were assisted in locating housing without using the prioritization list. This category includes a wide range of formal assistance such as helping fill out an application, contacting receptive landlords, assisting with appeals and locating funds to help with a move on a tight budget.

Our Neighbor's Place does not receive any federal funding, but instead relies on donations, volunteer support and other grant funding for its ongoing operations. It liaisons with other agencies and organizations to provide support for at-risk individuals and families in the area.

The Day Center provides laundry services, a mailing address, taxi vouchers for transportation to work, clinic and Workforce Resource Center, voice mail, phone, public shower, access to kitchen and food, Access to Youth Literature (Jumpstart to Literacy) and as the answering service, scheduling and meeting place for the Salvation Army of Pierce County. The Day Center also provides access to case management services if desired by guests.

Our Neighbor's Place also operates a backpack program that serves the nutritional needs of local children and the Closet store assists the community with free or reduced-price clothing. In 2016, Our Neighbor's Place connected 29 households with housing, delivered 1,393 backpacks and supported 1,648 individuals through programs and resources at the Day Center.

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The Community Closet Store is open at the day center for guests and the general public. Guests receive vouchers to shop for clothing and household items for free. For the general public, the items are low cost. Any profits from the Closet Store are used to purchase items that are difficult to keep regularly stocked or for seasonal items to meet the needs of guests.

Transitional housing is offered for families for residents of St. Croix and Pierce Counties. Client families work with an assigned case manager for up to 24 months while working toward goals to achieve long-term housing, employment and personal goals. The current transitional housing is a four-plex building that has two, two-bedroom and two, three-bedroom units. The transitional housing allows a household to stabilize their living situation prior to relocating to a more permanent housing location. The 24-month period is often critical in trying to reach a point where the household will be able to support themselves independently. Persons in an emergency shelter situation are typically only allowed to remain at the shelter for a period of 90 days. The 90-day period is often insufficient to be able to stabilize a housing situation for many households. Despite resources being available for individuals and families, insufficient time to stabilize their lives and/or limited case management support may cause a return to homelessness within a short period of time. The transitional housing served 9 adults and 13 children in 2017. Of the households served, two exited into permanent housing, one exited to emergency shelter and one exited back into homelessness.

Tenant-Based Rental Assistance (TBRA) is a program operated by WestCAP provides case management and payments to make up the difference between what a household can afford to pay for housing and the local rent standards. TBRA uses HUD funds to assist the individual rather than assist a particular housing unit. The household may take the TBRA to a different unit when they move. Greater flexibility is offered through TBRA to allow the household to select its neighborhood, school district, and type of housing (i.e. single-family, apartment, duplex, garden-style unit, etc.). Six households were carried over from 2016 and two were added in 2017 for a total of eight client households under ONP case management for the program.

Additional transitional housing could help more people reach stabilization in less time and potentially reduce the number of people that are chronically homeless.

Rapid re-housing is the program that has been adopted by the Federal government. While rapid re-housing is also effective, it may not provide the closer monitoring and support needed initially during the stabilization process. With transitional housing, the potential for chronic homelessness may be significantly reduced while long-term housing stability may be significantly increased.

Point-in-Time Counts

WestCAP oversees a seven-county area and coordinates the Point-in-Time Counts for all of the West Central Wisconsin district. Point-in-Time counts are collected annually each January to provide a consistent level of data regarding sheltered and unsheltered individuals in a geographic area. Wisconsin summarizes Point-in-Time counts separating data for the Madison and Milwaukee areas and then combining the remaining balance of the State into the third area.

The balance of the State covers a significant amount of area and it is difficult to draw substantive conclusions regarding the homelessness situation because many areas of the State outside of Madison and Milwaukee are so different. There are a number of regional centers in addition to small towns and very rural areas. It is generally accepted that the counts in the balance of the State are very conservative and typically undercounted and that homelessness is much greater than is shown by the counts alone.

The following show the Point-in-Time counts from the Balance of the State for the Continuum of Care program. The data from 2013 through 2015 shows that the number of total homeless decreased modestly for each count. Decreases were noted in households with children and households without children. West Central data for January 2017 was not available on-line. Further comparative analysis for the West Central District against other districts in the Balance of the State revealed relatively high proportions of homeless that are Veterans and an increasing proportion that are chronically homeless. These proportions confirm information provided through interviews with providers.

TABLE G-3 HOMELESS POINT-IN-TIME-COUNTS WEST CENTRAL DISTRICT				
Category	West Central District			
	Jan-13	Jan-14	Jan-15	Jan-17
Total Homeless	300	283	231	n/a
Total People in HHs w/Children	211	198	151	n/a
Total People in HHs w/o Children	89	85	80	n/a
Total People in HHs with only Children	0	0	0	n/a
% of Total BOS Homeless that are Veterans	1.50%	11.60%	11.80%	17.50%
% of Total BOS Homeless that are Chronically Homeless	14.10%	0.80%	3.80%	5.80%
% of Total BOS Homeless that are Youth	---	---	---	5.70%

Source: Wisconsin Balance of State Continuum of Care: Point-in-Time Counts

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Table G-4 depicts Point-in-Time counts for Pierce County, Wisconsin from July 2014 through January 2018. This information is provided by WestCap. As shown, the number of homeless in Pierce County has gradually declined, from 30 in July 2014 to 16 in January 2018. Between July 2014 and January 2018, Pierce County has averaged 20 homeless per count, including 19.75 sheltered and 0.25 unsheltered.

Month/Year	Sheltered	Unsheltered
July 2014	30	0
January 2015	20	0
July 2015	19	0
January 2016	21	1
July 2016	13	1
January 2017	18	0
July 2017	21	0
January 2018	16	0
Average	19.75	0.25

Notes: Through January 2016, Our Neighbor's Place operated as an emergency shelter and Turning Point operated as a domestic violence shelter. Starting with July 2016 count, Our Neighbor's Place provided only limited motel vouchers.

Source: WestCap

Agencies are trying their best to serve at-risk individuals, but staffing is limited. Those we spoke with indicated that ongoing case management and supportive services are often insufficient for a portion of people that cannot really manage on their own without some type of ongoing support.

Key needs identified through interviews include:

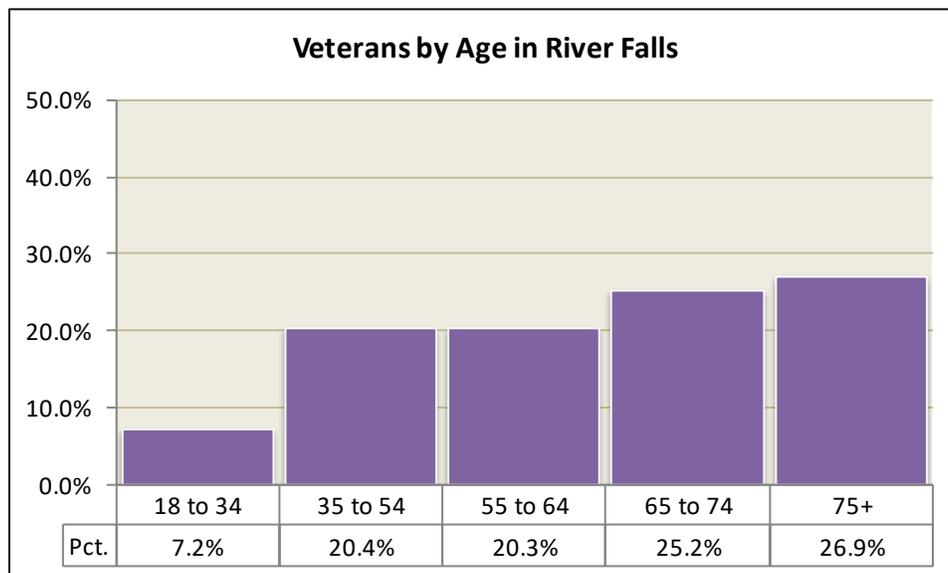
- Need for increased case management staff to provide longer-term support to those exiting shelter;
- Need for more affordable housing to serve low-income households that are exiting shelter;
- Need for more overall support services to assist households at-risk of becoming homeless with rental assistance, emergency assistance and other supports to help before the household becomes homeless.

Veterans

According to the Federal Government, a veteran is any person who served honorably on active duty in the armed forces of the United States. The following points summarize key demographic characteristics of the veterans residing in the City of River Falls. Data is sourced from the US Census Bureau’s American Community Survey 2016.

There are an estimated 691 veterans in River Falls. The following points summarize key findings regarding the Veteran population in River Falls:

- 35.7% are Vietnam Era veterans;
- 17.4% are Gulf War veterans (8/1990 to 8/2001);
- 15.8% are Gulf War (9/2001 or later) veterans;
- 12.0% are World War II veterans;
- 8.2% are Korean War veterans;
- 100% are male;
- 72.5% are over 55 years old;

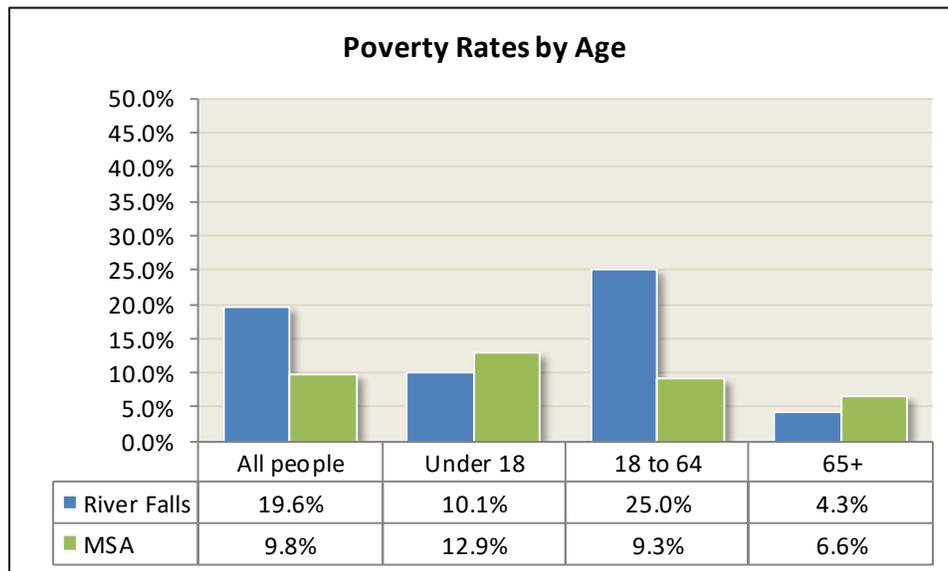


- 98% are White alone and 2% are Black or African American alone;
- Median income over the past 12 months (2016 inflation adjusted dollars) was \$36,607, compared to \$17,289 for the entire civilian population (age 18+) in River Falls;
- 71.4% are college-educated (Bachelor’s degree or higher, Associate’s degree or some college) compared to 74.7% for the civilian population age 25 and older;
- The labor force participation rate among veterans is 79.8% compared to 77.4% of the civilian population; and,
- 3.8% unemployment rate for veterans in the labor force, slightly higher than the civilian population (age 18 to 64) unemployment rate of 2.4%.

Poverty

The US Census Bureau uses a set of money income thresholds that vary by family size and composition to determine whether an individual is in poverty. If a family’s total income is less than the family’s threshold, then every individual in that family is considered in poverty. The following points summarize key findings from the American Community Survey 2016 Poverty Status report for River Falls compared to the MSA.

- Roughly 19.6% of River Falls’ population (2,497) is considered to be below poverty level, substantially higher than the MSA poverty rate of 9.8%
- An estimated 10.1% of all individuals under the age of 18 in River Falls are living in poverty, compared to 12.9% in the MSA.
- The poverty rate for individuals age 18 to 64 is significantly higher in River Falls (25.0%) than in the MSA (9.3%), while the 65 and older population has a lower poverty rate in River Falls (4.3%) than the MSA (6.6%).



- Of the 2,497 persons below poverty level in River Falls, 2,270 are White alone (18.5% of the White population), 111 are Asian alone (72% of the Asian population) and 116 are considered two or more races (56%).
- Roughly 11% of the age 25 and older population in River Falls with an educational attainment of less than a high school degree is living in poverty, compared to 26% in the MSA. Nearly 13% of the population with some college or an associate’s degree are below the poverty level in River Falls (7% in the MSA), and 7% of the population in River Falls that achieved a high school degree but no higher education is below the poverty level (11% in the MSA).
- Of the age 16 and older population living in poverty in River Falls, roughly 6% worked full-time in the past 12 months, 76% worked part-time, and 18% did not work in the past 12 months.

Introduction

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

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

AREA MEDIAN INCOME (AMI) DEFINITIONS	
Definition	AMI Range
Extremely Low Income	0% - 30%
Very Low Income	31% - 50%
Low Income	51% - 80%
Moderate Income Workforce Housing	50% - 120%

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

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

This rental supply is available through the private market, versus assisted housing programs through various governmental agencies. Property values on these units are lower based on a combination of factors, such as: age of structure/housing stock, location, condition, size, functionally obsolete, school district, etc. Because of these factors, housing costs tend to be lower.

HOUSING AFFORDABILITY

According to the *Joint Center for Housing Studies of Harvard University*, the privately unsubsidized housing stock supplies three times as many low-cost affordable units than assisted projects nationwide. Unlike assisted rental developments, most unsubsidized affordable units are scattered across small properties (one to four unit structures) or in older multifamily structures. Many of these older developments are vulnerable to redevelopment due to their age, modest rents, and deferred maintenance. Because many of these housing units have affordable rents, project-based and private housing markets cannot be easily separated. Some households (typically those with household incomes of 50% to 60% AMI) income-qualify for both market rate and project-based affordable housing.

Rent and Income Limits

Table H-1 shows the maximum allowable incomes by household size to qualify for affordable housing and maximum gross rents that can be charged by bedroom size in Pierce County and St. Croix County. These incomes are published and revised annually by the Department of Housing and Urban Development (HUD) and also published separately by the Wisconsin Housing and Economic Development Authority (WHEDA) based on the date the project was placed into service. Fair market rent is the amount needed to pay gross monthly rent at modest rental housing in a given area. This table is used as a basis for determining the payment standard amount used to calculate the maximum monthly subsidy for families at financially assisted housing.

TABLE H-1 HUD INCOME AND RENT LIMITS IN PIERCE COUNTY AND ST. CROIX COUNTY 2017									
---Income Limits by Household Size---									
	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON	9 PERSON
30% AMI	\$18,990	\$21,720	\$24,420	\$27,120	\$29,310	\$31,470	\$33,630	\$35,820	\$37,980
40% AMI	\$25,320	\$28,960	\$32,560	\$36,160	\$39,080	\$41,960	\$44,840	\$47,760	\$50,640
50% AMI	\$31,650	\$36,200	\$40,700	\$45,200	\$48,850	\$52,450	\$56,050	\$59,700	\$63,300
60% AMI	\$37,980	\$43,440	\$48,840	\$54,240	\$58,620	\$62,940	\$67,260	\$71,640	\$75,960
80% AMI	\$47,600	\$54,400	\$61,200	\$68,000	\$73,450	\$78,900	\$84,350	\$89,800	\$95,200
----Maximum Gross Rents by Bedroom Size----									
	0-BR	1-BR	2-BR	3-BR	4-BR	5-BR	6-BR		
30% AMI	\$474	\$508	\$610	\$705	\$786	\$868	\$949		
40% AMI	\$633	\$678	\$814	\$940	\$1,049	\$1,157	\$1,266		
50% AMI	\$791	\$848	\$1,017	\$1,175	\$1,311	\$1,446	\$1,582		
60% AMI	\$949	\$1,017	\$1,221	\$1,410	\$1,573	\$1,736	\$1,899		
80% AMI	\$1,190	\$1,275	\$1,530	\$1,768	\$1,972	\$2,176	\$2,380		
----Fair Market Rent by Bedroom Size----									
	EFF	1BR	2BR	3BR	4BR				
Fair Market Rent	\$699	\$862	\$1,086	\$1,538	\$1,799				
*Extremely Low Income defined as 30% AMI or less; Very Low Income defined as 30% to 50% AMI; Low-income defined as 50% to 80% AMI									
Sources: WHEDA; HUD; Maxfield Research & Consulting, LLC									

HOUSING AFFORDABILITY

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

TABLE H-2 MAXIMUM RENT BASED ON HOUSEHOLD SIZE AND AREA MEDIAN INCOME PIERCE AND ST. CROIX COUNTY - 2017						
----- Maximum Rent Based on Household Size (@ 30% of Income) -----						
Unit Type	HHD Size Min - Max	30% AMI Min - Max	40% AMI Min - Max	50% AMI Min - Max	60% AMI Min - Max	80% AMI Min - Max
Studio	1 - 1	\$475 - \$475	\$633 - \$633	\$791 - \$791	\$950 - \$950	\$1,190 - \$1,190
1BR	1 - 2	\$475 - \$543	\$633 - \$724	\$791 - \$905	\$950 - \$1,086	\$1,190 - \$1,360
2BR	2 - 4	\$543 - \$678	\$724 - \$904	\$905 - \$1,130	\$1,086 - \$1,356	\$1,360 - \$1,700
3BR	3 - 6	\$611 - \$787	\$814 - \$1,049	\$1,018 - \$1,311	\$1,221 - \$1,574	\$1,530 - \$1,973
4BR	4 - 8	\$678 - \$896	\$904 - \$1,194	\$1,130 - \$1,493	\$1,356 - \$1,791	\$1,700 - \$2,245

Sources: WHEDA; HUD; Maxfield Research & Consulting, LLC

Housing Cost Burden

Table H-3 on the following page shows the number and percentage of owner and renter households in River Falls and the PMA compared to the MSA that pay 30% or more of their gross income for housing. This information was compiled from the American Community Survey 2015 estimates.

The Federal standard for affordability is 30% of income for housing costs. Moderately cost-burdened is defined as households paying between 30% and 50% of their income to housing; while severely cost-burdened is defined as households paying more than 50% of their income for housing.

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

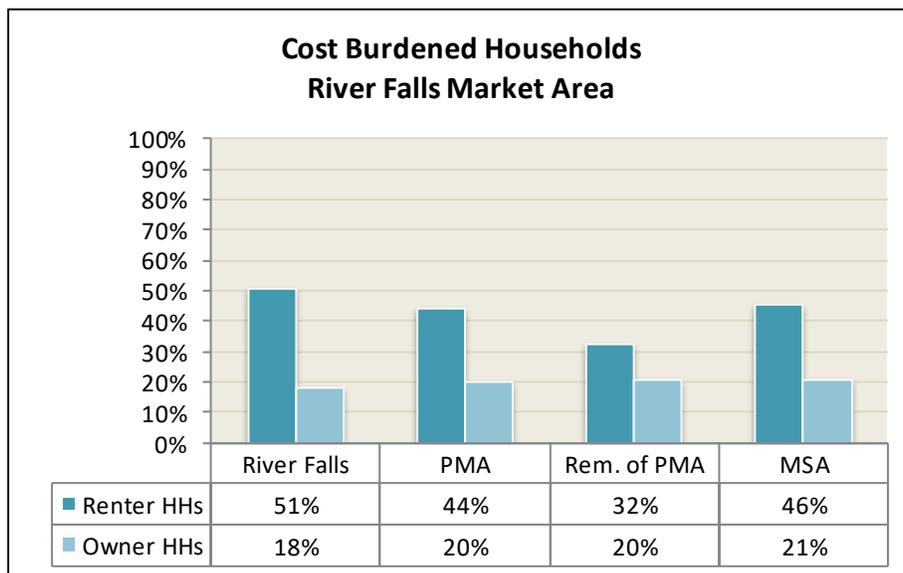
- In total, an estimated 1,844 households in River Falls were considered to be cost-burdened in 2016, representing roughly 35% of all households in the City.
- By comparison, 22% of households in the Remainder of the PMA were cost-burdened (2,063 households) in 2016 and 28% of households in the MSA were cost-burdened.

**TABLE H-3
HOUSING COST BURDEN
RIVER FALLS MARKET AREA
2016**

	River Falls		PMA		Rem. of PMA		MSA
	No.	Pct.	No.	Pct.	No.	Pct.	Pct.
Owner Households							
All Owner HHs	2,623		10,512		7,889		
Cost Burden 30.0% or greater	481	18.3%	2,098	20.0%	1,617	20.5%	20.8%
Cost Burden 30.0% to 34.9%	113	4.3%	568	5.4%	455	5.8%	5.7%
Cost Burden 35.0% to 49.9%	296	11.3%	992	9.4%	696	8.8%	7.8%
Cost Burden 50.0% or more	72	2.7%	538	5.1%	466	5.9%	7.3%
Owner HHs w/ incomes <\$50,000	590		1,796		1,206		
Cost Burden 30.0% or greater	252	42.7%	929	51.7%	677	56.1%	56.8%
Renter Households							
All Renter HHs	2,697		4,081		1,384		
Cost Burden 30.0% or greater	1,363	50.5%	1,809	44.3%	446	32.2%	45.7%
Cost Burden 30.0% to 34.9%	322	11.9%	421	10.3%	99	7.2%	8.9%
Cost Burden 35.0% to 49.9%	365	13.5%	490	12.0%	125	9.0%	14.4%
Cost Burden 50.0% or more	676	25.1%	898	22.0%	222	16.0%	22.4%
Renter HHs w/ incomes <\$35,000	1,394		2,047		653		
Cost Burden 30.0% or greater	1,133	81.3%	1,534	74.9%	401	61.4%	82.9%
2016 Median Contract Rent	\$731		\$702		\$669		\$881

Sources: American Community Survey, 2012-2016 estimates; Maxfield Research & Consulting, LLC

- About 18% of owner households are estimated to be paying more than 30% of their income for housing costs in River Falls, lower than the Remainder of the PMA (20.5% of owner households) and the MSA (20.8%).



HOUSING AFFORDABILITY

- Approximately 50.5% of renter households pay more than 30% of their income on housing in River Falls, compared to 32.2% in the Remainder of the PMA and 45.7% in the MSA. The number of cost burdened households in River Falls increases proportionally based on lower incomes. About 81% of renters with incomes below \$35,000 are cost burdened and 43% of owners with incomes below \$50,000 are cost burdened.
- These percentages are slightly higher in the MSA, as 83% of renter households with incomes below \$35,000 are cost burdened and 57% of the owner households with incomes below \$50,000 are cost burdened.
- Roughly 3% of owner households in River Falls are severely cost-burdened (50% or more of their income toward housing costs), notably lower than the MSA (7.3%) and the Remainder of the PMA (5.9%). Approximately 25% of renter households in River Falls are severely cost-burdened, higher than the MSA (22%) and the Remainder of the PMA (16%).

Housing Choice Voucher Program

The River Falls Housing Authority administers the Section 8 Housing Choice Voucher Program within the City of River Falls. The Program utilizes the existing private rental market in the City to provide affordable housing for low-income families, elderly, and disabled persons. Program participants pay a minimum of 30% of their monthly adjusted income toward rent. The program provides rental assistance which is the difference between the participants rent portion and the actual rent. The Housing Authority is serving 63 households through the Voucher Program, and the waiting list is at 361. The waiting list for the program was closed on October 31, 2016.

The St. Croix-Pierce County Housing Authority is located in Glenwood City in St. Croix County and serves the two-county area. The City of Hudson and the City of River Falls each operate their own housing authorities separately from this agency and receive their own voucher allocations. The St. Croix-Pierce County Housing Authority is managed by WestCAP.

The St. Croix-Pierce County Housing Authority (SCPCHA) manages the Section 8 Voucher Program for the geographic areas that are outside of Hudson and River Falls. However, households may use the voucher at any location where they are able to find suitable housing that meets the evaluation and payment standards including Hudson and River Falls. Households may port a voucher outside of these two counties, but will not receive assistance for any rents that are above the payment standards listed below. At this time, the SCPCHA is serving 95 households through the Section 8 Voucher program. Households may apply to the wait list, but at this time, the wait is going on four years for a voucher. A number of households that already have vouchers have had those vouchers for many years and turnover is very low. There is very limited affordable housing in St. Croix and Pierce Counties and demand is substantial. Market rents in the area are considered to be high and it is difficult for households to find housing at a level that will meet the Payment Standards and where a landlord will accept a voucher.

HOUSING AFFORDABILITY

Maximum income limits range from 30% to 50% of a household's Adjusted Gross Income (AGI) taking into account family size. Current rental payment standards (include utility expense) for the Voucher Program for the SCPCHA are:

0 Bedrooms	\$699 per month
1 Bedroom	\$862 per month
2 Bedroom	\$1,086 per month
3 Bedroom	\$1,538 per month
4 Bedroom	\$1,799 per month

Housing Costs as Percentage of Household Income

Housing costs are generally considered affordable at 30% of a households' adjusted gross income. Table H-4 on the following page illustrates key housing metrics based on housing costs and household incomes in River Falls. The table estimates the percentage of householders that can afford rental and for-sale housing based on a 30% allocation of income to housing. Housing costs are based on the River Falls averages. The housing affordability calculations assume the following:

For-Sale Housing

- 10% down payment with good credit score
- Closing costs rolled into mortgage
- 30-year mortgage at 4.00% interest rate
- Private mortgage insurance (equity of less than 20%)
- Homeowners insurance for single-family homes and association dues for townhomes
- Owner household income estimates per 2016 ACS

Rental Housing

- Background check on tenant to ensure credit history
- 30% allocation of income
- Renter household income estimates per 2016 ACS

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

- An estimated 83% of existing owner households could afford to buy a moderately-priced entry-level single-family home (\$175,000) in River Falls. The proportion of income-qualified households declines as the sale price increases, and roughly 60% of existing owner households could afford to purchase a move-up single-family home priced at \$300,000. The proportion able to afford an executive single-family home priced at \$400,000 declines to 41% of existing owner households.

HOUSING AFFORDABILITY

- An estimated 66% of existing renter households can afford to rent a one-bedroom unit in River Falls (\$519/month). The percentage of renter income-qualified households decreases to only 51% that can afford an existing three-bedroom unit (\$750/month). Furthermore, an estimated 42% of renters could afford to rent a one-bedroom apartment within a new development renting for \$900 per month.

For-Sale (Assumes 10% down payment and good credit)						
	Detached Single-Family			Townhome/Condo/Twinhome		
	Entry-Level	Move-Up	Executive	Entry-Level	Move-Up	
Price of House	\$175,000	\$300,000	\$400,000	\$125,000	\$200,000	
Pct. Down Payment	10.0%	10.0%	10.0%	10.0%	10.0%	
Total Down Payment Amt.	\$17,500	\$30,000	\$40,000	\$12,500	\$20,000	
Estimated Closing Costs (rolled into mortgage)	\$5,250	\$9,000	\$12,000	\$3,750	\$6,000	
Cost of Loan	\$162,750	\$279,000	\$372,000	\$116,250	\$186,000	
Interest Rate	4.00%	4.00%	4.00%	4.00%	4.00%	
Number of Pmts.	360	360	360	360	360	
Monthly Payment (P & I)	-\$777	-\$1,332	-\$1,776	-\$555	-\$888	
(plus) Prop. Tax	-\$219	-\$375	-\$500	-\$156	-\$250	
(plus) HO Insurance/Assoc. Fee for TH	-\$58	-\$100	-\$133	-\$150	-\$150	
(plus) PMI/MIP (less than 20%)	-\$71	-\$121	-\$161	-\$50	-\$81	
Subtotal monthly costs	-\$1,125	-\$1,928	-\$2,571	-\$912	-\$1,369	
Housing Costs as % of Income	30%	30%	30%	30%	30%	
Minimum Income Required	\$44,984	\$77,116	\$102,821	\$36,465	\$54,744	
Pct. of PMA Owner Households	82.5%	59.6%	41.1%	87.3%	76.1%	
Rental (Market Rate)						
	Existing Rental			New Rental		
	<u>1BR</u>	<u>2BR</u>	<u>3BR</u>	<u>1BR</u>	<u>2BR</u>	<u>3BR</u>
Monthly Rent	\$519	\$649	\$750	\$900	\$1,100	\$1,300
Annual Rent	\$6,228	\$7,788	\$9,000	\$10,800	\$13,200	\$15,600
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	\$20,760	\$25,960	\$30,000	\$36,000	\$44,000	\$52,000
Pct. of PMA Renter Households	65.9%	57.3%	51.1%	42.2%	32.2%	23.5%

Source: Maxfield Research & Consulting, LLC

Introduction

This section summarizes demand calculated for specific housing products in River Falls and recommends development concepts to meet the housing needs forecast for the City. All recommendations are based on findings of the *Comprehensive Housing Needs Analysis*.

Demographic Profile and Housing Demand

The demographic profile of a community affects housing demand and the types of housing that are needed. The various housing life-cycle stages can generally be described as follows.

1. Entry-level householders

- Often prefer to rent basic, inexpensive apartments and will often “double-up” with roommates in apartment setting. Usually singles or couples without children in their early 20's.

2. First-time homebuyers and move-up renters

- Usually married or cohabitating couples in their mid-20's or 30's, some with children, but most are without children that prefer to purchase modestly-priced single-family homes or rent more upscale apartments.

3. Move-up homebuyers

- Typically families with children where householders are in their late 30's to 40's and prefer to purchase newer, larger, and therefore more expensive single-family homes.

4. Empty-nesters (persons whose children have grown and left home) and never-nesters (persons who never have children)

- Generally couples in their 50's or 60's that prefer owning but will consider renting their housing and some will move to alternative lower-maintenance housing products.

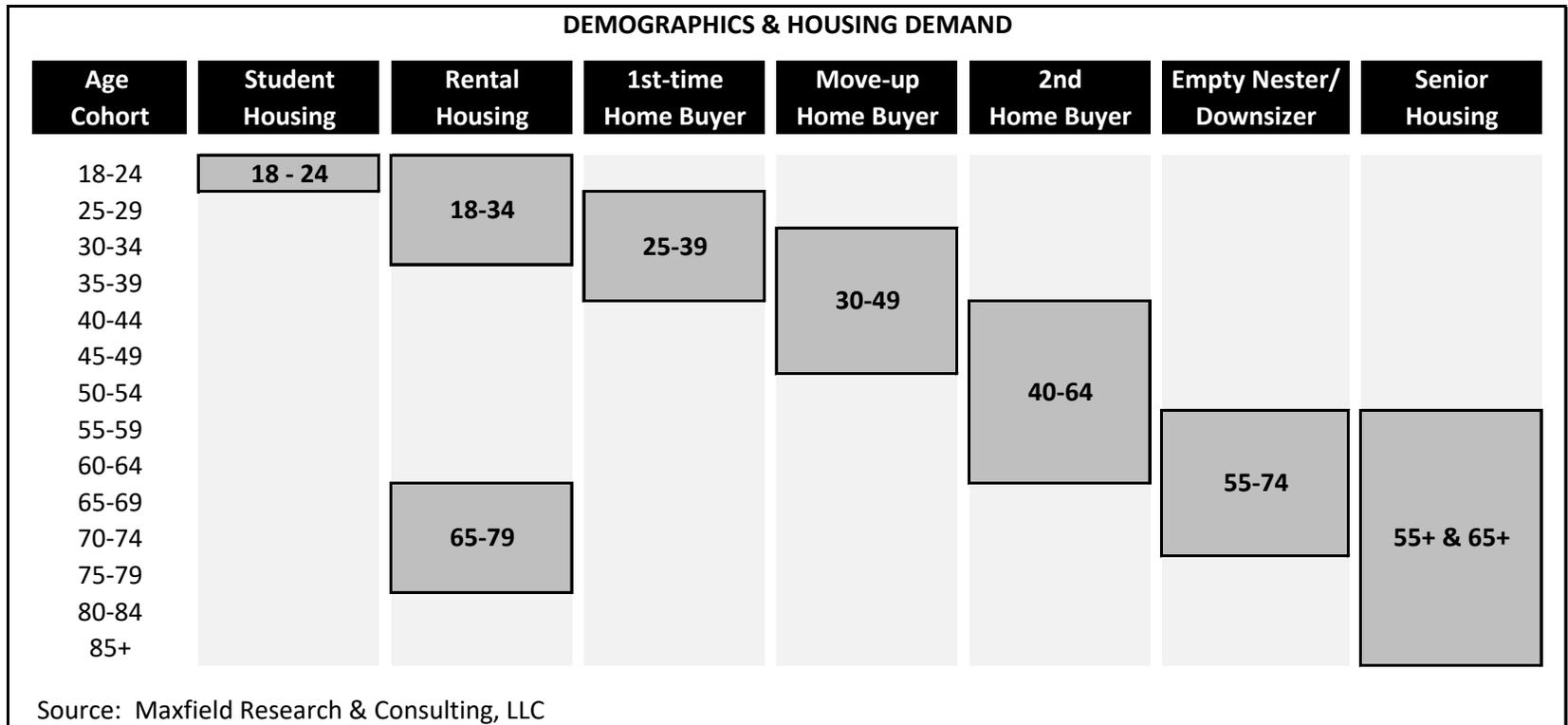
5. Younger independent seniors

- Prefer owning but will consider renting their housing and will often move (at least part of the year) to retirement havens in the Sunbelt and desire to reduce their responsibilities for housing 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.

CONCLUSIONS & RECOMMENDATIONS



CONCLUSIONS & RECOMMENDATIONS

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

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 vacant housing available to absorb the increase in households. Demand is also affected by shifting demographics such as the aging 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. 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.

CONCLUSIONS & RECOMMENDATIONS

Demographic shifts are a significant factor influencing housing demand. Household growth and formation are critical (natural growth, immigration, etc.), as well as household types, size, age of householders, incomes, etc.

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.

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.

The existing housing stock 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.

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 improved as lenders have eased restrictions that had been in place after the Great Recession. As a result, many borrowers have been taking the opportunity to seek for-sale housing within their means or refinancing their current residence.

It is important to note that demand is somewhat fluid between River Falls and other western Wisconsin (and eastern MSA) communities. Housing demand in River Falls will be impacted by development activity in nearby areas, notably in other communities in Pierce and St. Croix County, Wisconsin and Washington County, Minnesota.

Housing Demand Summary

The following table and charts illustrate calculated demand by product type. Housing demand is comprised of several components, including projected household growth, pent-up demand (i.e. below equilibrium rental housing vacancy rates), and replacement needs (housing functionality or physically obsolete units). It is important to recognize that projected household growth is highly dependent on the availability of suitable housing options in River Falls.

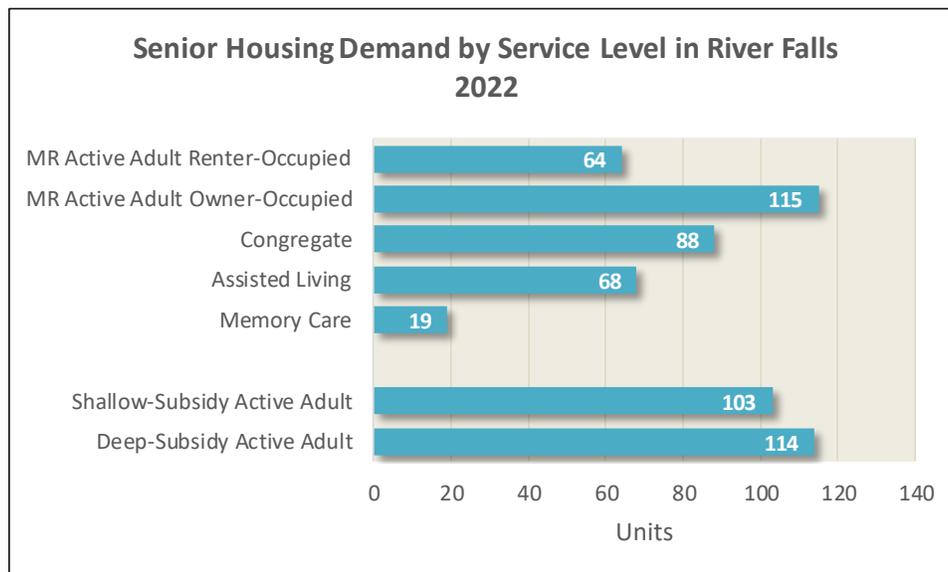
TABLE I-1 SUMMARY OF HOUSING DEMAND CITY OF RIVER FALLS January 2018		
General Occupancy Housing		
	2017 - 2030	
For-Sale Units	834	
Single-Family	542	
Multifamily	292	
Rental Units	684	
Market Rate	274	
Shallow-Subsidy	205	
Deep-Subsidy	205	
Total General Occupancy Housing Units	1,518	
Senior Housing		
	2017	2022
Market Rate Senior Housing		
Market Rate Active Adult	146	179
<i>Renter-Occupied</i>	51	64
<i>Owner-Occupied</i>	95	115
Congregate	66	88
Assisted Living	51	68
Memory Care	4	19
Total Market Rate Senior Housing Units	267	354
Subsidized Senior Housing		
Shallow-Subsidy Active Adult	95	103
Deep-Subsidy Active Adult	102	114
Total Subsidized Senior Housing Units	197	217
Source: Maxfield Research & Consulting, LLC		

CONCLUSIONS & RECOMMENDATIONS

In total, we find demand to support 1,518 general occupancy housing units between 2017 and 2030. Demand is expected to be weighted slightly more toward for-sale housing (834 units) than rental housing (684 units).



We also found excess demand for a total of 571 senior housing units in 2022. Of these senior units, roughly 62% would be market rate housing and the remaining 38% would be shallow-subsidy or deep-subsidy units. This level of senior housing demand (particularly market rate active adult) may not be realized in the short-term as many seniors, especially in rural areas, prefer to age in place and delay moving to senior housing until they need services.



Recommendations

Based on the findings of the analysis and demand calculations, Tables I-2 through I-4 on the following pages summarize recommended development concepts for general occupancy and senior housing in River Falls through 2030. It is important to note that these proposed concepts are intended to act as a development guide to meet the housing needs of existing and future households in the City.

For-Sale Housing

Based on information gathered on for-sale properties in the City along with feedback from local officials, major employers and area real estate professionals, we provide the following conclusions regarding the for-sale housing market in River Falls. Our recommendations include a breakdown of units by price range: entry-level housing is defined as housing priced less than \$200,000; move-up housing is priced between \$200,000 and \$400,000; and, executive housing is priced over \$400,000.

- Demand was estimated at 834 units of new for-sale housing in the City by 2030. The general consensus is there is demand for many types of housing in the area, but based on recent sale transactions, housing demand appears to be highest for move-up housing in the \$200,000 to \$299,999 range (43% of all sales). Entry-level housing priced between \$150,000 and \$199,999 in River Falls is also in high demand.
- Multifamily housing can be an option for buyers looking for a starter home and households seeking to downsize or don't want the responsibilities of upkeep and maintenance. As such, we estimate that 35% of the demand for new for-sale housing development in the City will be multifamily units and we recommend that most for-sale multifamily units in the City be geared toward the entry-level market or for older households.
- While there is currently strong demand for homes below \$200,000, it is difficult to build new single-family detached housing in that price range. One way to provide entry-level single-family housing is to generate household turnover by increasing the supply of move-up and executive housing.
- Entry-level home demand will primarily be satisfied by existing single-family homes as residents of existing homes move into move-up and executive housing products built in the community. A move-up buyer is typically one who is selling one house and purchasing another one, usually a larger and more expensive home. The move is typically desired because of a lifestyle change, such as a new job or a growing family. The 45 to 54 and 35 to 44 age groups are target markets for move-up and executive housing.

CONCLUSIONS & RECOMMENDATIONS

TABLE I-2 GENERAL OCCUPANCY FOR-SALE HOUSING RECOMMENDATIONS CITY OF RIVER FALLS January 2018			
Product Type	% of Total	# of Units	Development Timing
Single-Family	65%	542	
Entry-Level (less than \$200,000)	30%	163	2018+
Move-up (\$200,000 - \$400,000)	55%	298	2018+
Executive (over \$400,000)	15%	81	2019+
Multifamily	35%	292	
Entry-Level (less than \$200,000)	50%	144	2018+
Move-up (over \$200,000)	50%	146	2018+
Total For-Sale Housing	100%	834	
Entry-Level	37%	307	2018+
Move-up	53%	444	2018+
Executive	10%	81	2019+

Source: Maxfield Research & Consulting, LLC

- In total, demand was identified for 542 single-family homes in the City between 2017 and 2030. Based on the age distribution of City households along with comments from real estate professionals, we recommend that that 55% of these homes be priced in the move-up range (298 units), 15% priced as executive homes (81 units), and 30% in the entry-level price range (163 units).
- Demand was also identified for 292 multifamily units. Because the multifamily target market will likely be first-time homebuyers or older householders looking to downsize, we recommend that multifamily housing be evenly split between the entry-level and move-up price ranges.
- According to Table D-7 in the For-Sale Market Analysis section, there are 105 residential lots available for development in the City. On average, subdivisions in River Falls have absorbed lots at a rate of roughly 7.3 lots per year. Based on the average absorption of 51.0 lots per year, the 105 undeveloped lots could take approximately two years to be developed. This assumption does not take into account the quality and marketability of specific lots.
- The industry standard for a balanced lot supply is three to five years. As such, it appears that the existing supply of platted lots in River Falls is not sufficient to meet demand through the end of the decade.

CONCLUSIONS & RECOMMENDATIONS

Multifamily owned products that would enable the homeowner to reduce or eliminate the burden of exterior maintenance, but yet still provide a comfortable and attractive living environment are expected to experience growing demand over the next several years. While empty-nesters and independent seniors are, in growing numbers, seeking more flexible living arrangements, development of these types of housing units dropped off considerably during the recession and many builders have been reluctant to move back into this product. As market pressures for these products increase, it is likely that more builders will see an opportunity to satisfy a portion of this demand.

Product types such as townhomes, detached townhomes and twinhomes along with condominiums fit into this category. Recent building code changes have increased the construction costs of these products and the potential of future homeowner litigation against developers has also increased the risk to the contractor and the developer to construct these products. This situation has, in some communities stifled what was an active new construction townhome market.

In addition to empty nesters and young seniors (65 to 74 years) who are the primary target market for twinhomes and detached villas, mid-age professionals, particularly singles and couples without children, 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 an owned row home or townhome to be more affordable than purchasing a new single-family home. Over the past ten years, multifamily resales have averaged roughly 22% of total resales in River Falls and the median sales price have averaged -29% lower than for single-family homes.

Based on changing demographics over the next ten to 15 years and a growing demand for alternative housing products, demand was calculated for 292 new multifamily for-sale units in River Falls to 2030. Given the aging of the population and the high growth rate in the 55+ population (especially 65-74 age cohorts), River Falls would benefit from a more diverse owner-occupied housing stock. These attached units could be developed as twin homes, detached townhomes or villas, townhomes/row homes, or any combination thereof. Because the primary target market is empty-nesters and young seniors, the majority of townhomes should be single-level, or at least have a master suite on the main level if a unit has two stories.

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

- *Twinhomes*– By definition, a twin home is two units with a shared wall with each owner owning half of the lot. Some single-level living units are designed in three-, four-, or even six-unit buildings in a variety of configurations, but these are less usual. The swell of support for twinhome and single-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 independent rental housing or service-enhanced properties (i.e. downsizing or right sizing).

CONCLUSIONS & RECOMMENDATIONS

Traditionally most twin home developments have been designed with the garage being the prominent feature of the home; 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 the aging River Falls 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.

Twinhome Examples



Standard Twinhome – garage on end



Standard Twinhome – garage in middle



Executive Twinhome with alternate garages



Executive-style Twinhome – front facing garage

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 homes, but are usually more expensive than rowhomes which are built in multi-unit buildings (4, 6, or 8-unit structures).

CONCLUSIONS & RECOMMENDATIONS

Twin homes are anticipated to be in demand for quite some time as older adults and seniors will move to this housing product with substantial equity in their existing single-family home and will be willing to purchase a maintenance-free home that is priced similar to their existing single-family home. Move-up twin homes have especially been popular in the Twin Cities Metro Area over the past few years, but we are seeing this product being developed in Duluth, St. Cloud, Rochester, Moorhead and other mid-size and smaller size communities in Minnesota.

- *Detached Townhomes/Villas* – A recent modern alternative to the twinhome is the single-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 home on a smaller scale while receiving the benefits of maintenance-free living. Many of these units are designed with a walk-out or lookout lower level if the topography warrants. We recommend lot widths ranging from 45 to 55 feet with main-level living areas between 1,600 and 1,800 square feet.

Detached Townhome/Villa Examples



Cottage-style (alley-loaded garage)



Executive-style – side garage entrance



Villa – Garage in front



2-story tuck-under

CONCLUSIONS & RECOMMENDATIONS

The main level living area usually features a master bedroom, great room, dining room, kitchen, and laundry room while offering a “flex room” that could be another bedroom, office, media room, or exercise room. 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 single-level villa product.

Pricing for a detached townhome/villa is traditionally more expensive than twinhomes due to larger lot sizes. Villa-style homes may often be priced equal to single-family homes in some communities where buyers prefer the lifestyle of the villa rather than a single-family home, but do not want to reduce the in-unit amenities. Base pricing of single-level villas should start at no more than \$250,000, but will fluctuate based on 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.

Townhome Examples



3-Plex (one-level living w/ basement)



Tuck-under garage



Row-house style



Back-to-back style (6-Plex)

CONCLUSIONS & RECOMMENDATIONS

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; empty-nester and young senior households often have substantial equity from the sale of their single-family homes to dedicate toward the purchase of a new residence.

In general, side-by-side townhomes were slow to recover from the recession in terms of pricing. Many townhome developments throughout Minnesota had a substantial portion of foreclosures and lender-mediated sales and were, therefore, attractive for real estate investors who purchase the units and then rented them out. There have been a few new townhome developments in the Twin Cities, which have sold out rapidly now that the housing market is in recovery and where single-family home prices have priced many buyers out of the market. New construction townhomes in River Falls should be considered as a viable owner-occupied product, but we recommend an initial focus on twinhomes for the empty-nester and young senior market segment.

General Occupancy Rental Housing

Our competitive inventory identified that the vacancy rates for all types of general occupancy rental product are well-below market equilibrium (5.0% vacancy rate), indicating that there is substantial pent-up demand for rental housing in River Falls. As of January 2018, the vacancy rate for market rate rental properties in River Falls was 1.2% while the affordable/tax credit and subsidized properties were 0.8% vacant.

Due to the positioning of much of the existing rental supply, a significant portion of the market rate units are priced at or below guidelines for affordable housing, which indirectly satisfies some demand from households that income-qualify for financially assisted housing. However, today's renter base is seeking newer rental properties with additional and updated amenities that are not offered in older developments. The majority of rental properties in River Falls do not provide modern features and amenities. Because of the low vacancy rate in the City, and based on feedback provided by local officials and real estate professionals, it appears that there is a need for new rental housing in the community.

Table I-3 on the following page provides a summary of the recommended mix of general occupancy rental housing including unit type, monthly rents, and development timing. Because the existing inventory of rental housing currently has vacancy rates that are below equilibrium, we suggest that there is an immediate need for new rental housing in River Falls.

The recommendations in this table are intended to reflect a potential development concept for individual developments. Total general occupancy rental demand between 2017 and 2030 exceeds the number of units shown in the table.

CONCLUSIONS & RECOMMENDATIONS

Based on our analysis, River Falls can accommodate approximately 274 new market rate rental housing units, 205 shallow-subsidy units, and 205 deep-subsidy units through 2030. Deep-subsidy projects are no longer being built as available funding is very limited. Rural Development would typically have rental assistance to support very low-income households.

TABLE I-3 RECOMMENDED RENTAL HOUSING DEVELOPMENT CITY OF RIVER FALLS 2017 to 2030			
	Monthly Rent Range¹	No. of Units	Development Timing
Market Rate Rental Housing			
Apartment-style (move-up)	\$900/1BR - \$1,300/3BR	70 - 80	2018+
Townhomes	\$1,300/2BR - \$1,600/3BR	40 - 50	2018+
Total		110 - 130	
Affordable Rental Housing			
Apartment-style	Moderate Income ²	50 - 60	2018+
Subsidized	30% of Income ⁴	40 - 50	2018+
Total		90 - 110	
¹ Pricing in 2018 dollars. Pricing can be adjusted to account for inflation.			
² Affordability subject to income guidelines per US Department of Housing and Urban Development (HUD)			
Source: Maxfield Research & Consulting, LLC			

- Market Rate Rental** – We recommend a new middle- to upper-market rental project with 70 to 80 units that will attract a diverse resident profile; including young to mid-age professionals as well as singles and couples across all ages. To appeal to a wide target market, we suggest a combination of apartment-style and townhome-style units with a mix of one-bedroom units, two-bedroom units, and three-bedroom units. Larger three-bedroom units would be attractive to households with children.

Monthly rents (in 2018 dollars) should range from \$900 for a one-bedroom unit to \$1,300 for a three-bedroom unit. Average rents in River Falls are approximately \$1.03 per square foot, however monthly rents in a new construction project should range from about \$1.20 to \$1.40 per square foot, depending on unit type, 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.

Because of construction and development costs, it may be difficult for a market rate apartment to be financially feasible with rents lower than the suggested per square foot price. Thus, for this type of project to become a reality, there may need to be a public – private partnership to reduce development costs and bring down the rents or the developer will need to provide smaller unit sizes.

CONCLUSIONS & RECOMMENDATIONS

New market rate rental units should be designed with contemporary amenities that include open floor plans, higher ceilings, in-unit washer and dryer, full kitchen appliance package, central air-conditioning, garage parking, and outdoor recreation (fire pit, grill area, etc.)

- Market Rate General Occupancy Rental Townhomes– In addition to the recommended apartment project, we find that demand exists for some larger townhome units for families – including those who are new to the community and want to rent until they find a home for purchase. We recommend a 40- to 50-unit project with rents of approximately \$1,300 for two-bedroom units to \$1,600 for three-bedroom units. Units should feature contemporary amenities (i.e. in-unit washer/dryer, high ceilings, etc.), an attached two car garage, and the development should provide open/green space as well as a playground facility to attract families with children.
- Shallow-Subsidy General Occupancy Multifamily Housing– We estimate that demand exists for about 205 shallow-subsidy units through 2030. Shallow-subsidy housing attracts households that cannot afford market rate housing units but do not income-qualify for deep-subsidy housing. Shallow-subsidy projects attract a broad group 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. Although there is an older supply of market rate apartment units in River Falls that indirectly services as affordable housing, we recommend a shallow-subsidy concept that would target residents at 40% to 60% AMI. We recommend a 50- to 60-unit project with one, two- and three-bedroom units. Units should feature central air conditioning, full appliance package, in-unit washer/dryer, and an attached one/two car garage.
- Deep-Subsidy Rental Housing– Subsidized housing receives financial assistance (i.e. operating subsidies, rent payments, etc.) from governmental agencies in order to make the rent affordable to low-to-moderate income households. Although we find demand for 205 deep-subsidy rental housing units through 2030, this housing is very difficult to develop financially. A new subsidized or public housing development would have pent-up demand. But since this housing is challenging to develop today, an alternative to a multifamily structure is to acquire single-site housing structures to meet a portion of this demand.

Through our interview process, it was suggested that there is a need to provide housing for people with disabilities. Through the Section 811 Supportive Housing for Persons with Disabilities program, HUD provides funding to develop and subsidize rental housing with support services available for very low- and extremely low-income adults with disabilities. A Section 811 deep-subsidy project in River Falls would meet a stated need by providing housing for this special needs population.

We believe the addition of the rental developments suggested above will provide greater housing choices in the City and will continue to serve the needs of households that live and/or currently work in River Falls.

CONCLUSIONS & RECOMMENDATIONS

Senior Housing

As illustrated in Table I-1, demand exists for a variety of senior housing products in the City of River Falls through 2022. Development of additional senior housing is recommended in order to provide housing opportunity to these residents as they age.

The development of additional senior housing serves a two-fold purpose in meeting the housing needs in River Falls: older adult and senior residents are able to relocate to new age-restricted housing in the City, and existing homes and rental units that were occupied by seniors become available to other new households. Hence, development of additional senior housing does not mean the housing needs of younger households are neglected; it simply means that a greater percentage of housing need is satisfied by housing unit turnover.

We found demand for most senior housing product types over the next several years, and vacancy rates among affordable/subsidized units, congregate units, and assisted living units is below equilibrium suggesting that there is pent-up demand for additional senior housing. However, vacancies among the market rate active adult, memory care, and skilled nursing facilities is above equilibrium indicating that these product types oversupplied at the current time.

Table I-4 provides a summary of the recommended mix of senior housing units by service level including product type, monthly rents, and development timing.

TABLE I-4 RECOMMENDED SENIOR RENTAL HOUSING DEVELOPMENT CITY OF RIVER FALLS 2022			
	Monthly Rent Range¹	No. of Units	Development Timing
Senior Housing (i.e. Age Restricted)			
Active Adult Market Rate Rental ²	\$1,300/1BR - \$1,700/2BR	40 - 50	2020+
Active Adult Shallow-Sub. Rental ²	Moderate Income	80 - 90	2018+
Catered Living ³	\$1,700 - \$4,500	80 - 90	2018+
Memory Care ⁴	\$4,000 - \$5,000	15 - 20	2022+
Total		230 - 270	
¹ Pricing in 2018 dollars. Pricing can be adjusted to account for inflation.			
² Alternative development concept is to combine active adult affordable and market rate active adult into mixed-income senior community			
³ Catered living is a hybrid concept of congregate and assisted living service levels.			
⁴ Memory care housing could be a component of an assisted-living or service-intensive building.			
Source: Maxfield Research & Consulting, LLC			

CONCLUSIONS & RECOMMENDATIONS

- Market Rate Active Adult Rental – Demand was projected for about 64 market rate active adult rental units in River Falls in 2022. Currently, there is one market rate active adult rental property in the City, which is 50% occupied (ten vacant units). It is likely there are seniors who currently reside in general occupancy housing that would consider a newer active adult rental product. In addition, there may be seniors who no longer want the burden of the maintenance of homeownership and would like the choice of additional active adult rental products. However, we do not recommend that a new market rate active adult development until the existing product reaches equilibrium (5% vacancy).
- Shallow-Subsidy and Deep-Subsidy Senior Rental – Demand was calculated for 103 shallow-subsidy active adult units through 2022. While there are a number of deep-subsidy senior housing units in the Market Area, there are only one moderate income project in River Falls. Many candidates for shallow-subsidy senior rental may be residents at older market rate rental properties. These older properties would have similar rents that would be considered affordable for these seniors. The lack of shallow-subsidy senior housing may be due to the cost and funding associated with this type of development. Therefore any shallow-subsidy senior housing project could best be incorporated into a mixed-income building to be feasible. We recommend a shallow-subsidy senior housing development in either a stand-alone building or incorporated within a mixed-income development.

While the study shows pent-up demand for deep-subsidy units in River Falls, the development of deep-subsidy senior housing can be challenging. Financing subsidized senior housing is difficult as federal funds have been shrinking. Therefore, a new development would likely rely on a number of funding sources; from low-income tax credits (LIHTC), tax-exempt bonds, Section 202 program, Rural Development 515 program, Rural Development rental assistance, among others.

- Service-Enhanced Senior Housing – We find demand for a total of 175 service-enhanced units in River Falls through 2022 (88 congregate units, 68 assisted living units, and 19 memory care units). This level of demand will likely best be satisfied with a continuum of care project, so a resident can change their level of care as they age without having to relocate from the facility.

Congregate Service Level

The monthly fees should include the base monthly rent, utilities, and some assisted living services, including: social, health, wellness and educational programs; 24-hour emergency call system; and, regularly scheduled van transportation. In addition, meals and other support and personal care services should be made available to congregate residents on a fee-for-service basis. When their care needs increase, residents should be provided the option of receiving assisted living services in their existing units, either in bundled packages or a-la-carte.

CONCLUSIONS & RECOMMENDATIONS

Assisted Living Service Level

The fees should include the base monthly rent, utilities, and assisted living services, such as: three meals per day plus snacks; weekly housekeeping and linen service; professional activity programs and scheduled outings; nursing care management; and 24-hour on site staffing. Additional services should also be available either in service packages or a la carte for an extra monthly charge.

Memory Care Component

We suggest that any memory care units be located in a separate, secured, self-contained wing located on the first floor of the building with its own dining and common area amenities including a secure outdoor patio and wandering area. Fees should include the base rent, utilities and services such as; medication reminders, medication administration, and personal care assistance, with other service packages available a-la-carte. The existing memory care units in River Falls are 18.2% vacant, well-above equilibrium (7% vacancy), so we do not recommend that additional memory care units be developed until the existing product achieves equilibrium.

Challenges and Opportunities

Tables I-1 to I-4 identified and recommended housing types that would satisfy the housing needs in River Falls through 2030. The following were identified as the greatest challenges and opportunities for developing the recommended housing types (in no particular order).

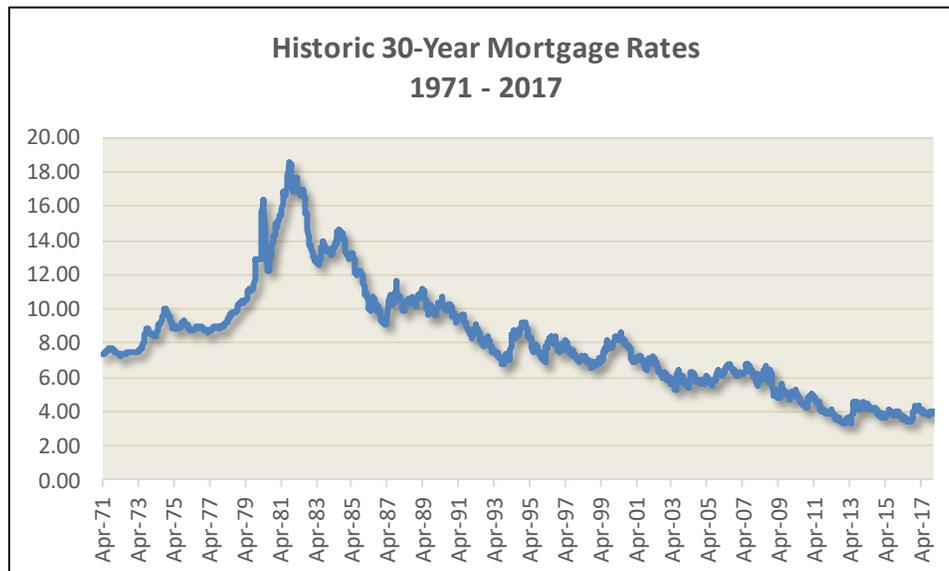
- **Affordability.** Approximately 18% of all owner households in River Falls are considered to be cost burdened, while 51% of the existing renter households in the City are considered cost burdened. Based on current home prices, roughly 70% of existing owner households in the River Falls PMA could afford to purchase a single-family home sold at the median sale price (\$245,000 in 2017). Roughly 66% of existing renter householders could afford to rent a one-bedroom unit at an existing market rate rental project; however, only 42% could afford monthly rents at a new rental development.

Because the cost to own a modestly-priced home is similar to the cost to rent a new market rate rental unit, some households may choose owning over renting in River Falls. However, the purchasing affordability factor will decrease with continued price appreciation, and there is a growing segment of the population that is choosing rental housing over ownership housing. These households are referred to as “lifestyle renters,” those with busy professional lives and people who prefer to spend their free time in leisure pursuits rather than on the upkeep and maintenance of a home.

CONCLUSIONS & RECOMMENDATIONS

- **Mortgage Rates.** Mortgage rates play a crucial role 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 30-year fixed rate mortgage according to Freddie Mac is at 3.99% for qualified buyers (December 28, 2017). A significant increase in rates (+1% or more; over 5% in the short term) would greatly affect the housing market and would slow projected for-sale 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 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%.



- **Job Growth/Employment.** Low unemployment often generates demand for both existing home purchases and new-home purchases. Pierce and St. Croix Counties have historically maintained a lower unemployment rate than the rest of the United States. The 2017 unemployment rates of 3.3% in Pierce County and 3.1% in St. Croix County were below equilibrium (generally considered to be 5.0%) and lower than the United States (4.4%). Current unemployment rates have come down from highs of 7.6% (Pierce County) and 8.0% (St. Croix County) in 2009.

It appears that increased hiring drove the unemployment rate down in the Market Area as growth in the number of employed residents outpace labor force growth since 2010. Due in large part to anticipated population and household growth, Pierce and St. Croix County are projected to experience continued job growth, through 2030, although the pace of job growth is projected to slow after 2020 throughout much of the surrounding Market Area, as the Region could experience potential labor force shortages and a surge in retirements.

CONCLUSIONS & RECOMMENDATIONS

River Falls is an exporter of workers as a higher number of residents leave the City for work than nonresidents commute into the City for work. However, with 3,555 workers commuting into the City of River Falls for employment daily, many coming from over 50 miles, there appears to be an opportunity to provide housing options for a portion of these workers.

- **Lot Supply.** Table D-7 inventoried active subdivisions with undeveloped lots in River Falls. Based on information provided by the City there are 105 platted lots available. Based on recent lot absorption trends, this supply of lots will last approximately two years, well below the industry standard for a balanced lot supply (three to five years). As such, it appears that the existing supply of platted lots in River Falls is not sufficient to meet demand through the end of the decade, and additional subdivision activity will be needed to support the projected demand for owner-occupied housing units.
- **Residential Development Costs.** Prior to the recession, land development was generally considered to be a profitable segment of the housing industry. However, due to raw land costs, entitlements, and the cost to develop infrastructure, developers will be cautious given achievable lot prices. Prolonged carrying costs due to slow lot absorption are deterrents for builders and developers who must absorb project development costs until the lots are sold.

The value of building lots is often benchmarked against the value of the completed retail housing package (sales price). Target ratios for builders show that the cost of sales should be held to 70% of the purchase price; 50% for construction hard costs and 20% for the land (raw land, improvements, financing costs, etc.) However, these ratios vary considerably based on builder, product, topography, lot type, etc. An improved single-family lot should generally cost from 18% to 25% of the projected retail price of the home. Land to home price values, however in many communities in the Twin Cities are averaging 25%.

Based on average lot costs of \$55,000 to \$65,000 in the active subdivisions in River Falls, the retail price for a new single-family home would range from \$275,000 to \$340,000 based on a 20% lot-to-home ratio. Approximately 70% of the homes sold in River Falls since 2015 have been priced below \$275,000 and 34% of the sales were priced less than \$200,000, suggesting that there is strong demand for modestly-priced housing in the City. As such, a public-private partnership should be explored to help alleviate the carrying costs for developers, which could bring down lot costs and stimulate the production of more moderately-priced housing units.

- **Multifamily Development Costs.** It may be difficult to construct new multifamily product with amenities today's renter's desire given market rents and development costs. According to construction costs data from the Craftsman 2016 National Building Cost Manual, construction costs in River Falls (utilizing construction averages for the St. Paul area) will likely average about \$143 per square foot to develop based on an exceptional quality project with ten or more units.

CONCLUSIONS & RECOMMENDATIONS

Development costs of this scale will likely require rents per square foot significantly higher than the existing product in River Falls. Based on these costs, it will be difficult to develop stand-alone multifamily housing structures by the private sector based on current market rents. As a result, a private-public partnership or other financing programs will likely be required to spur development and potentially reduce rent levels to bridge some of the gap between existing older product and new product.

- **Constructing Residential Units with SIPs.** One option to consider as an alternative to develop more affordable housing for entry level buyers and renters is to construct residential units with Structural Insulated Panels (SIPs). SIPs are a high-performance system for residential and light commercial construction. The panels consist of an insulating form core sandwiched between two structural facings, typically oriented over strand board (OSB). SIPs are manufactured under factory-controlled conditions and can be fabricated to fit nearly any building design. The result is a building system that is extremely strong, energy efficient and cost effective.

Building with SIPs generally costs the same as building with wood frame construction when you factor in the labor savings resulting from shorter construction time and less jobsite waste. Other savings are realized because smaller heating and cooling systems are required with SIP Construction.

As an example, Southwest Minnesota Housing Partnership is developing single-family homes in southwestern Minnesota utilizing SIPs. Floor plans are 2,200 square feet with an attached double-car garage, and pricing ranges from \$196,499 with an income restriction to \$221,200 without an income restriction. Additionally, Southwest Minnesota Housing Partnership recently developed a 48-unit three-story Low Income Housing Tax Credit apartment building using SIPs construction for approximately \$94 per square-foot.

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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 – Pierce and St. Croix County 2017

	----Fair Market Rent by Bedroom Size----				
	EFF	1BR	2BR	3BR	4BR
Fair Market Rent	\$699	\$862	\$1,086	\$1,538	\$1,799

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

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

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Generations – A generation is a group of people born in the same time period and raised in the same geographic area. Generations exhibit comparable characteristics because they experienced similar trends at roughly the same life stage and through similar channels. In America, there are six living generations.

GI Generation: Born between 1901 and 1926, they came of age during the Great Depression and fought in World War II; also referred to as “The Greatest Generation”.

Mature/Silent Generation: Born between 1927 and 1945 during the Great Depression and World War II; also referred to as “The Lucky Few”. This was a relatively small generation as their parents had fewer children due to financial insecurity and World War II.

Baby Boomers: Born just after World War II between 1946 and 1964; also referred to as the “me” generation. Increased birth rates during the post-World War II baby boom make this a relatively large generation.

Generation X: Born between 1965 and 1980; also referred to as the “Baby Bust” generation due to a decline in the birth rate following the baby boom.

Millennials: Born between 1981 and 2000; also known as “Generation Y”, “The 9/11 Generation”, and “Echo Boomers”. Children of baby boomers, this represents the largest generation since the baby boom. Buying homes and starting families later than previous generations.

Generation Z: Born after 2001; also known as “Boomlets”, “the iGeneration”, and “Post Millennials”. Children of Generation X and will be larger and more diverse than Baby Boomer and Millennial generations.

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 Pierce and St. Croix County in 2017 are as follows:

Maximum Gross Rent Pierce and St. Croix County – 2017

	-----Maximum Gross Rents by Bedroom Size-----						
	0-BR	1-BR	2-BR	3-BR	4-BR	5-BR	6-BR
30% AMI	\$474	\$508	\$610	\$705	\$786	\$868	\$949
40% AMI	\$633	\$678	\$814	\$940	\$1,049	\$1,157	\$1,266
50% AMI	\$791	\$848	\$1,017	\$1,175	\$1,311	\$1,446	\$1,582
60% AMI	\$949	\$1,017	\$1,221	\$1,410	\$1,573	\$1,736	\$1,899
80% AMI	\$1,190	\$1,275	\$1,530	\$1,768	\$1,972	\$2,176	\$2,380

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 household formations, changes in average household size, and net migration.

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

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

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

HUD Section 202 Program – Federal program that provides direct capital assistance and operating or rental assistance to finance housing designed for occupancy by 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.

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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.

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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.

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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.

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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.