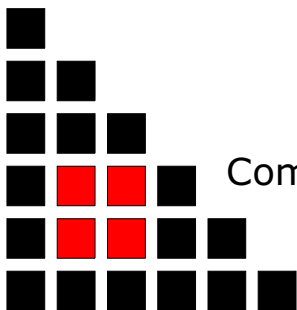


# City of Alexandria HOUSING STUDY UPDATE

October 2018

An updated analysis of the overall housing needs  
of the Alexandria area



Community Partners Research, Inc.

Lake Elmo, MN

651-777-1813

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## **Executive Summary**

This 2018 Housing Study Update was based on a previous document created for the Alexandria area in 2014. The Update has largely followed the format and content of the prior study, and is organized into sections as listed below. This Executive Summary follows in the same format, and provides some of the highlights from each of the individual sections.

- ▶ Demographic Data
- ▶ Projection Data
- ▶ Income and Housing Costs
- ▶ Existing Housing Data
- ▶ Rental Housing Inventory
- ▶ Senior Housing with Services Inventory
- ▶ Employment and Local Economic Trends
- ▶ Findings and Recommendations
- ▶ Alexandria in Comparison

### **Demographic Analysis Overview**

- ▶ Consistent with past studies, the City of Alexandria has been analyzed as a separate jurisdiction, but also as part of a larger aggregation, referred to as Greater Alexandria. There are six other jurisdictions in addition to Alexandria, including the City of Forada, and the Townships of Alexandria, Carlos, Hudson, Lake Mary and LaGrand.
- ▶ One of the primary demographic data sources used for this report is Esri, Inc. Unfortunately Esri's data for the City of Alexandria are often viewed as inaccurate. This is attributed to Esri's inability to accurately track annexation activity between the City and adjoining townships in past years. However, Esri's data for the entire Greater Alexandria area are much more reliable, and the use of Esri information has been based on this larger aggregated area. Even then, Community Partners Research has sometimes made some upward adjustments to Esri's estimates and projections based on locally-collected information.

### **Demographic Highlights**

- ▶ The City of Alexandria has continued its long history of population and household growth. The best available information shows that the City has accounted for the large majority of population and household growth for the Greater Alexandria area in recent years.

- ▶ Due to the unknown impact of past annexation, tracking growth within the City is difficult, but the Greater Alexandria area has been achieving average annual growth of up to 120 households each year during the current decade. But this average is impacted by some slower growth years earlier in the decade, and over the past few years this average has probably been closer to 150 or more households per year.
- ▶ Household growth at this estimated level is very consistent with identified growth in the housing stock. Since 2010, the combined jurisdictions that form Greater Alexandria have had annual new construction activity exceeding 150 units in an average year. With limited excess housing capacity, new unit creation and household growth have been directly connected.
- ▶ The anticipated age progression patterns identified in the 2014 Study have continued to unfold, as the large “baby boom” generation moves through the aging cycle. As a desirable place to live, Greater Alexandria continues to attract and retain older adult households. According to Esri, more than 51% of all Greater Alexandria area households in 2018 were headed by a person age 55 or older, up from approximately 47% of all households in 2010.

### **Projection Highlights**

- ▶ This Update has once again examined different projections for future growth within the Greater Alexandria area. A realistic forecast over the next five years is that Greater Alexandria will add between 155 and 170 households in a typical year. With nearly all of the renter household growth expected within the City, and some of the owner-occupancy growth, Alexandria will capture most of the area’s increase in households.
- ▶ For this growth potential to actually be achieved, especially within the City of Alexandria, a commensurate level of new housing unit creation will be required. In 2018, rental vacancy rates remain low and upward price pressure for home purchase indicates that demand exceeds supply.
- ▶ This Update also contains new age-based forecasts to the year 2023. The Esri projections show that more than 52% of all Greater Alexandria households will be age 55 and older by the year 2023, with the 10-year range between 65 and 74 showing the greatest numeric increase.

- ▶ Overall, Esri is projecting more limited growth in the number of younger adult households, age 54 and under. However, in the opinion of Community Partners Research, the Alexandria area has demonstrated the ability to grow faster than expected, and attracting a larger number of younger adult households is possible if suitable housing options are available. The area has a strong local economy with significant job growth over time, making it a desirable place for younger adult households to live.
- ▶ Greater Alexandria and all of Douglas County will continue to see growth in the older senior age groups through the five-year projection period. Although the advancement of the baby boom generation into the older ranges (age 75+) will not begin until after the year 2021, over time there will be an increased number of older senior citizens living in the area.

### **Income and Housing Cost Highlights**

- ▶ The primary source of information on income is the 2016 American Community Survey. Since the estimates are based on limited sampling, there is a margin of error that is applied to each estimate.
- ▶ According to the American Community Survey, there has been solid growth in the median household income and the median family income for the City of Alexandria between 2010 and 2016. However, the medians for the City are still well below the comparable County and Statewide medians. In 2016, the estimated median household income in Alexandria was \$44,140, compared to \$56,347 for Douglas County.
- ▶ Income distribution information by housing tenure continues to show a significant disparity between home owners and renters. Most of the area's lower income households were renters. The estimated median household income for Greater Alexandria renter households was \$30,050 in 2016. Nearly 43% of all renter households in the City had an annual income below \$25,000 and limited buying power for housing.
- ▶ The estimated median household income for home owners in Greater Alexandria was \$70,040, more than double the median for renters. Approximately 46% of all current owners had an annual income of \$75,000 or more.

- ▶ Many of the lower income renter households had a “housing cost burden”, defined as applying 30% or more of their income to housing. According to the 2016 American Community Survey, more than 50% of all renter households in Alexandria had a housing cost burden, and most of these were applying substantially more than 30% of their income. These households were distributed in all age ranges, including seniors.
- ▶ Nearly 24% of all home owners in the City also reported a housing cost burden in 2016. These households typically had an annual income below \$35,000 and had a mortgage on their home.
- ▶ This document also contains comparative information with comparably-sized communities. For median income levels, Alexandria tends to rate well against the five communities used for comparison. Alexandria had the highest median income for renters, and the third highest median income for home owners. However, rental costs and ownership costs in Alexandria are also the highest among the comparison cities, so the above-average income levels are often negated by higher housing costs.

### **Existing Housing Inventory Highlights**

- ▶ The current decade has seen ongoing construction of new single family houses in Alexandria. So far this decade, the City has been averaging more than 30 single family housing starts per year, including both detached houses and attached units, such as twin homes or town houses. This annual average is even higher within the building permit issuance area which extends outside the City limits.
- ▶ Multifamily rental housing production has been especially strong in Alexandria this decade. When all types of rental housing are combined, the City has averaged approximately 84 units in an average year, including the permitted projects in 2018. This has represented a mix of housing but primarily includes traditional market rate apartments or senior housing with the availability of some level of services. Some more affordable units were also created using federal low income housing tax credits, and City Tax Increment Financing (TIF) assistance, requiring a percentage of units to serve moderate income households.
- ▶ There were two multifamily rental projects that were under construction at the time of this research in 2018, and at least three proposed projects that had the potential to start construction in 2019. If all proceeded, the City would see a large number of rental units enter the market over the next two years.

- ▶ Specific details are not always available about each of the projects permitted so far this decade, but using the known information, these units can be segmented into the following housing types:
  - ▶ 303 units of conventional market rate housing (39.9%)
  - ▶ 88 TIF-assisted units in conventional market rate projects (11.6%)
  - ▶ 40 student-oriented housing units (5.3%)
  - ▶ 24 moderate rent income-restricted tax credit units (3.2%)
  - ▶ 199 light services/independent senior units including TIF (26.2%)
  - ▶ 59 assisted living/enhanced assisted living including TIF (7.8%)
  - ▶ 32 memory care units including some TIF-assisted (4.2%)
  - ▶ 15 supportive housing units (2.0%)
  
- ▶ Sale prices for existing homes, as tracked by City Assessor records, show an upward trend in the median value after a recent low was reached in 2011. Since that time, the median sale price in the City has increased by more than \$45,000, and was above \$173,000 for 2017. Some lake shore sales do impact the overall median, but in 2017 the median for off-lake sales was still above \$164,000.
  
- ▶ The median sale prices for houses outside the City limits in the neighboring Townships tended to be even higher. In Alexandria, Carlos, Hudson and LaGrand Townships, the median sales prices in 2017 were all above \$250,000, although once again lake shore sales would have some impact on the sales sample.
  
- ▶ A separate estimate of owner-occupancy home values exists in the American Community Survey, although it had an effective date of 2016. But when compared to other communities, the median home value in Alexandria was substantially higher, and approximately \$17,000 above the next closest comparison community (Marshall).
  
- ▶ The analysts did not obtain a list of residential lots that are listed for sale in the area, but it does not appear that any shortage exists for new home construction in 2018. Annual lot absorption has resulted in ongoing private sector subdivision development, bringing new lots into the local inventory in recent years. There continue to be multiple locations with vacant lots within the sewer district service area.

## **Rental Housing Market Highlights**

- ▶ No reliable information exists on the occupancy tenure distribution in Alexandria in 2018, but since 2010 more than 70% of the new units created in Alexandria have been for renter occupancy. Based on the identified construction, but excluding the units under construction in 2018, it is probable that between 575 and 625 rental housing units have been added to the City after the 2010 Census. When added to the 2010 Census total, there may be between 3,300 and 3,350 total rental housing units in Alexandria in 2018, with a rental tenure rate at or above 47%.
- ▶ This above-average rental rate does drop if the entire Greater Alexandria area is examined, as Alexandria is the primary rental center for the surrounding region and for all of Douglas County.
- ▶ As part of the research process for this Update, a telephone survey was conducted that attempted to contact the City's larger rental properties. The projects that were surveyed were then analyzed based on the market segment that they served. Overall, information was collected from more than 53% of the estimated rental inventory in 2018.
- ▶ Despite the introduction of a substantial number of new units in recent years, the estimated vacancy rate in the market rate rental segment was still below 2%. Each of the newly-built projects had achieved a high rate of occupancy and there was evidence of strong demand for the older rental options which tended to be available at a lower price.
- ▶ There were two new conventional rental projects under construction in 2018 and 141 new market rate apartment units are expected to become available for occupancy in 2019.
- ▶ There continues to be a wide variation in rates for market rate rental housing in Alexandria, with a mixture of new apartment buildings constructed in the past 20 years along with a large inventory of older units which are generally in a more modest range. Nearly all of the new rental projects constructed since 2010 have utilized TIF assistance and typically 20% of the units are designated for households at or below 50% of median income. In some projects, rents are skewed with the TIF units at a lower price, while in others a more uniform rent structure applies, with all units presumably benefitting from the use of TIF.
- ▶ Reported occupancy rates in TIF-assisted units were also very high.



- ▶ Alexandria has student renter households distributed across the general rental market. Projects that are student-oriented, and rented on a per-bedroom basis, had high occupancy rates when surveyed in August 2018.
- ▶ In the moderate rent, income-based segment that utilized federal low income housing tax credits, good demand was also evident. The estimated vacancy rate was below 2% but even the open units were generally in the process of being filled from waiting lists.
- ▶ In 2018, an application has been submitted for a 32-unit tax credit project. Although the application process is highly competitive, it is possible that this project could be developed in 2019 or 2020.
- ▶ The inventory of very affordable federally subsidized rental housing has not changed in recent years. Alexandria has 290 units oriented to senior/disabled tenant occupancy and 126 units for general occupancy. One 24-unit general occupancy project is “at risk” in 2018, and has filed paperwork to leave its subsidy program.
- ▶ Occupancy rates were very high in the subsidized projects. The estimated vacancy rates were below 1% in both senior-oriented and general occupancy projects. Waiting lists were common.
- ▶ The tenant-based Housing Choice Voucher Program also assists low income households but the waiting list has been closed in recent years due to the number of households already waiting for assistance.
- ▶ According to the American Community Survey, the median gross rent for all rental housing in the City was \$717 in 2016. Alexandria was the only city in the comparison section with an estimated gross rent above \$700.
- ▶ Information in the American Community Survey pointed to an under-supply of very affordable rental units in Alexandria, with a gross monthly rent below \$500. The number of renter households within a comparable income range was nearly double the supply of very affordable units.
- ▶ In the higher rent ranges of \$900 or more, the overall supply of units was much smaller than the number of renters with moderate to higher incomes. Overall, the American Community Survey estimates showed that 39% of all renter households in Alexandria in 2016 had an annual income of \$36,000 or more, but only 27% of all rental units were priced at \$900 or more for gross rent. Since 2016 there have continued to be some additions to this higher price range in newly constructed projects.

## **Senior Housing with Services Market Highlights**

- ▶ There has continued to be growth in the overall inventory of specialized senior housing in Alexandria. This is especially true in the more independent housing with access to light services, but some assisted living and memory care capacity has also been added. There has also been some shift to providing higher levels of care in assisted living, which is described as “enhanced” or “advanced” care.
- ▶ Despite the expanded inventory, it appears that utilization rates remain high in most market segments. However, some providers would not disclose occupancy information for this report. There were some unused units/beds identified within the assisted living options and in memory care facilities. However, with ongoing turnover in projects offering high levels of care, some open units/beds can often exist.
- ▶ Growth in the specialized senior care options does follow the demographic patterns showing more seniors over time. But Alexandria is also serving a large region, and some of the providers, such as Grand Arbor, continue to develop senior campuses that can offer a “continuum of care” as seniors move through the aging cycle.

## **Employment and Economic Trends Highlights**

- ▶ The area’s employment status remains strong, with growth in the number of jobs and a low rate of unemployment. Since reaching a recent employment low point during the national economic recession in 2010, there have been nearly 1,100 jobs added back within Alexandria that are covered by unemployment insurance.
- ▶ The primary employment sectors in Alexandria are Education and Health Services, Manufacturing, and Trade/Transportation/Utilities. Nearly 68% of the identified employment in the City was in these three broad industry sectors.
- ▶ The average annual wage for full-time employment in 2017 was approximately \$42,850.
- ▶ Most of the area’s employed work force is locally-based, with a large majority traveling less than 35 minutes for employment in Alexandria. Most City residents were traveling less than 20 minutes for employment, including the large number that both live and work in Alexandria.

## **Findings and Recommendations Summary**

The Findings and Recommendations for the Update have primarily focused on rental and home ownership housing opportunities in Alexandria, and followed the format of the previous housing study, completed in 2014.

### **Overview**

The primary demand-generator used for the new housing development recommendations in this Update is expected household growth between 2018 and 2023. For the Greater Alexandria area, average annual household growth of between 155 and 170 households per year has been used. Over a five-year period, this results in expected demand for at least 775 to 850 total housing units just to address the increased number of households.

Other demand-generators will also contribute to the need for housing. For rental units this will include some overproduction to address the low rate of vacancy that has existed in recent years. For ownership housing, some higher level of production will be needed to address demand for specific types of units, especially customized new construction, some of which could be seasonal-use properties.

In determining the housing tenure needed, this Update has allocated the demand potential into approximately 60% owner-occupancy units and 40% renter-occupancy. This allocation is for all of Greater Alexandria, but nearly all of the rental units would be expected in the City, while much of the owner-occupancy housing may locate outside the city limits. The projected tenure distribution for units constructed within the City of Alexandria will probably be closer to 60% or more for renters and up to 40% for home owners.

## **Rental Housing**

When all demand-generators are combined, the rental production recommendation for the five-year period from 2018 to 2023 would be at least 470 to 520 total rental units for the Greater Alexandria area. Some of the new construction needed to meet this goal is already in the development pipeline, or is in the planning phase.

- 1. Continue to Promote Annual Introduction of Market Rate Rental Projects with 260 to 300 Total Units Over Projection Period** - The new market rate apartments constructed in Alexandria have been very successful. Looking forward over the next five years, between 260 and 300 additional units would be recommended. There are already two projects under construction that will add approximately 140 units. Three additional projects have been proposed that could add another 125 units. If all proceed within the next one or two years, most of the unit recommendation could be met by 2021. The analysts assume that part of the proposed production would be TIF-assisted units, which would create at least 50 more affordable units within the market rate segment.
- 2. Observations on TIF Assistance for Market Rate Housing** - The City of Alexandria has been very active in attempting to generate more affordable rental housing production through the use of local resources. Most of the general occupancy market rate rental projects constructed in Alexandria in recent years have utilized Tax Increment Financing (TIF) assistance. Although conventional market rate housing will probably represent most of the new construction activity, a majority of area renter households need more affordable rental housing, as the median income level for renter households was just above \$30,000 in 2016. An affordable rent threshold at the median income is \$750, a level rarely achieved in purely market rate housing. TIF usage typically results in some units with significantly lower rents, or a lower rent structure for all units in the project.
- 3. Senior-Designated Housing Continues to be Appropriate for Future Development** - More than 42% of all renter households living in Greater Alexandria had a head of household that was age 55 or older in 2016, and this percentage should continue to grow as the baby boomers move through the aging cycle. This does include a large number of older seniors living in housing with some form of services, but approximately 20% of all renter households are between the ages of 55 and 74 years old, and more likely to live in fully independent housing. Part of the unit recommendation going forward could be senior-designated housing.

- 4. Promote the Development of Additional Tax Credit Moderate Income Rental Housing with 60 to 70 Units over the Projection Period** - While Alexandria has some moderate rent tax credit housing, most of the inventory was constructed in the 1990s. Only one project, Deer Ridge Townhomes, was constructed in the past 20 years. In 2018, a new application was submitted for a 32-unit tax credit apartment project. Assuming that this project is funded, it would also be appropriate to pursue a similar-sized project later in the 5-year projection period.
- 5. Develop Additional Subsidized Rental Housing as Resources Allow with a Goal to Add 25 to 50 Units** - Subsidized housing is affordable for even very low income households, as the monthly rent will often be based on 30% of the renter household's income. The last physical addition to the subsidized inventory occurred in the early 2000s, but since that time subsidized units have been lost due to contract termination. Constructing any subsidized units going forward will be extremely difficult due to a lack of resources, but setting a goal of adding up to 50 very affordable units would be encouraged.
- 6. Monitor Demand for Student Housing** - Post-secondary students, primarily attending Alexandria Technical and Community College (ATC) form part of the local demand for rental housing. In 2018, students are widely dispersed in the rental inventory. A few projects, typically located very close to the campus, are specifically oriented to students. In general, students will be served by the new rental housing production that has been recommended. Student-specific housing could be developed, but a location near the campus would probably be required.

## **Senior Housing With Services**

- 7. Promote an Expansion of up to 50 Additional Light Services Housing Units by 2023** - During the current decade, the largest unit expansion in Alexandria has been within the lighter services segment, in projects including Grand Arbor Lakes and Arabella Manor. Between 2018 and 2023, the total population of senior citizens, age 65 and older, is expected to increase by approximately 15%. By the year 2023, projections indicate that more than 52% of all households will be age 55 and older. Based on the current capture rates being achieved within the lighter services housing segment, an expansion of up to 50 lighter services units should be needed by the year 2023 in Douglas County. The City of Alexandria would be the best possible location for the large majority of these added units.

- 8. Promote an Expansion of 50 to 60 Additional Assisted Living Units by the Year 2023** - Despite some changes in the level of care offered, the overall supply of assisted living in Alexandria has not changed significantly from the inventory that existed in 2014. In the recent past, there has been a greater increase in the number of younger senior citizens, but going forward, the number of households age 75 and older should show stronger growth. Based on expected capture rates by the year 2023, approximately 50 to 60 additional assisted living units would be recommended by that time in Douglas County. Alexandria would be the preferred location for most of these units.
- 9. Promote an Expansion of 20 to 30 Additional Memory Care Units by the Year 2023** - Memory care housing represents a very specialized segment of the senior market. There have been additions to this housing segment since 2014. Going forward to the year 2023, at least 20 to 30 units/beds should be added to maintain the same basic capture rate.

## **Home Ownership**

The demand calculations used for this Study indicate the need for as many as 93 to 102 owner-occupancy housing units over the five-year projection period. This unit recommendation is based on serving permanent resident households. Additional construction may occur of seasonal/recreational properties.

- 10. Continue to Offer Affordable Home Ownership Programs** - Offering affordable home ownership options in Alexandria continues to be an issue. Much of this is due to home values in Alexandria, which are higher than in comparable communities. By 2017, the median home sale price in Alexandria had moved above \$173,000. New construction prices, even for modest houses, would generally be substantially higher. The Alexandria HRA has been active in the past in offering home ownership assistance programs in the City. In 2018, some new initiatives are being considered. With rapidly rising costs for both existing and new homes, continued efforts are encouraged.
- 11. Promote the Construction of 8 to 10 Affordable Homes Per Year** - New construction of affordable single family homes in the Alexandria area has been limited in recent years. The Alexandria HRA has been the most active promoter of affordable new construction, by offering lower-priced lots, home buyer assistance programs and some speculative home construction. Going forward, we continue to believe that some demand will exist in the entry-level segment.

- 12. Affordable Residential Subdivision Development** - In the past, the Trail's Subdivision had focused on the more affordable housing segment, with some lower-price lots combined with home ownership assistance programs. In 2018, nearly all of the lots in the Trail's have been sold. In 2018, the Alexandria HRA is using infill parcels for new home construction. Some of these sites were acquired through tax forfeiture, and yield affordable lots for new construction. Based on the annual usage, the existing supply of lots owned by the HRA will be adequate for two to three years of new construction.
- 13. Monitor the Overall Residential Lot Supply** - Tracking the actual supply of improved residential lots in the Alexandria area has been difficult, but in general, a large supply of lots and land exist that can be served by the sewer district. A number of recent subdivisions have been created in the past few years as developers have been able to add new lots in response to demand. The research completed for this 2018 Update continues to indicate that lot/land availability will not be a factor that will limit future housing development.
- 14. Mid-Priced and Higher-Priced Housing Should Continue to Represent Most of the New Construction Activity** - The analysis of projected demographic trends continues to indicate that the strongest demand should be for trade-up housing, especially units that are age-appropriate for empty nesters and young seniors. Consistent with the 2014 Study, we would continue to expect that 80% or more of the single family construction will be in the moderate to higher price ranges, generally defined as \$250,000 or more. The projected level of annual construction would include some attached single family units, such as twin homes and town houses.
- 15. Attached Single Family Housing Should Continue to Gain Market Share** - The age-based projections show strong overall household growth between 2018 and 2023, primarily within the 65 and older age ranges. The projections indicate that more than 52% of all households living in Greater Alexandria in 2023 will be age 55 and older. The near-senior and senior citizen age groups have historically had very high rates of owner-occupancy and represent a primary target market for attached single family housing that offers no maintenance or low maintenance living. The demand calculations used for this Update expect that approximately 25% to 30% of the future demand for owner-occupancy housing construction can be met through attached single family housing, such as twin homes and town house units.

# **Introduction**

## **Overview**

Community Partners Research, Inc., was hired by the Alexandria Housing and Redevelopment Authority and the Douglas County Housing and Redevelopment Authority to update a 2014 study of housing market conditions in Alexandria and most of the smaller cities in Douglas County.

## **Methodology**

A variety of resources were utilized to obtain information for the Housing Study. Community Partners Research, Inc., collected and analyzed data from July to September 2018. Data sources included:

- U.S. Census Bureau
- Minnesota State Demographer
- Esri, Inc., a private data reporting service
- Records and data from the City
- Records and data maintained by Douglas County
- Data from the MN Dept. of Employment and Economic Development
- Data provided by the Multiple Listing Service
- Interviews with elected officials and staff from the cities
- Interviews with community leaders
- Interviews with people familiar with the area's housing conditions
- Area housing agencies
- Rental property owner surveys

## **Limitations**

This Housing Study represents an analysis performed with the data available at the time of the research. Any findings are based upon current programs and the best available information on future trends and projections. Significant changes in the area's economy, employment growth, Federal or State tax policy or other related factors could change the findings and conclusions contained in this Study.

This Study has not attempted to project future economic conditions, but instead has relied on past patterns and practices, with modifications that are appropriate for the current conditions.

This study was prepared by:  
**Community Partners Research, Inc.**  
**Lake Elmo, MN**  
**(651) 777-1813**



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## **Population and Households**

### **Sources of Data**

A variety of data sources have been reviewed for this Update. One of the primary sources is the U.S. Census Bureau. The Census produces annual population estimates and annual detailed reports through the American Community Survey. However, the most recent estimates from the American Community Survey are for 2016, based on surveys collected over a five-year period from 2012 to 2016.

The annual population and household estimates from the Minnesota State Demographer, effective for 2017, have also been reviewed.

One additional data provider, Esri, Inc., has also been used for the 2018 Update. Esri is a private company that produces demographic data reports that are often used by financial institutions and the Minnesota Housing Finance Agency. Esri's current-year estimates are effective for 2018, with projections extending to 2023.

### **Market Area Designations**

Consistent with past studies, in addition to presenting demographic information for the City of Alexandria, the analysts have also examined an aggregated area referred to as "Greater Alexandria". Greater Alexandria includes the Cities of Alexandria and Forada, and the Townships of Alexandria, Carlos, Hudson, Lake Mary and LaGrand. Each of the Townships shares a common border with the City of Alexandria, and the City has extraterritorial planning jurisdiction for a portion of these Townships. Forada is a small city located just south of the Alexandria city limits.

For some demographic variables, information has also been provided for all of Douglas County.

## Population Trends Analysis

The following table tracks population change over time, using the decennial censuses data back to the year 1980. The current-year estimate is from Esri, Inc., a private data reporting service. Other recent estimates are provided in the text that follows.

| <b>Table 1 Population Trends - 1980 to 2018</b> |             |             |             |                    |             |                    |               |
|---|-------------|-------------|-------------|--------------------|-------------|--------------------|---------------|
|   | 1980 Census | 1990 Census | 2000 Census | % Change 1990-2000 | 2010 Census | % Change 2000-2010 | 2018 Estimate |
| Alexandria                                      | 7,608       | 7,838       | 8,820       | 12.5%              | 11,070      | 25.5%              | 12,044        |
| Greater Alex                                    | 17,219      | 18,455      | 21,428      | 16.1%              | 23,585      | 10.1%              | 25,672        |
| Douglas Co.                                     | 27,839      | 28,674      | 32,821      | 14.5%              | 36,009      | 9.7%               | 39,025        |

Source: U.S. Census Bureau; Esri

Although the analysts have utilized Esri demographics in this Update, it is recognized that Esri’s data for the City of Alexandria are not reliable. Their 2018 population estimate is substantially lower than other sources. This can probably be attributed to the difficulty in differentiating the City from the adjoining townships that surround Alexandria. National data sources do not appear to adjust for annexation activity which has shifted existing residents from the townships into the City over time. While Esri’s estimate for Alexandria is included in the table above, it is acknowledged as being too low.

Although the most recent estimate from the Minnesota State Demographer’s Office has an effective date that is one year earlier than Esri, it shows a higher population level for Alexandria. The Demographer’s 2017 estimate placed the City’s population at 13,673 people. When compared to the 2010 Census benchmark, the City added more than 2,600 residents between 2010 and 2017, for growth of 23.5%. However, some of the growth within the City was due to annexation of existing residents of the adjoining Township areas.

The Census Bureau also issues annual population estimates, with an effective date of July 1, 2017. For Alexandria, the estimate shows 13,592 living in the City, only slightly lower than the State Demographer data.

The Greater Alexandria aggregation, which includes the adjoining Townships, provides a better indication of real growth within the immediate area, as the combined population totals would not be impacted by annexation activity between jurisdictions. Esri’s information does become more reliable when the aggregated Greater Alexandria area is examined.

In 2018, Esri believes that the entire Greater Alexandria area has 25,672 permanent residents. When compared to 2010, the area has added 2,087 people, or an annual average of approximately 261 people per year.

According to the State Demographer's most recent estimates, the Greater Alexandria area had a total population of 25,030 in 2017, up by 1,445 residents from the 2010 Census. With an effective date that is one year earlier than Esri, the Demographer's estimate shows average annual growth of 206 people per year during the current decade, a growth level that is lower than Esri's.

Once again, the Census Bureau's 2017 estimate is very similar to the State Demographer's, with an estimated population of 25,001 in the Greater Alexandria area.

Based on the estimates from the Demographer and the Census Bureau, much of the growth within the City of Alexandria so far this decade appears to be attributable to annexation gains, rather than actual growth. However, the entire aggregated Greater Alexandria area has had a population increase of 6.1%.

For all of Douglas County, growth has been primarily due to the influence of the Alexandria area. According to the State Demographer, there were 37,654 County residents, an increase of 1,645 people since 2010. According to the Demographer, the remainder of Douglas County has only added 200 people in the combined jurisdictions that are outside of the Greater Alexandria area.

The Census Bureau placed the County population at 37,575 people in 2017. According to this source, the net population gain outside of Greater Alexandria was only 150 people for the remainder of the County.

Esri's 2018 Douglas County estimate is the highest of the three primary sources, showing more than 39,000 people living in the County. Although Esri's estimate is for 2018, one year forward from the other sources, it is probably too high, and may over-count seasonal residents.

### **Population by Race/Ethnicity**

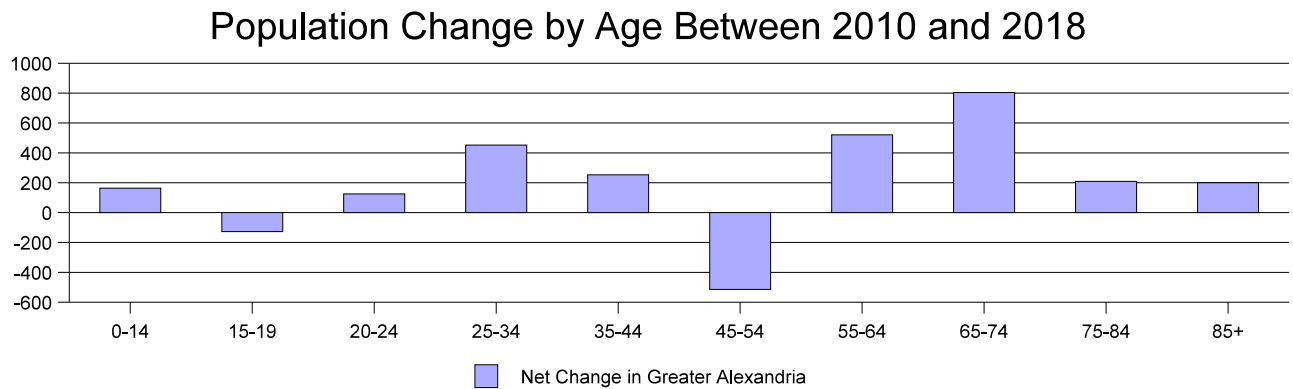
According to the 2016 estimate from the American Community Survey, nearly 96% of the City's residents were White for race, and more than 98% were no of Hispanic/Latino ethnicity. Due to the limited diversity evident in the official data sources, for further demographic details have been provided by race/ethnicity.

## Population by Age Trends: 2010 to 2018

The following table compares population by age changes in Greater Alexandria between 2010 and 2018, using the 2010 Census and 2018 estimates from Esri. Due to Esri’s inaccuracy in the City-level estimates, only the larger, Greater Alexandria area has been examined.

| <b>Table 2 Population by Age - 2010 to 2018</b> |                    |               |               |
|---|--------------------|---------------|---------------|
| Age   | Greater Alexandria |               |               |
|   | 2010               | 2018          | Change        |
| 0-14  | 4,188              | 4,352         | +164          |
| 15-19   | 1,618              | 1,491         | -127          |
| 20-24   | 1,450              | 1,575         | +125          |
| 25-34   | 2,740              | 3,192         | +452          |
| 35-44   | 2,493              | 2,746         | +253          |
| 45-54   | 3,419              | 2,905         | -514          |
| 55-64   | 3,079              | 3,600         | +521          |
| 65-74   | 2,176              | 2,980         | +804          |
| 75-84   | 1,571              | 1,780         | +209          |
| 85+   | 851                | 1,051         | +200          |
| <b>Total</b>                                    | <b>23,585</b>      | <b>25,672</b> | <b>+2,087</b> |

Source: U.S. Census; Esri



The Greater Alexandria area has experienced significant population growth between 2010 and 2018, adding nearly 2,100 residents so far this decade. As a result, most of the defined age ranges increased in size.

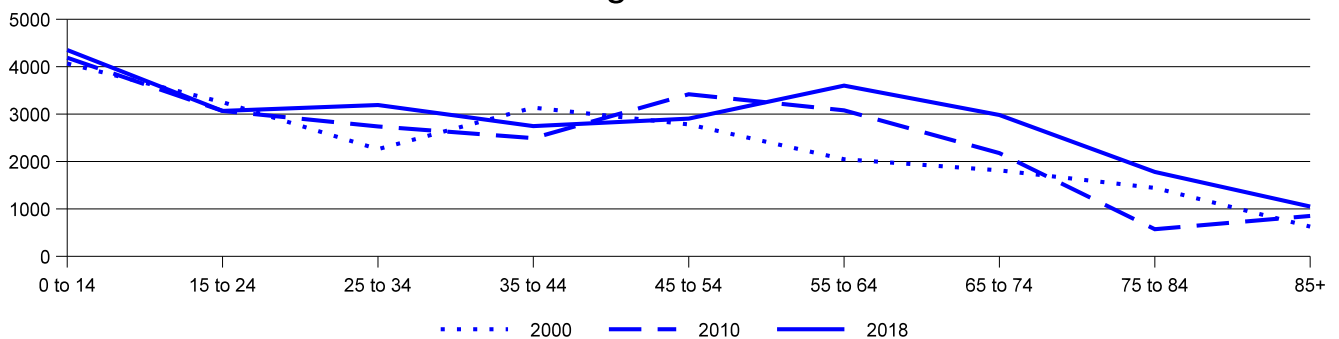
The notable exception was in the 45 to 54 year old range, which has decreased substantially during the decade. This largely reflects the impact of the advancing baby boom generation. The group behind the advancing baby boomers is much smaller in size, resulting in a reduction within this 10-year range. There was also some estimated decrease in the number of older children and young adults in the 15 to 19 year old age group.

Patterns for Greater Alexandria showed substantial growth in most of the groups age 55 and older. For many years, demographic analysts have been talking about the impact that is occurring as the large baby boom generation moves through the aging cycle. Between 2010 and 2018, the Greater Alexandria area had a net gain of more than 1,300 people in the age ranges between 55 and 74 years old. In 2018, nearly all of the baby boomers were within these age groups.

Although some of the younger age groups decreased in size, as noted above, there was relatively strong net growth in one of the younger adult age ranges, between 25 and 34 years old. The “millennial” generation would have included people in the basic range between 22 and 37 years old in 2018.

The aging trends can be tracked back to the year 2000 to see the advancing “wave” created by the movement of the baby boom generation.

**Greater Alexandria Age Distribution: 2000 to 2018**



## Population Projections

The following table presents population projections generated by Esri, and span the five-year period from 2018 to 2023. Although projections have been provided for the City of Alexandria, they are recognized as being unreliable. Esri has not accurately tracked growth within the City when compared to the adjoining township jurisdictions, as annexation activity has been occurring. However, Esri’s estimates and projections for the aggregated Greater Alexandria area are more reliable, since the impact of annexation is removed.

| <b>Table 3 Population Projections Through 2023</b> |                               |                                 |                  |
|--|-------------------------------|---------------------------------|------------------|
|  | 2018 Population Estimate Esri | 2023 Population Projection Esri | Projected Change |
| Alexandria   | 12,044                        | 12,759                          | 715 / 5.9%       |
| Greater Alexandria                                 | 25,672                        | 27,113                          | 1,441 / 5.6%     |
| Douglas County                                     | 39,025                        | 41,137                          | 2,112 / 5.4%     |

Source: Esri

Esri’s projections for Greater Alexandria expect the area to add more than 1,400 permanent residents between 2018 and 2023. On an average annual basis, this would equal approximately 288 people per year.

This projection represents a slight increase from the recent past, as Esri believes that the Greater Alexandria area has added approximately 266 people per year so far in the current decade. However, other estimating sources, including the State Demographer and the Census Bureau have been tracking a lower level of annual growth, and the Esri projection may potentially be too high.

Esri also has a very optimistic view of future population growth countywide. Between 2018 and 2023, Esri is forecasting that the County will add more than 2,100 permanent residents. If accurate, Esri believes that nearly 700 people will be added in the jurisdictions outside of Greater Alexandria. This would once again differ from other data sources, which have been tracking limited recent growth outside of the immediate Alexandria area.

However, it is important to note that Douglas County contains a large number of lakes and recreational properties. If more of this seasonal-use housing is converted to year-round occupancy, population growth could occur outside of Greater Alexandria.

## Household Trends Analysis

The following table tracks household change over time, using the decennial census data back to the year 1980. The current-year estimate is from Esri, Inc., a private data reporting service. Other recent estimates are provided in the text that follows.

| <b>Table 4 Household Trends - 1980 to 2018</b> |             |             |             |                    |             |                    |               |
|--|-------------|-------------|-------------|--------------------|-------------|--------------------|---------------|
|  | 1980 Census | 1990 Census | 2000 Census | % Change 1990-2000 | 2010 Census | % Change 2000-2010 | 2018 Estimate |
| Alexandria                                     | 3,158       | 3,527       | 4,047       | 14.7%              | 5,298       | 30.9%              | 5,769         |
| Greater Alex                                   | 6,343       | 7,227       | 8,760       | 21.2%              | 10,155      | 15.9%              | 11,067        |
| Douglas County                                 | 9,991       | 10,988      | 13,276      | 20.8%              | 15,289      | 15.2%              | 16,584        |

Source: U.S. Census; Esri

As stated previously, Esri has underestimated recent growth in the City of Alexandria. While presented in the table above, their estimate is not an accurate reflection of current demographic patterns.

According to the State Demographer, there were 6,536 households in the City in 2017. When compared to the 2010 Census, the City had added 1,238 households so far this decade. However, some of this was due to annexation activity. A better indicator of actual growth is available when examining the aggregated area defined as Greater Alexandria.

For the seven combined jurisdictions that form the Greater Alexandria area, Esri believes that 11,067 households are present in 2018. Over the course of the current decade, the area has added 912 total households, or an average of 114 per year.

According to the State Demographer, there were 11,002 households living in Greater Alexandria in 2017, an effective date one year earlier than Esri. When compared to the 2010 Census, the area added 847 households over the seven-year period, or an average of 121 households per year.

While the two primary estimating sources are similar, the State Demographer does show a slightly larger level of annual growth. But an annual range of between 114 and 121 in an average year represents a good indication of recent growth.



There are differing opinions on the level of growth countywide. According to Esri, there are 16,584 households in 2018. When compared to the 2010 Census, this shows average annual growth of nearly 162 households per year.

However, according to the State Demographer, there were 16,275 households in Douglas County in 2017. When compared to the 2010 Census, this shows average annual growth of nearly 141 households per year. As stated previously, Esri has been estimating a greater level of recent growth in the jurisdictions that are outside of the Greater Alexandria area.

Douglas County has historically had a large volume of housing that is used by seasonal/recreational residents rather than permanent households. The interpretation of these seasonal-use properties may be impacting the differing opinions of recent growth countywide.

## Average Household Size

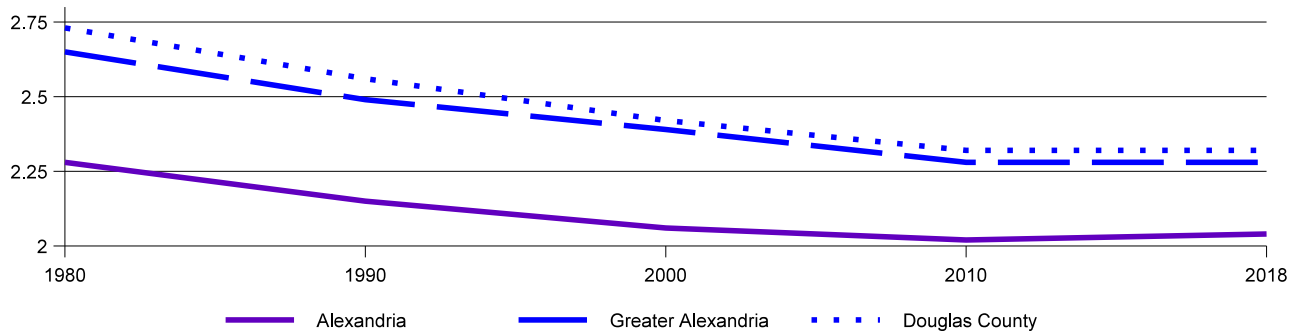
The following table provides decennial Census information on average household size dating back to 1980. The 2018 estimates from Esri are also provided.

| <b>Table 5 Average Number of Persons Per Household 1980 to 2018</b> |             |             |             |             |               |
|---|-------------|-------------|-------------|-------------|---------------|
|   | 1980 Census | 1990 Census | 2000 Census | 2010 Census | 2018 Estimate |
| Alexandria  | 2.28        | 2.15        | 2.06        | 2.02        | 2.04          |
| Greater Alexandria  | 2.65        | 2.49        | 2.39        | 2.28        | 2.28          |
| Douglas County  | 2.73        | 2.56        | 2.42        | 2.32        | 2.32          |

Source: U.S. Census; Esri

Household formation has been occurring at a different rate than population change in recent decades due to a steady decrease in average household size. This has been caused by household composition changes, such as more single person and single parent families, fewer children per family, and more senior households due to longer life spans.

**Average Household Size: 1980 to 2018**



According to Esri the City’s average household size has increased slightly between 2010 and 2018, although at 2.04 persons per household, this average is still very small. However, as tracked by the decennial census, the average household size in Alexandria has consistently decreased over the previous three decades.

Esri also believes that the averages for Greater Alexandria and Douglas County have remained stable during the current decade.

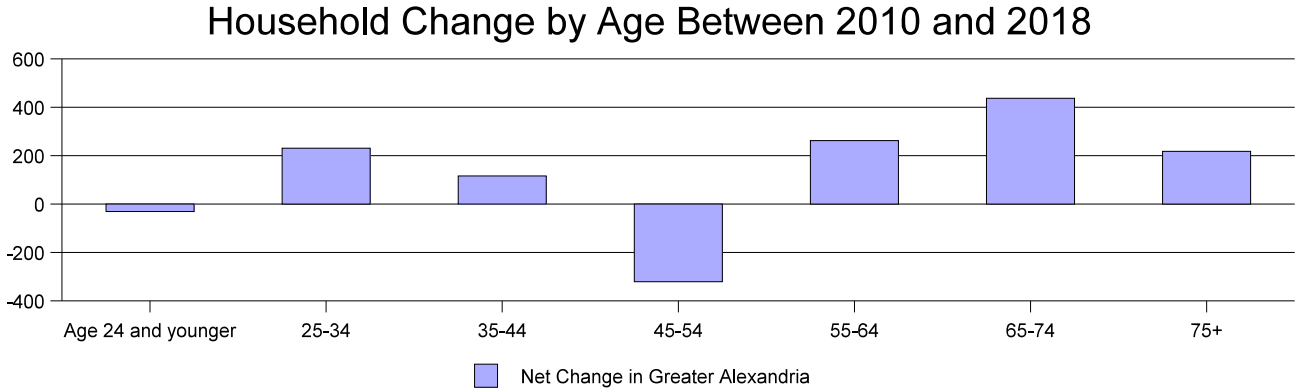
**Household Characteristics: Age Trends**

The following table examines the area’s changing age patterns. The 2018 age-based estimates from Esri are compared to the 2010 Census to track recent changes. Since Esri has significantly underestimated the total number of households in the City of Alexandria, the only information that has been analyzed is for the entire Greater Alexandria area.

| <b>Table 6 Households by Age - 2010 to 2018</b> |                    |        |        |
|---|--------------------|--------|--------|
| Age   | Greater Alexandria |        |        |
|   | 2010               | 2018   | Change |
| 15-24   | 746                | 715    | -31    |
| 25-34   | 1,409              | 1,640  | +231   |
| 35-44   | 1,337              | 1,453  | +116   |
| 45-54   | 1,907              | 1,586  | -321   |
| 55-64   | 1,785              | 2,047  | +262   |
| 65-74   | 1,310              | 1,747  | +437   |
| 75+   | 1,661              | 1,879  | +218   |
| Total   | 10,155             | 11,067 | +912   |

Source: U.S. Census; Esri

So far this decade, the Greater Alexandria area has added 912 households, according to Esri. As a result, there was net growth in most of the defined age ranges.

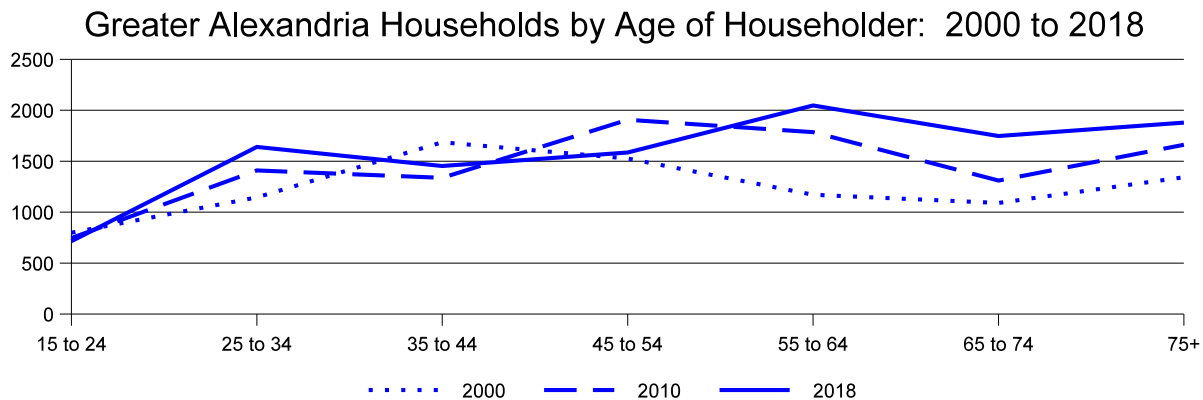


Much of the change occurred in the prime “baby boomer” age groups, between 55 and 74 years old, with especially strong growth in households age 65 to 74 years old.

There was fairly strong growth in one of the younger age groups, between 25 and 34 years old, generally representing the “millennial” generation. However, this was somewhat negated by a reduction in some of the other younger ranges.

Overall, Esri estimates that there was a net loss of five households age 54 and younger, but a net increase of 917 households age 55 and older so far this decade.

It should also be noted that solid growth has occurred within the oldest senior citizen age ranges, age 75 and older. There continues to be a significant amount of specialized senior housing construction in Alexandria, providing attractive living options for older seniors.



It is possible to track the “wave” progression of the baby boomer households in Greater Alexandria dating back to the year 2000, using information for households by the age of householder. Over time, the “wave” created by the advancing baby boomers has been growing larger, as more households in these age ranges are living in the Alexandria area.

## Household Projections

The following table presents household projections from Esri, for the period between 2018 and 2023. It is important for readers to note that the information for the City of Alexandria is too conservative, probably due to Esri’s failure to adjust for past annexation activity.

It appears that Esri has mistakenly attributed much of the growth outside the city limits into the adjoining townships. As a result Esri’s estimates and projections for the entire Greater Alexandria area are viewed as more reliable, and have been used in the recommendations that follow later in this document.

| <b>Table 7 Household Projections Through 2023</b> |                               |                                 |                  |
|---|-------------------------------|---------------------------------|------------------|
|   | 2018 Population Estimate Esri | 2023 Population Projection Esri | Projected Change |
| Alexandria  | 5,769                         | 6,115                           | 346 / 6.0%       |
| Greater Alexandria                                | 11,067                        | 11,697                          | 630 / 5.7%       |
| Douglas County                                    | 16,584                        | 17,492                          | 908 / 5.5%       |

Source: Esri

Esri’s projections for the Greater Alexandria area expect the addition of 630 households over the next five years, or an annual average of 126 households per year. This future pace of growth would be reasonably consistent with the estimates for past growth, which show the Greater Alexandria area averaging approximately 114 to 121 households per year after 2010.

However, Esri’s projection for all of Douglas County is more optimistic, with the expectation that more than 900 households will be added over a five-year period. To reach this projection, the County would need to average nearly 182 households per year, or approximately 56 households annually outside of the Greater Alexandria area.

While growth in the remainder of the County is possible at this level, it would be at a much faster rate than in the past. According to the State Demographer’s Office, the portions of Douglas County outside of Greater Alexandria have been averaging approximately 20 households per year since 2010. As a result, the analysts view the Esri projection for the entire County as overly optimistic.

## Projected Households by Age

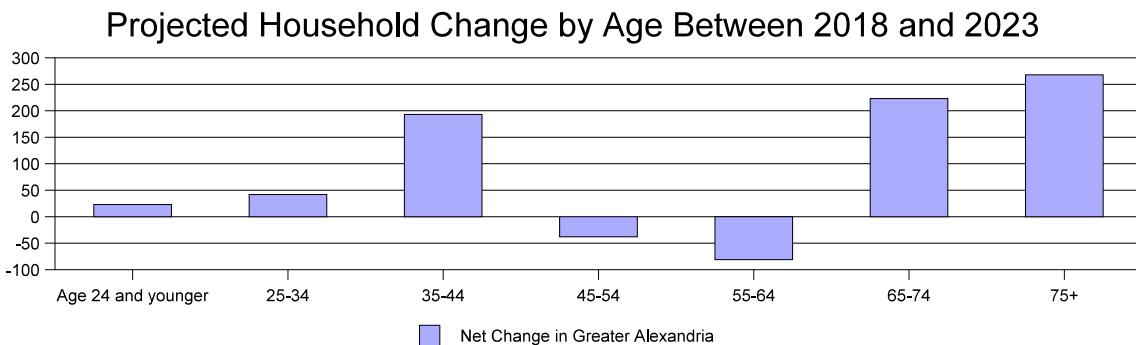
Esri provides projection data within defined 10-year age groups, which can be used to anticipate future changes in the demographic composition. The following table is for the entire Greater Alexandria area.

| <b>Table 8 Greater Alexandria Projected Households by Age: 2018 to 2023</b> |               |                 |             |
|---|---------------|-----------------|-------------|
| Age Range   | 2018 Estimate | 2023 Projection | Change      |
| 15-24   | 715           | 738             | +23         |
| 25-34   | 1,640         | 1,682           | +42         |
| 35-44   | 1,453         | 1,646           | +193        |
| 45-54   | 1,586         | 1,548           | -38         |
| 55-64   | 2,047         | 1,966           | -81         |
| 65-74   | 1,747         | 1,970           | +223        |
| 75+   | 1,879         | 2,147           | +268        |
| <b>Total</b>  | <b>11,067</b> | <b>11,697</b>   | <b>+630</b> |

Source: Esri

The age-based projections to 2023 expect most of the net increase in households to occur from households age 65 and older in Greater Alexandria. Households age 75 years old and older will show the largest numeric increase of any age cohort, adding 268 households. The other senior age group, 65 to 74 years old, is projected to grow by nearly 225 households.

Although the number of younger adult households in the 35 to 44 age group is also expected to increase substantially, losses are projected within some of the other ranges below age 65. As a result, approximately 140 additional households are projected in the combined age groups under 65 years old, but more than 490 households are expected in the age groups 65 and older.



## 2016 Median Income Data

The 2010 Census did not collect information on household income. However, estimates are available at the city and county level through the 2016 American Community Survey. Since the Greater Alexandria area represents an aggregation of individual jurisdictions, no median levels are available.

Household income represents all independent households, including people living alone and unrelated individuals together in a housing unit. Families are two or more related individuals living in a household. Family incomes tend to be higher than the overall household median, as families have at least two household members, and potentially more income-earners, while many non-family households have only one household member.

| <b>Table 9 Median Household Income - 2010 to 2016</b> |             |             |          |
|---|-------------|-------------|----------|
|   | 2010 Median | 2016 Median | % Change |
| Alexandria  | \$32,976    | \$44,140    | 33.9%    |
| Douglas County  | \$46,789    | \$56,347    | 20.4%    |
| Minnesota   | \$57,243    | \$63,217    | 10.4%    |

Source: ACS

| <b>Table 10 Median Family Income - 2010 to 2016</b> |             |             |          |
|---|-------------|-------------|----------|
|   | 2010 Median | 2016 Median | % Change |
| Alexandria  | \$49,522    | \$63,824    | 28.9%    |
| Douglas County                                      | \$59,953    | \$71,774    | 19.7%    |
| Minnesota   | \$71,307    | \$79,595    | 11.6%    |

Source: ACS

Information for 2016 shows that the City of Alexandria had lower median income levels than the County or the State. This is not surprising, as larger cities tend to have a higher percentage of renters, senior-headed households, and one-person households. Although the City's median income levels were below the comparable medians, they had been increasing at a substantially faster rate over time.

A general standard is that 30% of income can be applied to housing costs. At this level, a median income Alexandria household could apply approximately \$1,105 per month and a median income family could apply approximately \$1,600.

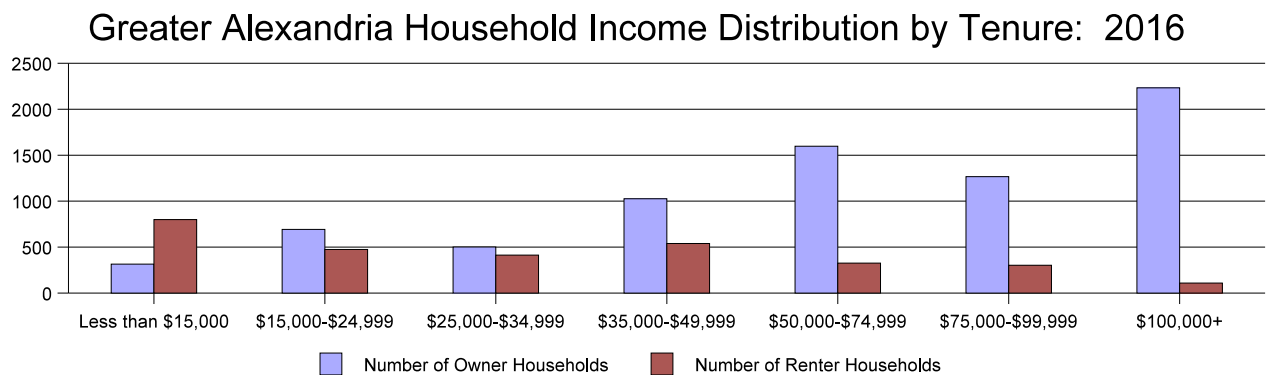
## Household Income Distribution by Tenure: 2016

Although median income information is not available for the aggregated Greater Alexandria area, the American Community Survey does contain household income distribution estimates. This information is available by ownership or renter status.

The 2016 American Community Survey estimates for the Greater Alexandria area are very conservative. In total, this source used a household count of 10,595 households. In comparison, the State Demographer estimated that there were 10,886 total households in 2016. Based on the more reliable Demographer’s estimate the American Community Survey may have underestimated the total household count by 275 to 300 households.

| <b>Table 11 Greater Alexandria Income Distribution by Tenure: 2016</b> |                            |                             |                  |
|--|----------------------------|-----------------------------|------------------|
| Household Income   | Number of Owner Households | Number of Renter Households | Total Households |
| \$0 - \$14,999   | 315                        | 799                         | 1,114            |
| \$15,000 - \$24,999  | 693                        | 474                         | 1,167            |
| \$25,000 - \$34,999  | 501                        | 413                         | 914              |
| \$35,000 - \$49,999  | 1,026                      | 539                         | 1,565            |
| \$50,000 - \$74,999  | 1,598                      | 326                         | 1,924            |
| \$75,000 - \$99,999  | 1,266                      | 303                         | 1,569            |
| \$100,000+   | 2,233                      | 109                         | 2,342            |
| <b>Total</b>   | <b>7,632</b>               | <b>2,963</b>                | <b>10,595</b>    |

Source: American Community Survey





Within the moderate to higher income ranges, there was a strong preference for home ownership. For households with an annual income of \$50,000 or more, the rate of home ownership was above 87%, with fewer than 13% of these households renting their unit.

This pattern changed in the lower income ranges. For all households with an annual income below \$35,000, the rental rate was nearly 53%. For low income households below \$25,000 for annual income the rental rate was even higher.

Since the Greater Alexandria is an assembled geography, the American Community Survey does not provide an estimated median income by housing tenure. However, an approximate median can be extrapolated from the distribution data.

For all renter households, the estimated median income level in 2016 was approximately \$30,050. For all home owners, the estimated median income was approximately \$70,040.

## Renter Housing Cost Burden

The 2016 American Community Survey includes information on housing costs for renter households. Generally, it is the goal of housing assistance programs to limit housing costs to no more than 30% of household income. This is especially true for lower income households, with limited amounts of income available for discretionary spending.

The following table examines the percentage of income required by renter households for monthly housing costs. Information is provided for renter households age 64 and younger, and households age 65 and older. Percentages are calculated for each column. This information is only for the City of Alexandria.

| <b>Table 12 Alexandria Renter Household Cost Burden - 2016</b> |                    |              |                  |       |
|--|--------------------|--------------|------------------|-------|
| Percent of Income for Housing                                  | Age 24 and Younger | Age 35 to 64 | Age 65 and Older | Total |
| Less than 20%  | 167                | 453          | 51               | 671   |
| 20% to 29.9%   | 145                | 220          | 230              | 595   |
| 30% to 34.9%   | 132                | 93           | 24               | 249   |
| 35% or more  | 176                | 339          | 564              | 1,079 |
| Not Computed   | 0                  | 30           | 18               | 48    |
| Total  | 620                | 1,135        | 887              | 2,642 |

Source: American Community Survey

Using a standard that 30% of income for housing defines a cost burden, many renter households in Alexandria did have a cost burden for rental housing in 2016. Overall, more than 50% of all renters were paying 30% or more of their income for housing. For senior citizen renters, more than 66% reported a cost burden. Among non-senior renters, more than 42% were paying 30% or more of their income.

Cost burden was generally the result of a lower household income. Approximately 87% of the households that were paying 30% or more of their income for housing had a household income that was below \$35,000 per year. For the remaining group, higher monthly housing costs caused the rent burden, despite a higher income level.

## Owner Housing Cost Burden

The American Community Survey also includes information on housing costs for home owners. The following table examines the percentage of income required by Alexandria owner households for monthly housing costs. Information is provided for owner households with and without a mortgage on their home. Percentages are calculated for each column.

| <b>Table 13 Alexandria Owner Household Cost Burden - 2016</b> |                            |                               |       |
|---|----------------------------|-------------------------------|-------|
| Percent of Income for Housing                                 | Households with a Mortgage | Households without a Mortgage | Total |
| Less than 20%   | 1,110                      | 838                           | 1,948 |
| 20% to 29.9%  | 605                        | 157                           | 762   |
| 30% to 34.9%  | 187                        | 56                            | 243   |
| 35% or more   | 452                        | 157                           | 609   |
| Not Computed  | 0                          | 0                             | 0     |
| Total   | 2,354                      | 1,208                         | 3,562 |

Source: American Community Survey

Most owner-occupants, which would include both households with or without a mortgage, reported paying less than 30% of their income for housing. Mortgage lending practices generally attempt to keep monthly payments below this level of household income. However, nearly 24% of all home owners reported that they paid more than 30% of their income for housing. Most of these households were actually paying more than 35% of income for housing costs.

As would be expected, the large majority of cost-burden home owners had a mortgage on their home. However, approximately 25% of owners reporting a cost burden had no mortgage. In these cases, it was generally a low annual income that has caused the cost burden, such as a retiree that owned their home but lived on a fixed income.

## Building Permit Trends

The following table identifies new housing units that have been issued a building permit since the year 2010. The City of Alexandria has planning and building permit authority for an area that extends beyond the actual city limits, into adjoining portions of contiguous townships. In previous reports, the annual totals reported may have included permits that were issued by the City for units that were physically located outside of the City limits in this permitting area.

For this 2018 Update, three tables have been provided. The first table shows units constructed within the city limits of Alexandria. The second shows permits that are outside the City but in the code enforcement area. The third table attempts to identify units that are within the Greater Alexandria jurisdictions, but outside the City's extraterritorial permitting jurisdiction. These permits are issued by Douglas County.

### City of Alexandria

The reports available from the City did not differentiate different structure types. Single family permits may include twin homes or town house units that were individually permitted for intended owner-occupancy.

| <b>Table 14 Alexandria Housing Construction Activity: 2010 to 2018*</b> |                        |                        |                    |                             |              |
|---|------------------------|------------------------|--------------------|-----------------------------|--------------|
| Year  | Single Family Detached | Single Family Attached | Multifamily Rental | Specialized/ Senior Housing | TOTAL        |
| 2018*   | 14                     | 12                     | 141                | 0                           | 167          |
| 2017  | 29                     | 3                      | 12                 | 0                           | 44           |
| 2016  | 20                     | 7                      | 54                 | 0                           | 81           |
| 2015  | 34                     | 12                     | 18                 | 116                         | 180          |
| 2014  | 24                     | **                     | 67                 | 0                           | 91           |
| 2013  | 31                     | **                     | 24                 | 37                          | 92           |
| 2012  | 14                     | **                     | 63                 | 0                           | 77           |
| 2011  | 25                     | **                     | 0                  | 40                          | 65           |
| 2010  | 20                     | 28***                  | 36                 | 152                         | 236          |
| <b>TOTAL</b>  | <b>211</b>             | <b>62</b>              | <b>415</b>         | <b>345</b>                  | <b>1,033</b> |

Source: City of Alexandria \*2018 activity is through Sept. 11

\*\* City reports did not differentiate between attached and detached housing

\*\*\* Cooperatively-owned housing

From 2010 through September 2018, more than 1,030 total housing units have been permitted in the City, based on building permit issuance. This total would include some housing that is still under construction in 2018. There are also assumed to be some units that are not intended for permanent residents, including seasonal/recreational housing and some very specialized use units.

### **Owner-occupancy Construction**

Approximately 273 single family housing units have been permitted so far this decade, with most presumably intended for owner-occupants. This would include both traditional detached single family houses as well as some attached units, including twin homes, town houses and cooperatively-owned units. There have also been some freestanding units constructed in association-managed developments, which are sometimes referred to as “detached town homes”, since they are on managed land parcels.

For some of the early years in this decade, the City reports did not differentiate attached from detached units. But since 2015, approximately 26% of the permitted single family housing has been in some type of structure other than a detached single family home on a traditional lot.

### **Multifamily Renter-occupancy Construction**

Most of the housing unit construction in Alexandria since 2010 has been in larger multifamily projects intended for renters. Including specialized care senior units and other types of very targeted special-use housing, there have been approximately 760 total units constructed for renters.

The major multifamily projects from 2010 through 2018 include:

#### 2018

***Unique Development Rosewood*** - 47-unit market rate project with 19 TIF-assisted that is expected to open in 2019

***Unique Development McKay*** - 94-unit market rate project with 19 TIF-assisted that is expected to open in 2019

#### 2017

***7<sup>th</sup> Avenue Apartments*** - 12-unit market rate apartment

2016

**Woodland Apartments** - 36-unit market rate project with 7 TIF-assisted

**Lakewood Terrace 4th** - 18-unit market rate project with 4 TIF-assisted

2015

**Grand Arbor Lakes Senior Apartments** - 89 senior market rate apartments with 28 TIF-assisted

**Grand Arbor Prairie South** - 16-unit senior assisted living

**Lakewood Terrace 3rd** - 18-unit market rate project with 4 TIF-assisted

**Edgewater Vista Assisted Living** - 11-unit assisted living expansion

2014

**Granite Manor** - 67-unit market rate project with 14 TIF-assisted units

2013

**Deer Ridge Townhomes** - 24-unit tax credit new construction project

**Arabella Manor Phase II** - 37-unit senior-designated housing project

2012

**Runestone Manor** - 63-unit market rate project with 13 TIF-assisted units

2011

**Foundation Hall** - 40-unit student housing project

2010

**Grand Arbor/Knute Nelson Senior Housing** - 73 independent living apartments, 30 assisted living units, 17 enhanced assisted living units, and 17 memory care units including some that are TIF-assisted

**Washington Square** - 28-unit cooperatively-owned units included as attached single family in the table above

***Lakewood Terrace*** – Two 18-unit apartment buildings with 8 total TIF-assisted

***Supportive Housing*** - 15 units of supportive housing

Specific details are not always available about each of the projects listed above, but using the known information, these units can be segmented into the following housing types:

- ▶ 303 units of conventional market rate housing
- ▶ 88 TIF-assisted units in conventional market rate projects
- ▶ 40 student-oriented housing units
- ▶ 24 moderate rent tax credit units with income and rent restrictions
- ▶ 199 light services or independent senior units including some TIF-assisted
- ▶ 59 assisted living/enhanced assisted living including some TIF-assisted
- ▶ 32 memory care units including some TIF-assisted
- ▶ 15 supportive housing units

## Alexandria Code Enforcement Area

The City of Alexandria has a two-mile extraterritorial jurisdiction for code enforcement and building permit issuance. This area includes portions of Hudson, Lake Mary and LaGrand Townships. Part of Alexandria Township was also in the code enforcement area in 2010 and 2011, but that Township now does its own permitting.

The following table examines single family permitting only, since no multifamily construction has occurred outside of Alexandria. City totals for single family permitting have been included to reflect the construction activity that is oriented to Alexandria, even if it is just outside the borders.

| Jurisdiction    | 2010      | 2011      | 2012      | 2013      | 2014      | 2015      | 2016      | 2017      | 2018       | Total      |
|-----------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|
| Alexandria      | 20        | 25        | 14        | 31        | 24        | 46        | 27        | 32        | 26         | 245        |
| Alexandria Twp. | 2         | 1         | -         | -         | -         | -         | -         | -         | -          | 3          |
| Hudson Twp.     | 0         | 0         | 0         | 0         | 0         | 0         | 1         | 2         | 0          | 3          |
| Lake Mary Twp.  | 0         | 1         | 0         | 0         | 2         | 0         | 1         | 4         | 3          | 11         |
| LaGrand Twp.    | 5         | 8         | 8         | 9         | 4         | 12        | 4         | 17        | 12         | 79         |
| <b>TOTAL</b>    | <b>27</b> | <b>35</b> | <b>22</b> | <b>40</b> | <b>30</b> | <b>58</b> | <b>33</b> | <b>55</b> | <b>41*</b> | <b>341</b> |

Source: City of Alexandria

\*2018 activity is through Sept. 11

The inclusion of the extraterritorial permit areas allows for a better understanding the single family home construction that is occurring in and around the City. As evident in the table above, most of these homes are being built in Alexandria or LaGrand Township. Only a few houses are typically being built each year in the portions of Hudson and Lake Mary Townships that are permitted through the City.

Although the houses are listed as single family, there are different structure styles represented. This includes attached units such as twin homes. There have also been some projects that create "detached town homes" that are freestanding units in an association-managed property. Some of these may be lake oriented, with a common lake access provided.



## Greater Alexandria Construction

In addition to construction activity within Alexandria and their code enforcement area, there has been some additional construction in the other jurisdictions that form the Greater Alexandria aggregation. The following table examines single family construction only, as all of the known multifamily activity has occurred within the City of Alexandria, and has been included in the previous table.

In this table, the attempt has been to identify unit creation by specific jurisdiction. As a result, the Alexandria total only represents the city and excludes the extraterritorial permits, which are then listed by Township. In 2017, Douglas County changed its reporting system and it is no longer possible to determine that annual number of single family houses that were permitted.

| <b>Table 16 Single Family Housing Construction Activity - 2000 to 2017</b> |           |           |           |           |           |            |            |           |            |
|--|-----------|-----------|-----------|-----------|-----------|------------|------------|-----------|------------|
| Jurisdiction   | 2010      | 2011      | 2012      | 2013      | 2014      | 2015       | 2016       | 2017      | Total      |
| Alexandria   | 20        | 25        | 14        | 31        | 24        | 46         | 27         | 32        | 219        |
| Forada   | 0         | 0         | 0         | 0         | 1         | 2          | 0          | -         | 3          |
| Alexandria Twp.  | 7         | 3         | 11        | 14        | 6         | 6          | 25         | -         | 72         |
| Carlos Twp.  | 6         | 10        | 13        | 19        | 16        | 12         | 18         | -         | 94         |
| Hudson Twp.  | 7         | 2         | 8         | 4         | 4         | 8          | 12         | -         | 45         |
| Lake Mary Twp.   | 4         | 6         | 6         | 6         | 7         | 12         | 21         | -         | 62         |
| LaGrand Twp.   | 16        | 9         | 9         | 18        | 10        | 18         | 14         | -         | 94         |
| <b>TOTAL</b>   | <b>60</b> | <b>55</b> | <b>61</b> | <b>92</b> | <b>68</b> | <b>104</b> | <b>117</b> | <b>32</b> | <b>589</b> |

Source: City and County Building Permits; Community Partners Research

Housing construction in the Greater Alexandria area has continued to improve, following the national market retreat of the late 2000s and early 2010s. In 2014, the Greater Alexandria area moved above 100 single family housing starts. Although no totals are available for 2017, it is probable that annual construction has remained relatively stable. Between 2010 and 2016, an annual average of approximately 80 units per year were constructed, but this average is impacted by the lower production years between 2010 and 2012.

While it is assumed that most single family houses are constructed for owner-occupancy by permanent residents, the Alexandria area also has the potential for seasonal-use housing or unit replacement. This is especially true for properties that have lake access.

## **Residential Lot Availability - Alexandria Area**

The research for this 2018 Update failed to identify any comprehensive inventory of residential lots for new home construction in the Alexandria area. Consistent with past studies, we have attempted to obtain information from a variety of sources that have information on land development, lot sales or active real estate listings.

In past studies, including those completed in 2009 and 2014, a relatively large inventory of potential lots had been identified. Overall, lot and land availability has not been viewed as a limiting factor that could negatively impact future housing construction activity.

### **Sewer District Data**

In 2014, the Alexandria Lakes Area Sewer District had been asked to help define the residential lot inventory. They had identified 1,075 tax parcels that were within 300 feet of sewer service and did not contain any current structure. However, there was no guarantee that these lots were listed for sale or that they were actually suitable for new home construction.

The Sewer District did not have similar data available in 2018. However, there had been 550 new sewer connections from 2014 to 2018, so lot absorption had continued. But staff believed that most of the lots that had been connected were in newer subdivisions, created within the past few years and not counted as part of the 2014 potential lot inventory. Therefore, many of the land parcels identified in 2014 are still believed to be vacant and remain as potential locations for future construction activity.

The 2014 Study had estimated annual lot absorption at approximately 70 lots per year in the Greater Alexandria area, including construction that was outside of the Sewer District boundaries. Since 2014, the lot utilization has increased to approximately 110 or more lots per year within the Sewer District, as home construction has increased. Still, lot availability is believed to be adequate, especially with area developers willing and able to develop new subdivisions in response to demand.

The 2014 research had commented that some of the residential subdivisions at that time were early phases of master plats with significant future development potential. Some of the subdivisions created since 2014 may be additional phases within these master plats.

## **City of Alexandria**

Information was also obtained from the City of Alexandria on recent subdivisions. The following list was provided, showing the subdivisions approved within the past two years, along with type and number of units:

***LaJune Estates*** - Shore land PUD approved in 2018 – five units with two twin homes and one detached unit, as single-family townhomes

***Green Pastures*** – PUD approved in 2018 – twenty-eight single family detached townhomes and a 56-unit market rate apartment building

***Washington Square Homes*** – PUD approved in 2018 – three twin homes with six total units

***Geneva Shores*** – Shore land PUD approved in 2017 – twelve detached single family town house units

***Lake Andrew Development*** – Shore land PUD approved in 2017 – sixty-six detached single family town house units

Total single-family units platted in 2017 and 2018 (partial-year): 117

## Home Sales

Previous Studies completed for Alexandria have reviewed home sale information as an indicator of overall home values in the City. Each Study has reviewed a 12-month sales sample, using information from the City Assessor’s Office.

Only information on “qualified” or “good” sales has been used. Good sales are considered to be “arms length” transactions, and exclude certain sales such as those between relatives, forced sales and foreclosures, and estate transfers that are not available on the open market.

The City reports primarily look at the sales of existing homes. The information maintained by the Assessor is based on the comparison of taxable valuation to actual sales price. Since newly constructed houses do not have a prior value, they are not typically included in the sales sample.

The following table presents information on a 12-month sales period ending September 30, 2017. That time period corresponds to the Assessor’s sales ratio year for State reporting. Although the information is somewhat dated, it does represent information that has been reviewed to be sure that it represents good sales.

Later in this section, a historical median price has been presented dating back to the year 2002 using the annual sales ratio period.

| <b>Table 17 Median Value of 2017 Residential Sales - Alexandria</b> |                 |              |              |               |
|---|-----------------|--------------|--------------|---------------|
| Property Type   | Number of Sales | Median Price | Lowest Price | Highest Price |
| Non-Lake Shore  | 202             | \$164,502    | \$50,000     | \$555,000     |
| Lake Shore  | 18              | \$409,125    | \$156,800    | \$880,000     |
| Combined  | 220             | \$173,330    | \$50,000     | \$880,000     |

Source: City Assessor; Community Partners Research, Inc.

For the 12-month sales period ending September 30, 2017, there were 220 “good” sales in Alexandria that were examined. The median sale price for all home sales was \$173,330.

The report obtained for 2017 differentiated lake shore homes for off-lake properties. In the table above, these property types have been reviewed separately.

There were 202 homes that were sold that were not located on a lake. The median price for these houses was \$164,502.

The lowest valued sale in Alexandria was \$50,000. This was identified as a house built in 1900 that only contained 684 square feet of living space. In this 12-month period, it was the only sale that occurred for less than \$63,000.

The highest valued sale for an off-lake property was for \$555,000. There were no specific details provided for this house for age or square footage. The highest priced sale in 2017 was for \$880,000, which was a 1988-built home on Lake Le Home Dieu.

**2017 Home Sales by Price Range**

Using all of the good sales in 2017, the following price distribution is present by defined price ranges.

| <b>Table 18 Alexandria Home Sales by Price Range: 2017 Sales Period</b> |        |         |
|---|--------|---------|
| Sale Price  | Number | Percent |
| Less than \$75,000  | 6      | 2.7%    |
| \$75,000-\$99,999   | 14     | 6.4%    |
| \$100,000 - \$124,999   | 16     | 7.3%    |
| \$125,000 - \$149,999   | 38     | 17.3%   |
| \$150,000 - \$174,999   | 37     | 16.8%   |
| \$175,000 -\$199,999  | 31     | 14.1%   |
| \$200,000 - \$224,999   | 20     | 9.1%    |
| \$225,000 - \$249,999   | 17     | 7.7%    |
| \$250,000 - \$299,999   | 13     | 5.9%    |
| \$300,000 - \$399,999   | 16     | 7.3%    |
| \$400,000+  | 12     | 5.5%    |
| Total   | 220    | 100%    |

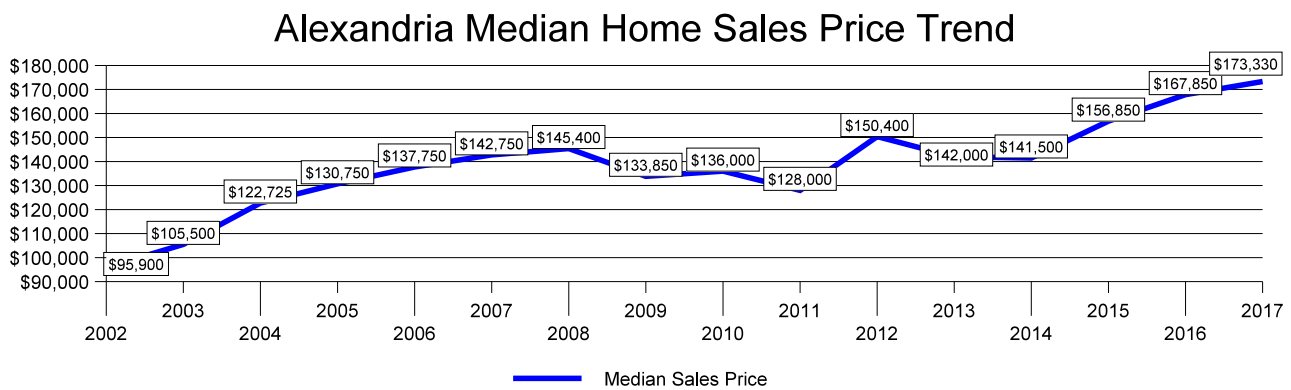
Source: City Assessor; Community Partners Research, Inc.

Sales activity in 2017 occurred in a wide range of prices. However, more than 48% of all sales were between \$125,000 and \$199,999.

During this 12-month period only 9% of the sales were for less than \$100,000. Nearly 13% of sales were for \$300,000 or more, although many of these were lake shore properties.

**Historical Median Prices**

The Alexandria City Assessor’s Office maintains records on trends in home sales prices. This analysis looks at sales reporting periods extending back to 2002. This would represent all good sales annually, including lake homes.



The long-term patterns for home sales in Alexandria show steady growth in the median value from 2002 through 2008. Then, the national housing market crash and economic recession of the late 2000s resulted in decreasing values, with a low of \$128,000 reached in 2011. The median price then began to improve once again, and since 2015 the median has been above \$150,000. The median price of \$173,330 in 2017 was more than \$5,000 above the level reached in 2016.

Although the median prices do show general trends, there are some factors that could impact the annual sales activity. In addition to the lake shore sales that may be recorded, there has also been annexation activity over time. As portions of the adjoining Townships have been added to the City of Alexandria, home sales that might have been occurring in previous years in these Townships would not have been included in the calculation of a City’s median price.

## Median Sales Prices in Adjoining Townships

The Greater Alexandria area designation used in this Study includes five Townships that surround the City. A 2017 sales ratio report was obtained from Douglas County for these Townships.

| <b>Table 19 Median Value of 2017 Residential Sales - Townships</b> |                 |              |              |               |
|--|-----------------|--------------|--------------|---------------|
| Township   | Number of Sales | Median Price | Lowest Price | Highest Price |
| Alexandria   | 40              | \$268,250    | \$106,700    | \$680,000     |
| Carlos   | 26              | \$302,850    | \$140,500    | \$785,000     |
| Hudson   | 10              | \$301,000    | \$142,800    | \$634,400     |
| LaGrand  | 56              | \$254,410    | \$86,500     | \$460,600     |
| Lake Mary  | 13              | \$186,500    | \$65,000     | \$458,000     |

Source: County Assessor; Community Partners Research, Inc.

The Townships that surround Alexandria contain a number of higher-valued homes, including lake shore properties. However, in any given year, the number of good sales is limited, and the median may not be an accurate indicator of overall home values.

LaGrand Township had the largest number of sales in 2017, with a median of \$254,410. Alexandria Township had 40 good sales, with a median of \$268,250.

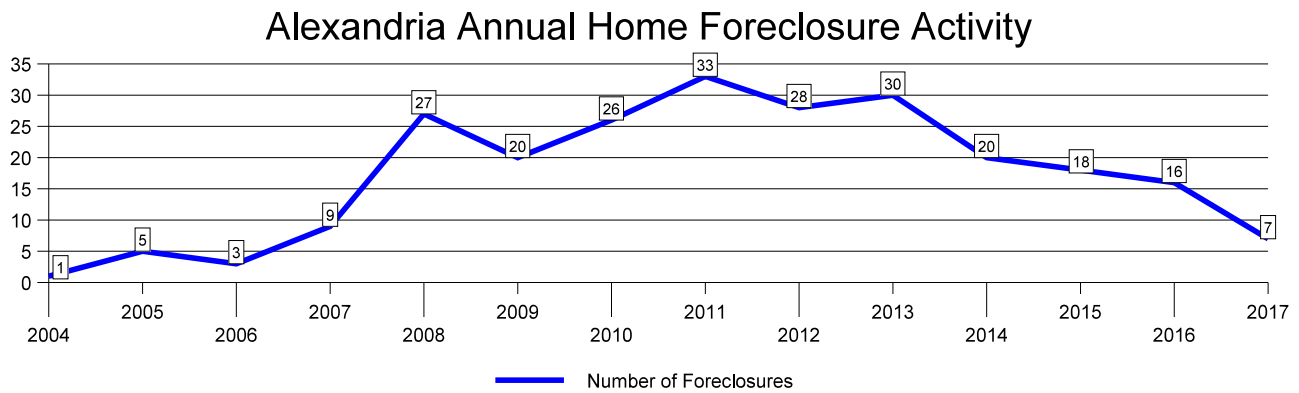
The medians in both Carlos Township and Hudson Township were both above \$300,000. But there were only 26 sales and 10 sales, respectively, so the medians may have been impacted by a number of higher-priced sales.

Lake Mary Township had the lowest median, at \$186,500, but this was based on only 13 good sales.

As presented earlier, the median price for all home sales in Alexandria in 2017 was \$173,330, including lake shore properties. The medians for all five of the adjoining Townships were higher than in the City.

## Home Foreclosures

The City Assessor's Office has maintained data on foreclosures. The following chart presents the annual number of foreclosures from 2004 through 2017.



As indicated in the chart above, there was a rapid increase in home foreclosures beginning in 2008. From 2008 to 2014, there were 14 or more foreclosures annually in the City, with the peak level reached in 2011, when 33 foreclosures occurred. After decreasing steadily since 2013, there were only seven foreclosures in 2017, the lowest level since 2006.



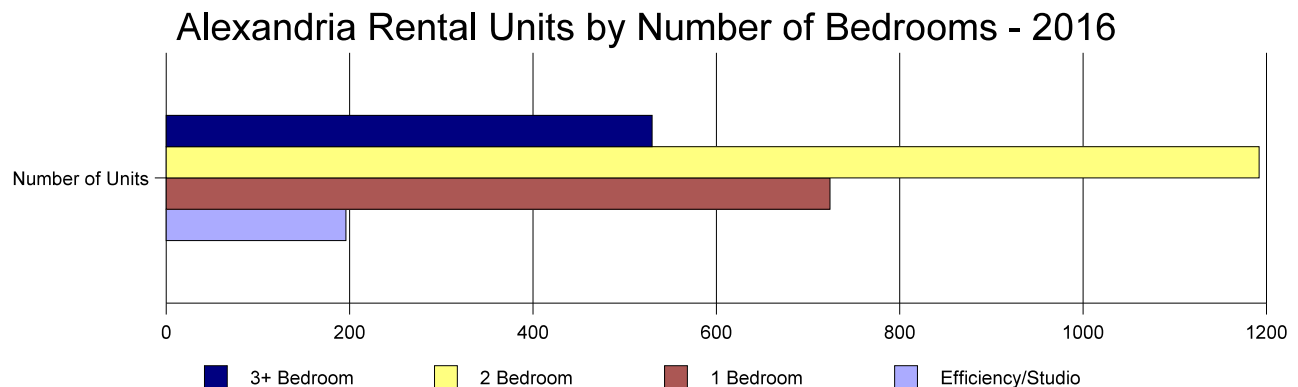
## American Community Survey Rental Data

The 2016 American Community Survey provides information on rental units that exist in Alexandria. A later section in this Update provides information collected in a rental survey of larger multifamily properties. The American Community survey estimates would represent all rental housing in the City.

| <b>Table 20 Alexandria Rental Distribution by Bedrooms and Rent - 2016</b> |                      |                     |                     |               |              |             |
|--|----------------------|---------------------|---------------------|---------------|--------------|-------------|
| Unit Size  | Rent less than \$500 | Rent \$500 to \$749 | Rent \$750 to \$999 | Rent \$1,000+ | No cash rent | Total Units |
| Efficiency/Studio  | 140                  | 34                  | 0                   | 22            | 0            | 196         |
| 1 Bedroom  | 254                  | 287                 | 14                  | 169           | 0            | 724         |
| 2 Bedroom  | 19                   | 540                 | 504                 | 129           | 0            | 1,192       |
| 3+ Bedroom   | 51                   | 96                  | 89                  | 253           | 41           | 530         |
| Total  | 464                  | 957                 | 607                 | 573           | 41           | 2,642       |

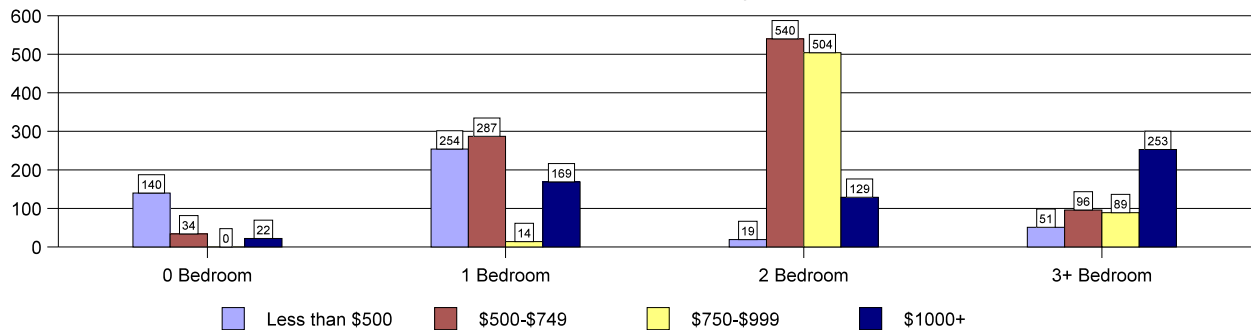
Source: American Community Survey

According to the 2016 ACS, the large majority of the rental options in Alexandria were in one-bedroom or two-bedroom units. Approximately 20% of the City’s rental stock had three or more bedrooms, and 7.4% were in the form of efficiency/studio units.



One-bedroom units represented more than 27% of all rental housing, while two-bedroom units represented more than 45% of all rental housing in Alexandria.

**Alexandria Gross Rent Distribution by Bedroom Size - 2016**



The American Community Survey includes an estimate of the median gross rent, for all units and by bedroom size. Overall, the median gross rent level was \$717 in 2016. Gross rent would include tenant-paid utilities.

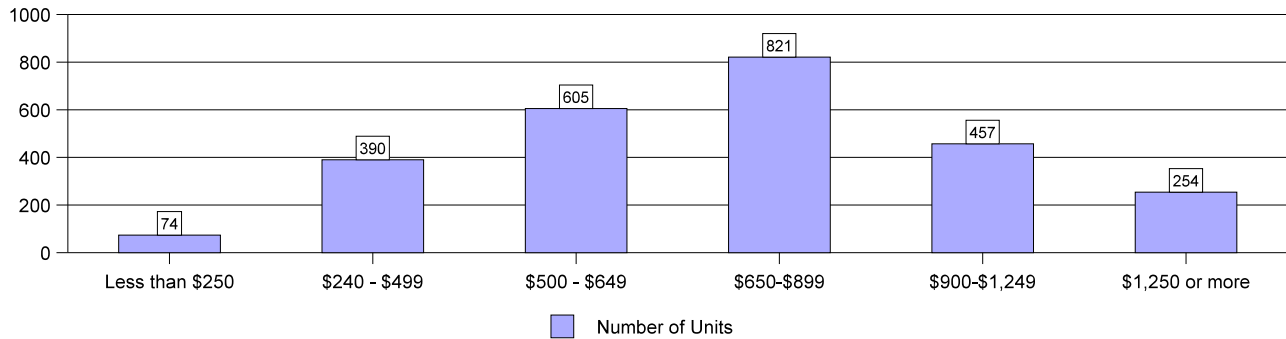
For efficiency/studio units, the estimated median gross rent was \$462. For one-bedrooms, the median was \$534. The median increased to \$764 for two-bedroom options, and was at \$1,062 for three-bedroom rentals.

The information on gross monthly rent by the number of bedrooms in the rental unit used fairly broad ranges for reporting rents. The American Community Survey also presents information on gross rents within more defined ranges, but this information is not distributed by bedroom mix.

The rent distribution tables from the 2016 American Community Survey also do not differentiate between different segments of the market. Since all types of renter households could be surveyed, the rent distribution should include subsidized units, tax credit units, student units, and probably some specialized senior housing. However, the vast majority of units in Alexandria would represent conventional, market rate housing.

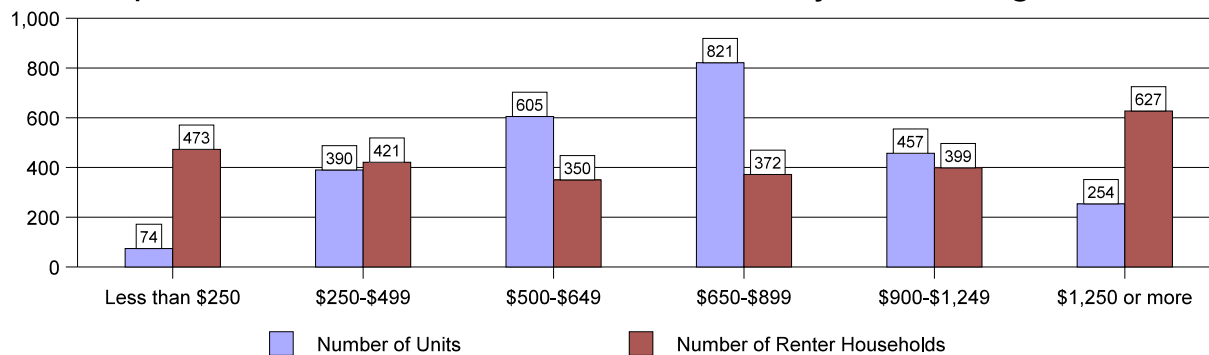
Using the overall distribution of gross monthly rents and renter households by income, presented earlier in this Study, it is possible to compare rents and income. The following chart displays the overall rent distribution within defined price ranges as estimated for all rental units in Alexandria.

### Alexandria Rental Unit Distribution by Rent Range - 2016



Rental rate information can then be compared to the number of renter households that would need a unit within this same basic price range, using a standard that 30% of income can be applied to housing costs.

### Comparison of Income to Unit Distribution by Rent Range - 2016



Comparing supply and demand, based on the price needed versus unit rent distribution, shows some distinct trends. First, there were many more low income households that needed a unit priced less than \$250 than there were units available. There were more than six times as many households with an annual income below \$10,000 than units that rented for less than \$250 in 2016.

Within the next income/price range there were only slightly more households than affordable units. However, if all of the income groups needing a unit below \$500 were combined, the unit supply with a gross rent of \$499 or less had more than 300 fewer units than needed. Overall, there were nearly 900 total households needing a lower priced unit, but only 464 units with a gross rent below \$500.

The mismatch between very affordable units and renter households with an income below \$20,000 would be mitigated somewhat by rent assistance Vouchers or other public assistance programs.

However, even with some assistance available, there were many lower income households with a housing cost burden, as detailed earlier in this section. Lower income renters are a group that generally cannot be served by any new construction programs, as very few new units have been created with a gross rent below \$500.

The unit supply in the price range between \$500 and \$649 was relatively large, and was greater than the number of renter households with an annual income in the \$15,000 to \$26,000 range. Presumably, many of the lower income households that could not find a unit that was more affordable instead moved into units in this basic price range, even though it may have caused a significant rent burden.

The supply of units in the \$650 to \$899 price range was also large, and once again exceeded the number of renter households with an annual income between \$26,000 and \$36,000. Rental housing constructed in the 1990s and 2000s may have been priced below \$900 per month. Lower income households that rented a more expensive unit, as well as higher income households that rented a less expensive unit would potentially have been within this moderate range.

In the higher rent ranges of \$900 or more, the overall supply of units was much smaller than the number of renter households with moderate to higher incomes. Overall, the American Community Survey estimates showed that approximately 39% of all renter households in Alexandria in 2016 had an annual income of \$36,000 or more, but only 27% of all rental units were priced at \$900 or more for gross rent. Since 2016 there have continued to be some additions to this higher price range in newly constructed projects.

## Rental Housing Data

At the time of the 2010 Census, there were 2,537 occupied rental units, and at least 196 unoccupied rental units in Alexandria, for a total estimated rental inventory of approximately 2,733 units. The City's rental tenure rate, was 47.9%, based on renter-occupancy households, well above the Statewide rate in 2010 of 27% rental.

There is no accurate tenure count available since 2010, but the American Community Survey for 2016 did contain an estimate. According to that source, there were 2,642 occupied rental units in the City in 2016. There were also 356 unoccupied rental units, for a total estimated inventory of 2,998 total units. If accurate, this source showed a net gain of 265 rental housing units in the City between 2010 and 2016.

## Rental Construction After 2010

Alexandria has had ongoing construction of multifamily rental housing. Based on building permit reports, it is probable that the following projects have added to the City's rental housing inventory since the 2010 Census was conducted.

- ▶ Legacy Phase II - 55 units market rate/TIF
- ▶ Lakewood Terrace 1 and 2 - 36 units market rate/TIF
- ▶ Grand Arbor phase 1 - 73 independent living apartments and 47 assisted living units including TIF units
- ▶ Foundation Hall - 40 student housing units
- ▶ Runestone Apartments - 63 units market rate/TIF
- ▶ Deer Ridge Townhomes - 24 moderate rent income-restricted units
- ▶ Granite Manor - 67 units market rate/TIF
- ▶ Arabella Manor II - 37 senior-occupancy rental units
- ▶ Grand Arbor phase 2 - 93 independent living apartments and 16 assisted living units including TIF units
- ▶ Woodland Apartments - 36 units market rate/TIF
- ▶ Lakewood Terrace 3 and 4 - 36 units market rate/TIF
- ▶ 7<sup>th</sup> Avenue Apartments - 12 market rate units
- ▶ Unique Development Rosewood - 47 units market rate/TIF under construction
- ▶ Unique Development McKay - 94 units market rate/TIF under construction

Unique Developments Rosewood and McKay projects have just started construction in 2018 and will not be available for occupancy until sometime in 2019.

Based on the identified construction, but excluding the units under construction in 2018, it is probable that between 575 and 625 rental housing units have been added to the City after the Census count. This total also excludes some of the very specialized housing that would probably be better classified as “group quarters” units.

When added to the 2010 Census total, there may be between 3,300 and 3,350 total rental housing units in Alexandria in 2018, with a rental tenure rate at or above 47%.

### **Pending/Proposed Rental Projects**

In addition to the two projects listed above that will open for occupancy in 2019, the research also identified a number of other possible multifamily rental projects that may proceed to development starting in 2019 or later.

In 2018, an application was submitted for a 2019 federal low income housing tax credit award. If successful, a 32-unit affordable project, known as Central Lakes Apartments, could start construction later in 2019 and open in 2020. These would be moderate rent units, targeted to households below 60% of the median income level.

Another application will be made in 2018 for Central Lakes Apartments II, through the State’s Workforce Housing Development Program. Although State assistance would be used, there would not be any income limits imposed, and the project would probably be similar to other new market rate apartment projects in the City. As planned, this project would create 36 units.

A proposed market rate project that had once been planned to start in 2018 has been delayed, but could proceed in 2019 or 2020. As originally planned, it would create 56 market rate rental units. This project has not applied for any TIF assistance which would require an affordable component.

A proposed project in the downtown area could create 33 luxury rental units. This had started in the planning process in 2018, but has not advanced and its current status is unknown.

Over time, the Grand Arbor senior complex which is affiliated with Knute Nelson, has done multiple unit expansions to address specialized care needs. Further expansion at this campus is probable, although no detailed plans were underway in 2018. Preliminary discussions have included independent senior housing in town house or twin home units, intended to compliment the more service-intensive forms of housing that already exist. It is possible that these could be owned or rented units, since no formal plans have been announced.

## **Rental Housing Survey**

As part of this Update, a telephone survey was conducted of larger rental projects in Alexandria. Emphasis was placed on contacting multifamily properties with four or more units. For the purposes of future construction, we believe that the larger rental properties provide the best comparison.

The survey was conducted in August 2018. Similar surveys have been completed by Community Partners Research in 2014, 2013, 2012, 2011, 2009 and 2005. These past surveys allow for some degree of comparison with the most recent findings.

It should be noted that the timing of a rental survey was planned with the timing of the fall term at Alexandria Technical and Community College. In August, students are actively securing housing for the upcoming school year, and demand tends to be strong. In contrast, a survey conducted at the end of an academic term will often reflect student movement.

Multiple attempts were made to contact each building. Information was tallied separately for different types of rental housing, including market rate units, tax credit units, and subsidized housing. Student-oriented housing was also included in the survey. Excluding student housing, there were 1,760 general rental units that were contacted in the survey.

Alexandria also has a relatively large inventory of senior housing with services. A separate section analyzes this segment of the market and has been provided later in this document.

This rental units analyzed in this section represent more than 53% of all rental units estimated to exist in 2018. The breakdown of surveyed units is as follows:

- ▶ 1,149 market rate units (including some TIF with income limits)
- ▶ 114 tax credit units
- ▶ 126 general occupancy subsidized units
- ▶ 290 senior/disabled occupancy subsidized units
- ▶ 81 student-oriented units

The findings of the survey are provided below.

## Market Rate Summary

Usable information was obtained on 1,149 market rate rental units in 34 rental projects. However, some properties provided limited information, and in the specific analyses that follow, a smaller subset of units may have been used. For example, some properties could not specifically identify the exact bedroom mix of their units. Others were unwilling to disclose occupancy or rental rate information.

One additional property that was successfully contacted, 7<sup>th</sup> Avenue Apartments, was newly constructed and in its pre-leasing phase. This project was not included in the 2018 analysis.

### Unit Mix

The following information is for the bedroom mix for units that were surveyed:

- ▶ 85 efficiency/studio units (7.7%)
- ▶ 248 one-bedroom (22.6%)
- ▶ 679 two-bedroom (61.9%)
- ▶ 83 three-bedroom (7.6%)
- ▶ 2 four-bedroom (0.2%)

### Occupancy / Vacancy

Vacancy calculations are based on 1,097 market rate units. This total does include some TIF-assisted units that are set-aside within specific developments. The TIF units do have income limits for tenants, but generally operate as market rate housing.

There were 19 units that were recorded as vacant on the date of the survey. This represented a vacancy rate of 1.7%. However, a number of the reported vacancies were in efficiency/studio units that may not be practical for many renter households. For units with one or more bedrooms, the overall vacancy rate dropped to only 1.4%.

The vacancy rate in 2018 was substantially lower than recorded in other recent surveys, including a vacancy rate of 6.8% in 2014. However, the 2014 survey which was completed during February, compared to August in 2018. Winter surveys can be impacted by suppressed tenant movement. Another survey conducted in April 2013 had recorded an overall vacancy rate of 2.6% in the market rate segment.



**Rental Rates**

There continues to be a wide variation in rental rates in Alexandria. A significant number of new, market rate units have been introduced into the market in the last decade, which often charge higher rents. However, there is also a large inventory of market rate apartments in buildings that are more than 25 years’ old, and have a much more moderate rent structure.

Some of the units include the primary utility payments with the rent, while in other cases, the tenant pays the major utilities in addition to rent. We have attempted to include tenant-paid utilities into a gross rent estimate. The Identified Range column defines the highest and lowest gross rents identified by the 2018 survey, while the Prevailing Range column defines a more narrow band of gross rents being charged by a majority of the units surveyed.

| <u>Units Type</u> | <u>Identified Range</u> | <u>Prevailing Range</u> |
|-------------------|-------------------------|-------------------------|
| Efficiency/Studio | \$340 - \$755           | \$390 - \$675           |
| 1-bedroom         | \$475 - \$905           | \$575 - \$800           |
| 2-bedroom         | \$610 - \$1375          | \$650 - \$1025          |
| 3-bedroom         | \$810 - \$1625          | \$910 - \$1325          |

Many of the City’s multifamily rental units are in a moderate rent range. This is especially true in the stock of one-bedroom and two-bedroom rentals, which are well-represented in the older apartment buildings. However, many of the three-bedroom rentals are relatively new, and have a higher rent structure.

For most of the units where a direct comparison can be made, the contract rent increase has been modest between the 2014 and 2018 surveys, typically \$125 or less. For a number of units, the rent increase over the past four years is less than \$50 per month, but there are also units that have seen increases of \$150 or more.

**Single Family Home Rentals**

The analysts talked to some property managers that also work with single family house rentals and other small properties. Single family units will often serve families and typically have three or more bedrooms. Tenants tend to pay all utilities in single family homes. Strong demand has typically been reported in this segment of the rental market, as some households prefer single family living. Rents within this market segment can vary widely, depending on the age and condition of the single family house, as well as the number of bedrooms that exist.

## **Student-Oriented Housing**

Alexandria has a student population attending Alexandria Technical and Community College. Part of the City's rental demand is generated by student renters. Many of the market rate rental complexes have students as a portion of their tenants. However, there are a few rental properties that cater primarily to students, and these have been separated in the rental table that follows later in this section.

There are generally two basic types of properties that cater specifically to students. The first group represents rental housing that is located very close to the campus. This includes rental complexes such as Jefferson Apartments and Foundation Hall that are generally within one or two blocks of the College.

The second group includes properties that can offer seasonal rentals, such as Geneva Beach Resort. Area resorts and smaller motels may make their units available for students in the off-season.

Within the student-oriented market segment, leases are often offered individually with each occupant, and rent is based on a per-person rate. The lease term coincides with the academic year.

The rental survey in 2018 identified three specific properties defined as student-oriented housing. Overall, there were 71 units within this housing segment, with approximate capacity for 218 students, assuming single occupancy in most bedrooms. In August of 2018, nearly all of the bedrooms were leased, although a few bedrooms still were available.

There were two additional apartment projects, Courtyard and Pheasant Run, which also reported a large number of students in 2018. But both projects also had non-student renters and neither were offering rent on a per bedroom basis, so Courtyard and Pheasant Run were grouped with the traditional market rate housing segment. Both had high rates of occupancy when surveyed.

A very high rate of occupancy is typically present at the start of the fall term in student-oriented projects, although some attrition during the school year can open up some bedrooms.

Prices for shared occupancy units range from approximately \$375 to \$610 per person, and from approximately \$540 to \$625 for single occupancy.

## **Tax Credit/Moderate Rent Summary**

Alexandria has four moderate rent projects that have received federal low income housing tax credits and operate under the program regulations. These projects have a combined total of 114 units that are subject to the tax credit income and occupancy restrictions. All of these units serve households at or below 60% of median income, the maximum income limit under the tax credit program.

- ▶ Wiltoka Apartments was constructed in 1992 and has 48 units
- ▶ Sunrise Apartments was constructed in 1995 and has 18 units
- ▶ Lincoln Square was constructed in 1997 and has 24 units
- ▶ Deer Ridge Townhomes was constructed in 2014 and has 24 units

Wiltoka, Sunrise and Lincoln Square have completed their initial 15-year compliance period and are now in the extended compliance phase. During extended compliance, new applicants must be income-certified, but existing tenants do not have to be certified annually. At the end of the extended compliance period, all income and rent restrictions are removed.

### **Unit Mix**

The bedroom mix for tax credit units is as follows:

- ▶ 2 - one-bedroom units
- ▶ 72 - two-bedroom units
- ▶ 40 - three-bedroom units

The emphasis of the tax credit program in Minnesota is to provide affordable, work force housing, and units with two or more bedrooms receive application priority.

### **Occupancy/Vacancy**

At the time of the 2018 rental survey, there were two vacant units reported, for a vacancy rate of 1.8%. However, both of the projects reporting a vacancy also maintain a waiting list, which was being used to market the available apartments. Waiting lists typically exist for tax credit housing in Alexandria, so new tenants are generally taken from these lists when turnover occurs.

At the time of the 2014 rental survey, the estimated vacancy rate was 5.6%, but this was higher than typical. In 2013, there was only one vacant unit reported, for a vacancy rate of 1.1%. In the 2012 survey there had been a vacancy rate of 4.4%.

In the past, some of the tax credit property managers have talked about diligent screening practices, resulting in more rejected applications. At the time, poor credit histories were cited as one of the primary reasons for rejecting new applicants.

### **Rental Rates**

The federal tax credit program places maximum rent limitations on assisted units. For 2018, maximum gross rents for units at 60% of median income were as follows:

| <u>Bedroom Size</u> | <u>Maximum Allowable Rent</u> |
|---------------------|-------------------------------|
| One-Bedroom         | \$806                         |
| Two-Bedroom         | \$967                         |
| Three-Bedroom       | \$1,117                       |

The gross unit rents being charged by tax credit projects in Alexandria are well below the maximum tax credit limits. Even the highest rent structure, at Deer Ridge Townhomes, and are closer to the limits set at 50% of median income.

The maximum rents allowable under the tax program are generally at the upper end of the prevailing rates for most market rate units in Alexandria. It is probable that in order to stay competitive with other rental projects in the City, the tax credit developments charge rents that are well below the maximum federal limits. Tax credit projects also have income restrictions that apply, which reduces the potential tenant base, also resulting in a lower rent structure to remain competitive.

### **Pending Projects**

An application was submitted for the 2019 tax credit cycle for a new project in Alexandria. Central Lakes Apartments would create 32 income-restricted units. If awarded funding, this project would not start construction until sometime in 2019.

## Subsidized Summary

The inventory of federally subsidized rental housing in Alexandria has remained unchanged since 2014. There are 10 subsidized projects providing rental opportunities for lower income households. These 10 projects have a combined 416 units.

Most of the City's current inventory of subsidized units serves very low income people and charge rent based on 30% of the tenant's household income. A majority of the units, 290, are designated for or have a preference for senior and/or disabled occupancy. In some cases, a waiver may have been granted to allow for younger or non-disabled tenants, but in large part these units serve the senior and disabled populations. There are 126 units that provide general occupancy subsidized housing.

The subsidized inventory in Alexandria has decreased in past, as documented in the 2014 Study. Earlier in this decade, both Oak Manor Apartments, with 12 one-bedroom units, and Woodhill Apartments, with 18 units, both left the Rural Development subsidy program and converted to market rate housing.

There is one project in 2018 that is still "at risk" of leaving the subsidy program. Royal Manor II, with 24 general occupancy units, has filed the necessary paperwork to leave the Rural Development program but in August 2018 was still operating as subsidized housing. The project was in the process of being sold.

## Unit Mix

The subsidized rental projects that we contacted range in size from 14 units to 106 units. The bedroom mix, including Royal Manor II, is as follows:

- ▶ 325 one-bedroom (78.1%)
- ▶ 72 two-bedroom (17.3%)
- ▶ 17 three-bedroom (4.1%)
- ▶ 2 four-bedroom (0.5%)

## Occupancy / Vacancy

There was only one vacant unit reported in the 2018 survey in the projects primarily oriented to general occupancy. This represented a vacancy rate of 0.8%.

The general occupancy vacancy was in a Rural Development unit that did not have project-based rent assistance available, and the tenant would be required to pay a basic rent amount, even if it exceeded 30% of income. Waiting lists typically were present for units that could offer rent assistance.

There was one vacancy reported in subsidized projects primary serving senior/disabled populations. The senior/disabled unit vacancy rate was 0.3%.

The reported vacancy was in a second-floor unit in a project that did not have an elevator. There was a waiting list for main floor units in this building, but less demand exists for upper floor units that can only be accessed by stairs. Most of the projects reported the existence of waiting lists.

A low rate of vacancy in subsidized rental housing has been a consistent pattern in Alexandria. In the 2014 rental survey the general occupancy vacancy rate was 3.2%. The senior/disabled unit vacancy rate was 0.7%.

### **Waiting Lists**

Most of the subsidized projects continued to report waiting lists in 2018. The most detailed waiting list information exists for HUD Public Housing units.

The Alexandria HRA reported a waiting list that had approximately 25 names for both 2-bedroom and 3-bedroom general occupancy units. A waiting list also existed for Viking Towers, which offers an occupancy preference for seniors and disabled tenants. There were approximately 30 preference holders on that project's waiting list.

Detailed waiting list information was also available from the Douglas County Housing and Redevelopment Authority, for its scattered site Public Housing units. The HRA had 31 names on the two-bedroom list, approximately 17 names on the three-bedroom list, and one name on the four-bedroom waiting list.

As stated earlier, the waiting list for the tenant-based rent assistance program has been closed for an extended time due to its length, but is expected to reopen within the next year.

## **Tenant-Based Rent Assistance**

In addition to the subsidized properties with project-based rent assistance, the Alexandria area also has tenant-based rent assistance programs. In 2018 there were approximately 136 Alexandria area households being assisted with HUD Housing Choice Vouchers (formerly Section 8 Existing Program).

Housing Choice Voucher assistance is issued to income-eligible households for use in suitable, private market rental housing. With the assistance, a household pays approximately 30% of their income for their rent, with the program subsidy paying any additional rent amounts. The rent assistance is administered by the Douglas County HRA.

Since this rent assistance is tenant-based, and moves with the household, the actual number of participating households within the City can vary from month to month. It is also possible that some of the households may be using their rent assistance in one of the subsidized projects, if that project does not have rent assistance available for all tenants. Vouchers may also be used in the income-restricted tax credit projects.

The waiting list for the Voucher program has been closed to new applicants due to its length, but may reopen within the next year.

In addition to Housing Choice Vouchers, the Douglas County HRA also administers some rent assistance programs for special need's populations, including homeless individuals and households, and people with persistent mental illness issues.

| <b>Table 21 Alexandria Multifamily Rental Housing Inventory</b> |  |   |                              |  |   |
|---|--|---|------------------------------|--|---|
| <b>Name</b>   | <b>Number of Units /Bedroom Mix</b>  | <b>Rent</b>   | <b>Vacancy/ Wait List</b>    | <b>Occupancy Type</b>                          | <b>Comments</b>   |
| <b>Market Rate</b>  |  |   |                              |  |   |
| AKC Apartments<br>1208-1230<br>Jefferson                        | Efficiency<br>1 Bedroom<br><u>2 Bedroom</u><br>11 Total Units  | N/A<br>+electric and some heat                        | N/A                          | N/A  | Unwilling to participate in 2018 survey - information presented is from prior surveys. Apartments and town houses constructed in 1969. All tenants pay electric and town house tenants pay heat. Amenities include detached garages and laundry hookups. In the past a mix of tenants has been reported including seniors, students and younger adults. The project offers smoke-free housing.  |
| Alexandria Manor<br>420 8 <sup>th</sup> Ave W                   | <u>16 - 1 Bedroom</u><br>16 Total Units  | \$495<br>+electric                                    | 1 vacant unit<br>1 - 1 Bdrm  | Mix of tenants                                 | Three-level building without elevator constructed in the late 1970s. Tenants pay electric but heat, water, sewer and garbage are included in rent. Amenities include stove, refrigerator, AC and coin laundry. All units have 1 bathroom, unit size not available. One vacant unit at time of survey due to turnover but good demand exists, but tenant screening can result in most applicants being rejected. Rents are up by \$20-\$30 from 2014 survey.   |
| The Alexson<br>120 W 6 <sup>th</sup> Ave                        | 20 - Efficiency<br>14 - Studio<br>9 - 1 Bedroom<br>6 - 2 Bedroom<br><u>1 - 3 Bedroom</u><br>50 Total Units | \$340-\$400<br>\$400-\$465<br>\$600<br>\$660<br>\$810 | 2 vacant units<br>2 - effic. | Mix of students, seniors, singles and families | Former 1880s downtown hotel converted to apartments in late 1970s. Rent includes all utilities, including cable TV and WiFi. Some units are furnished, but eliminating furnished options in the future. Students will often rent efficiencies. Building amenities include coin laundry, reserved parking, courtyard with grill, security entrance, car ports and A/C for extra fee. Efficiencies are 12'x12' plus bathroom and use community kitchen. Studios are 288 sq ft plus bathroom and have kitchens. One-bedrooms have 432 sq ft plus bathroom and are available furnished or unfurnished. Two-bedrooms have 576 sq ft plus bathroom and are available furnished or unfurnished. Manager reported 2 vacant efficiency units but starting to get calls from students. Most unit rents have increased by \$20 to \$50 from 2014 survey. |



**Table 21 Alexandria Multifamily Rental Housing Inventory**

| Name  | Number of Units /Bedroom Mix  | Rent  | Vacancy/ Wait List | Occupancy Type                        | Comments   |
|---|---|---|--------------------|---------------------------------------|--|
| <b>Market Rate</b>                                |   |   |                    |                                       |  |
| Belmont Apartments<br>307 W 6 <sup>th</sup> Ave   | 2 - Studio<br><u>5 - 2 Bedroom</u><br>7 Total Units                         | \$465<br>\$660<br>+electric                 | No vacant units    | Mix of families, seniors and students | One of the oldest apartment buildings in town - dates to 1917 and is on National Historic Register - and then remodeled in 1999. Studios are fully furnished. Rent includes all basic utilities, but tenants in 2-bedrooms pay electric, but rent does include a detached garage. Coin laundry facilities available. Units are full with limited turnover - mix of tenants with families, seniors and students. Rents are largely unchanged from 2014 survey.  |
| Birchwood Apartments<br>315 6 <sup>th</sup> Ave E | <u>15 - 1 Bedroom</u><br>15 Total Units                                     | N/A<br>+electric                            | N/A                | N/A                                   | Unable to contact in 2018 - information presented is from prior surveys. 1920s former hotel that was converted to rental housing. Rent includes heat but tenants pay electric. Coin laundry available.   |
| Bridgewater Estates<br>720 22 <sup>nd</sup> Ave E | 28 - 1 Bedroom<br>42 - 2 Bedroom<br><u>10 - 3 Bedroom</u><br>80 Total Units | \$785-\$880<br>\$890-\$985<br>\$1075-\$1120 | No vacant units    | Mix of tenants                        | Three-level buildings with elevators constructed in 2001 and 2002. TIF assistance provided so 16 units once had income limits - but TIF use has ended. All utilities are included in rent. Project amenities include community room with kitchen, business center, exercise room, game room. Unit amenities include stove, refrigerator, microwave, dishwasher, gas fireplace and most units have washer/dryer. Tuck-under parking for \$60 and detached garage parking for \$40 available. Most one-bedrooms have approx. 700 sq ft and 1 bathroom, but a few units as large as 923 sq ft. Most 2-bedrooms have 909 to 963 sq ft and 1 or 1.5 bathrooms, but some units have 1163 sq ft. Three-bedrooms range from 1149 to 1267 sq ft and have 2 bathrooms. Manager reports no vacant units at time of survey and good demand. One-bedroom rents have increased by \$105-\$115, 2-bedrooms by \$100-\$120, and 3-bedrooms by \$130-\$135 from 2014 survey, but electricity is now included in rent. |

**Table 21 Alexandria Multifamily Rental Housing Inventory**

| Name  | Number of Units /Bedroom Mix                                       | Rent   | Vacancy/ Wait List            | Occupancy Type | Comments   |
|---|--|--|-------------------------------|----------------|--|
| <b>Market Rate</b>                                      |  |  |                               |                |  |
| Cardinal Estates  | 6 - 2 Bedroom<br>6 - 3 Bedroom<br>12 Total Units                   | \$690<br>\$765<br>+utilities                 | No vacancies                  | Mix of tenants | Six duplexes with 12 total units developed by the Douglas County HRA in 2002. Tenants pay all utilities in addition to rent. Amenities include stove, refrigerator, dishwasher, central A/C, 2-car attached garage and in-unit laundry hookup. Two-bedrooms have 1083 sq ft and 3-bedrooms have 1320 sq ft. Manager reported full occupancy and good demand for units. Mix of tenants but most are families with children. Rents are up by \$10-\$35 from 2014 survey.   |
| Colonial Court Apartments<br>1614 7 <sup>th</sup> Ave E | 5 - 1 Bedroom<br>11 - 2 Bedroom<br>2 - 3 Bedroom<br>18 Total Units | \$625<br>\$825-\$850<br>\$1050<br>+electric  | No vacant units               | Mix of tenants | Apartments in 3-level building without elevator constructed in 1998. Rent includes heat, water, sewer and garbage, with tenant paying electric. Amenities include stove, refrigerator, dishwasher, AC, walk-in closet, mini-blinds, fireplace and in-unit laundry in half the units. Garages available for extra \$50/month. One-bedrooms have approx. 650 sq ft and 1 bathroom, 2-bedrooms have 920 sq ft and 1 bathroom, and 3-bedroom units are large with nearly 1300 sq ft and 2 bathrooms. Manager reported no vacant units at time of survey and good demand. Rents have increased by \$75 for 1-bedroom, \$110-\$135 for 2-bedrooms and \$200 for 3-bedrooms from 2014 survey. |
| Condamera Apartments<br>1814-1816 Fillmore St           | 14 - 1 Bedroom<br>34 - 2 Bedroom<br>48 Total Units                 | \$575<br>\$650<br>+heat, hot water, electric | one vacant unit<br>1 - 2 Bdrm | Mix of tenants | Two 3-story apartment buildings without elevators constructed in 1979. Tenant pays heat (electric), hot water and electricity, but water, sewer and garbage included in rent. Amenities include stove, refrigerator, dishwasher and detached garage parking. Upper floor units have AC and balcony. One-bedrooms have approx. 696 sq ft and 2-bedrooms have approx. 986 sq ft including storage; all units have 1 bathroom. One unit vacant at time of survey due to turnover. Rents are up by \$75 from 2014 survey.  |

| <b>Table 21 Alexandria Multifamily Rental Housing Inventory</b> |   |                                      |                              |                                   |  |
|---|---|--------------------------------------|------------------------------|-----------------------------------|--|
| <b>Name</b>   | <b>Number of Units /Bedroom Mix</b>                       | <b>Rent</b>                          | <b>Vacancy/ Wait List</b>    | <b>Occupancy Type</b>             | <b>Comments</b>  |
| <b>Market Rate</b>  |   |                                      |                              |                                   |  |
| Courtyard Apartments<br>1420 Jefferson                          | 1 - Efficiency<br><u>23 - 2 Bedroom</u><br>24 Total Units | \$400<br>\$675                       | 1 vacant unit,<br>1 - Effic. | Approx. ½ students                | Apartments built in 1968. Rent includes all utilities. In 2014 most tenants were students but in 2018 approx. 50% are students. Owner reported 1 vacant unit at time of survey due to eviction but will fill quickly. Rents have increased by \$65 to \$75 from 2014 survey.   |
| Eastside Stories<br>408 McKay                                   | 7 - 1 Bedroom<br><u>17 - 2 Bedroom</u><br>24 Total Units  | \$550<br>\$650<br>+electric          | 1 vacant unit,<br>1 - 2 Bdrm | Mix of tenants                    | Multi-story apartment building without elevator that was probably constructed in the 1960s. Tenants pay electric but heat and other utilities included in rent. Amenities include balconies for upper units and coin laundry facilities. General mix of tenants. One unit vacant at time of survey due to turnover and rehab, but good demand exists. Rents listed are to be implemented in as units turnover - up by \$100 to \$125 from 2014 survey, but renovations also completed. |
| Eric Circle Apartments<br>2021 Eric Circle                      | <u>12 - 2 Bedroom</u><br>12 Total Units                   | \$575<br>+ heat,<br>electric         | 1 vacant unit,<br>1 - 2 Bdrm | Mix of tenants including students | Apartments built in 1994. Water, sewer, hot water and garbage included in rent but tenant pays heat (electric) and electricity. Amenities include stove, refrigerator, A/C, security entrance, coin laundry, and garage for extra \$35/month. Units have 825 sq ft and 1 bathroom. One vacant unit at time of survey due to turnover but good demand exists, but tenant screening can result in most applicants being rejected. Rents are up by \$20 from 2014 survey.                 |
| Eric Circle Apartments<br>2101 Eric Circle                      | 3 - 1 Bedroom<br><u>9 - 2 Bedroom</u><br>12 Total Units   | \$485<br>\$565<br>+heat,<br>electric | No vacant units              | Mix of tenants                    | Apartments built in 1981. Water, sewer, hot water and garbage included in rent but tenant pays heat (electric) and electricity. Amenities include stove, refrigerator, A/C, dishwashers in some units, coin laundry and garage for extra \$35/month. Units have 800 sq ft and 1 bathroom. No vacant unit at time of survey and good demand exists, but tenant screening can result in most applicants being rejected. Rents are up by \$20 from 2014 survey.                           |

**Table 21 Alexandria Multifamily Rental Housing Inventory**

| Name   | Number of Units /Bedroom Mix   | Rent   | Vacancy/ Wait List | Occupancy Type                   | Comments   |
|--|--|--|--------------------|----------------------------------|--|
| <b>Market Rate</b>   |  |  |                    |                                  |  |
| Eric Circle Apartments<br>2020 Eric Circle                       | <u>15 - 2 Bedroom</u><br>15 Total Units                                    | \$580-\$630<br>+heat,<br>electric                | No vacant units    | Mix of tenants                   | Apartments built in 1991. Water, sewer, hot water and garbage included in rent but tenant pays heat (electric) and electric. Amenities include stove, refrigerator, dishwasher in some units, A/C, security entrance, coin laundry and garage for extra \$35/month. Most units have 900 sq ft, with 1 larger unit at 1400 sq ft and at higher rent; standard units have 1 bathroom. No vacant units at time of survey and good demand exists, but tenant screening can result in most applicants being rejected. Rents are up by \$20 from 2014 survey.                    |
| Evergreen Apartments<br>(formerly Oak Manor)<br>310 Fourth Ave E | <u>12 - 1 Bedroom</u><br>12 Total Units                                    | \$550<br>+heat,<br>electric                      | No vacant units    | Senior designated (55 and older) | This project had been in the Rural Development subsidy program, but was sold in 2012 and the mortgage was prepaid and it converted to market rate housing. Originally built in 1979 for senior/disabled occupancy - it is now senior designated for tenants age 55 and older with 20% of tenants allowed under age 55. Some tenants have rent assistance Vouchers allowing rent based on 30% of income. Manager reported full occupancy. Building does not have elevators, and lower floor units are preferred by seniors. Rents have increased by \$55 from 2014 surveys. |
| Fourth Avenue Apartments<br>305 4 <sup>th</sup> Ave E            | 1 - Efficiency<br>4 - 1 Bedrooms<br><u>4 - 2 Bedrooms</u><br>9 Total Units | \$460<br>\$540-\$640<br>\$700-\$740<br>+electric | No vacancies       | Primarily singles and couples    | Older building that was converted to multifamily rental housing. Rental rehab used in 2008 - although 5-year compliance has expired. One and two bedroom units pay electric in addition to rent. Amenities include coin laundry facilities and off-street parking. Owner reported good demand for units with no vacancies and many long-term tenants. Most tenants are singles or couples including some students. Rents have increased substantially - by \$100 to \$215 depending on the unit, but renovations have also been ongoing since 2014 survey.                 |

| <b>Table 21 Alexandria Multifamily Rental Housing Inventory</b> |   |  |                              |   |   |
|---|---|--|------------------------------|---|---|
| <b>Name</b>   | <b>Number of Units /Bedroom Mix</b>   | <b>Rent</b>  | <b>Vacancy/ Wait List</b>    | <b>Occupancy Type</b>   | <b>Comments</b>   |
| <b>Market Rate</b>  |   |  |                              |   |   |
| Granite Manor<br>4727 Arbor Crossing                            | 1 - Studio<br>2 - 1 Bdrm TIF<br>1 Bdrm/1 bath<br>12 - 2 Bdrm TIF<br>2 Bdrm/1 bath<br>2 Bdrm/2 bath<br>3 Bdrm/2 bath<br><u>3 Bdrm/3 bath</u><br>67 Total Units | \$700<br>\$725<br>\$875<br>\$725<br>\$965<br>\$1065<br>\$1250<br>\$1300<br>+electric | No vacant units              | Market rate project with 14 TIF units at 50% of median income | Three-level apartment building with elevator that opened for occupancy in 2015 as the second phase of development at Stone Manor. TIF assistance require 14 units at 50% of median with lower rent structure listed. Rent includes heat, water, sewer and garbage, with tenant paying electric. Amenities include upgraded appliances with dishwasher and microwave, wall AC, in-unit laundry and deck/patio. Project amenities include community room, fitness center, patio with grills and attached or detached parking for extra fee. Multiple floor plans and unit styles, from studio to 3-bedroom/3 bath units. Manager reported full occupancy and high annual occupancy rate - filling TIF units can be difficult due to income limits. No comparable rent information from 2014 survey. |
| Lakes Village Apartments<br>510 3 <sup>rd</sup> Ave W           | 26 - Efficiency<br><u>3 - 1 Bedroom</u><br>29 Total Units   | \$390-\$430<br>\$650<br>including all utilities                                      | 2 vacant units<br>2 - Effic. | Mostly singles or couples                                     | Former motel converted into rental housing in the late 1990s. Originally planned for student housing but has traditionally served general rental market including students, with most tenants singles or couples. Units are furnished and range from efficiency to 1 bedroom, and all utilities are included in rent. Units are rented on a month-to-month basis. Some tenants have portable rent assistance Vouchers. Two vacant units at time of survey due to turnover, but frequent calls will result in full occupancy soon. Efficiency rents have increased by \$85-\$95, but 1-bedrooms by only \$30 from 2014 survey.   |

**Table 21 Alexandria Multifamily Rental Housing Inventory**

| Name                                     | Number of Units /Bedroom Mix   | Rent   | Vacancy/ Wait List   | Occupancy Type    | Comments  |
|--|--|--|--|-------------------|---|
| <b>Market Rate</b>                       |  |  |  |                   |   |
| Lakewood I<br>Apartments<br>204 Kenwood  | 9 - 1 Bedroom<br>14 - 2 Bedroom<br><u>1 - 2 Bdrm+Den</u><br>24 Total Units | \$575<br>\$675<br>\$800<br>+ heat,<br>electric | 2 vacant<br>units in<br>the 3<br>Lakewood<br>properties,<br>1 - 1 Bdrm<br>1 - 2 Bdrm | Mix of<br>tenants | Three-level apartment building without elevator constructed in mid to late 1970s. Rent includes water, sewer, hot water, garbage and cable TV, but tenant pays heat (electric) and electricity in addition to rent. Amenities include stove, refrigerator, A/C, coin laundry and garage for extra \$50/month. One-bedrooms have 620 sq ft, 2 bedrooms range from 835 to 944 sq ft, and 3 bedroom has 944 sq ft; all units have 1 bathroom. Two vacant units in Lakewood complex at time of survey - due to turnover and rehab, but good demand exists. One-bedroom rents are up \$75, and 2-bedrooms by \$125 from 2014 survey. |
| Lakewood II<br>Apartments<br>304 Kenwood | 8 - 1 Bedroom<br><u>16 - 2 Bedroom</u><br>24 Total Units                   | \$575<br>\$675-\$700<br>+heat,<br>electric     | 2 vacant<br>units in<br>the 3<br>Lakewood<br>properties,<br>1 - 1 Bdrm<br>1 - 2 Bdrm | Mix of<br>tenants | Three-level apartment building without elevator constructed in mid to late 1970s. Rent includes water, sewer, hot water, garbage and cable TV, but tenant pays heat (electric) and electricity in addition to rent. Amenities include stove, refrigerator, A/C, coin laundry and garage for extra \$50/month. One-bedrooms have 620 sq ft, 2 bedrooms range from 835 to 944 sq ft, and 3 bedroom has 944 sq ft; all units have 1 bathroom. Two vacant units in Lakewood complex at time of survey - due to turnover and rehab, but good demand exists. One-bedroom rents are up \$75, and 2-bedrooms by \$125 from 2014 survey. |

| <b>Table 21 Alexandria Multifamily Rental Housing Inventory</b> |   |  |  |  |   |
|---|---|--|--|--|---|
| <b>Name</b>   | <b>Number of Units /Bedroom Mix</b>   | <b>Rent</b>  | <b>Vacancy/ Wait List</b>  | <b>Occupancy Type</b>                            | <b>Comments</b>   |
| <b>Market Rate</b>  |   |  |  |  |   |
| Lakewood III Apartments<br>310 Kenwood                          | 8 - 1 Bedroom<br>16 - 2 Bedroom<br>24 Total Units   | \$575<br>\$675-\$700<br>+heat,<br>electric                             | 2 vacant units in the 3 Lakewood properties,<br>1 - 1 Bdrm<br>1 - 2 Bdrm | Mix of tenants                                   | Three-level apartment building without elevator constructed in mid to late 1970s. Rent includes water, sewer, hot water, garbage and cable TV, but tenant pays heat (electric) and electricity in addition to rent. Amenities include stove, refrigerator, A/C, coin laundry and garage for extra \$50/month. One-bedrooms have 620 sq ft, 2 bedrooms range from 835 to 944 sq ft, and 3 bedroom has 944 sq ft; all units have 1 bathroom. Two vacant units in Lakewood complex at time of survey - due to turnover and rehab, but good demand exists. One-bedroom rents are up \$75, and 2-bedrooms by \$125 from 2014 survey.   |
| Lakewood Terrace<br>3703 South Broadway                         | 2 - 1 Bedroom<br>3 - 2 Bdrm/1 bath<br>8 - 2 Bdrm/2 bath<br>5 - 3 Bedroom<br>18 total units with 4 affordable and 14 market rate | \$671<br>\$806<br>\$1100-\$1300<br>\$1430-\$1510<br>+heat,<br>electric | No vacant units  | Luxury rentals units with 4 affordable TIF units | New multi-level apartment building with elevator constructed in 2016 - full occupancy achieved within 2 months. One of 4 buildings in Lakewood complex. City TIF assistance used so 2 1-bedroom and 2 2-bedroom units are income and rent restricted at 50% of median income levels. Income-based units have generally had good occupancy history and waiting list can exist. Unit amenities include stove, refrigerator, dishwasher, microwave, in-unit laundry, AC and detached garage parking. Larger units have deck/balcony with additional 120 to 128 sq ft. One-bedrooms have 661 sq ft and 1 bathroom; 2-bedrooms with 1 bathroom have 808 or 970 sq ft; 2-bedrooms with 2 bathrooms have 1072 sq ft; 3-bedrooms have 1270 or 1370 sq ft and 2 bathrooms. Two bathroom units have master bedrooms with bathroom. Manager reported full occupancy and good demand. No comparable rent information from 2014. |

| <b>Table 21 Alexandria Multifamily Rental Housing Inventory</b> |   |  |                           |  |   |
|---|---|--|---------------------------|--|---|
| <b>Name</b>   | <b>Number of Units / Bedroom Mix</b>  | <b>Rent</b>  | <b>Vacancy/ Wait List</b> | <b>Occupancy Type</b>  | <b>Comments</b>   |
| <b>Market Rate</b>  |   |  |                           |  |   |
| Lakewood Terrace<br>3709 South Broadway                         | 2 - 1 Bedroom<br>3 - 2 Bdrm/1 bath<br>8 - 2 Bdrm/2 bath<br><u>5 - 3 Bedroom</u><br>18 total units<br>with 4 affordable<br>and 14 market<br>rate | \$671<br>\$806<br>\$1100-\$1300<br>\$1430-\$1510<br>+heat,<br>electric | No vacant<br>units        | Luxury<br>rentals<br>units with 4<br>affordable<br>TIF units | Multi-level apartment building with elevator constructed in 2015 - most units were pre-leased. One of 4 buildings in Lakewood complex. City TIF assistance used so 2 1-bedroom and 2 2-bedrooms are income and rent restricted at 50% of median income levels. Income-based units have generally had good occupancy history and waiting list can exist. Unit amenities include stove, refrigerator, dishwasher, microwave, in-unit laundry, AC and detached garage parking. Larger units have deck/balcony with additional 120 to 128 sq ft. One-bedrooms have 661 sq ft and 1 bathroom; 2-bedrooms with 1 bathroom have 808 or 970 sq ft; 2-bedrooms with 2 bathrooms have 1072 sq ft; 3-bedrooms have 1270 or 1370 sq ft and 2 bathrooms. Two bathroom units have master bedroom with bathroom. Manager reported full occupancy and good demand. No comparable rent information from 2014 survey. |



| <b>Table 21 Alexandria Multifamily Rental Housing Inventory</b> |  |   |                           |  |  |
|---|--|---|---------------------------|--|--|
| <b>Name</b>   | <b>Number of Units /Bedroom Mix</b>  | <b>Rent</b>   | <b>Vacancy/ Wait List</b> | <b>Occupancy Type</b>                            | <b>Comments</b>  |
| <b>Market Rate</b>  |  |   |                           |  |  |
| Lakewood Terrace<br>3705-3707 S Broadway St                     | 4 - 1 Bedroom<br>4 - 2 Bedroom<br>18 - 2 Bedroom<br><u>10 - 3 Bedroom</u><br>36 Total Units with 8 affordable and 28 market rate | \$671<br>\$806<br>\$1100-\$1300<br>\$1430-\$1510<br>+heat, electric | No vacant units           | Luxury rentals units with 8 affordable TIF units | Two 18-unit multi-level apartment buildings with elevator that were constructed in 2010 and opened for occupancy in 2011. Two of 4 buildings in Lakewood complex. City TIF assistance used so 4 1-bedroom and 4 2-bedroom units are income and rent restricted at 50% of median income levels. Income-based units have generally had good occupancy history and waiting list can exist. Tenants pay heat and electric, but other utilities included in rent. Market rate units have detached garage. Amenities include stove, refrigerator, dishwasher, include in-unit laundry, individual heat/AC, security entrance, deck/balcony and condo style buildings floor plans. Income-based units have 661 sq ft and 806 sq ft, respectively, and 1 bathroom. Market rate 2-bedrooms have 1090-1214 sq ft and most have 2 bathrooms; 3-bedrooms have 1389-1490 sq ft and 2 bathrooms. Manager reported full occupancy and good demand. Affordable unit rents are up by \$74 and \$89 from 2014 survey; market rents are up by \$80 to \$105 from 2014 survey. |
| Lark Street Apartments<br>1101-1109 Lark St                     | <u>16 - 2 Bedroom</u><br>16 Total Units  | \$540<br>+heat, electric  | No vacant units           | Mix of tenants                                   | Two 2-level apartment buildings constructed in the late 1970s. Water, sewer, hot water and garbage included in rent but tenant pays heat (electric) and electricity. Amenities include stove, refrigerator, A/C, dishwasher in some units, coin laundry and garage for extra \$35 fee. Units have 800 sq ft and 1 bathroom. No vacant units at time of survey and good demand exists, but tenant screening can result in most applicants being rejected. Rents are up by \$20 from 2014 survey.  |

**Table 21 Alexandria Multifamily Rental Housing Inventory**

| Name   | Number of Units /Bedroom Mix   | Rent   | Vacancy/ Wait List     | Occupancy Type   | Comments  |
|--|--|--|------------------------|--|---|
| <b>Market Rate</b>                                       |  |  |                        |  |   |
| <p>The Legacy<br/>701, 703 34<sup>th</sup><br/>Ave E</p> | <p>29 - 1 Bedroom<br/>55 - 2 Bedroom<br/><u>30 - 3 Bedroom</u><br/>114 Total Units</p> | <p>\$850-\$900<br/>\$920-\$1000<br/>\$1235<br/>+electric</p> | <p>No vacant units</p> | <p>Mix of tenants including many seniors, 23 TIF units</p> | <p>Rental housing complex constructed in 2 phases, with 59 units in 2009 and 56 units that opened in 2010. TIF assistance available so 23 units have income limits - often met by seniors on fixed income. Rent includes heat, water, sewer, hot water and garbage, but tenant pays electric. Unit amenities include stove, refrigerator, microwave, dishwasher, in-unit laundry, and tuck-under parking (\$55) or detached garage (\$40) parking available. Project offer amenities including guest room, community room, conference room, business center, exercise room, game room, beauty salon, theater, community deck with grills, controlled keyless entry and storage lockers (\$15). Some 1-bedrooms have den; regular 2 bedroom units will range in size from 990 sq ft to 1063 sq ft, but 2 large units have nearly 1500 sq ft and 2 bathrooms. Three bedroom units will range from 1350 to 1400 sq ft and 2 bathrooms. Manager reported full occupancy and low turnover - many tenants are seniors and do not move often. Most unit rents are up by \$40, but 3-bedrooms are unchanged from 2014 survey.</p> |
| <p>Lincoln Apartments<br/>1701 6<sup>th</sup> Ave E</p>  | <p><u>18 - 2 Bedroom</u><br/>18 Total Units</p>  | <p>\$670<br/>+electric</p>                                   | <p>No vacant units</p> | <p>Mix of tenants</p>                                      | <p>Three-level apartment building constructed in 1968, and renovated in 2009. Rent includes heat, water, sewer, hot water, cable tv and garbage, but tenant pays electric. Amenities include stove, refrigerator, dishwasher, microwave, wall AC, balcony, mini-blinds, coin laundry and garage included in rent. Unit sizes vary, but average is approx. 825 sq ft and all units have 1 bathroom. Manager reported no vacant units on date of survey. Rents are up by \$30 from 2014 survey.</p>   |

| <b>Table 21 Alexandria Multifamily Rental Housing Inventory</b> |  |  |                                  |                       |  |
|---|--|--|----------------------------------|-----------------------|--|
| <b>Name</b>   | <b>Number of Units /Bedroom Mix</b>                                    | <b>Rent</b>                                | <b>Vacancy/ Wait List</b>        | <b>Occupancy Type</b> | <b>Comments</b>  |
| <b>Market Rate</b>  |  |  |                                  |                       |  |
| Lincoln Estates<br>1705 6 <sup>th</sup> Ave<br>East             | 7 - 1 Bedroom<br><u>17 - 2 Bedroom</u><br>24 Total Units               | \$535<br>\$615<br>+electric                | 3 vacant<br>units,<br>3 - 2 Bdrm | Mix of<br>tenants     | Three-level apartment building without elevator constructed in 1974. Tenants pay electric, but heat, water, sewer, garbage and cable TV are included in rent. Amenities include stove, refrigerator, A/C and coin laundry facilities. Manager reported 3 vacant units on date of survey due to turnover - units are being prepared for leasing and should rent quickly. Rents are up by \$50-\$65 from 2014 survey.  |
| McKay Avenue<br>Apartments<br>404 McKay                         | 6 - Studio<br>6 - 1 Bedroom<br><u>18 - 2 Bedroom</u><br>30 Total Units | \$510-\$545<br>\$590<br>\$620<br>+electric | No vacant<br>units               | Mix of<br>tenants     | Three-level apartment building without elevator built in 1974. Renovation in 2014 with MHFA funding has resulted in income limits for new tenants tied to 80% of median income. Rent includes heat, water, sewer, hot water and garbage, but tenant pays electric; studio units have electric included in rent. Amenities include stove, refrigerator, AC, and coin laundry. One-bedrooms have 660 sq ft, 2-bedrooms have 720 sq ft and studios have 266 sq ft; all units have 1 bathroom. Manager reported no vacancies on date of survey. Rents have increased by \$170-\$205 for studios, \$90 for 1-bedrooms and \$45 for 2-bedrooms from 2014 survey. |
| Oak Knoll<br>Complex<br>505 McKay<br>Ave NE                     | <u>24 - 2 Bedroom</u><br>24 Total Units                                | \$625<br>+heat,<br>electric                | No vacant<br>units               | Mix of<br>tenants     | Two 3-story apartment buildings without elevator constructed in the early 1980s. Tenants pay heat (electric) and electricity in addition to rent, but garage is included in rent. Amenities include stove, refrigerator, A/C and coin laundry on each floor. Units have approx. 850-900 sq ft and 1 bathroom. No vacant units at time of survey. Rents have increased by \$55 from 2014 survey.  |

| <b>Table 21 Alexandria Multifamily Rental Housing Inventory</b> |  |  |                             |  |   |
|---|--|--|-----------------------------|--|---|
| <b>Name</b>   | <b>Number of Units / Bedroom Mix</b>   | <b>Rent</b>                                | <b>Vacancy/ Wait List</b>   | <b>Occupancy Type</b>                  | <b>Comments</b>   |
| <b>Market Rate</b>  |  |  |                             |  |   |
| Oakwood Twin Homes<br>4 <sup>th</sup> Ave E and Kenwood St      | <u>6 - 2 Bedroom</u><br>6 Total Units  | N/A<br>+utilities                          | N/A                         | Senior-designated market rate          | Unable to contact in 2018 - information presented is from prior surveys. Three duplexes constructed since 2000 on a redevelopment site where an older home was removed. Units are designated for senior occupancy, age 55 and older. Units have attached garage, laundry hookup and some have 1 ½ bathrooms. Tenants pay all utilities in addition to rent.   |
| Park South Apartments<br>1813-1815 Agate Drive                  | <u>3 - 1 Bedroom</u><br><u>45 - 2 Bedroom</u><br>48 Total Units                          | \$530<br>\$650<br>+ electric               | No vacant units             | Mix of tenants including some students | Two 24 unit apartment buildings with 3 stories and no elevator constructed in the 1970s. Buildings were remodeled in the early 2000s. Tenants pay electric, but heat, water, sewer and garbage included in rent. Amenities include stove, refrigerator, dishwasher, microwave, walk-in closet, AC and playground. Detached garage available for extra \$30 fee. Two-bedrooms have approx. 850 sq ft and 1 bathroom. Manager reports no vacant units at time of survey. One-bedroom rents have increased by \$20-\$30 and 2-bedrooms by \$40-\$50 from 2014 survey.  |
| Pheasant Run Apartments<br>825 34 <sup>th</sup> Ave E           | <u>6 - 1 Bedroom</u><br><u>36 - 2 Bedroom</u><br><u>12 - 3 Bedroom</u><br>54 Total Units | \$655<br>\$750-\$775<br>\$900<br>+electric | 1 vacant unit<br>1 - 2 Bdrm | Many students                          | Three 18-unit 2-level buildings constructed in 2003, 2004 and 2005. Located near Tech College and many tenants are students in 2018. Amenities include in-unit laundry, stove, refrigerator, dishwasher, AC, walk-in closet, security entrance, balcony/patio, walk-in closets in larger units, and garage parking (\$45) and indoor storage (\$15). Rent includes heat, water, sewer, hot water and garbage, but tenant pays electric. One-bedrooms have 708 sq ft and 1 bathroom, 2-bedrooms have 885 to 1086 sq ft and 1 bathroom, and 3-bedrooms have 1220 sq ft and 2 bathrooms. Manager reported 1 vacant unit on date of survey but demand from students was increasing as fall term approached. Most unit rents had increased by \$30 from 2014 survey. |

**Table 21 Alexandria Multifamily Rental Housing Inventory**

| Name  | Number of Units /Bedroom Mix   | Rent   | Vacancy/ Wait List    | Occupancy Type  | Comments  |
|---|--|--|-----------------------|---|---|
| <b>Market Rate</b>  |  |  |                       |   |   |
| Runestone Apartments<br>4541 Arbor Crossing                           | 1 - Studio<br>7 - 1 Bdrm/1 bath<br>13 - 2 Bdrm TIF<br>41 - 2 Bedroom<br><u>2 - 3 Bedroom</u><br>63 Total Units | \$735<br>\$875<br>\$725<br>\$965-\$1065<br>\$1250<br>+electric | No vacant units       | Market rate project with 13 TIF units at 50% of median income | Three-level apartment building with elevator that opened for occupancy in 2013 at first phase of development at StoneManor. TIF assistance from City results in 13 2-bedroom units being set aside for households at 50% of median income. Tenant pays electric, but heat and other utilities included in rent. Unit amenities include stove, refrigerator, dishwasher, microwave, in-unit laundry, kitchen island, pantry and balcony/patio. Building amenities include tuck-under garage, security entrance, patio area with grills, lounge and community room. Garage rental is extra. One-bedrooms have 745 sq ft and 1 bathroom; 2-bedroom/1 bathroom have 879-1035 sq ft; 2-bedroom/2 bathrooms have 976-1170 sq ft; and 3-bedrooms have 1311 sq ft and 2 bathrooms. Most 2-bedroom units have 2 bathrooms and are at higher end of rent range listed. Manager reported full occupancy and high annual occupancy rate - filling TIF units can be difficult due to income limits. All unit rents, including TIF, have increased by \$125 from 2014 survey. |
| Runestone Manor<br>1805, 1905 6 <sup>th</sup> Ave E                   | 4 - 1 Bedroom<br><u>12 - 2 Bedroom</u><br>16 Total Units   | N/A  | N/A                   | N/A   | Unable to contact in 2018 - information presented is from prior surveys. Rowhouse apartments built in 1972 and 1977. Rent includes heat but tenant pays electric. Amenities include coin laundry and heated garage and cable TV.  |
| 7 <sup>th</sup> Avenue Apartments<br>1805 7 <sup>th</sup> Avenue East | 6 - 3 Bedroom<br>5 - 4 Bedroom<br><u>1 - 5 Bedroom</u><br>12 Total Units                                       | \$1250<br>\$1450<br>\$1550<br>+heat,<br>electric               | Opening<br>Sept. 2018 | N/A   | New rental project that is expected to open in Sept. 2018. Pre-leasing is underway but most units still available. Rent includes water, sewer and garbage, with tenant paying electric heat and electricity. Uni amenities include stainless steel appliances including dishwasher, in-unit laundry, AC and patio/balcony. Three-bedrooms have 1 bathroom, 4 and 5-bedroom units have 2 bathrooms. Site has adequate land for a possible 2 <sup>nd</sup> phase of construction.   |

| <b>Table 21 Alexandria Multifamily Rental Housing Inventory</b>                             |  |                                      |                                  |                               |   |
|---|--|--------------------------------------|----------------------------------|-------------------------------|---|
| <b>Name</b>   | <b>Number of Units /Bedroom Mix</b>                      | <b>Rent</b>                          | <b>Vacancy/ Wait List</b>        | <b>Occupancy Type</b>         | <b>Comments</b>   |
| <b>Market Rate</b>  |  |                                      |                                  |                               |   |
| 221 Sixth Ave   | 4 - 1 Bedroom<br><u>1 - 2 Bedroom</u><br>5 Total Units   | \$445-\$505<br>\$630<br>+electric    | No vacant units                  | Primarily singles and couples | Older home converted to rental housing. Rental rehab used in 2013 primarily for exterior improvements - 5-year affordable requirements will be met this year. Tenants pay electric in addition to rent. The project serves low and moderate income renters - some may have Vouchers. Owner reports full occupancy with most tenants being singles or couples. One-bedroom rents have increased by \$5 to \$30 and 2-bedroom rent by \$105 from 2014 survey.   |
| 6 <sup>th</sup> Avenue East Apartments (formerly Martex)<br>1605-1607 6 <sup>th</sup> Ave E | <u>30 -2 Bedroom</u><br>30 Total Units                   | \$615-\$665<br>+heat,<br>electric    | 1 vacant unit,<br>1 - 2 Bdrm     | Mix of tenants                | Two, 2-story apartment buildings with 15 units each, constructed in 2001. Water, sewer, hot water and garbage included in rent but tenant pays heat (electric) and electric. Amenities include stove, refrigerator, dishwasher in some units, A/C, security entrance, coin laundry facilities, and garage for extra \$35 fee. Most units have 1000 sq ft and 1 bathroom, but 2 units have 1500 sq ft and 1.5 bathrooms. One vacant unit at time of survey due to turnover but good demand exists, but tenant screening can result in most applicants being rejected. Rents are up by \$20 from 2014 survey.                   |
| Town Square Apartments<br>414 Hawthorne St  | 19 - 1 Bedroom<br><u>2 - 2 Bedroom</u><br>21 Total Units | \$550<br>\$625<br>+heat,<br>electric | No vacant units,<br>waiting list | Senior-designated age 55+     | Senior-designated (age 55+) apartments built in 1984 and acquired by the Douglas County HRA in 2016. Rent includes water, sewer, hot water and garbage, but tenant pays heat (electric) and electric in addition to rent. Amenities include stove, refrigerator, A/C, community space, elevator and coin laundry. Building also houses Senior Center with daily activity and noon meal. One-bedrooms have approx. 650 sq ft and 2-bedrooms have 850 sq ft; all units have 1 bathroom. Manager reported no vacant units and a 5-name waiting list. One-bedroom rents are up by \$25 but 2-bedrooms unchanged from 2014 survey. |

**Table 21 Alexandria Multifamily Rental Housing Inventory**

| Name  | Number of Units /Bedroom Mix                                       | Rent                                       | Vacancy/ Wait List            | Occupancy Type  | Comments   |
|---|--|--|-------------------------------|---|--|
| <b>Market Rate</b>  |  |  |                               |   |  |
| Viking Apartments<br>515 22 <sup>nd</sup> Ave<br>W  | 1 - 1 Bedroom<br><u>23 - 2 Bedroom</u><br>24 Total Units           | \$565<br>\$650-\$685<br>+heat,<br>electric | 1 vacant unit,<br>1 - 2 Bdrm  | Mix of tenants with families, seniors and some students | Three-level apartment building without elevator constructed in 1978-79. Rent includes water, sewer, hot water and garbage, but tenant pays heat (electric) and electricity. Amenities include stove, refrigerator, dishwasher, garbage disposal, wall AC, coin laundry and play area. Higher rent 2 bedrooms include garage, other units can rent garage for extra \$35/month. Two-bedrooms have 875 sq ft and 1 bathroom. Building used MHFA rental rehab in late 1990s but compliance requirements have ended - units are refurbished as needed. Manager reports 1 vacant unit at time of survey, due to turnover. One-bedroom rent is up by \$140 and 2-bedrooms by \$50-\$85 from 2014 survey. |
| Viking Village/<br>Viking Motel   | Efficiency<br>1 Bedroom<br><u>1 Bedroom+</u><br>33+ units in motel | N/A  | N/A                           | Employee housing  | Used by meat packing company as employee housing in 2018 and no longer available as general rental. Units are located in a motel that has 33 or more units and range from efficiency to 1+ bedroom.  |
| West 20 <sup>th</sup> Avenue<br>Apartments<br>(formerly<br>Oakwood<br>Manor)<br>210-310 20 <sup>th</sup><br>Ave | 2 - 1 Bedroom<br><u>42 - 2 Bedroom</u><br>44 Total Units           | \$510<br>\$575<br>+electric                | 2 vacant units,<br>2 - 2 Bdrm | Mix of tenants  | Two 3-level apartment buildings without elevator constructed in 1982. Heat, water, sewer, hot water and garbage included in rent but tenant pays electric. Amenities include stove, refrigerator, A/C, security entrance, coin laundry, some accessible units and garage for extra \$35 fee. Two bedroom units have 900 sq ft and 1 bathroom. Two vacant units at time of survey due to turnover but good demand exists, but tenant screening can result in most applicants being rejected. Rents are up by \$20 from 2014 survey.   |

| <b>Table 21 Alexandria Multifamily Rental Housing Inventory</b> |   |   |                           |  |   |
|---|---|---|---------------------------|--|---|
| <b>Name</b>   | <b>Number of Units /Bedroom Mix</b>   | <b>Rent</b>   | <b>Vacancy/ Wait List</b> | <b>Occupancy Type</b>  | <b>Comments</b>   |
| <b>Market Rate</b>  |   |   |                           |  |   |
| Woodhill Apartments<br>1405 Seventh Ave                         | 16 - 1 Bedroom<br><u>2 - 2 Bedroom</u><br>18 Total Units                                  | \$595<br>\$695<br>+electric   | No vacant units           | Senior designated age 55+                                    | Formerly a Rural Development senior/disabled building that converted to market rate housing in 2012. Senior-designated for households age 55 and older. One level building originally constructed in 1984. Some tenants have rent assistance Vouchers allowing rent based on 30% of income. Rent includes heat, water sewer and garbage, but tenant pays electric. Amenities include stove, refrigerator, community room and coin laundry. No sq available but all units have 1 bathroom. Manager reported no vacancies at time of survey and good demand for senior-designated housing. Rents have increased by \$105 for 1-bedrooms and \$155 for 2-bedrooms from 2014 survey.                            |
| Woodland Apartments<br>1964 10 <sup>th</sup> Avenue East        | 12 - Studio<br>12 - 1 Bedroom<br>10 - 2 Bedroom<br><u>2 - 3 Bedroom</u><br>36 Total Units | \$575-\$625<br>\$750-\$795<br>\$850-\$895<br>\$1200<br>+heat,<br>electric | No vacant units           | Mix of tenants but primarily younger including some students | Three-level walkup apartment building that opened for occupancy in Oct. 2017 - most units were pre-leased and full occupancy was quickly achieved. Rent includes water, sewer and garbage, with tenant paying electric heat and electricity. Seven units have TIF income limits but no difference in rent structure. Unit amenities included stainless steel appliances including dishwasher in some units, wall AC, in-unit laundry, patio/balcony for some units and garage parking for extra fee. One-bedrooms have 650 sq ft and 1 bathroom; 2-bedrooms have 840 sq ft and 1 bathroom; 3-bedrooms have 2 bathrooms. Manager reported full occupancy but all tenants still under initial 12-month lease. |



| <b>Table 21 Alexandria Multifamily Rental Housing Inventory</b> |  |                            |                                      |                       |   |
|---|--|----------------------------|--------------------------------------|-----------------------|---|
| <b>Name</b>   | <b>Number of Units /Bedroom Mix</b>                                    | <b>Rent</b>                | <b>Vacancy/ Wait List</b>            | <b>Occupancy Type</b> | <b>Comments</b>   |
| <b>Student-Oriented Housing</b>                                 |  |                            |                                      |                       |   |
| Foundation Hall<br>318 17 <sup>th</sup> Ave E                   | 7 - 2 Bedroom<br><u>33 - 4 Bedroom</u><br>40 Total Units               | \$610/pp<br>\$550/pp       | Full occupancy at start of fall term | Student housing       | Student housing complex located near the campus that opened for occupancy in the fall of 2012. Apartments are furnished including TV and internet service. All utilities included in rent. Project amenities include controlled access building, full kitchens, 42" wall-mounted TV, coin laundry on each floor, on-site management and off-street parking. Two-bedroom units have 804 sq ft and 1 bathroom, 4-bedrooms have 1234 sq ft and 2 bathrooms. Project was fully leased for start of fall 2018 term - some bedrooms may open later in the term due to attrition. Lease term is for academic year, with individual leases at per person rates listed. Units are then used by students attending summer-only programs. Nearly all tenants are traditional students age 25 and younger. Two-bedrooms fill very quickly and waiting list develops. Two-bedroom rates are up by \$20 and 4-bedrooms by \$10 per person from 2014 survey. |
| Geneva Beach Resort   | Single occupancy<br><u>Shared occupancy</u><br>26 students in 17 units | \$540-\$630<br>\$505-\$540 | Nearly full capacity                 | Student housing       | Lake resort used for student housing during the school year, and summer vacation rentals. 17 units are rented to students with capacity for 26 people. Some units are private in efficiency or one-bedroom, and other units are two or 3-bedroom shared occupancy with private bedroom. Rent includes all utilities. Despite new student options occupancy remains high with only one bedroom still available for fall 2018 term. Single occupancy rates have increased by \$45-\$50 and shared by \$45 from 2014 survey.   |

| <b>Table 21 Alexandria Multifamily Rental Housing Inventory</b> |  |                                   |                                 |                                 |   |
|---|--|-----------------------------------|---------------------------------|---------------------------------|---|
| <b>Name</b>   | <b>Number of Units /Bedroom Mix</b>                      | <b>Rent</b>                       | <b>Vacancy/ Wait List</b>       | <b>Occupancy Type</b>           | <b>Comments</b>   |
| <b>Student-Oriented Housing</b>                                 |  |                                   |                                 |                                 |   |
| Jefferson Apartments<br>1504 Jefferson                          | 2 - 1 Bedroom<br><u>22 - 2 Bedroom</u><br>24 Total Units | \$595<br>\$350/bdrm<br>+ electric | 2 vacant<br>units/4<br>bedrooms | Primarily<br>student<br>housing | Two 3-level apartment buildings without elevator constructed in 1985. Located across the street from the College and nearly all tenants are students. Two-bedroom units are rented on a per bedroom basis and 1-bedrooms per unit. Tenants pay electric in addition to rent, but heat, hot water, water, sewer, garbage and internet are included in rent. Amenities include stove, refrigerator, AC, reserved parking with plug-ins and coin laundry. By mid-August only 4 bedrooms remained available for fall 2018 term and manager said multiple calls received each day. One-bedroom rents are up by \$45 but per person 2-bedroom rents are unchanged from 2014 survey. |

| <b>Table 21 Alexandria Multifamily Rental Housing Inventory</b> |   |  |  |  |   |
|---|---|--|--|--|---|
| <b>Name</b>   | <b>Number of Units /Bedroom Mix</b>                       | <b>Rent</b>                                  | <b>Vacancy/ Wait List</b>                | <b>Occupancy Type</b>                              | <b>Comments</b>   |
| <b>Tax Credit/Moderate Rent</b>                                 |   |  |  |  |   |
| Deer Ridge Townhomes  | 12 - 2 Bedroom<br><u>12 - 3 Bedroom</u><br>24 Total Units | \$675<br>\$750<br>+heat, hot water, electric | 1 vacant unit<br>1 - 2 Bdrm waiting list | All units serve households at 50% or 60% of median | Town house tax credit project that opened for occupancy in 2014. All units are tax credit assisted and serve households at or below 50% or 60% of median income. Units have stove, refrigerator, dishwasher, central AC, attached garage, in-unit laundry hookup and 2 bathrooms in 2-level units. Two-bedrooms have 1359 to 1453 sq ft, and 3-bedrooms have 1637 sq ft. Manager reported 1 vacant unit at time of survey due to turnover but waiting list exists. No comparable rents from 2014.   |
| Lincoln Square<br>1706 6 <sup>th</sup> Ave                      | 14 - 2 Bedroom<br><u>10 - 3 Bedroom</u><br>24 Total Units | \$650<br>\$705<br>+heat, hot water, electric | 1 vacant unit<br>1 - 3 Bdrm waiting list | 60% of median                                      | Tax credit town house units built in 1997. All units serve households at 60% of median income. Rent includes water, sewer and garbage; tenants pay heat, electric and hot water in addition to rent. Amenities include in-unit laundry hookup, dishwasher, attached garage and playground area. Two-bedrooms have 1008 sq ft and 3-bedrooms have 1343 sq ft. Manager reported 1 vacant unit at time of survey due to turnover but waiting list exists. Rents have increased by \$65-\$75 from 2014 survey.  |
| Sunrise Apartments<br>1616 7 <sup>th</sup> Ave E                | 12 - 2 Bedroom<br><u>6 - 3 Bedroom</u><br>18 Total Units  | \$655<br>\$800<br>+electric                  | No vacant units, waiting list            | All new tenants at 60% of median income            | Tax credit apartment project built in 1995 - initial compliance has been met and now in extended compliance phase. All new tenants must be at 60% or less of median income, but existing tenant re-certification requirements are eased. Rent includes heat, water sewer, hot water and garbage, but tenant pays electric. Garages available for extra \$45/month. Amenities include stove, refrigerator, wall A/C, security entrance, dishwasher and coin laundry. Two-bedrooms have 840-940 sq ft and 1 bathroom, and 3-bedrooms have 1240 sq ft and 2 bathrooms. Manager reported full occupancy on date of survey and a waiting list exists. Rents have increased by \$30-\$50 for 2-bedrooms and \$75 for 3-bedrooms from 2014 survey. |

| <b>Table 21 Alexandria Multifamily Rental Housing Inventory</b> |  |  |                           |                       |   |
|---|--|--|---------------------------|-----------------------|---|
| <b>Name</b>   | <b>Number of Units /Bedroom Mix</b>  | <b>Rent</b>                                | <b>Vacancy/ Wait List</b> | <b>Occupancy Type</b> | <b>Comments</b>   |
| <b>Tax Credit</b>   |  |  |                           |                       |   |
| Wiltoka Apartments  | 2 - 1 Bedroom<br>34 - 2 Bedroom<br><u>12 - 3 Bedroom</u><br>48 Total Units | \$520<br>\$605-\$625<br>\$725<br>+electric | No vacant units           | 60% of median income  | Two 24-unit apartment buildings constructed in 1992 using tax credits - initial compliance has been met and now in extended compliance phase. All new tenants must be at or below 60% of median income but existing tenants do not need annual certification. Rent includes heat, water, sewer, hot water and garbage, but tenant pays electric. Garages available for extra \$40/month. Amenities include stove, refrigerator, wall A/C, security entrance and coin laundry. One-bedrooms have 600 sq ft and 1 bathroom, 2-bedrooms have 840-940 sq ft and 1 bathroom, and 3-bedrooms have 1240 sq ft and 2 bathrooms. Manager reported no vacant unit on date of survey but no waiting list exists. One-bedroom rents are up by \$55, 2-bedrooms by \$25-\$50, and 3-bedrooms by \$50 from 2014 survey. |

**Table 21 Alexandria Multifamily Rental Housing Inventory**

| Name  | Number of Units /Bedroom Mix  | Rent  | Vacancy/ Wait List               | Occupancy Type    | Comments  |
|---|---|---|----------------------------------|-------------------|---|
| <b>Subsidized - General Occupancy</b>                   |   |   |                                  |                   |   |
| Cardinal Manor<br>(formerly Royal Manor I)<br>505 Unumb | 16 - 1 Bedroom<br><u>8 - 2 Bedroom</u><br>24 Total Units                  | \$515-\$573<br>\$565-\$618<br>30% of income | No vacant units,<br>waiting list | General occupancy | Apartments built in 1984 through Rural Development - project had been in the process of leaving subsidy program in 2009 acquired and preserved by a housing nonprofit. Project-based rent assistance is available for all units, and tenants pay rent based on 30% of income, including tenant-paid electric, up to maximum rents listed. Amenities include stove, refrigerator, and coin laundry. One-bedrooms have 617-633 sq ft and 2-bedrooms have 748-798 sq ft; all units have 1 bathroom. No units vacant at time of survey and a 12 name waiting list exists, mostly for 1-bedrooms. Basic rents have increased by \$30-\$35 and market rents by \$30 from 2014 survey.   |
| Maple Ridge Manor<br>321 Unumb Ct                       | 8 - 1 Bedroom<br>24 - 2 Bedroom<br><u>8 - 3 Bedroom</u><br>40 Total Units | \$506<br>\$713<br>\$779<br>30% of income    | No vacant units,<br>waiting list | General occupancy | MHFA/Section 8 general occupancy project built in 1978. One bedroom units are apartments, other units are town houses with basements. All units have rent assistance so rent is based on 30% of income, up to maximum rents listed. Amenities stove, refrigerator, in-unit laundry hookup in town houses, and coin laundry and A/C in apartments. One-bedrooms have 550 sq ft and 1 bathroom, 2-bedrooms have 1000 sq ft and 1.5 bathrooms and 3-bedrooms have 1300 sq ft and 1.5 bathrooms. Full occupancy reported and waiting list exists with 8 names for 1-bedrooms, 13 names for 2-bedrooms and 11 names for 3- bedrooms. Smaller inventory of 1 and 3-bedrooms results in limited turnover. Market rents have increased by \$32-\$54 from 2014 survey. |
| Public Housing Scattered Site                           | 9 - 2 Bedroom<br>3 - 3 Bedroom<br><u>2 - 4 Bedroom</u><br>14 Total Units  | \$675<br>\$820<br>\$1150<br>30% of income   | No vacant units,<br>waiting list | General occupancy | Seven low rent public housing scattered site duplexes in the Alexandria area built in the early 1980s. Tenants pay 30% of income for rent up to maximum flat rents listed. All units are occupied and a waiting list exists, with approximately 31 names on 2-bedroom, 17 names on 3-bedroom, and 1 name on 4-bedroom list.   |

| <b>Table 21 Alexandria Multifamily Rental Housing Inventory</b> |  |   |                                  |                       |   |
|---|--|---|----------------------------------|-----------------------|---|
| <b>Name</b>   | <b>Number of Units /Bedroom Mix</b>                      | <b>Rent</b>                                 | <b>Vacancy/ Wait List</b>        | <b>Occupancy Type</b> | <b>Comments</b>   |
| <b>Subsidized - General Occupancy</b>                           |  |   |                                  |                       |   |
| Royal Manor II Apartments<br>415 Unumb                          | 15 - 1 Bedroom<br><u>9 - 2 Bedroom</u><br>24 Total Units | \$375-\$497<br>\$415-\$537<br>30% of income | 1 vacant unit,<br>1 - 2 Bdrm     | General occupancy     | Rural Development general occupancy apartments built in 1987 - project is in the opt-out process and will be sold but still operating as subsidized housing in Aug. 2018. Two-level building without elevator. Six tenants receive project-based rent assistance that allows rent based on 30% of income, remainder pay 30% of income but not less than basic or more than market rents listed. Some tenants also have tenant-based rent assistance. Project amenities include coin laundry, assigned parking and electric plug-ins. One vacancy at time of survey and no one on waiting list wants the unit - waiting list is often for rent assistance units. Basic/market rents are up by \$25 from 2014 survey. |
| Woodhill Townhouses<br>1300 Seventh                             | 18 - 2 Bedroom<br><u>6 - 3 Bedroom</u><br>24 Total Units | \$510<br>\$695<br>30% of income             | No vacant units,<br>waiting list | General occupancy     | General occupancy Public Housing town homes built in 1983. All tenants pay rent based on 30% of income up to the maximum flat rents listed. Low rate of turnover results in long wait, especially for 3 bedroom units. Waiting list has 20 to 25 names for both 2-bedroom and 3-bedroom units.  |

| <b>Table 21 Alexandria Multifamily Rental Housing Inventory</b> |   |               |                               |                       |   |
|---|---|---------------|-------------------------------|-----------------------|---|
| <b>Name</b>   | <b>Number of Units /Bedroom Mix</b>     | <b>Rent</b>   | <b>Vacancy/ Wait List</b>     | <b>Occupancy Type</b> | <b>Comments</b>   |
| <b>Subsidized - Senior/Disabled Occupancy</b>                   |   |               |                               |                       |   |
| Bethel Manor I  | <u>63 - 1 Bedroom</u><br>63 Total Units | 30% of income | No vacant units, waiting list | Senior occupancy      | HUD 221(d)(3) senior housing built in 1974 and part of the Bethany senior community that also includes a skilled nursing home and memory care housing. Three-story building with elevator. Occupancy policy for seniors age 62 and older, earning 30% or less of median income. All tenants have rent assistance available that allows rent based on 30% of income. Amenities include stove, refrigerator, emergency call system and coin laundry. Independent living but approx. one-third of residents contract privately for services. Project had no vacant units at time of survey and a waiting list is maintained.   |
| Bethel Manor II   | <u>69 - 1 Bedroom</u><br>69 Total Units | 30% of income | No vacant units, waiting list | Senior occupancy      | HUD 202/Section 8 senior housing built in 1980 and part of the Bethany on the Lake senior community that also includes a skilled nursing home and memory care housing. Two-story building with elevator. Occupancy policy for seniors age 62 and older, earning 50% or less of median income. All tenants have rent assistance available that allows rent based on 30% of income. The building may allow up to 10% of tenants to have higher incomes and pay market rent. Amenities include stove, refrigerator, emergency call system and coin laundry. Independent living but approx. one-third of residents contract privately for services. Project had no vacant units at time of survey and a waiting list is maintained. |

**Table 21 Alexandria Multifamily Rental Housing Inventory**

| Name  | Number of Units /Bedroom Mix                             | Rent  | Vacancy/ Wait List               | Occupancy Type                               | Comments   |
|---|--|---|----------------------------------|--|--|
| <b>Subsidized - Senior/Disabled Occupancy</b> |  |   |                                  |  |  |
| KMA-Highland Terrace<br>319 Fairground        | 21 - 1 Bedroom<br><u>4 - 2 Bedroom</u><br>25 Total Units | \$451-\$644<br>\$501-\$679<br>30% of income | 1 vacant units,<br>1 - 1 Bdrm    | Senior and disabled occupancy                | Rural Development senior/disabled apartments built in 1981; two story building without elevator. This project had started the opt-out process prior to 2014, but still operating as subsidized housing in 2018. Eight tenants receive rent assistance that allows rent based on 30% of income; remainder pay 30% of income, but not less than basic or more than market rents listed. Some additional tenants have rent assistance Vouchers. Amenities include stove, refrigerator, wall AC and patio. Manager reported 1 vacant unit at time of survey due to difficulty of filling units on second floor - short waiting list exists for main level units. Basic and market rents are up by \$30 from 2014 survey. |
| Viking Tower<br>805 Fillmore                  | <u>106 -1 Bedroom</u><br>106 Total Units                 | \$429-\$475<br>30% of income                | No vacant units,<br>waiting list | Preference for senior and disabled occupancy | Public Housing highrise built in 1969, with major renovations completed in 1990s. Preference is given to seniors and disabled tenants, and most occupants meet the preference tests. All tenants pay rent based on 30% of income up to maximum flat rents listed. Most tenants receive home health care or other supportive services. On-site social worker to assist residents in obtaining needed services. Breakfast is available and meals on wheels delivered 5 days/week. Manager reported no vacant units and approximately 30 preference holders on the waiting list. Trend is for more younger applicants, both with and without disability status.   |



| <b>Table 21 Alexandria Multifamily Rental Housing Inventory</b> |  |               |                               |                                    |  |
|---|--|---------------|-------------------------------|------------------------------------|--|
| <b>Name</b>   | <b>Number of Units /Bedroom Mix</b>                        | <b>Rent</b>   | <b>Vacancy/ Wait List</b>     | <b>Occupancy Type</b>              | <b>Comments</b>  |
| <b>Subsidized - Senior/Disabled Occupancy</b>                   |  |               |                               |                                    |  |
| Winona Shores<br>1010 Lark St                                   | <u>27- 1 Bedroom</u><br>27 Total Units                     | 30% of income | No vacant units, waiting list | Seniors below 30% of median income | HUD Section 202/PRAC senior housing that opened for occupancy in 2003 and part of the Bethany on the Lake senior community that also includes a skilled nursing home and memory care housing. Occupancy policy for seniors age 62 and older, earning 30% or less of median income. All tenants have rent assistance available that allows rent based on 30% of income. Amenities include wall AC sleeve and optional emergency call system. Independent living but approx. one-third of residents contract privately for services. Project had no vacant units at time of survey and a waiting list is maintained. |
| <b>Subsidized - Tenant-based Rent Assistance</b>                |  |               |                               |                                    |  |
| Housing Choice Vouchers   | Approximately 136 Alexandria area households participating | 30% of income | Waiting list                  | General occupancy                  | Tenant-based rent assistance program with approximately 136 participating households in the Alexandria area in August 2018. Waiting list has been closed to new applicants due to length but will probably reopen in the next year. Some specialized rent assistance programs targeted to specific populations may add as many as 28 Alexandria area households that receive some type of tenant-based assistance.   |

Source: Community Partners Research, Inc.

## **Senior Housing with Services Summary**

Senior housing with services is a broad classification that encompasses a wide range of housing options, from nearly independent housing to advanced assisted living and memory care. The following definitions of units by type have been made by Community Partners Research based on our understanding of the housing being offered at each facility. These definitions may not always match with the technicalities of licensing through the State of Minnesota.

### **Units by Type**

The Minnesota Department of Health identifies a number of licensed providers of senior housing with services in Alexandria. This list was used to contact housing providers. The projects have been summarized below.

## **Subsidized Housing with Services Available**

At the time of the 2014 Study, there were four senior-oriented subsidized housing projects that were listed as “Housing with Services” providers on the State website. These projects were Viking Tower, Bethany Manor, Bethany Manor II and Winona Shores. However, in 2018, none of these projects maintains the Housing with Services licencing.

Services may still be available to tenants in each of these buildings, but this would be through a contract arrangement between the tenant and the home health care provider. In most cases, services are more limited, and are not available through an on-site staff person on a 24-hour basis.

Since the individual tenant must contract directly with the service provider, the number of units in these buildings that have services will vary, depending on the needs of the specific tenants in occupancy. These buildings do represent an important resource for lower income seniors, but are not directly comparable to the senior projects that are built specifically to provide housing with services.

## **Light Services/Congregate Senior Housing**

There are currently three separate senior housing projects in Alexandria that are able to address the lighter services segment of the senior market. Two of these three projects are part of facilities that can offer more intensive services, and they have the ability to deliver a higher level of care as needed by the resident.

The projects that are viewed by the analysts as addressing this housing segment are:

- ▶ Vista Prairie at Windmill Ponds
- ▶ Grand Arbor Lakes Senior Apartment
- ▶ Arabella Manor I&II

Vista Prairie at Windmill Ponds can be described as a “flexible” care facility, offering independent living to higher levels of care, including assisted living. When originally constructed in 2000, this property had provided light services rental units. Within a few years it had started to transition to more service-intensive care. In 2018, the manager stated that most of the residents do purchase a higher level of services. But a basic rent option is offered that includes a noon meal, continental breakfast, light housekeeping, emergency response system, utilities and activities. Vista Prairie has 65 total apartment units in one and two-bedroom offerings, but fewer than 20 of these units are believed to serve the lighter services segment of the senior market.

Grand Arbor Lakes on the Nelson Grand Arbor senior campus has 162 total apartment units available to more independent seniors. This includes 73 apartments constructed in 2010, and an 89-unit expansion completed in 2016. The basic rent package includes utilities, breakfast, phone, cable, internet, emergency call system and access to activities and building amenities. Additional light services and meals can then be purchased as needed. Since the Grand Arbor campus also has assisted living and memory care options, this facility can offer a ‘continuum of care’ to seniors as they age, the Lakes Apartments can primarily address seniors needing only a light services offering.

A third project that also appears to potentially serve the light services segment is Arabella Manor. This project has 74 total apartments, built in two phases, including one within the past five years. Unlike the other senior housing with services providers, Arabella Manor is not listed on the Minnesota Department of Health website.

However, the Arabella Manor website does list a number of available “wellness” services, including housekeeping and laundry, home health, medication management, safety pendant call system, bathing assistance, and monthly RN nail trimmings. Transportation and food/meal delivery services are also listed. While more detailed information could not be obtained, it is probable that this project facilitates the delivery of some services through a home health care provider. Attempts to learn more about Arabella Manor were unsuccessful, as they did not want to participate in the rental survey completed for this Study.

These three providers have approximately 250 rental units that could be accessed by seniors wishing to acquire some level of services with their housing. This unit total has expanded by more than 125 units since the time of the 2014 Study.

Occupancy rates in this segment of the senior market in Alexandria appear to be high, although Arabella Manor would not disclose any occupancy information. However, Arabella did proceed with an expansion in recent years, implying good demand. Grand Arbor Lakes reported full occupancy and a waiting list. Vista Prairie did have four unoccupied units when surveyed, and these could be available to people needing only lighter services housing but could also serve people needing assisted living.

Rental rates in senior housing with services projects can vary significantly, depending on what services are actually included in the basic package. Some of the apartments in Grand Arbor Lakes received City TIF assistance and serve lower income seniors at a lower monthly rent level. TIF units can be available for less than \$1,000 per month for the lowest-priced option. Non-TIF units have an entry price above \$1,400. Additional services would add to these basic monthly charges.

In Vista Prairie the lowest-priced entry option would be approximately \$2,300, with additional charges for more intensive services as needed.

### **Pending Projects**

The research for this Update did not identify any proposed or pending projects within this market segment. Grand Arbor is considering some additional housing expansions, but this would most likely serve completely independent households, and the housing would not specifically include any meals or services, although they may be available for purchase through the campus facilities.

## **Assisted Living**

There are various forms of assisted living being offered in Alexandria. In the following summary, units have been divided into three subsets of this market:

- ▶ Apartment-style assisted living
- ▶ Residential setting assisted living
- ▶ Advanced/enhance assisted living

### **Apartment-style Assisted Living**

There are five apartment-style rental projects that provide assisted living services. In these buildings, residents may not have a completely independent living unit, including features like a full kitchen, but the buildings are larger, apartment-style complexes and differ from the residential setting typically found in a board and lodging-style facility.

The apartment-style assisted living projects in Alexandria are:

- ▶ Vista Prairie at Windmill Ponds
- ▶ Edgewood Alexandria Senior Living
- ▶ Alex Assisted Living
- ▶ Grand Arbor Prairie North and South Assisted Living
- ▶ Nelson Gables Senior Care Apartments

As stated previously, Vista Prairie at Windmill Ponds offers more flexible units that can provide lighter services housing or more service-intensive assisted living. According to the manager, most of the residents in 2018 purchase additional services. In total, Windmill Ponds has 65 apartment units, and the analysts have estimated that approximately 45 or more of these units offer a higher level of assisted living services.

Edgewood Alexandria Senior Living can also provide a range of care, including assisted living, enhanced assisted living and memory care. There are 27 units available for assisted living, but some of these may be used for enhanced assisted living.

Alex Senior Living was previously known as Peaceful Bliss, and has 21 units available for assisted living. These are sleeping rooms with private half-bathrooms. Once again, other levels of care are being offered, including memory care or advanced assisted living.

The two newest additions within the assisted living segment are part of the Grand Arbor campus. Grand Arbor Prairie North and South have a combined 31 assisted living units in studio and one-bedroom apartments. Prairie South opened in 2016 with 16 units and represents the most recent addition to the City's assisted living inventory. However, these new units largely replaced 15 existing units in Prairie North that were converted to memory care use.

Nelson Gables Senior Care Apartments has 59 assisted living apartment units. But within the past few years, 11 of the apartments have been changed to enhanced assisted living, with 48 units providing assisted living.

Accurately tracking the exact size of the assisted living inventory is difficult, given the flexible types of care that can be offered, and the changes in use that have occurred. However, excluding the advanced and enhanced care options, which will be discussed below, the traditional assisted living providers offer approximately 160 to 180 units in 2018.

Within this inventory there was some unused capacity present in 2018. Again, open units could potentially be occupied by people seeking other levels of care, so not all of these should be viewed as vacant assisted living units, but at least 13 open units were reported to the rental survey. As a result, a senior looking for immediate access to assisted living would have choices within the community.

### **Residential Assisted Living**

Alexandria also has assisted living options in smaller, residential-style facilities. However, the number of offerings has diminished since 2014. The identified providers in this segment in 2018 are:

- ▶ Sharon's Senior Services
- ▶ Woodcrest Assisted Living
- ▶ Goldenridge Senior Care
- ▶ Lakes Area Assisted Living

Not all of these providers could be successfully contacted in the 2018 survey, but the estimated capacity would be approximately 27 to 30 total residents. There was unused capacity in the board and lodging-style facilities. There were also underutilized rooms, as some facilities could accommodate shared occupancy if needed.

Similar to the larger-scale assisted living facilities, the board and lodging-style providers will work with residents using County assistance programs. Monthly fees are often less in these residential settings, although this can vary based on the level of care.

### **Enhanced/Advanced Assisted Living**

There are at least four providers that define their care level as “enhanced” or “advanced” assisted living. In general, these facilities attempt to provide a very high level of services, where a resident does not have to move to a nursing home or a hospital if their health deteriorates. The identified providers in this housing segment are:

- ▶ Diamond Willow Senior Living
- ▶ Edgewood Alexandria Assisted Living
- ▶ Grand Arbor The Meadow Assisted Living
- ▶ Nelson Gables Senior Care

Due to the high service needs of the group that is served, some of these facilities overlap with other care segments. For example, Diamond Willow also offers advanced memory care as well as advanced assisted living.

While it is once again difficult to accurately estimate the size of this housing segment, the best information suggests that 50 or more beds could serve this portion of the market.

## **Memory Care Housing**

There are seven facilities in Alexandria that specifically serve residents with memory care housing needs. As with other types of specialized housing, there can be some degree of overlap in the target markets. For example, people with memory loss may also be able to living in skilled nursing homes, enhanced assisted living or traditional assisted living. But for some people, as specialized, secured facility may be required.

The projects identified as offering housing for memory loss residents are:

- ▶ Diamond Willow
- ▶ Edgewater Alexandria Senior Living
- ▶ Grand Arbor The Garden
- ▶ Pelican Bay Memory Care
- ▶ Alex Assisted Living Memory Care
- ▶ Prairie Cottages
- ▶ Knute Nelson Home

Combined, these facilities have capacity for approximately 110 people. This estimated capacity is larger than the number of beds that were believed to exist in 2014. Since that time, a dedicated memory care wing has been opened in the Knute Nelson Home, The Garden has expanded by 15 beds, and Diamond Willow now identifies most of their residents as needing memory care housing.

The utilization rates in this specialized segment continue to be high, although some vacant rooms/beds were reported. Like other forms of housing for frail senior populations, there can be times when above-average turnover may occur, resulting in some unused capacity.

It is important to note that some elderly residents with memory care needs are residing in other forms of specialized housing, including assisted living, enhanced assisted living and skilled nursing homes. If these people are able to function successfully in more traditional forms of senior housing, they may not need to transfer to a specialized memory care facility.



## **Skilled Nursing Homes**

Community Partners Research has been able to track changes in the City's inventory of skilled nursing home beds over time. In 2018, there are still two licensed skilled nursing homes in Alexandria, Bethany on the Lake and Knute Nelson. In 2018, these homes are licensed for 176 beds. In 2014, the two facilities were licensed for 191 total beds, and in 2009 there were 277 licensed beds.

The reduction from 2014 has occurred at the Knute Nelson Home, which has 93 beds in 2018 compared to 108 beds in 2014. Bethany's licensing has remained unchanged from 2014 to 2018 at 83 beds.

The reduction in capacity is generally consistent with trends in the industry. As de-licensing has occurred, more rooms are available for private occupancy compared to shared occupancy in the past. It has also become more common to see beds dedicated to specific uses, such as transitional care intended for shorter-term rehab/recovery stays.

In Bethany, there are 23 beds in a transitional care wing and 60 beds for long-term care. The annual utilization rate was reported at approximately 94% and 96%.

In Knute Nelson, there are 57 beds for long-term care, 24 beds for short-term/transitional care and 12 beds in a secured memory care wing. Annual occupancy was reported at approximately 84%.

## **Senior Care Options in Douglas County**

Although most of the specialized senior housing in the County is located in Alexandria, there are also options in Osakis, Evansville and Brandon.

According to State licensing data, the following facilities are located in the smaller cities in Douglas County:

Brandon's Assisted Living - Brandon  
Bridgewell Assisted Living - Osakis  
Evansville Care Center - Evansville  
Evansville Senior Living - Evansville  
Galeon - Osakis - 40 licensed beds  
Terrace Heights Independent Living - Osakis  
Westview Assisted Living - Osakis

## **Senior Demographics and Market Share**

Housing with services projects can attract seniors of any age, but typically have the greatest utilization by older seniors. To better analyze the market share for the various forms of housing in Alexandria and Douglas County, Community Partners Research has compared the supply of various types of units to Countywide demographic data for older seniors, age 75 and above.

### **Senior Population**

The 2010 Census provides the most accurate information on the area's senior population. In April 2010, there were 7,069 senior citizens (age 65+) living in the County, including 3,442 people age 75 or older.

The population of senior citizens has continued to grow. The 2018 estimates from Esri show 8,782 total seniors living in the County, including 4,057 age 75 and older. When compared to the 2010 Census, Douglas County has added more than 1,700 people age 65 and older so far in the current decade. Most of this net growth has been in the younger senior age ranges, but more than 600 people have been added in the age group 75 years old and older.

Esri's age-based projections to the year 2023 expect further growth. Between 2018 and 2023, the County is expected to add nearly 650 people in the 65 to 74 year old age range, and approximately 700 people age 75 and older.

### **Senior Households**

For senior-headed households, there were 4,530 households in Douglas County that had a householder age 65 or older at the time of the 2010 Census. Of these households, 2,354 had a householder age 75 or older.

By 2018, Esri believes that there were nearly 5,500 total households age 65 and older, a net increase of nearly 1,000 households. Once again, most of these were in the younger senior ranges, but the net increase of households age 75 and older was approximately 350 households.

Projecting forward to 2023, Esri is forecasting net growth of approximately 350 households in the younger senior ranges, and approximately 440 households age 75 and older.

It is important to note that the senior population statistics from 2010 would include seniors already residing in senior housing, including nursing homes, assisted living and memory care facilities. Adjustments to the senior population and the number of senior-headed households will be made for each of the different housing types reviewed. For example, when examining the seniors that form a potential market for an assisted living unit, it is necessary to subtract the seniors that already reside in more service intensive forms of senior housing, such as nursing homes or memory care units.

### **Skilled Nursing Homes**

Since utilization of nursing home beds varies by short-term versus longer-term stays, some assumptions need to be applied to this segment of the market. After talking to representatives of the four skilled nursing homes in Douglas County, it is estimated approximately 190 to 200 skilled nursing beds are generally occupied by longer-term residents.

When compared to the older senior population in Douglas County in 2018, the available supply of longer-term nursing home beds would need a capture rate of approximately 4.6% of the total population of older seniors (age 75+) in order to maintain a bed utilization rate of 95%.

It is important to note that the supply of licensed nursing home beds has continued to decrease in recent years even though the population of seniors has continued to grow. The required capture rate in 2018 is lower than it would have been in the past. However, some unused capacity typically exists, as many older seniors look for options other than a traditional nursing home for long-term care.

It also needs to be acknowledged that some seniors will come from outside the County. This may be especially true in Osakis, which sits on the border with Todd County and would potentially serve some seniors that are not reflected in the Douglas County statistics.

While calculations have been performed on the market share for nursing homes, there has been a long-standing moratorium on adding beds, and any new nursing home facilities are typically limited to replacing existing beds, rather than adding to the total inventory. As a result, no additional capture by nursing homes would be expected in the future. Instead, it appears that the supply of longer-term occupancy beds may continue to decrease, as more beds are devoted to rehab/recovery stays, memory care or similar uses in the future.

## **Memory Care Housing**

Alexandria has the potential capacity for more than 100 people in specialized memory care units. This segment of the market has expanded in the recent past, as beds have been added. There are also some specialized memory care beds in Osakis, and the Countywide capacity would be at least 120 beds.

After adjusting for long-term residents of nursing homes, the current supply of memory care beds represents approximately 3.1% of the County's older senior population. This percentage has increased since 2014, due to the expansion of beds that has occurred in recent years.

As reported to the rental survey, utilization rates in the existing supply of memory care beds/units tend to be high. There was some unused capacity, but this may have been the result of expected unit turnover. The expansion of beds by recent providers was probably due to unmet past demand for this type of housing.

Looking forward to the year 2023, the same percentage capture rate of 3.1% would yield the potential need for as many as 142 total memory care beds.

## **Assisted Living**

When examining market demand for assisted living, the supply of units has been compared to the number of older senior households. People living in some other intensive form of senior housing, such as nursing homes or memory care, would probably be classified as "group quarters" residents and not counted as an independent household, so no adjustments are needed.

In Douglas County there are approximately 2,700 older senior households, age 75 and above, that are estimated to be present in 2018. This group has been growing annually since 2010, based on aging patterns for the area, and should continue to grow through the year 2023.

Calculating the actual supply of assisted living units is somewhat difficult, due to the flexible approach used by some of the City's housing with services providers. However, the analysts have estimated that approximately 300 to 310 units/rooms are available Countywide. There was some unused capacity in Alexandria, but this housing often serves frail seniors and turnover rates can be high. The reported occupancy varied by provider.

The County's assisted living inventory would require a capture rate of approximately 11% to 11.5% of all older senior citizen households living in Douglas County. This percentage is only slightly below the estimated capture rate in 2014. This calculation groups all types of assisted living options together, but there are variations in the focus and services offered between the various providers.

Looking forward to the year 2023, there will be continued growth within the primary target group of seniors age 75 and older. Using Esri's age-based growth projections, and applying the same basic capture rate as exists in 2018, the County would need approximately 360 assisted living units/rooms by that time. When compared to the current inventory that would yield an expansion of approximately 50 to 60 units/rooms.

### **Housing with Light Services**

Housing with light services options, serving more independent senior households, exist in Alexandria, Evansville and Osakis. As noted above, some of these projects are flexible in their services arrangement and tenants can purchase more intensive services, effectively allowing residents to age in place. But these flexible units may also be occupied by people needing limited services, such as a daily meal or weekly laundry and cleaning services. When all of the options within this segment are combined, as many as 275 apartment-style units exist, primarily in Alexandria.

Light services units are typically compared to the distribution of all older senior households, rather than population. Housing with light services can serve a more active and independent senior, and it is more common to see couples reside in this housing, as well as single person households.

After adjusting for senior households that already live in more service-intensive assisted living, we would estimate the target market at approximately 2,400 total households in Douglas County in 2018. Given the flexible approach offered by some providers, the actual use of assisted living versus light services housing can change somewhat with actual demand.

The estimated supply of light services units in 2018 would require a market capture rate of approximately 11.5% of the County's target market of older senior households (after adjustments for more service-intensive forms of housing). This is well above the estimated capture rate in 2014, before the addition of units in Arabella Manor and Grand Arbor.

Not all of the providers within this market segment could be contacted in 2018, but in general it is believed that occupancy rates remain high. The newest units in Grand Arbor Lakes Senior Apartments have been very well received, with a high rate of occupancy and a waiting list.

Based on the projected growth among older senior households over the next five years, even more units within this segment can be justified. At the current capture rate, as many as 50 light services units may be needed. This calculation is based on growth among households age 75 and older. Given the significant growth that is also expected within the younger senior ranges, even more units will be needed in the years after 2023.

**Table 22 Alexandria Specialized Senior Rental Housing Inventory**

| Name                                     | Number of Units /Bedroom Mix                             | Rent                  | Vacancy/ Wait List    | Occupancy Type                        | Comments  |
|--|--|-----------------------|-----------------------|---------------------------------------|---|
| <b>Senior Housing with Services</b>      |  |                       |                       |                                       |   |
| Arabella Manor<br>1810 Darling Avenue    | 16 -1 Bedroom<br><u>21 - 2 Bedroom</u><br>37 Total Units | Unwilling to disclose | Unwilling to disclose | Senior-designated market rate housing | Unwilling to participate in 2018 survey - information presented is from secondary sources, including website. Senior-designated (age 55+) market rate project that opened for occupancy in 2005. Two-level building with elevator. Rent includes utilities. Amenities include attached garages, common dining area, library, game room, fitness center, beauty shop, common areas, guest suite and walking trails. Units have stove, refrigerator, dishwasher and in-unit laundry hookup. Many tenants contract individually for light services, including noon meal 5 days/week, transportation, grocery assistance, laundry and house keeping, personal hygiene assistance, medication dispensing and companion care. One bedroom units have one bath and 735 to 1061 sq ft. Two bedroom units have either 1 or 2 bathrooms and have 932 to 1389 sq ft. Manager unwilling to disclose information about occupancy or rent levels. |
| Arabella Manor II<br>1810 Darling Avenue | 1 Bedroom<br><u>2 Bedroom</u><br>38 Total Units          | Unwilling to disclose | Unwilling to disclose | Senior-designated market rate housing | Unwilling to participate in 2018 survey - information presented is from secondary sources, including website. Senior-designated (age 55+) market rate project that opened for occupancy in 2014. Two-level building with elevator. Rent includes utilities. Amenities include attached garages, common dining area, library, game room, fitness center, beauty shop, common areas, guest suite and walking trails. Units have stove, refrigerator, dishwasher and in-unit laundry hookup. Many tenants contract individually for light services, including noon meal 5 days/week, transportation, grocery assistance, laundry and house keeping, personal hygiene assistance, medication dispensing and companion care. One bedroom units have one bath and 735 to 1061 sq ft. Two bedroom units have either 1 or 2 bathrooms and have 932 to 1389 sq ft. Manager unwilling to disclose information about occupancy or rent levels. |



**Table 22 Alexandria Specialized Senior Rental Housing Inventory**

| Name  | Number of Units /Bedroom Mix   | Rent  | Vacancy/ Wait List            | Occupancy Type                                     | Comments   |
|---|--|---|-------------------------------|--|--|
| <b>Senior Housing with Services</b>                       |  |   |                               |  |  |
| Grand Arbor Lakes Senior Apartments<br>4403 Pioneer Rd SE | 1 Bedroom<br>1 Bdrm+Den<br>2 Bedroom<br><u>2 Bdrm+Den</u><br>162 Total Units | \$935 TIF<br>\$1417 lowest entry rents                          | No vacant units, waiting list | Independent Senior housing with services available | Independent living apartments for seniors that is part of the Grand Arbor senior community - the first phase with 73 units was constructed in 2010 and a second phase with 89 units opened in 2016. Grand Arbor also includes assisted living, enhanced assisted living and memory care housing in a single facility, and is part of the Knute Nelson skilled nursing home complex. City TIF assistance was used and 28 units in complex serve households at or below 50% of median income - most in independent living but some in assisted living. Basic rent package includes utilities, breakfast, phone, cable, internet, emergency call system and access to activities and amenities. Many different apartment floor plans ranging in size from 700 to 1500 sq ft, and include one-bedroom to two-bedroom plus den options. TIF one-bedrooms start at \$935 basic rent, compared to \$1417 for unit as market rate. Additional meals can be purchased and some tenants contract privately for additional services. No vacant units at time of survey and a waiting list exists, especially for 1-bedrooms. TIF unit rents are up by \$153 from 2014 survey. |
| Vista Prairie at Windmill Pond<br>715 Victor St           | 35 - 1 Bedroom<br><u>30 - 2 Bedroom</u><br>65 Total Units                    | \$2285 is entry price for basic one bedroom +services as needed | 4 vacant units                | Senior housing with services/ assisted living      | Project opened for occupancy in 2000 as congregate senior housing with light services, but in 2002 it added an assisted living component with more service offerings. In 2018 most residents utilize additional services for assisted living. Basic rent includes noon meal, continental breakfast, light housekeeping, emergency response system, utilities and activities - additional service package is a la carte fee. Four units vacant at time of survey - primarily 2-bedrooms, but waiting list exists for 1-bedroom units. Some residents receive County assistance such as Elderly Waiver, but typically capped at approx. 10% of units due to low reimbursement rate.  |

**Table 22 Alexandria Specialized Senior Rental Housing Inventory**

| Name   | Number of Units /Bedroom Mix                                  | Rent                             | Vacancy/ Wait List            | Occupancy Type         | Comments   |
|--|---|----------------------------------|-------------------------------|------------------------|--|
| <b>Assisted Living - Apartment/Larger Projects</b>                       |   |                                  |                               |                        |  |
| Alex Assisted Living<br>(formerly Peaceful Bliss)<br>90 E Lake Cowdry Rd | 22 Total Units  | \$3,800<br>+any special services | No vacant units               | Assisted living        | Facility that opened for occupancy in 2009 offering both assisted living and memory care units. Units are sleeping rooms with private half bathroom - one room has been added since 2014. Project offers a high level of services, referred to as assisted living plus - as a result, tenants can generally stay as their service needs increase, and do not need to move to a skilled nursing home. Price is all inclusive, except for additional charge if lift is needed. No vacant rooms at time of survey but no waiting list exists. Package price has increased by \$700 from 2014 survey. Facility accepts all types of payment assistance including County Elderly Waiver.                                    |
| Edgewood Alexandria Senior Living<br>1902 7 <sup>th</sup> Ave E          | <u>37 - Studio</u><br>37 Assisted Living Unit<br>+Memory Care | \$3800<br>+higher level services | No vacant units, waiting list | Senior assisted living | Senior housing with assisted living, enhanced assisted living and memory care options. First phase opened in 2001, with second phase in 2005, and 10 room assisted living expansion in 2015. Units are studio apartments with private bathroom and kitchenette. Basic rent package includes all meals, medical and personal assistance services, laundry, housekeeping and activities. People with additional service needs are evaluated and higher care packages available - enhanced assisted living offered in memory care wing. Units were fully occupied on date of survey and waiting list existed for both wings. Approximately 35% of residents receive County Elderly Waiver assistance but level is capped. |

| Table 22 Alexandria Specialized Senior Rental Housing Inventory        |  |  |                    |                 |  |
|--|--|--|--------------------|-----------------|--|
| Name   | Number of Units /Bedroom Mix                 | Rent   | Vacancy/ Wait List | Occupancy Type  | Comments   |
| <b>Assisted Living - Apartment/Larger Projects</b>                     |  |  |                    |                 |  |
| Grand Arbor Prairie North and South Assisted Living 4403 Pioneer Rd SE | Studio<br><u>1 Bedroom</u><br>31 Total Units | \$1025 EW<br>\$3385 entry points +care package | 4 vacant units     | Assisted Living | Assisted living apartments for seniors that is part of the Grand Arbor community. North was constructed in 2010 and now has 15 units and South opened in 2016 with 16 units. Additional 15 units in North were converted to memory care. Grand Arbor also includes independent living, enhanced assisted living and memory care housing in a single facility, and is part of the Knute Nelson skilled nursing home complex. City TIF assistance was used and 28 units in complex serve households at or below 50% of median income - most in independent living but some in assisted living. Residents that qualify for County Elderly Waiver assistance meet TIF requirements. The basic monthly fee includes 3 meals, weekly housekeeping, and 24-hour staffing. Additional care services are purchased as needed with 5 care packages offered. Units range in size from 355 to 613 sq ft, and include studio and one-bedroom options. Kitchenettes in one-bedrooms and refrigerator and microwave in studios - all have private bathrooms. Four units vacant at time of survey due to turnover, but waiting list is maintained, although many applicants need immediate access and cannot wait. |

**Table 22 Alexandria Specialized Senior Rental Housing Inventory**

| Name  | Number of Units /Bedroom Mix                                     | Rent                 | Vacancy/ Wait List | Occupancy Type  | Comments   |
|---|--|----------------------|--------------------|---|--|
| <b>Assisted Living - Apartment/Larger Projects</b>                          |  |                      |                    |   |  |
| Grand Arbor<br>The Meadow<br>Enhanced Assisted Living<br>4403 Pioneer Rd SE | 17 studio<br><u>1 shared suite</u><br>18 Total Units             | N/A                  | 1 vacant unit      | Enhanced assisted living                                      | Enhanced assisted living option for seniors that is part of the Grand Arbor community, which started construction in 2010. Grand Arbor also includes independent living, assisted living and memory care housing in a single facility, and is part of the Knute Nelson skilled nursing home complex. The basic monthly fee includes 3 meals, weekly housekeeping, and 24-hour staffing. Enhanced assisted living provides a high level of around-the-clock continuous care, including 24-hour licensed nursing care with services such as mechanical lift transferring. One unit is furnished and designed for short stay/hospice care. Units are studio apartments with private bathroom, refrigerator and microwave, 1 unit is shared suite that could be occupied by a couple. This facility is private-pay, as County reimbursement rate cannot cover costs of enhanced care. One unit vacant at time of survey due to turnover. Waiting list is maintained but most applicants need immediate access and cannot wait. |
| Nelson Gables Senior Care Apartment<br>1220 Nokomis St                      | 48 Assisted Living<br><u>11 Enhanced AL</u><br>59 - 1 Bdrm Units | \$3111+<br>+services | 5 vacant units     | Assisted living,<br>Enhanced assisted living,<br>Respite care | Senior assisted living facility that opened in 1996, with a later phase that added 23 units. Part of the Knute Nelson skilled nursing home complex and affiliated with Grand Arbor that has constructed a senior campus at a different location. In the recent past 11 units were converted to enhanced assisted living and respite care can also be offered. Basic rent package includes all meals, 24-hour on-site staff, light housekeeping, and activities and starts at approx. price listed. Additional services available in care packages for extra fee. All units have 1 bedroom. Manager reported 5 vacant assisted living units at time of survey and no waiting list. Stronger demand for enhanced assisted living. Some units available for County Elderly Waiver assistance, but number is capped.   |

**Table 22 Alexandria Specialized Senior Rental Housing Inventory**

| Name  | Number of Units /Bedroom Mix                                   | Rent | Vacancy/ Wait List       | Occupancy Type                         | Comments   |
|---|--|------|--------------------------|--|--|
| <b>Assisted Living - Residential-style Projects</b>                                     |  |      |                          |  |  |
| Goldenridge Senior Care<br>1203 Steger Rd NW  | Licensed for 5 residents but may increase capacity to 7 people | N/A  | 5 residents in occupancy | Assisted living in residential setting | Unable to contact for 2018 survey - information presented is from prior survey. Senior assisted living under a residential board and lodging type arrangement. Licensed capacity is for 5 residents in 2014, but planned to increase license to 6 or 7 people. Basic package includes all meals and services. Some residents receive County assistance such as Elderly Waiver.   |
| Lakes Area Assisted Living<br>1313 County Rd 22 NW<br>320-759-5600                      | Licensed for 10 residents but practical capacity is 7 people   | N/A  | N/A                      | Assisted living in residential setting | Unable to contact in 2018 - information presented is from prior surveys. Senior assisted living under a residential board and lodging type arrangement. Ten rooms exist and licensed capacity is for 10 residents, but owners live in 1 unit and others used for office, so practical capacity is for 7 residents. Basic package includes all meals and services. Nearly all residents receive County assistance such as Elderly Waiver.   |
| Sharon’s Senior Services<br>1441 Rosewood Ln SE   | Residential setting with 5 person capacity                     | N/A  | 5 residents in occupancy | Assisted living in residential setting | House providing senior assisted living care in residential setting. A second house used in 2014 has since been closed. Capacity for 5 residents. Project provides housing with all services for seniors and memory loss residents. Basic fee includes meals and services, with additional charges for more advance care. Some residents come through County referral and have County assistance - number with assistance in not capped. Good occupancy and a waiting list can exist.   |
| Woodcrest Assisted Living (formerly Bonnie’s Senior Haven)<br>1201 Ridgeview Terrace NE | 8 sleeping rooms with up to 10 person capacity                 | N/A  | One vacant room          | Assisted living in residential setting | Customized living facility in home environment that opened in 2000 - project has new owner in 2017 and name was changed. Capacity could be as high as residents if 2 larger rooms are shared occupancy, or 8 people at single occupancy. Services include three full meals/day, laundry, medication, housekeeping, 24 hour supervision, local transportation and personal assistance. Some tenants receive County or State assistance but currently capped at 3-4 people due to reimbursement rates. One room open at time of survey but waiting list can exist. |

**Table 22 Alexandria Specialized Senior Rental Housing Inventory**

| Name  | Number of Units /Bedroom Mix         | Rent                              | Vacancy/ Wait List                | Occupancy Type                           | Comments  |
|---|--------------------------------------|-----------------------------------|-----------------------------------|--|---|
| <b>Memory Care</b>  |                                      |                                   |                                   |  |   |
| Alex Assisted Living Memory Care (formerly Peaceful Bliss)<br>90 E Lake Cowdry Rd | 10 Total Units                       | \$5,200                           | No vacant units                   | Memory care                              | Facility that opened for occupancy in 2009 offering both assisted living and memory care units. Units are sleeping rooms with private half bathroom. Project offers a high level of services, referred to as assisted living plus - as a result, tenants can generally stay as their service needs increase, and do not need to move to a skilled nursing home. Price is all inclusive, except for additional charge if lift is needed. Full occupancy reported but no waiting list exists - waiting lists can be out-of-date as people need immediate access. Entry price is up by \$400 from 2014 survey. Facility accepts all types of payment assistance including County Elderly Waiver. |
| Diamond Willow Assisted Living<br>803 Victor St                                   | <u>20 - Suites</u><br>20 Total Units | Varies based on level of services | High rate of occupancy is typical | Advanced assisted living/<br>Memory care | Facility opened in 2008 and provides advanced assisted living - tenant does not have to move to a nursing home when health deteriorates. Most residents have memory care issues. Facility includes two 10-unit buildings. Units are studio apartments, called suites, with private bathroom and refrigerator. Connecting doors would allow for units to be used as two room suite. The facility typically maintains a high rate of occupancy. Nearly half of residents receive County assistance such as Elderly Waiver.  |

**Table 22 Alexandria Specialized Senior Rental Housing Inventory**

| Name   | Number of Units /Bedroom Mix                                   | Rent  | Vacancy/ Wait List            | Occupancy Type                           | Comments  |
|--|--|---|-------------------------------|--|---|
| <b>Memory Care</b>   |  |   |                               |  |   |
| Edgewood Alexandria Senior Living Memory Care 1902 7 <sup>th</sup> Ave E | <u>24 - Studio</u><br>24 Memory Care Units<br>+Assisted Living | \$5000<br>+ higher level services                                       | No vacant units, waiting list | Memory Care/<br>Enhanced Assisted Living | Senior housing with assisted living, enhanced assisted living and memory care options. First phase opened in 2001, with second phase in 2005 and 10 unit assisted living expansion in 2015. One wing with 24 units offers memory care housing, although these units may also be used for enhanced assisted living that cannot be served in assisted living wing of the project. Originally provided assisted living but memory care conversion occurred in about 2010. Units are studio apartments with private bathroom. Basic rent package includes all meals, medical and personal assistance services, laundry, housekeeping and activities. People with additional service needs are evaluated and higher care packages available in enhanced assisted living. Units were fully occupied on date of survey and waiting list existed for both wings. Approximately 35% of residents receive County Elderly Waiver assistance but level is capped. |
| Grand Arbor The Garden Memory Care 4403 Pioneer Rd SE                    | <u>33 Studio</u><br>33 Total Units                             | \$2990 shared<br>+care package starting at \$2640 is lowest entry point | 1 vacant unit, waiting list   | Memory Care                              | Memory care living option for seniors that is part of the Grand Arbor community, which started construction in 2010. In 2015, 15 units in Prairie North were converted from assisted living to memory care Grand Arbor also includes independent living, assisted living and enhanced assisted living in a single facility, and is part of the Knute Nelson skilled nursing home complex. The basic monthly fee includes meals, basic services and 24-hour staffing, with additional care packages purchased as needed. Units are studios with private bathroom. Most are private occupancy both shared occupancy also possible. One unit vacant at time of survey due to turnover. Waiting list is maintained for memory care housing but some applicants need immediate access and cannot wait.   |

| <b>Table 22 Alexandria Specialized Senior Rental Housing Inventory</b> |  |             |                             |                       |  |
|--|--|-------------|-----------------------------|-----------------------|--|
| <b>Name</b>  | <b>Number of Units /Bedroom Mix</b>                              | <b>Rent</b> | <b>Vacancy/ Wait List</b>   | <b>Occupancy Type</b> | <b>Comments</b>  |
| <b>Memory Care</b>   |  |             |                             |                       |  |
| Knute Nelson Memory Care<br>420 12 <sup>th</sup> Ave E                 | 12 memory care beds in a secured wing                            | N/A         | 84% annual utilization rate | Memory care           | Skilled nursing home that is part of the Knute Nelson senior care options. Licensed for 93 beds in 2018, with 12 beds in secured memory care wing. Annual occupancy is approximately 84%.  |
| Pelican Bay Memory Care (formerly Ecumen)<br>1020 Lark St              | 11 rooms   | N/A         | 1 available room            | Memory care           | Part of the Monarch Bethany on the Lake senior campus that includes subsidized rental housing and a skilled nursing home. Memory care/enhanced assisted living provided in private rooms with private bathroom - capacity for 11 residents. One vacant room at time of survey - waiting list can exist but people needing memory care generally need immediate access and find other options. Private-pay facility.  |
| Prairie Senior Cottages<br>812-814 McKay Ave                           | 12 rooms with 17 person capacity in private and shared occupancy | N/A         | 2 vacant beds               | Memory care           | Senior assisted living project providing care for memory loss residents. Project opened in 2001. Two cottages that are separately licensed but physically connected, with combined capacity for 17 residents. Units are sleeping rooms with community bathrooms. Some residents qualify for County elderly waiver and alternative care assistance, but number of EW residents is capped. Manager reports good occupancy with 2 open beds due to recent turnover. |



| Table 22 Alexandria Specialized Senior Rental Housing Inventory |   |      |                                 |                      |   |
|---|---|------|---------------------------------|----------------------|---|
| Name  | Number of Units /Bedroom Mix              | Rent | Vacancy/ Wait List              | Occupancy Type       | Comments  |
| <b>Skilled Nursing Homes</b>                                    |   |      |                                 |                      |   |
| Bethany on the Lake<br>1020 Lark St                             | 83 licensed beds                          | N/A  | 94%-96% annual utilization rate | Skilled nursing home | Skilled nursing home that is part of the Monarch campus that also includes memory care and subsidized rental housing. Licensed for 83 beds - with 23 beds in transitional care wing and 60 beds for long-term care. Annual utilization rate is between 94% and 96%.   |
| Knute Nelson<br>420 12 <sup>th</sup> Ave E                      | 93 licensed beds including 12 memory care | N/A  | 84% annual utilization rate     | Skilled nursing home | Skilled nursing home that is part of the Knute Nelson senior care options. Licensed for 93 beds in 2018, with 8 beds added back in 2016 after some prior de-licensing. There are 57 beds for long-term care, 24 beds for short-term/transitional care and 12 beds in secured memory care wing. Annual occupancy is approximately 84%. |

Source: Community Partners Research, Inc.

## Employment and Economy

While many factors influence the need for housing, employment opportunities represent a predominant demand-generator. Without jobs and corresponding wages, the means to afford housing is severely limited. Employment opportunities are provided by a broad range of private and public business sectors. Jobs are available in manufacturing, commercial services, agriculture, and other industries. The type of employment, wage level, and working conditions will each influence the kind of housing that is needed and at what level of affordability.

### Employment and Wages by Industry

The following table shows the annual employment and average annual wages by major employment sector for 2017, the last full year of data. It is important to note that the major employment sectors listed do not represent all employment in the City. Some groups, including self-employment, are not represented. This information is only for the City of Alexandria.

| Industry                           | Employment | Average Annual Wage |
|------------------------------------|------------|---------------------|
| Total All Industry                 | 13,934     | \$42,848            |
| Manufacturing                      | 2,528      | \$59,020            |
| Trade, Transportation, Utilities   | 2,976      | \$36,816            |
| Information                        | 191        | \$57,720            |
| Financial Activities               | 612        | \$58,448            |
| Professional and Business Services | 854        | \$41,132            |
| Education and Health Services      | 3,942      | \$43,784            |
| Leisure and Hospitality            | 1,350      | \$15,236            |
| Other Services                     | 538        | \$21,216            |
| Public Administration              | 450        | \$52,572            |

Source: MN Department of Employment and Economic Development

The average annual wage in Alexandria for all industry in 2017 was \$42,848. The highest paying wage sector was Manufacturing at more than \$59,000. Manufacturing was also the third largest industry sector for the number of employed people. The City’s largest employment sector, Education and Health Services, was also above the overall average wage, at \$43,784 annually.

## **Major Area Employers**

Among the largest employers in Alexandria are the following:

- ▶ Alomere Heath
- ▶ Douglas Machine
- ▶ Alexandria Public Schools
- ▶ Knute Nelson
- ▶ 3M
- ▶ Breton Engineering
- ▶ Central Specialties
- ▶ Douglas County
- ▶ Arrowwood Resort and Conference Center

Source: Alexandria Area Economic Development Commission

According to staff at the Alexandria Area Economic Development Commission, there have been no recent changes in the employment levels within the community that have significantly impacted the number of jobs.

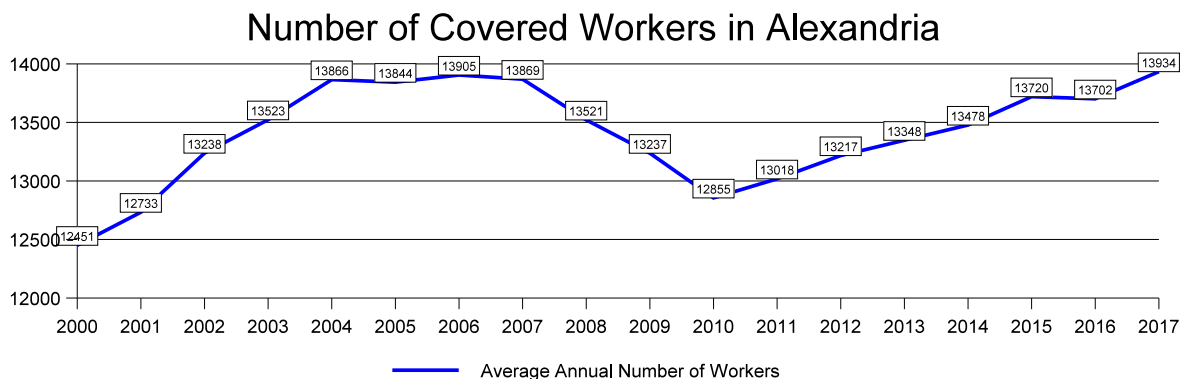
## Alexandria Annual Covered Employment

Since the Quarterly Census of Covered Workers (QCEW) tracks employees covered by unemployment insurance by location, it is possible to examine longer-term patterns in the employment level. The following table displays the total number of workers reported in Alexandria back to the year 2000.

| <b>Table 24 Alexandria Average Annual Employment</b> |                          |      |                          |
|--|--------------------------|------|--------------------------|
| Year   | Total Covered Employment | Year | Total Covered Employment |
| 2000   | 12,451                   | 2009 | 13,237                   |
| 2001   | 12,733                   | 2010 | 12,855                   |
| 2002   | 13,238                   | 2011 | 13,018                   |
| 2003   | 13,523                   | 2012 | 13,217                   |
| 2004   | 13,866                   | 2013 | 13,348                   |
| 2005   | 13,844                   | 2014 | 13,478                   |
| 2006   | 13,905                   | 2015 | 13,720                   |
| 2007   | 13,869                   | 2016 | 13,702                   |
| 2008   | 13,521                   | 2017 | 13,934                   |

Source: QCEW - MN Dept. of Employment and Economic Development

When viewed over a longer-term there has been employment growth in Alexandria, as tracked by unemployment compensation, but much of this had been achieved prior to the national economic recession of the late 2000s. Since that time, the City has largely been recovering the jobs that had existed in 2006. If 2017 is compared to the year 2000, there had been an increase of nearly 1,500 jobs. But if 2017 is compared to 2006, fewer than 30 jobs had been added. However, it is important to note that 2017 did represent the City’s highest employment level over the time period reviewed.



## Labor Force, Work Force and Unemployment

The Minnesota Department of Employment and Economic Development provides employment information for larger cities in the State, including Alexandria. The following table looks at statistics since 2010. This information tracks the status of people that live in the City of Alexandria.

| <b>Table 25 Alexandria Labor Force and Employment: 2010 to 2017</b> |             |          |            |                          |                        |                        |
|---|-------------|----------|------------|--------------------------|------------------------|------------------------|
| Year  | Labor Force | Employed | Unemployed | Unemployment Rate - City | Unemployment Rate - MN | Unemployment Rate - US |
| 2010  | 6,191       | 5,551    | 640        | 10.3%                    | 7.4%                   | 9.6%                   |
| 2011  | 6,311       | 5,760    | 551        | 8.7%                     | 6.5%                   | 8.9%                   |
| 2012  | 6,280       | 5,834    | 446        | 7.1%                     | 5.6%                   | 8.1%                   |
| 2013  | 6,278       | 5,877    | 401        | 6.4%                     | 5.0%                   | 7.4%                   |
| 2014  | 6,270       | 5,915    | 355        | 5.7%                     | 4.2%                   | 6.2%                   |
| 2015  | 6,271       | 6,026    | 245        | 3.9%                     | 3.7%                   | 5.3%                   |
| 2016  | 6,319       | 6,060    | 259        | 4.1%                     | 3.9%                   | 4.9%                   |
| 2017  | 6,348       | 6,110    | 237        | 3.7%                     | 3.5%                   | 4.4%                   |

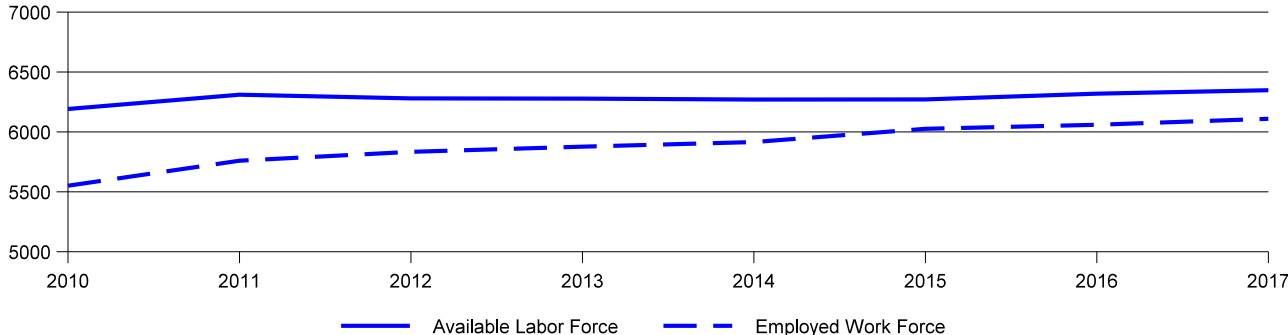
Source: MN Department of Employment and Economic Development

There has been some growth in the size of the City’s available labor force so far this decade. When comparing 2017 to 2010, the resident labor force increased by 157 people, or 2.5%.

The employed resident work force has shown a faster rate of growth. When comparing 2017 to 2010, the number of employed City residents had increased by 559 people, or 10.1%. As a result, the unemployment rate has dropped significantly over the past eight years, from 10.3% in 2010 to only 3.7% in 2017.

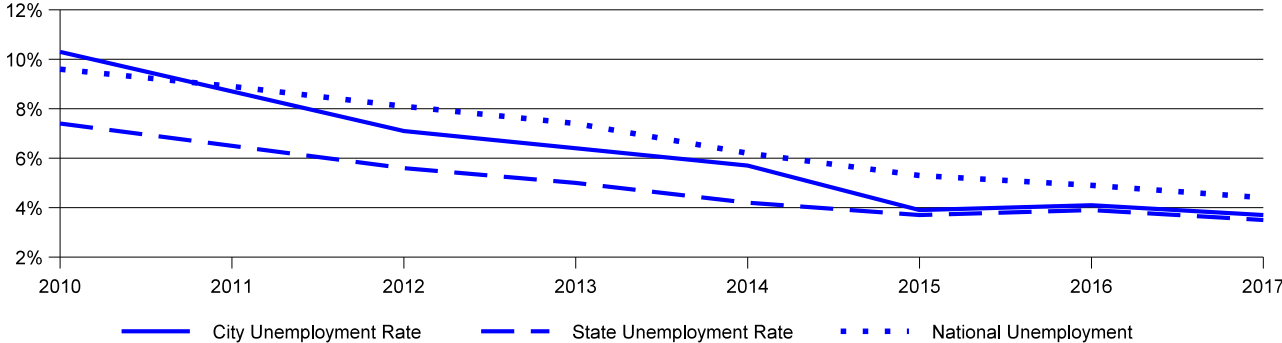
While not displayed in the table above, a similar pattern has been present in all of Douglas County, as the size of the resident labor force has been growing and the unemployment rate has been dropping.

### Alexandria Labor Force and Employed Work Force



The City’s unemployment rate has remained below the national average since 2011, but has remained somewhat higher than the Statewide rate throughout the time reviewed.

### Alexandria Annual Unemployment Rate: 2010 to 2017



## Commuting Patterns of Area Workers

Information is available on area workers that commute for employment. The best information is from the 2016 American Community Survey, and has been examined for the City of Alexandria. This table only examines people that commuted, and excludes people that work at home.

| <b>Table 26 Commuting Times for Alexandria Residents - 2016</b> |        |         |
|---|--------|---------|
| Travel Time   | Number | Percent |
| Less than 10 minutes  | 2,802  | 45.1%   |
| 10 to 19 minutes  | 2,670  | 42.0%   |
| 20 minutes or more  | 881    | 13.9%   |
| Total   | 6,353  | 100%    |

Source: American Community Survey

The large majority of Alexandria residents were commuting less than 20 minutes to work in 2016. Presumably, most residents were working within the City limits of Alexandria, or in the immediately surrounding communities of Osakis, Carlos, or the Townships that are part of the Greater Alexandria aggregation. Overall, more than 87% of Alexandria residents commuted less than 20 minutes to work.

The American Community Survey also identifies travel time by location of employment. For people that worked in Alexandria, the following travel times were identified.

| <b>Table 27 Commuting Times for Alexandria Employees - 2016</b> |        |         |
|---|--------|---------|
| Travel Time   | Number | Percent |
| Less than 10 minutes  | 3,183  | 24.5%   |
| 10 to 19 minutes  | 5,017  | 38.5%   |
| 20 to 29 minutes  | 2,351  | 18.1%   |
| 30 minutes +  | 2,464  | 18.9%   |
| Total   | 13,015 | 100%    |

Source: American Community Survey

For people that worked in Alexandria, approximately 37% traveled 20 minutes or more. Overall, more than 4,800 people traveled to Alexandria from these greater distances, including more than 2,450 people that traveled 30 minutes or more. However, most of the longer-distance commuters still had a drive time that was less than 35 minutes. Fewer than 11% of all people working in Alexandria had a travel time of 35 minutes or more.

Approximately 63% of Alexandria workers had a commute time of 19 minutes or less, and would either be City residents, or were living reasonably close to the City, including the jurisdictions that form the area defined as Greater Alexandria.

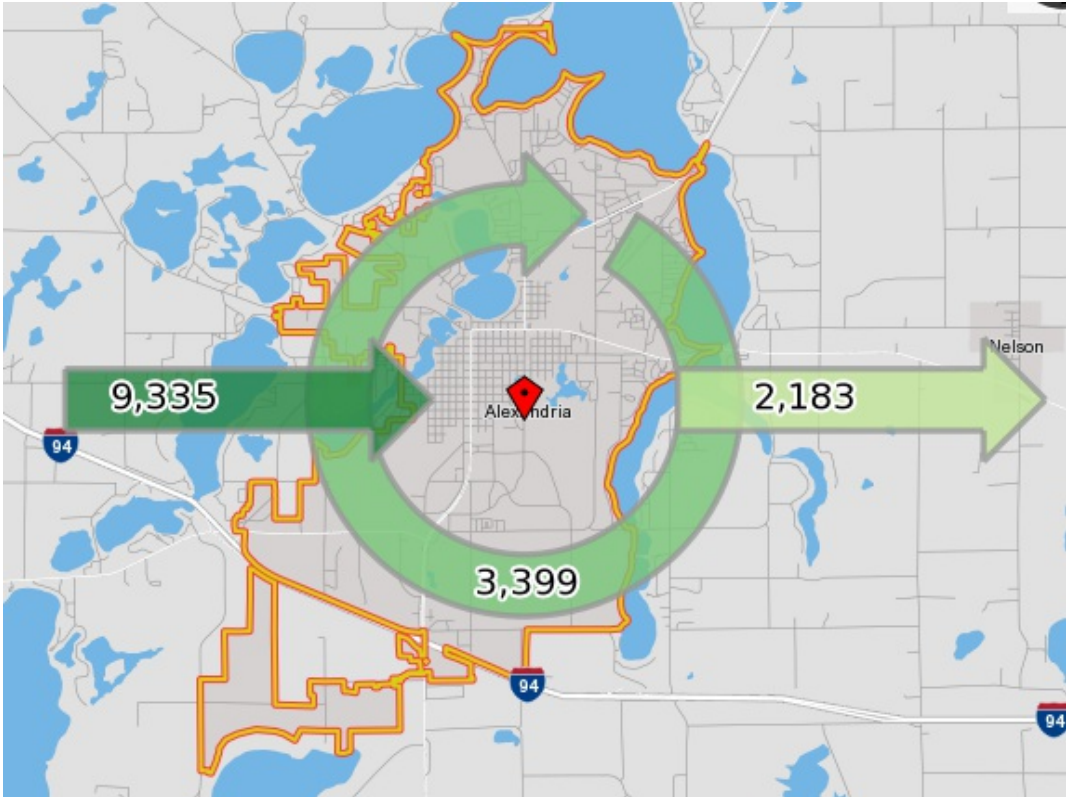


### Census On the Map

The Census Bureau also produces commuter reports through its Center for Economic Studies division. This information is based on reports for the year 2015, and provides a further breakdown of worker movement patterns.

According to this source, there were 12,734 people that were employed within the city limits in 2015. Fewer than 27% of these Alexandria-based employees also lived within the City. Approximately 73% of the employees lived outside the City limits and traveled in daily. Among the primary identified jurisdictions supplying workers to Alexandria were LaGrand Township, Alexandria Township, Carlos Township, Osakis, Ida Township, Lake Mary Township and Glenwood. More than 79% of the people working in Alexandria were traveling less than 25 miles.

A majority of Alexandria’s residents were also working in the City. Nearly 61% of residents reported their primary job was located in the City. However, approximately 39% of residents commuted out daily. Among the primary identified work destinations were Carlos Township, LaGrand Township, Glenwood and Hudson Township. According to this source, a large percentage of the outbound residents were traveling 24 miles or less.



# Findings and Recommendations

## Overview

Community Partners Research, Inc., has completed previous citywide housing studies for Alexandria, most recently in 2014. This Update has examined the findings and recommendations made in the last report, and made revisions to reflect the research completed in 2018.

| <b>Findings and Recommendations</b>                 |  |
|---|--|
| <b>Rental Housing Recommendations</b>               |  |
| 1.  | Continue to Promote Annual Introduction of Market Rate Rental Projects with 260 to 300 Total Units Over Projection Period      |
| 2.  | Observations on TIF Assistance for Market Rate Housing   |
| 3.  | Senior-Designated Housing Continues to be Appropriate for Future Development   |
| 4.  | Promote the Development of Additional Tax Credit Moderate Income Rental Housing with 60 to 70 Units over the Projection Period |
| 5.  | Develop Additional Subsidized Rental Housing as Resources Allow with a Goal to Add 25 to 50 Units                              |
| 6.  | Monitor Demand for Student Housing   |
| <b>Senior Housing with Services Recommendations</b> |  |
| 7.  | Promote an Expansion of up to 50 Additional Light Services Housing Units by 2023   |
| 8.  | Promote an Expansion of 50 to 60 Additional Assisted Living Units by the Year 2023   |
| 9.  | Promote an Expansion of 20 to 30 Additional Memory Care Units by the Year 2023   |

| <b>Findings and Recommendations</b>   |   |
|---------------------------------------|---|
| <b>Home Ownership Recommendations</b> |   |
| 10.                                   | Continue to Offer Affordable Home Ownership Programs  |
| 11.                                   | Promote the Construction of 8 to 10 Affordable Homes Per Year   |
| 12.                                   | Affordable Residential Subdivision Development  |
| 13.                                   | Monitor the Overall Residential Lot Supply  |
| 14.                                   | Mid-Priced and Higher-Priced Housing Should Continue to Represent Most of the New Construction Activity |
| 15.                                   | Attached Single Family Housing Should Continue to Gain Market Share                                     |

Prior to the specific recommendations, a summary of some of the key growth-related findings and projections has been presented.

## **Household Growth Compared to Previous Projections**

In the 2014 Housing Study, Community Partners Research had made projections for the entire Greater Alexandria aggregation. Projections specifically for the City of Alexandria are extremely difficult to generate, given the unknown impact of past and possible future annexation activity. Projections for Greater Alexandria are not impacted by annexation changes.

The projection created in 2014 included a household forecast of 150 to 155 households per year for Greater Alexandria. This had assumed some ongoing improvement in housing construction activity, as growth in the available housing stock was needed to allow for actual household growth, as the area had only a limited supply of vacant housing.

The best available estimates would indicate that the Greater Alexandria area has been averaging between 114 and 121 households per year since 2010. But this annual average is impacted by the earlier years in the decade. Since 2015 it would appear that the projected range of 150 to 155 households per year has been reached or exceeded.

As stated in the 2014 Study, growth at the projected level has been directly linked to housing unit availability. In 2015, building permits were issued for more than 240 new housing units in the Greater Alexandria area. This resulted in the stronger household growth that followed in 2016 and 2017. Housing production dropped somewhat to approximately 170 units in 2016, and was lower again in 2017. But over the five-year period from 2014 through 2018 (partial-year), the area has had sufficient housing production to allow for 150 or more households to be added annually.

Going forward to the year 2023, the upper end of the projection range has been increased, and growth of approximately 155 to 170 households in an average year appears to be a very realistic expectation for the Greater Alexandria area. In certain years, including those with above-average multifamily unit creation, this average will be exceeded, but over a five-year time period, between 775 and 850 households represents an achievable cumulative range.

## **Projected Growth by Age**

Previous housing studies have also tracked the changing age patterns of area residents, and have made projections about the future changes in households by age of householder. This Update has once again included an analysis of expected changes, with a forecast of the movement between 2018 and 2023. The newest projections have been created by Esri, a data provider that had not been utilized in previous projects.

The age progression patterns that are evident in 2018 are generally consistent with past expectations, largely due to the movement of the “baby boom” generation through the aging cycle. The age-based household forecasts contained in the demographic section of this Update continue to reflect these same trends.

The projections indicate that between 2018 and 2023, most of the net household change in the Greater Alexandria area will be due to an increasing number of households in the ranges age 65 and older. Overall, the Esri projections show approximately 78% of the net growth attributable to households age 65 and older, and 22% of the net growth from households age 64 and younger.

At the time of the 2010 Census, nearly 47% of all households living in Greater Alexandria had a head-of-house that was age 55 or older. By 2018, the estimates show that more than 51% of households were within these older adult age ranges. The 2023 projections indicate that more than 52% of all households will be in the near-senior or senior citizen age groups. By the year 2023, the leading edge of the baby boom generation will begin entering the age ranges 75 years old and older.

## **Housing Unit Demand Generated by Household Growth**

The 2014 Housing Study had used age-based projections along with typical housing tenure patterns to form a forecast of anticipated demand for owner and renter-occupancy housing. That Study had placed approximately 60% of the near-term demand for owner-occupancy units, and the remaining 40% for rental housing. Those calculations had expected owner housing markets to continue to recover after the national retreat that began in the late 2000s.

Based on a review of building permit issuance for the jurisdictions that form Greater Alexandria, it appears that the 2014 Study was relatively accurate in the tenure projections. From 2014 to 2017, approximately 59% of the area's housing starts were in single family housing, presumably for owner-occupants, and the remaining 41% was in rental projects.

Applying similar housing tenure patterns going forward, yields the potential for approximately 465 to 510 owner-occupancy units and 310 to 340 renter-occupancy units over the five-year projection period, just to keep pace with anticipated growth. As will be explained later, some additional pent-up demand will be added to the rental recommendations bringing the unit total to 470 to 520 total units. If reduced to an annual average, this would yield 93 to 102 owner units and 94 to 104 rental units in a typical year.

Although single family housing production should tend to be relatively stable from year-to-year, multifamily rental production will probably show greater annual variation.

It is certainly possible that actual production will exceed these levels, as housing developers respond to demand from certain market segments. These are growth-generated demand calculations and represent the production that will be needed just to allow for expected household growth.

It should be noted that the recommended unit totals are for the entire aggregated geography of Greater Alexandria. Nearly all of the multifamily rental production is likely to occur within the City of Alexandria, but past history would indicate that only 35% to 40% of the single family construction will be inside the city limits. Most of the single family construction will remain in the adjoining townships, including the extraterritorial permit areas.

The expected tenure distribution pattern for new housing constructed in the City of Alexandria will be above 60% for renter-occupancy and up to 40% for owner-occupancy units.

## **Additional Housing Demand Generators**

In addition to growth-generated demand, calculations for total future housing needs can also be based on factors such as replacement of lost units, and pent-up, or existing demand for housing that is not being served.

### **Demand from Unit Replacement**

Very little documentation can be obtained on annual housing unit losses. A variety of factors can contribute to unit loss, including demolition, obsolescence, natural disasters, or redevelopment activities. Forecasts of future losses are difficult to accurately predict, but past research in the Alexandria area has not identified any significant unit losses over time.

With strong housing demand and rising property values, there are financial incentives for owners to maintain and improve existing housing units. It is known that some ongoing unit replacement continues to occur on area lakes, as older structures are replaced. But this typically does not result in any net loss of housing, as a new unit is constructed.

Without any evidence of larger-scale unit replacement needs, no specific allowance is made for this demand generator. If unit losses do occur in the future, one-for-one replacement would be recommended. It is important to recognize, however, that unit replacement has been viewed in terms of overall supply and demand. It is unlikely that any older housing that is lost can then be replaced by equally affordable new construction.

### **Pent-Up Demand**

Another demand generator can be based on the potential need to add units within specific market segments that are currently under served. For example, there continues to be a significant under-supply of very affordable, subsidized housing, but resources to expand the inventory have not been available in recent decades. Low income households that are attempting to move into the community may not be able to find suitable housing, and may be forced to live elsewhere.

Pent-up demand varies by market segment. Discussion of unmet demand will be incorporated into the specific unit recommendations that follow later in this section.

## **Rental Housing Recommendations**

**Overview:** The City of Alexandria has historically had a very large supply of rental housing. At the time of the 2010 Census, there were more than 2,700 rental units in the City. The rental tenure rate, based on renter-occupancy households, was nearly 48%, well above the Statewide average of 27% rental in 2010.

The rental tenure rate was lower when Alexandria was grouped with the surrounding Township areas that form Greater Alexandria, as high rates of home ownership have tended to exist outside the City limits. The rental tenure rate in 2010 was approximately 29% for all of Greater Alexandria, only slightly higher than the Statewide rate.

Although a substantial amount of new rental housing has been constructed in Alexandria after the 2010 Census, it appears that the actual tenure split within the City has not changed substantially. This is due to annexation activity that has also brought owner-occupancy households into Alexandria from the adjoining townships. Rental construction has been greater than single family production in recent years but annexation of existing owner-occupancy households has balanced the City's tenure distribution.

As detailed earlier in this document, it is probable that between 575 and 625 rental housing units have been added to the City after the Census count. This total excludes some of the very specialized housing that would probably be better classified as "group quarters" units. When added to the 2010 Census total, there may be between 3,300 and 3,350 total rental housing units in Alexandria in 2018, with an estimated rental tenure rate at or above 47%.

The rental telephone survey completed in August 2018 found relatively low vacancy rates in most market segments. Despite ongoing growth in the conventional market rate inventory, the estimated vacancy rate was below 2%, and well below the vacancy rate of 6.8% recorded in the market rate segment in 2014, when some of the newer projects had recently entered the market.

The more affordable rental segments also maintain high occupancy patterns in 2018, generally consistent with past surveys. The estimated vacancy rate in moderate rent tax credit housing was below 2% in the 2018 survey, and even lower in the rental projects that can offer "deep subsidy" rental options. Waiting lists tend to exist for any form of income-restricted housing, as pent-up demand remains evident.



Student-oriented housing also reported high rates of occupancy in 2018. While many of the City’s general rental properties have some students, certain projects, often located near the campus, are specifically marketed to students. Despite the expanded rental supply in recent years, lease-up at the start of the fall term was very strong in 2018 in the student-oriented housing.

Going forward, the demand projections presented earlier to the year 2023 expect that 62 to 68 rental units will need to be added each year to address anticipated household growth. This represents total need, and would be distributed across various rental market segments, as will be detailed later in this section.

Given the relatively low vacancy rates present in 2018, some additional production could also be justified to provide for greater unit choices and availability. An additional 60 to 70 units could be added to the growth calculation to address pent-up demand across all market segments.

One final demand generator that yields an additional need for units is the growth expected among older senior households looking for some level of services with their housing. Specific recommendations for specialized care housing are provided in a later section, but overall as many as 100 to 110 units could be added to the housing with services segment, that could be considered rental housing. Some very specialized housing, such as memory care rooms, has also been recommended, with 20 to 30 rooms/beds, although these may be better defined as “group quarters” rather than traditional rental units.

Combined, the rental production recommendation for the five-year period from 2018 to 2023 would be at least 470 to 520 total rental units for the Greater Alexandria area.

There are various ways that these units may be created, but in the specific recommendations that follow, these units have been distributed into specific subsets of the local rental market as follows:

- ▶ Conventional Market Rate (including TIF set-asides) 260 to 300 units
- ▶ Tax Credit/Moderate Rent 60 to 70 units
- ▶ Subsidized Housing (goal not need-driven) 25 to 50 units
- ▶ Senior Housing with Services (apartment-style) 100 to 110 units

**1. Continue to Promote Annual Introduction of Market Rate Rental Projects with 260 to 300 Total Units Over Projection Period**

**Findings:** There continues to be ongoing new construction activity in the general occupancy market rate segment. The costs associated with new construction have required that higher rents must be charged, placing the large majority of the newer units into the higher-rent segment of the local market.

Since the 2014 Study was completed, at least five new market rate rental projects have been built in Alexandria. Granite Manor, Lakewood Terrace 3 and 4, Woodland Apartments and 7<sup>th</sup> Avenue Apartments have all been constructed since 2014 and are open for occupancy. Combined, these projects added 151 units that largely serve the conventional market rate segment.

It should be noted that 29 units in this total are TIF-assisted, and do apply moderate rent and household income requirements. But while more affordable, these TIF units are more similar to market rate housing than subsidized housing based on their rent structure, and have been included with the conventional rental total.

In addition to the units listed above that have already been constructed, there are two additional projects that are under construction in 2018 with planned initial occupancy in 2019. Unique Development has the Rosewood and McKay properties underway, which will add 141 total units, including 38 that are TIF-assisted.

It is still possible that additional projects could proceed in 2018 or early 2019 which could change these totals, but at this time it is likely that the 6-year production total spanning 2014 to 2019 will be 292 market rate units, or an average of just under 50 units per year, including the TIF set-asides.

While the rent structure in any newly-built project tends to be higher than existing rentals, the developments since 2014 do offer a range of rents. Most of the new units in Lakewood Terrace are closer to the upper end of the identified rent range, with two-bedroom gross rents above \$1,150. However, in most of the other new projects, the rent structure is lower, with two-bedrooms often at or below \$1,000 per month for gross rent, including tenant-paid utilities.

Occupancy patterns within the newest projects are very high in 2018, similar to the larger market. Excluding 7<sup>th</sup> Avenue Apartments, which are in the initial occupancy phase, the other new projects reported full occupancy when contacted in August.

No specific information is yet available on the two projects expected to open in 2019. However, they have the same developer as Woodland Apartments, which was built in 2016, and this may indicate that the rent structure that will apply to both Rosewood and McKay will also be similar. There are one-bedroom units in Woodland with gross rents below \$850 and two-bedrooms below \$950.

It is important to note that the rental range that applies to the newest projects is a reflection of features, amenities, square footage and other factors. Some of the newer projects have targeted the more moderate segment of market rate renters while others serve the luxury segment. However, the square footage of the unit becomes a primary factor in the rents being charged.

If gross rents are viewed as a rent per square foot, and include an estimate for garage parking and tenant-paid utilities, the projects constructed since 2014 would generally be within the following ranges:

| <u>Unit Type</u> | <u>Gross Rent<br/>Per Sq. Ft.</u> |
|------------------|-----------------------------------|
| 1-Bedroom        | \$1.08 to \$1.39/sq ft            |
| 2-Bedroom        | \$1.00 to \$1.21/sq ft            |

In some cases, the estimated gross rents per square foot for TIF-assisted units are somewhat lower, but in general, the TIF units fall within the basic ranges listed above. When a lower rent is being charged for TIF units, it is for an apartment that has a smaller footprint, and the rent per square foot can be similar to the larger non-TIF units.

**Recommendation:** As the Alexandria area continues to grow, there will be a continued need to add more rental housing units. While it would be desirable to add units in a wide range of prices, realistically, most of the new units will need to be market rate housing. Gross rents for new units will be above the prevailing range for older units, and will be more similar to other recently constructed projects such as Woodland and Granite Manor.

To achieve the total recommended goal of at least 470 to 520 rental units in Alexandria by the year 2023, it is probable that at least 55% of this total will be needed within the market rate segment. This would yield a five-year production goal of approximately 260 to 300 market rate units.

It is important to note that approximately 140 of these units are already under construction and should become available in 2019. Three additional market rate projects have been proposed, and may advance in 2019 or 2020. If all three proceed, approximately 125 additional units could come on-line in 2020 or later. These known projects would achieve much of the production within this market segment.

As stated previously, multifamily housing production tends to occur in larger phases, and does not follow an annual linear average. Over the past five years, the average annual production within this segment has been approximately 50 units in an average year. The 140 units being completed in 2019 represent a total that is nearly two to three times the annual average. Much of the production needed by 2023 is therefore front-end loaded into the early years of the five-year time period.

With continued increases in construction costs, it is probable that new units in 2019 and beyond will have a rent structure that is similar to or greater than the most recently built projects. However, local renters have absorbed the newest units, demonstrating success in these basic price ranges. Approximately 20% to 25% of the construction has also been within the higher-priced, luxury market and has also been well-received.

Based on the projects that are currently underway, or in the planning phase, the recommendations contained in this report could prove to be conservative. If all of the identified projects proceed by 2020 and achieve high rates of occupancy, then additional production could be considered. That would indicate that the growth projections and/or rental tenure distribution estimates used for this report have been exceeded, and the production goals could be raised.

## **2. Observations on TIF Assistance for Market Rate Housing**

**Findings:** The City of Alexandria has been very active in attempting to generate more affordable rental housing production through the use of local resources. Most of the general occupancy market rate rental projects constructed in Alexandria in recent years have utilized Tax Increment Financing (TIF) assistance. A requirement of receiving TIF assistance is that a certain percentage of the units are set aside for more moderate income renters.

Some TIF projects have designated 20% of the units for households at or below 50% of the County's median income level. Of the market rate projects constructed between 2014 and 2018, Granite Manor, Lakewood Terrace 3 and 4, and Woodland Apartments have all set-aside 20% of the units for TIF-eligible households. However, within this group of properties, slightly different approaches to meet this requirement have been used.

In Lakewood Terrace 3 and 4, and Granite Manor the specified TIF units have a substantially lower rent structure than other apartments in the project. But these TIF units also include fewer amenities and have smaller floor plans. For example, in Lakewood Terrace the monthly gross rent in a TIF unit is approximately \$300 or more below the non-TIF unit rent. But a two-bedroom TIF unit has only 806 square feet, compared to 1090 square feet or more in a market rate two-bedroom. As a result, the gross rent is substantially lower in a TIF unit, but the estimated rent per square foot of living space is very similar between the TIF and non-TIF units.

A different approach appears to have been used in Woodland Apartments. The unit sizes for the TIF units are believed to be the same as the non-TIF units. TIF and non-TIF units have the same basic rent structure. This project verifies that the required percentage of tenants meets the income limits, without specifically lowering rents in a portion of the units. Since Woodland has the same developer as the new Rosewood and McKay projects that are under construction, it is assumed that the same TIF unit approach will be followed.

While Community Partners Research can only make general observations about these TIF-assisted projects, and does not have access to specific financial data, some assumptions can be made. In a project like Lakewood Terrace, there are four tenants of 18 tenants in each building that can get a smaller unit at a substantially lower rent. In Woodland Apartments, no lower TIF rents exist but it is probable that all 36 units in the project have a somewhat lower rent structure due to the TIF involvement.

Any assistance that helps to lower the rental rates will bring new units better in-line with income levels. In 2016, the median household income for all renter households in Alexandria was \$30,050. An affordable rent threshold would generally be defined at approximately \$750 per month. Purely market rate units cannot achieve a rent this low for one and two-bedroom new construction units. When TIF assistance can be used to reduce the rental rates, it helps to bring the gross rents into a range that is better matched to a majority of area renter households.

Occupancy rates in the City's TIF-assisted units remain high, consistent with the larger market. According to property managers, adequate demand exists to fill units that have the TIF income requirements.

**Recommendation:** In the previous recommendation, a production target of approximately 260 to 300 market rate units was identified for the five-year period. While it is probable that not all of the new projects will seek TIF, it is likely that 50 or more TIF units will be constructed within the next five years. In the projects that are currently under construction, it is possible that no direct TIF rent-skewing will occur. Instead, the potential exists that all units in these two pending projects will receive some rent moderation impact due to TIF.

It should be noted that some of the TIF units may be occupied by senior citizens living on a fixed retirement income that can meet the income test. But some moderate income working-age households would also be benefitting from the lower rents offered through TIF involvement.

The 2014 Study had also advanced the idea that TIF modifications could be examined, such as the length of time the assistance is made available. Some projects, such as the Deer Ridge Townhomes, received a longer-term TIF commitment. While a longer TIF capture period would impact future tax collections, it could benefit affordable housing development projects.

### **3. Senior-Designated Housing Continues to be Appropriate for Future Development**

**Findings:** This 2018 Update has continued to track the advancing "baby boom" generation as it moves through the aging cycle. Households age 65 and older will represent the largest net growth of age cohort over the next few years. Douglas County has traditionally had an above-average percentage of seniors, due in large part to the area's popularity as a retirement destination. The age-based projections from Esri indicate that approximately 52% of all households in Greater Alexandria in 2023 will be age 55 and older.

Over time, there has been some new construction for seniors, but these projects offer some level of supportive services to residents. In the past few years, a second phase of construction has advanced at both Arabella Manor and Grand Arbor Lakes. But in both of these, supportive services, such as laundry and housekeeping, an emergency call system and access to meals are available, making the primary target market an older senior that is in the process of transitioning into housing with services.

The analysts are not aware of any recently constructed rental projects that are senior-designated, but oriented to completely independent senior households. There was a senior cooperatively-owned housing project, Washington Square, that converted a former elementary school building into 28 units in 2010. Although this is not a rental project, it can serve senior households that do not want to own a traditional single family house, and that might otherwise consider rental housing if the cooperative did not exist.

According to the American Community Survey, more than 42% of all renter households in Greater Alexandria had a head of household that was age 55 or older in 2016, and this percentage should continue to grow as the baby boomers move through the aging cycle. However, this does include a large number of older seniors, many living in housing with some form of services. Approximately 20% of all renter households are between the ages of 55 and 74 years old, and more likely to live in fully independent housing.

**Recommendation:** Rental housing developers in Alexandria have continued to focus on general occupancy housing, capable of serving broad segments of the local market, including seniors, students and working-age households. Any senior-designated housing has been oriented to seniors looking for some level of service availability, even if they are largely independent households. Going forward, it would be appropriate to designate 20% or more of the conventional rental development in projects that are age-designated.

It is possible that some independent rental units will be added to the Grand Arbor senior campus in the future. Unlike the Lakes Senior Apartments, future units could be in town house-style configurations that are nearby but physically separated from the other campus structures. This housing would serve fully independent seniors, but would allow for a smooth future transition into the multifamily buildings providing services.

A later section of this document specifically addresses recommendations for senior housing with services, including assisted living.

#### **4. Promote the Development of Additional Tax Credit Moderate Income Rental Housing with 60 to 70 Units over the Projection Period**

**Findings:** The low income housing tax credit program is the primary federal financial incentive available for the production of more affordable rental housing. A typical tax credit project will offer a moderate rent structure and serve households at or below 60% of the median income level. Some more affordable units will often be included, serving households at or below 40% or 50% of median income, but that is often dependent on other resources that may be available.

At the time of the 2014 Housing Study, Deer Ridge Townhomes was under construction, having been awarded tax credits in a 2013 application. Since that time, Deer Ridge has had a successful operating history, but represents the last addition of income restricted housing in Alexandria.

Another application was submitted for a second phase of Deer Ridge, but it did not secure tax credits. In the 2018 application cycle, a different design concept was used, and an application is being reviewed for Central Lakes Apartments. This 32-unit project would have all units set at or below 60% of the median income level. A funding decision is expected later in 2018.

With Deer Ridge, Alexandria has a total tax credit inventory of 114 units. Wiltoka Apartments, Sunrise Apartments and Lincoln Square Townhomes are the other projects that have used tax credit assistance for new construction. However, those three projects were all developed in the 1990s, and have fulfilled their initial 15-year compliance requirements. All still operate under extended compliance provisions, and provide affordable housing in 2018. But Wiltoka will fulfill its extended compliance requirements by 2022 and may then be eligible to convert to market rate housing.

The statewide competition for tax credits is very strong, and there was more than a 15-year gap between Lincoln Square and Deer Ridge. Given the rapid growth that continues to occur in the Alexandria area, it is probable that the community will be more successful in the future in securing more frequent awards, but this is not guaranteed.



Occupancy rates have generally remained high in tax credit housing. The 2018 survey found a vacancy rate below 2% within this segment and waiting lists tended to exist. When vacancies do occur in tax credit housing it is often the result of paperwork requirements, as new applicants must go through an income certification process which can delay the occupancy of an open unit.

The actual unit rents for tax credit housing in Alexandria continue to be well below the maximum allowable federal limits. Even though the projects can charge rents up to 60% of median income, the gross rents in place in Alexandria are typically below the limits set for households at 50% of the median income level. The lower rents help to maintain a high rate of occupancy by keeping the tax credit projects competitive with older, market rate rental housing in the area.

**Recommendation:** Project-specific studies are required as part of the tax credit application process and the analysis completed for Central Lakes Apartments found adequate demand for the project. Community Partners Research has proceeded with the assumption that this application will be funded in the 2019 or 2020 tax credit program, and that these 32 units will be added to the local inventory within the next few years.

With the anticipated growth in rental demand present previously, with 470 to 520 total rental units recommended in Alexandria through the year 2023, it would be appropriate to pursue another application later in the five-year period, replicating either Deer Ridge or Central Lakes with another development phase. If both projects could eventually proceed, that could create between 60 and 70 new tax credit units in the community by 2023, or approximately 12% to 13% of the overall unit recommendation.

The status of the older tax credit projects, including Wiltoka and Sunrise, is not known at this time, but if they were to leave the tax credit program due to contract compliance, then the inventory could be decreased in the coming years. Additional production to replace any lost units would also be recommended to assure a stock of moderate rent housing in the future.

**5. Develop Additional Subsidized Rental Housing as Resources Allow with a Goal to Add 25 to 50 Units**

**Findings:** The term subsidized housing, as used in this Update, refers to rental units that have been constructed to serve low and very low income people. In nearly all cases, subsidized housing has accessed federal resources that provide a “deep subsidy” for very low income people. Most subsidized housing has project-based rent assistance, or a similar subsidy available, that allows tenant rent to be based on 30% of the household’s monthly income.

Much of the subsidized housing in Minnesota was constructed from the 1960s to the 1980s. Since that time, adequate funding for new projects has generally been rare in the federal budget.

Due to the age of projects, it is more likely for communities to lose subsidized housing to contract fulfillment rather than add it through new construction. The 2014 Study had tracked the loss of two subsidized projects in Alexandria in 2012 that had been converted to market rate rental housing.

The research in 2018 identified one project that is “at risk” of leaving the subsidy program. Royal Manor II, with 24 general occupancy units, has filed the necessary paperwork to leave the Rural Development program. In August this project was still operating as subsidized housing but was in the process of being sold.

Other than Royal Manor II, the subsidized inventory in Alexandria has remained unchanged from 2014. Alexandria has 10 subsidized rental projects including Royal Manor II, providing rental opportunities for 416 lower income households. A majority of these units, 290, are designated for or have a preference for senior and/or disabled occupancy. There are 126 general occupancy subsidized housing units.

The 2018 rental survey once again found strong demand for subsidized housing, especially for units with rent that is based on 30% of household income. The estimated vacancy rate in both general occupancy projects and senior/disabled projects was less than 1%, and waiting lists were common.

In addition to the subsidized projects, Alexandria has approximately 136 households being assisted with HUD Housing Choice Vouchers. Voucher assistance is issued to income-eligible households for use in suitable, private market rental housing units. With the assistance, a household pays approximately 30% of their income for their rent, with the program subsidy paying any additional rent amounts.

Over time, this form of subsidized housing has also diminished in the Alexandria area, as budget limitations and rising costs per household have decreased the number of Vouchers that are being offered. With limited turnover and fewer Vouchers issued, a long waiting list has tended to exist, and this list has been closed to new applicants. However, within the next year the HRA does anticipate that names will once again be accepted for the waiting list.

The housing cost burden information presented from the American Community Survey remains very consistent with the high occupancy and waiting list patterns for very affordable housing. Based on the 2016 data, more than half of all renter households in Alexandria were paying 30% or more of their income for housing. This cost burden was shared among all age ranges, with approximately 62% of senior households and 42% of non-senior households reporting a disproportionate share of income for rent.

The mismatch between affordable units and lower income households was most evident in the lowest price ranges, as the number of renter households with an annual income below \$20,000 was more than double the actual supply of rental units priced below \$500.

**Recommendation:** Consistent with the previous studies for Alexandria, additional subsidized rental units are recommended. However, with almost no funding at the federal level, it has largely been impossible to add to the inventory of project-based subsidized housing over the past 20 years. The last new construction project in the City was the Winona Shores senior subsidized project in 2003. Prior to Winona Shores, the last project developed was Royal Manor II in 1987.

Despite ongoing growth within the City of Alexandria, including the addition of many new renter households, the supply of subsidized housing has continued to diminish over time. Contract fulfillment or termination in project-based developments, along with fewer assisted households in tenant-based programs has resulted in a decreased availability of subsidized options for lower income people.

We would encourage the City, and its private development partners, to look for opportunities to secure subsidized housing resources, with a goal to add 25 to 50 units. This could be in the form of project-based subsidized housing, or tenant-based rent assistance Vouchers. If resources for a new subsidized project can be secured, we would recommend constructing new units. The most practical way to add units may be through mixed-income projects, where rent skewing is used to create some very affordable units into projects that also include moderate rent and higher rent options.

It is important to acknowledge that this is a goal, rather than an estimate of need. Based on waiting lists, income estimates and cost burden data, a large number of units could be successfully absorbed. But with very few resources available to develop “deep subsidy” housing, any expansion of supply is encouraged.

Preservation of existing subsidized housing also remains as an important strategy. Preventing the future loss of any of the existing project-based subsidized housing, or a decrease in Voucher assistance will help to maintain the current supply. If units are at risk in the future, it may be appropriate for public or nonprofit housing agencies to become involved in attempts to preserve the remaining subsidized housing resources.

## **6. Monitor Demand for Student Housing**

**Findings:** Post-secondary students, primarily attending Alexandria Technical and Community College (ATC) generate a share of the local demand for rental housing. In past rental surveys, some rental properties have been identified that were specifically oriented to the student market. While this is still the case in 2018, there were fewer rental projects identified in the most recent rental survey. Instead, it appears that the expanded supply of rental housing in the City through new construction has resulted in a broader distribution of students around the community, and fewer projects identified a large percentage of students.

There are still some projects that orient to students, including Foundation Hall, which was developed through the College Foundation, Jefferson Apartments, which is adjacent to the campus, and Geneva Beach Resort which offers its cabins to students in the non-summer months. Each of these rental properties offers per person lease arrangements based on the length of the academic year.

In August 2018, occupancy rates in these three projects were high. A few bedrooms had not been leased, but there were still a few weeks before the start of the fall term, and all units had at least some occupants.

**Recommendation:** No specific research was completed in 2018 on future enrollment projections in Alexandria. A typical pattern for many post-secondary facilities is that off-campus learning options, such as on-line course work, have been increasing in popularity as technology may require fewer students to be on campus. However, whether this trend is present in Alexandria was not confirmed with ATC.

There is a general opinion among area property managers and owners that many students are more focused on unit quality than price in 2018. The expansion of newer, high-amenity rental projects has attracted some student renters that may once have looked at lower-priced buildings closer to the campus. As a result, fewer individual projects were reporting a high concentration of students.

The opportunity to build future projects oriented to students will largely be dependent upon location. A site near the campus would allow for units that could attract a share of the student market. Increasingly, developers in other communities are constructing traditional apartment building close to a campus, but making them available to the broader rental market, with a recognition that students may be the predominant tenant group. With additional market rate housing needed in Alexandria over the next five years, this would be a viable development option, depending on the location.

## **Senior Housing with Services**

**Overview:** Senior housing with services can cover a wide range of housing types. Skilled nursing homes, assisted living and memory care housing are generally the most service-intensive units. These high service housing options provide 24-hour staffing and extensive assistance with daily living needs of residents.

Housing with light services, sometimes referred to as congregate senior housing, generally offers a lower level of services, such as a daily meal and weekly light housekeeping. However, many light services senior projects do have additional services that can be purchased as needed, and with contracted home health care services, even skilled medical care can often be available to residents of light services units on a part-time basis.

The previous housing studies completed for Alexandria have reported on the ongoing development in the number and type of senior housing with services projects over time. Since 2014, this trend has continued, as even more facilities have been constructed and are open for occupancy.

A separate section of this Update specifically addresses the existing inventory of specialized senior housing. It also compares the distribution of units by type to the target populations of senior citizens in Douglas County.

The following recommendations attempt to define the primary forms of senior housing with services in the Alexandria area, and provide a summary of the findings in 2018.

### **7. Promote an Expansion of up to 50 Additional Light Services Housing Units by 2023**

**Findings:** Since 2014, this segment of the senior housing market has experienced a significant expansion of units. A new phase of construction proceeded at Grand Arbor Senior Apartments in 2016, adding 89 units in 2016. A second phase of Arabella Manor was constructed in 2015, adding 37 units. However, Arabella Manor was unwilling to participate in this Update process, and no specific information exists about this project.

Arabella Manor is not listed on the MN Department of Health website as a housing with services provider. However, the project website does list available services, including wellness, transportation and meal delivery. Among the wellness services are medication management, home health, laundry and housekeeping, and personal hygiene assistance. It is probable that this project facilitates the delivery of services through a home health care provider.

These two recent projects join other facilities and providers of light services housing in Alexandria. This includes a “flexible” care project, Vista Prairie at Windmill Ponds, where a range of care can be provided, from largely independent housing to service-intensive assisted living. In Vista Prairie there is no set number for units providing lighter services housing.

Based on the identified inventory, including some assumptions about Arabella Manor, the estimated supply of lighter services units probably contains approximately 250 units in Alexandria in 2018, nearly double the inventory identified in 2014. Despite the recent expansions, occupancy rates within this housing segment appear to be high, although no occupancy information was disclosed by Arabella Manor.

The Alexandria area, and all of Douglas County, continues to show strong growth in the population of seniors. Specific details on current and projected demographic patterns have been presented in the Senior Housing with Services section of this Update. In general, ongoing growth is projected within all of the senior age ranges, but much of the near-term increase will occur within the age group between 65 and 74 years old.

Although no rate information could be obtained from Arabella Manor, there are some more affordable units available, especially in Grand Arbor Lakes. City TIF assistance was used in the development, and 28 units in the complex, including some in lighter services housing, are serving moderate to lower income households. The lowest entry-point rent for a TIF-assisted one-bedroom in Grand Arbor Lakes starts at less than \$1,000, well below the rates that typically apply to this form of housing.

**Recommendation:** As presented in a previous section of this document, Douglas County is expected to see strong near-term growth in the target populations served by specialized senior housing. Between 2018 and 2023, the total population of senior citizens, age 65 and older, is expected to increase by approximately 15%. By the year 2023, projections indicate that more than 52% of all households will be age 55 and older. By the year 2023, the leading edge of the baby boom generation will begin entering the age ranges 75 years old and older. This indicates both near-term and longer-term demand for senior housing.

Based on the current capture rates being achieved within the lighter services housing segment, and expansion of up to 50 lighter services units should be needed by the year 2023 in Douglas County. The City of Alexandria would be the best possible location for the large majority of these added units.

This segment of the market does need monitoring for changes that may occur. For example, the use of existing units in Vista Prairie could change over time. Originally this project had just served the lighter services housing segment, but then later began transitioning toward assisted living. Future changes, such as a conversion to all units for assisted living, could impact the size of the lighter services inventory. Arabella Manor should also be monitored, since no specific information could be obtained in 2018.

It is important to note that the supply and demand summary provided in this Update is based largely of anticipated growth and not on competitive positioning between projects. Senior housing with services can be a very competitive business, and it is possible that even more units may be proposed as providers attempt to capture a large share of the local market. However, if supply significantly exceeds demand, this would probably reduce the occupancy rates in less competitive projects.

## **8. Promote an Expansion of 50 to 60 Additional Assisted Living Units by the Year 2023**

**Findings:** Alexandria continues to have a number of housing options for seniors that need assisted living. Most of the area's units are provided in larger, apartment style complexes, but some choices in smaller residential settings also remain available. Increasingly, some of these providers are adding to their level of care, and offering advanced or enhanced assisted living.

There are at least four providers in 2018 that define their care level as "enhanced" or "advanced" assisted living. In general, these facilities attempt to provide a very high level of services. The identified providers in this housing segment are Diamond Willow Senior Living, Edgewood Alexandria Assisted Living, Grand Arbor The Meadow Assisted Living and Nelson Gables Senior Care. Over time, there has been less reliance on skilled nursing homes as a final housing option as assisted living providers are able to keep residents as their service needs increase.



Despite some changes in the level of care offered, the overall supply of assisted living has not changed significantly from the inventory that existed in 2014. Grand Arbor Prairie South was constructed with 16 assisted living units, but these largely replaced 15 existing units in Prairie South that were converted to memory care use. It is also probable that some of the flexible projects, such as Vista Prairie, have continued to see movement to higher levels of care.

One additional trend that appears to exist is less capacity within the assisted living options available in the smaller residential facilities. In the past, more of the board-and-lodging style providers were present in Alexandria than are licensed in 2018.

**Recommendation:** Despite limited change in the overall inventory of assisted living in Alexandria in recent years, there was some unused capacity identified in the 2018 survey. In the recent past, there has been a greater increase in the number of younger senior citizens, but going forward, the number of households age 75 and older should show stronger growth. Based on expected capture rates by the year 2023, approximately 50 to 60 additional assisted living units would be recommended by that time in Douglas County. Once again, Alexandria would be the preferred location for most of these units.

The demographic projections provided previously expect an increase of more than 16% in the number of older senior households, age 75 and above. After 2023, the rate of growth will increase even more, as the leading edge of the large baby boom generation moves into the older senior age ranges. Since the demand will continue to grow throughout the five-year projection period, we would recommend that most of the new production occur closer to 2023.

Like other forms of specialized senior housing, changes within the existing supply will also need to be monitored. In recent years, some assisted living has been changed to memory care use, or more service-intensive options. Future changes could impact the need for traditional assisted living.

Options for lower income seniors should also be monitored. Due to low reimbursement rates, the number of residents receiving County assistance is often capped, and some facilities are private-pay only. In the past, the smaller board-and-lodging facilities were more likely to accept assistance programs, but over time some of these have closed, potentially reducing the affordable inventory. City TIF assistance provided to projects such as Grand Arbor has resulted in reduced unit costs which can serve lower income seniors also receiving County assistance.

As with other specialized care recommendations, the supply and demand summary provided in this Update is largely based on anticipated growth, and not on competitive positioning between projects. Senior housing with services can be a very competitive business, and it is possible that even more units may be proposed as providers attempt to capture a large share of the local market. However, if supply significantly exceeds demand, this would probably reduce the occupancy rates in less competitive projects.

**9. Promote an Expansion of 20 to 30 Additional Memory Care Units by the Year 2023**

**Findings:** Memory care housing represents a very specialized segment of the senior market. People in the earlier phases of memory loss due to dementia, Alzheimer’s Disease, or other causes may often be housed in assisted living centers, nursing homes, or less service-intensive forms of senior housing. However, as the disease progresses, it is often necessary to provide housing in special facilities that provide a secure environment and care targeted to residents with memory loss.

This segment of the senior market has expanded since 2014. Since that time, a dedicated memory care wing has been opened in the Knute Nelson Home, Grand Arbor The Garden has expanded by 15 beds, and Diamond Willow now identifies most of their residents as needing memory care housing.

The utilization rate in this specialized segment continues to be high, although some vacant rooms/beds were reported. Like other forms of housing for frail senior populations, there can be times when above-average turnover may occur, resulting in some unused capacity.

**Recommendation:** When compared to the primary target population in 2018, the current supply of memory care beds in Douglas County represents approximately 3.1% of the County’s adjusted population of seniors age 75 and older. Since memory care is a very specialized form of housing, the only adjustment that has been made is for seniors residing in long-term nursing home beds. While this does represent a relatively large distribution of units, area providers have been adding to the supply to address demand. Going forward to the year 2023, as many as 20 to 30 units/beds should be added to maintain the same basic capture rate. Once again, Alexandria is viewed as the preferred County location for this very specialized form of housing.

Although memory care housing can be expensive to build and operate, it has been possible for relatively small additions to be created. Like other forms of specialized senior housing, it is probably most practical for an existing housing provider to either expand their existing memory care options, or add it to the types of housing already provided.

Available projection data would show that the population of polder senior citizens should increase by more than 15% between 2018 and 2023. Longer-term, even greater percentage growth will occur as the large baby boom generation moves through the aging cycle. The leading edge of the baby boomers will begin turning age 75 early in the next decade.

Once again, changes within the existing supply will also need to be monitored. In recent years, some assisted living has been changed to memory care use, and nursing home beds have also been dedicated to secured memory care. Future changes could impact the need for additional units.

Some care options do exist for lower income seniors receiving County assistance. Due to the high levels of care required for memory loss, the reimbursement rates are often better matched to the costs of care. However, some providers are private-pay only, and others do cap the number of residents receiving assistance.

Consistent with the other specialized care recommendations, the supply and demand summary provided in this Update is largely based on anticipated growth, and not on competitive positioning between projects. Senior housing with services can be a very competitive business, and it is possible that even more units may be proposed as providers attempt to capture a large share of the local market. However, if supply significantly exceeds demand, this would probably reduce the occupancy rates in less competitive projects.

## **Home Ownership Recommendations**

**Overview:** This Update has produced annual demand projections for the period extending forward five years, from 2018 to 2023. The projection for owner-occupancy units assumes that at least 93 to 102 houses will be needed per year in the Greater Alexandria area to address growth from resident households.

Production at this level would be up slightly from the demand forecast included in the 2014 Study. Although home ownership markets have continued to improve after the decline in the late 2000s and early 2010s, construction activity has not returned the levels achieved prior to 2007, when single family housing starts sometimes approached 200 units per year in Greater Alexandria.

It is important to note that our demand projection for owner-occupancy housing to the year 2023 is based on growth from permanent resident households. There has historically been some new construction for seasonal-use housing, although this may often represent unit replacement as an older home is removed. This is especially true on lake shore properties. People building/rebuilding seasonal units will generate business for local construction companies but generally will not utilize lots in traditional subdivisions or neighborhoods.

### **10. Continue to Offer Affordable Home Ownership Programs**

**Findings:** In our previous housing studies, we had commented on the need for affordable new home construction and ownership assistance programs to assist low and moderate income households. This need still exists in the Alexandria area in 2018 as an “affordability gap” remains between median income households and typical prices for both new and existing homes in the area.

As part of this Update, a section has been provided that examines both income and housing costs in Alexandria. This includes an examination of the relative cost of home ownership in Alexandria compared to similar-sized communities in western and northern Minnesota.

Based on the 2018 review, the issue of affordable home ownership in Alexandria continues to exist. Much of this is due to home values in Alexandria, which are higher than in comparable communities. Using the American Community Survey estimates, the median home value in Alexandria was approximately \$16,000 higher than Marshall, which was the next closest community for price.

The pattern of higher home values in Alexandria has remained consistent. The prior comparisons, using 2009 and 2012 data, had also found that Alexandria had the highest median value of the six cities used for comparison.

Although Alexandria has had the highest owner-occupancy median home value in each of the comparisons, it has not had the highest income for home owners. In this Update, an estimated median income in 2016 was available through the American Community Survey. For owner-occupancy households, Alexandria had the third highest median income of the six comparison communities, at \$60,361.

The above-average home value when compared to similar-sized communities resulted in a higher percentage of income needed for home ownership. According to the American Community Survey, the median percentage of household income applied to home ownership costs in Alexandria was 18.9% in 2016, the second highest of the comparison communities. Only home owners in the City of Bemidji, which had a much lower median income level, had to apply a higher percentage of income for home ownership. However, in all of the comparison communities, less than 20% of income was needed for home ownership costs.

The calculation of income to ownership housing costs reflected all home owners, including those without a mortgage. For only home owners that had a mortgage, the median amount of income required to own a home in Alexandria was 20.9%. While this percentage does indicate relatively affordable options, households below the median income level that do not already own their housing will be impacted by the higher home prices in Alexandria.

**Recommendation:** Consistent with previous research, the 2018 Update continues to show that ongoing efforts to provide home ownership assistance are appropriate Alexandria. When compared to similar-sized communities, home values are above average among comparison communities. To move moderate income households into home ownership may often require financial assistance to bridge the gap between what is affordable and the prices being charged for homes in the area.

Like many communities in the State, there is some evidence that home sale prices dropped in the late 2000s and early 2010s, but after 2011, there has generally been strong annual appreciation. By 2017, the median home sale price in Alexandria had moved above \$173,000. By 2015, the median value had already exceeded the levels set in the mid-2000s, before the national housing market retreat.

The Alexandria HRA has been active in the past in offering home ownership assistance programs in the City. Over time, a number of different financing sources have been used to lower the eventual costs of home ownership for low and moderate income households. Tax increment financing has been used to lower the lot development costs. Gap financing has also been used. In 2018, this gap financing is primarily generated through local sources. When various assistance sources are combined, income-eligible buyers may see a reduction in the final purchase price of more than \$30,000 for new construction. Some of the gap assistance can be forgiven after a defined number of years, while others must be repaid at the time of sale.

Due to rapidly rising construction costs, it is becoming increasingly difficult to produce affordable home ownership through new construction. In most communities, new construction options are rarely priced less than \$225,000. As a result, many of the entry-level buyers have been forced out of the market. Home ownership assistance programs will become increasingly necessary for any new construction options.

In 2018, the community is actively researching a local housing trust fund concept. As planned, the City would generate a local contribution through an HRA levy or other sources, and would seek a State match. If successful, this local trust fund could supply a stable, ongoing resource that could be applied to affordable home ownership assistance.

## **11. Promote the Construction of 8 to 10 Affordable Homes Per Year**

**Findings:** The Alexandria HRA has continued to promote affordable home construction. In the past, this was primarily done in the Trail's development, a mixed-income subdivision that included lower-priced lots for affordable homes.

In 2018, most of the lots in the final phase of the Trail's have been utilized, and the HRA has shifted to scattered infill parcels that exist in the community. Some of these were acquired through tax forfeiture. Currently an average of three to five affordable homes are being constructed annually in the HRA's projects. The TIF and gap funding assistance discussed previously can be applied to these more affordable homes for income-eligible buyers.

While the community has achieved some success with affordable new construction, most of the demand for affordable, entry-level ownership housing will continue to be met by the sale of existing houses. Prices for existing homes in Alexandria are generally higher than in comparably-sized communities, but existing homes still tend to be more affordable when compared to prices for comparable new construction.

The sales analysis completed as part of this Update shows that the midpoint sales price in the City was \$173,330 in 2017. When lake shore properties are removed, this median was lowered to approximately \$164,500. Although there is evidence of continued increases for existing home values, to the extent that good quality, existing homes are available for sale each year, these will represent an attractive option for more moderate income home buyers. It should be recognized that existing housing may have repair needs or upgrades when compared to newly constructed units.

The demographic projections used for this Update do expect some growth in the number of younger adult households in the Greater Alexandria area over the next few years. The strongest younger age cohort will be in the 35 to 44 year old range. However, when overall growth patterns for the area are examined, approximately 75% or more of the anticipated net growth will occur within the senior age groups, age 65 and older.

Between 2000 and 2005, when home building activity had been especially strong in the Alexandria area, there was also strong growth occurring within the adult age groups age 54 and younger, which helped to generate stronger demand for more affordable new construction. Shifting demographic patterns have now resulted in less net growth from households age 64 and younger.

**Recommendation:** New construction of affordable single family homes in the Alexandria area has been limited in recent years. The Alexandria HRA has been the most active promoter of affordable new construction, by offering lower-priced lots, home buyer assistance programs and some speculative home construction. Going forward, we continue to believe that some demand will exist in the entry-level segment, but it is unlikely to achieve the same market share that existed in the early 2000s.

Based on the research completed for this Study, we believe that a goal of constructing 8 to 10 new entry-level homes in Alexandria each year through the year 2023 is realistic. This could represent as much as 25% or more of the new home construction that is projected to occur within the City of Alexandria. In current prices, entry-level homes are generally defined as \$200,000 or less. However, an even lower target price would be better suited to current incomes and home buying power of low to moderate income households.

In recent years, the HRA has averaged approximately three to five affordable homes per year. To reach the higher end of this annual range, it is assumed that some of these units would be addressed through organizations such as Habitat for Humanity. Private developers would also be expected to produce some more affordable homes.

To achieve an ownership purchase price of \$200,000 or less, significant cost saving measures will be needed, along with probable development or financing subsidies. This will somewhat limit the area's ability to generate this type of housing, as recent subsidies have been as high as \$30,000 or more.

The Alexandria area will need to continue attracting younger families and working age residents to maintain an adequate work force for area employers. This recommendation could be part of a strategy of proactive efforts to attract and retain younger households.

While some affordable new construction will be needed, we do recognize that the existing housing market will continue to be the primary source of affordable home ownership options. Past research in other communities would indicate that the large majority of first-time buyers will purchase an affordable, existing home, and only a small percentage will purchase a newly constructed home.

With stronger projected growth from households age 65 and older, the community has the ability to generate roll-over opportunities within the older, existing stock. Younger senior buyers that move into age-appropriate new construction or rental units will help to make older single family houses available for sale. The more the life-cycle concept is successfully implemented over the next few years, the more opportunities that will be created for younger buyers in the existing single family stock.

## **12. Affordable Residential Subdivision Development**

**Findings:** A separate recommendation has analyzed the overall supply of residential lots in the City. While the private-sector has focused on the moderate to higher priced segments of the housing market, there is less financial incentive to create lower-priced lots.

In the past, the Trail's Subdivision had focused on the more affordable housing segment, with some lower-price lots combined with home ownership assistance programs. In 2018, nearly all of the lots in the Trail's have been sold.

In 2018, the Alexandria HRA is using infill parcels for new home construction. Some of these sites were acquired through tax forfeiture, and yield affordable lots for new construction. Based on the annual usage, the existing supply of infill lots owned by the HRA will be adequate for two to three years of new construction.



The HRA also has a larger land parcel that is proposed for a mix of multifamily rental construction and some affordable single family lots. Initial planning indicates that as many as 21 single family lots could be created, suppling an inventory for future new construction. This could include some smaller, slab-on-grade homes.

**Recommendation:** The projection provided previously indicates potential demand for eight to 10 affordable new construction units annual over the next five years. While some of this will occur on various sites, the Alexandria HRA has been a primary provider of lots that are suitable for new affordable homes. With lots in the Trail’s largely utilized by 2018, the HRA has shifted to smaller infill options, which appear to be adequate for near-term construction needs. A future parcel has the potential to add approximately 20 more lots for ongoing needs. This current and future lot supply should allow for much of the anticipated affordable home construction to proceed.

This Update has allocated approximately 8 to 10 homes each year into the affordable, entry-level segment of the market. Realistically, no single subdivision would be expected to capture all of this demand, but with financial incentives in place and a successful past history, it is probable that the HRA’s affordable lot options will capture at least half of this annual demand.

### **13. Monitor the Overall Residential Lot Supply**

**Findings:** Consistent with the findings of past studies, the best available information indicates that the Greater Alexandria area continues to have an adequate overall inventory of residential lots and subdivisions.

The analysts did not obtain a listing of residential lots that are available for sale in 2018, but in 2014 the Alexandria Lakes Area Sewer District had estimated that more than 1,000 platted lots existed that were within 300 feet of sewer service and were vacant without any current structure. There was no guarantee that these lots were listed for sale, or were actually practical for new home construction, but the estimate did imply that there were a large number of potential lot options.

The Sewer District did not have similar data available in 2018. However, there had been 550 new sewer connections from 2014 to 2018, so lot absorption has continued. But staff believed that most of the lots that had been connected were in newer subdivisions, created within the past few years and not counted as part of the 2014 potential lot inventory. Therefore, many of the land parcels identified in 2014 are still believed to be vacant and remain as potential locations for future construction activity.

Staff in the Alexandria Planning Department identified a number of recent subdivisions that had been created in the past few years. Area developers have been able to develop new subdivisions in response to demand.

**Recommendation:** The research completed for this 2018 Update continues to indicate that lot/land availability will not be a factor that will limit future housing development. Annual lot absorption within the Sewer District boundaries has been approximately 110 or more lots per year as home construction has increased. Still, lot availability is believed to be adequate in 2018, especially with active developers responding to market demand.

The recent lot absorption is very consistent with the demand projections being used for this Update, with between 93 and 102 owner-occupancy units needed per year to meet expected growth from permanent resident households.

According to City staff, there has been a mix of lot styles created in recent years, including lots for attached single family units, such as twin homes. There has also been increased development of lots in association-managed developments, including “detached town house” projects, that create freestanding units but have shared maintenance arrangements similar to town house projects. Given the demographic patterns that show an aging area population, lots for a mix of housing styles are appropriate to meet future demand.

#### **14. Mid-Priced and Higher-Priced Housing Should Continue to Represent Most of the New Construction Activity**

**Findings:** Consistent with the findings of the previous studies completed for Alexandria, the area has a strong history of higher priced home construction. The City and the surrounding Townships that form Greater Alexandria, have a number of high quality residential subdivisions, including opportunities for construction on recreational lakes or golf courses.

The economic and housing market downturn of the late 2000s and early 2010s did have an impact on the Alexandria area. But starting in 2013, new construction activity began to improve once again, and has remained relatively stable in the past few years. Within the Greater Alexandria aggregation, an average of 100 more single family housing starts has been occurring per year. Approximately 30 single family houses per year have been constructed within the Alexandria City limits.

Existing home values in both Alexandria and the surrounding area also continue to rise, as tracked by annual sales activity. There have been solid year-to-year increases in the median sales price in Alexandria, with a median above \$173,000 in 2017.

Median prices were even higher in the adjoining townships that border the City. Some of the higher sales medians are due to the high-amenity locations, including lake shore properties. Excluding Lake Mary Township, where few sales occurred, the median prices were above \$250,000 in 2017 in each of the other townships that form Greater Alexandria.

**Recommendation:** The analysis of projected demographic trends continues to indicate that the strongest demand should be for trade-up housing, especially units that are age-appropriate for empty nesters and young seniors. Age-based projections to the year 2023 indicate that households in the age ranges 65 and older will experience the largest net growth. Consistent with the 2014 Study we would continue to expect that 80% or more of the single family construction will be in the moderate to higher price ranges, generally defined as \$250,000 or more.

The ability to move into age-appropriate, trade-up new construction will be assisted by rising existing home values. In the City of Alexandria, the median home sale price has increased by nearly \$32,000 from 2014 through 2017.

Housing construction that serves the moderate to higher price ranges will not generally require any active public role. This segment of the market can be well-served by the private development community. In the Alexandria area, developers have been able to create new subdivisions as needed, and land availability or public infrastructure extensions are not viewed as a development limitation.

## **15. Attached Single Family Housing Should Continue to Gain Market Share**

**Findings:** Prior to the housing market retreat of the late 2000s, attached single family housing, primarily in the form of twin homes, had been adding market share in Alexandria. In 2005, it was estimated that more than 25% of the single family housing starts in Alexandria were in attached structures.

However, as the national housing markets retreated after 2007, alternative housing products, such as attached single family, often suffered the greatest hit. When people became concerned about owning or investing in new construction, they became even more concerned about less traditional products.

With limited reporting details available, it has been difficult to track the actual level of attached housing construction, especially in the townships. However, it is probable that the volume of attached units dropped to less than 20% of all new construction activity in the City by the late 2000s.

Based on recent records obtained from the City of Alexandria, it appears that attached single family housing has once again approached 25% of all single family construction over the past four years. It is probable that most of the new construction in the townships remains in detached structures, but some association-managed projects have been advanced, especially when lake access can be included.

The age-based projections show strong overall household growth between 2018 and 2023, primarily within the 65 and older age ranges. The 2023 projections indicate that more than 52% of all households living in Greater Alexandria in 2023 will be age 55 and older. The near-senior and senior citizen age groups have historically had very high rates of owner-occupancy and represent a primary target market for attached single family housing that offers no maintenance or low maintenance living.

**Recommendation:** The demand calculations used for this Update expect that approximately 25% to 30% of the future demand for owner-occupancy housing construction can be met through attached single family housing, such as twin homes and town house units. With overall ownership demand at 93 to 102 units per year, attached single family construction should reach 25 to 30 units per year. We would expect demand for attached housing products to continue to grow throughout the projection period.

Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes. These existing homes then become available for younger families. It is important for the community to offer a range of life-cycle housing options.

Depending on the project location, we would expect most of the attached unit construction to occur in a more moderate price range between \$225,000 and \$350,000. However, high-amenity units could also be developed, especially those that can offer lake access or similar desirable sites.

## Alexandria in Comparison to Other Cities

Previous housing studies completed for Alexandria have included comparative data with similar-sized communities in Minnesota. Past comparisons have been made with Bemidji, Brainerd, Fergus Falls, Marshall and Willmar. Although some of these communities are larger than Alexandria, they represent a group of regional centers that exist in western or northern central Minnesota, and are viewed as a group that is relatively comparable for housing purposes.

Some of the comparisons do reflect a “data lag”, as the 2016 American Community Survey represents one of the better standardized sources for information. The American Community Survey collects sample data within each community and then generates estimates from these samples. There can be a margin of error in these estimates, depending upon the specific variable being examined. However, the same methodology would be used in each city, so a standardized process is being followed.

For demographic items such as population and household growth the decennial U.S. Census, along with estimates by the Minnesota State Demographer’s Office have been used.

As stated in the previous documents, there are challenges in making direct comparisons between communities. One of the biggest challenges relates to actual geographic definition. In the following analyses we have examined only city-level data. For example, in Alexandria this would not reflect the Township areas that immediately adjoin the City, and are grouped as the Greater Alexandria aggregation elsewhere in this Update. For Brainerd, the neighboring City of Baxter is not included. It can be argued that each of the comparison communities have a significant number of households that live nearby, yet outside of the actual city limits. For consistency in both data reporting and comparison, we have not attempted to capture a “market area” that may exist around each City.

## Population in 2017

The most recent official population estimates are from the Minnesota Demographer’s Office and are effective for the year 2017. This provides for a comparison of the relative size of each community.

| <b>Table 28 Comparison of Population in 2017</b> |                      |                                |
|--|----------------------|--------------------------------|
| City   | Estimated Population | Rank<br>1 = Largest population |
| Alexandria                                       | 13,673               | 6                              |
| Bemidji  | 15,549               | 2                              |
| Brainerd   | 13,719               | 5                              |
| Fergus Falls                                     | 13,754               | 4                              |
| Marshall   | 13,860               | 3                              |
| Willmar  | 20,008               | 1                              |

Source: State Demographer; Community Partners Research, Inc.

The City of Alexandria has the smallest population of the six communities included in this comparison section. However, four of the six communities are very similar in size and within a 200-person difference. The City of Willmar is significantly larger, with more than 20,000 people in 2017, and Bemidji has nearly 2,000 more residents than Alexandria.

A comparison of past population growth is not useful, as certain communities, including Alexandria, have added population through annexation activity while others have not. Bemidji has grown significantly in recent years and this also may have been due in part to annexation.

## Household Estimate in 2017

| <b>Table 29 Comparison of Households in 2017</b> |                      |                             |
|--|----------------------|-----------------------------|
| City   | Estimated Households | Rank<br>1 = Most households |
| Alexandria                                       | 6,536                | 2                           |
| Bemidji  | 6,357                | 3                           |
| Brainerd   | 5,922                | 5                           |
| Fergus Falls                                     | 6,136                | 4                           |
| Marshall   | 5,552                | 6                           |
| Willmar  | 7,828                | 1                           |

Source: State Demographer; Community Partners Research, Inc.

Although Alexandria had the smallest population of the six communities, it had the second highest number of households in 2017, trailing only Willmar. Most of the cities with similar population levels have more people in group quarters, living outside of traditional households. This includes large student populations in some communities, such as Marshall and Bemidji.

As with population, any comparison of growth rates is not useful due to the impact of recent annexation activity.

## Median Age in 2016

| <b>Table 30 Comparison of Median Age in 2016</b> |   |                               |
|--|---|-------------------------------|
| City   | Median Age<br>American Community Survey | Rank<br>1 = Lowest Median Age |
| Alexandria                                       | 38.3                                    | 5                             |
| Bemidji  | 27.8                                    | 1                             |
| Brainerd   | 32.7                                    | 3                             |
| Fergus Falls                                     | 41.8                                    | 6                             |
| Marshall   | 31.6                                    | 2                             |
| Willmar  | 34.5                                    | 4                             |

Source: American Community Survey; Community Partners Research, Inc.

The American Community Survey includes an estimate of the median age for all residents. A higher median age is typically an indicator of both an older population, and fewer children within a community.

Alexandria had the second highest median age of the comparison cities, at 38.3 years. Bemidji had the lowest median age, at only 27.8 years. While many of the comparison cities have some students in their population, Bemidji and Marshall have State Universities. These were the only comparison cities that had a median age below 32 years old.

Fergus Falls had the oldest median age, and was the only comparison community with a median above 40 years old.



## Average Household Size in 2017

| <b>Table 31 Comparison of Average Household Size in 2017</b> |                        |                                 |
|--|------------------------|---------------------------------|
| City   | Average Household Size | Rank<br>1 = Highest Median Size |
| Alexandria   | 2.03                   | 6                               |
| Bemidji  | 2.16                   | 4                               |
| Brainerd   | 2.21                   | 3                               |
| Fergus Falls   | 2.13                   | 5                               |
| Marshall   | 2.34                   | 2                               |
| Willmar  | 2.44                   | 1                               |

Source: MN State Demographer; Community Partners Research, Inc.

The Minnesota State Demographer’s Office has issued estimates of average household size. The most recent estimates are for 2017. Similar to median age, a small average household size generally indicates an aging population, with many people living alone, as well as fewer children in the community.

Alexandria had the smallest household size of the comparison communities, with a relatively small average of only 2.03 persons. Fergus Falls had the next smallest average at 2.13 persons per household. Willmar had the largest average household size at 2.44 persons. Willmar has probably had more international in-migration than most of the other cities, and the large average household size may be due to household composition differences among immigrant populations.

It is important to note that all of these communities, as regional centers, contain a large volume of both rental housing and senior housing. These often represent smaller households, including many people living alone.

## Median Household Income in 2016

| <b>Table 32 Comparison of Estimated Median Household Income in 2016</b> |  |                                   |
|---|--|-----------------------------------|
| City  | Median Income<br>American Community Survey | Rank<br>1 = Highest Median Income |
| Alexandria  | \$44,140                                   | 2                                 |
| Bemidji   | \$33,680                                   | 5                                 |
| Brainerd  | \$32,154                                   | 6                                 |
| Fergus Falls  | \$43,516                                   | 4                                 |
| Marshall  | \$44,561                                   | 1                                 |
| Willmar   | \$43,846                                   | 3                                 |

Source: American Community Survey; Community Partners Research, Inc.

The American Community Survey issues estimates for the median income for all households in each City. The most recent estimates are for 2016.

Alexandria ranked as the second highest median income, at \$44,140. Marshall had the highest median household income of the comparison cities, at \$44,561, only slightly higher than in Alexandria.

Marshall, Fergus Falls and Willmar each had a median household income that was above \$43,000 in 2016. Both Brainerd and Bemidji had substantially lower median income levels, both below \$34,000.

## Median Home Value in 2016

| <b>Table 33 Comparison of Estimated Median Home Values in 2016</b> |                                  |                                  |
|--|----------------------------------|----------------------------------|
| City   | Median Owner-Occupied Home Value | Rank<br>1 = Highest Median Value |
| Alexandria   | \$160,500                        | 1                                |
| Bemidji  | \$125,300                        | 4                                |
| Brainerd   | \$106,400                        | 6                                |
| Fergus Falls   | \$118,500                        | 5                                |
| Marshall   | \$143,900                        | 2                                |
| Willmar  | \$130,600                        | 3                                |

Source: American Community Survey; Community Partners Research, Inc.

The American Community Survey contains an estimated median value for owner-occupied houses in each City.

Alexandria had the highest median home value of the comparison communities, at \$160,500. Alexandria and Marshall were the only two communities with a median home value of \$140,000 or more, and Alexandria’s median was more than \$16,000 higher than the median in Marshall in 2016. Although a higher median value can make home ownership more difficult, a higher value generally reflects stronger demand, and may indicate better quality units.

The lowest median home value was in Brainerd, at \$106,400.

## Median Owner-Occupancy Household Income in 2016

| <b>Table 34 Comparison of Estimated Owner Household Income in 2016</b> |  |                                   |
|--|--|-----------------------------------|
| City   | Median Income<br>American Community Survey | Rank<br>1 = Highest Median Income |
| Alexandria   | \$60,361                                   | 3                                 |
| Bemidji  | \$48,400                                   | 6                                 |
| Brainerd   | \$46,988                                   | 5                                 |
| Fergus Falls   | \$64,882                                   | 2                                 |
| Marshall   | \$74,301                                   | 1                                 |
| Willmar  | \$59,286                                   | 4                                 |

Source: American Community Survey; Community Partners Research, Inc.

The American Community Survey issues estimates for the median income for all households in each city based on housing tenure. The most recent estimates are for 2016.

Alexandria ranked as the third highest median income for owner-occupants, at \$60,361.

Marshall had the highest median owner household income of the comparison cities, and was the only city above \$70,000.

Bemidji and Brainerd were the only comparison cities that had a median owner household income that was below \$50,000 in 2016.

## Percentage of Household Income Required for Home Ownership in 2016

| <b>Table 35 Comparison of Estimated Median Ownership Costs in 2016</b> |   |                                      |
|--|---|--------------------------------------|
| City   | Median Percentage of Household Income Applied to Home Ownership Costs | Rank<br>1 = Lowest Median Percentage |
| Alexandria   | 18.9%   | 5                                    |
| Bemidji  | 18.7%   | 4                                    |
| Brainerd   | 19.2%   | 6                                    |
| Fergus Falls   | 15.6%   | 2                                    |
| Marshall   | 15.3%   | 1                                    |
| Willmar  | 18.2%   | 3                                    |

Source: American Community Survey; Community Partners Research, Inc.

The American Community Survey collects information on household incomes as well as housing costs. An estimate is then made of the percentage of household income that is required for ownership costs. This includes households both with and without a mortgage.

Alexandria had the second highest percentage of income required for ownership. The City did have a substantially higher median home value than the other cities, which probably contributes to this higher percentage. However, the median household income for home owners in Alexandria was also relatively high, so the percentage needed for ownership was not substantially different from the other communities.

Only Brainerd had a higher percentage of income needed for ownership costs, but this was due to a low median household income for home owners in that City.

Marshall had the lowest percentage of income required for home ownership. Marshall had the second highest median home value, but also had the highest median household income level for home owners.

## Percentage of Household Income Required for Home Ownership in 2016 - Owners with a Mortgage

While the previous table was useful in examining ownership housing costs, it included all home owners, including those without a mortgage. The following table only examines households with a mortgage in 2016.

| City         | Median Percentage of Household Income Applied to Home Ownership Costs | Rank<br>1 = Lowest Median Percentage |
|--------------|---|--------------------------------------|
| Alexandria   | 20.9%   | 3                                    |
| Bemidji      | 22.6%   | 6                                    |
| Brainerd     | 22.4%   | 5                                    |
| Fergus Falls | 17.8%   | 1                                    |
| Marshall     | 18.6%   | 2                                    |
| Willmar      | 21.0%   | 4                                    |

Source: American Community Survey; Community Partners Research, Inc.

The American Community Survey collects information on household incomes as well as housing costs. An estimate is then made of the percentage of household income that is required for ownership costs. The table above displays this percentage for home owners with a mortgage.

Alexandria ranked third in highest percentage of income required for ownership for households with a mortgage. As stated previously, the City did have a higher median home value than the other cities, which probably contributes to this higher percentage. However, the City’s median income level for home owners was also relatively high, which helped to lower this percentage.

In Willmar, Brainerd and Bemidji, a higher percentage of income was needed for ownership costs among households with a mortgage. However, for all of the comparison cities, the required percentage was below 23% in 2016.

Fergus Falls had the lowest percentage of income required for home ownership for mortgage holders.

## Median Gross Rent in 2016

| <b>Table 37 Comparison of Estimated Median Gross Rent in 2016</b> |  |                                 |
|---|--|---------------------------------|
| City  | Median Gross Rent<br>American Community Survey | Rank<br>1 = Highest Median Rent |
| Alexandria  | \$717  | 1                               |
| Bemidji   | \$690  | 2                               |
| Brainerd  | \$683  | 3                               |
| Fergus Falls  | \$599  | 6                               |
| Marshall  | \$615  | 5                               |
| Willmar   | \$661  | 4                               |

Source: American Community Survey; Community Partners Research, Inc.

The American Community Survey contains an estimated median for gross rent (rent plus tenant-paid utilities) in each city. Alexandria had the highest gross rent of the comparison cities, and was the only community with a median above \$700.

While a lower rent structure makes housing more affordable, it may be a reflection of more limited demand. It can also be an indicator of condition and quality, as there may be a smaller supply of newer units with high quality amenities.

Fergus falls had the lowest median gross rent at \$599 per month. Marshall also had a relatively low median at \$615.

## Median Renter Household Income in 2016

| <b>Table 38 Comparison of Estimated Median Renter Income in 2016</b> |  |                                   |
|--|--|-----------------------------------|
| City   | Median Income<br>American Community Survey | Rank<br>1 = Highest Median Income |
| Alexandria   | \$26,851                                   | 1                                 |
| Bemidji  | \$22,677                                   | 6                                 |
| Brainerd   | \$25,058                                   | 4                                 |
| Fergus Falls   | \$25,465                                   | 3                                 |
| Marshall   | \$26,162                                   | 2                                 |
| Willmar  | \$24,348                                   | 5                                 |

Source: American Community Survey; Community Partners Research, Inc.

The American Community Survey issues estimates for the median income for all households in each city, based on owner or renter status. The most recent estimates are for 2016.

Alexandria had the highest renter median income, at \$26,851. Bemidji had the lowest median at \$22,677.

The median renter income levels were relatively similar for all of the comparison cities. Although Alexandria had the highest median, four of the comparison cities had a median that was within \$2,000.



## Percentage of Household Income Needed for Rental Costs in 2016

| <b>Table 39 Comparison of Estimated Median Renter Costs in 2016</b> |   |                                      |
|---|---|--------------------------------------|
| City  | Median Percentage of Household Income Applied to Gross Rent | Rank<br>1 = Lowest Median Percentage |
| Alexandria  | 30.6%   | 5T                                   |
| Bemidji   | 30.6%   | 5T                                   |
| Brainerd  | 29.4%   | 4                                    |
| Fergus Falls  | 27.3%   | 2                                    |
| Marshall  | 26.4%   | 1                                    |
| Willmar   | 29.3%   | 3                                    |

Source: American Community Survey; Community Partners Research, Inc.

The American Community Survey collects information on household incomes as well as housing costs. An estimate is then made of the percentage of household income that is required for monthly rent.

The goal of most affordable housing programs is to achieve a rent that requires less than 30% of household income. Two of the comparison cities, Alexandria and Bemidji, required the median household to pay more than 30% of income for rental housing. Each of the other comparison communities was below 30% of income.

Marshall had the most affordable rental housing when compared to household income, with 26.4% of income required for monthly rent.

## Median Year Built: Owner-Occupancy Housing

| <b>Table 40 Median Year of Construction for Owner-Occupied Housing</b> |  |                           |
|--|--|---------------------------|
| City   | Median Year Built<br>American Community Survey | Rank<br>1 = Newest Median |
| Alexandria   | 1979   | 1                         |
| Bemidji  | 1967   | 4                         |
| Brainerd   | 1955   | 6                         |
| Fergus Falls   | 1960   | 5                         |
| Marshall   | 1969   | 3                         |
| Willmar  | 1971   | 2                         |

Source: American Community Survey; Community Partners Research, Inc.

The American Community Survey issues estimates for the median year of construction for owned and rented housing units.

Alexandria had the newest housing stock for owner-occupancy. The median year of construction for owner-occupied units was 1979. Only Alexandria and Marshall had a median year of construction that was 1970 or later.

Brainerd had the oldest housing stock with 1955 as the median year of construction. The median year in the remaining communities was in the 1960s.

## Median Year Built: Renter-Occupancy Housing

| <b>Table 41 Median Year of Construction for Renter-Occupied Housing</b> |  |                           |
|---|--|---------------------------|
| City  | Median Year Built<br>American Community Survey | Rank<br>1 = Newest Median |
| Alexandria  | 1980   | 3                         |
| Bemidji   | 1982   | 1                         |
| Brainerd  | 1971   | 5                         |
| Fergus Falls  | 1968   | 6                         |
| Marshall  | 1982   | 2                         |
| Willmar   | 1975   | 4                         |

Source: American Community Survey; Community Partners Research, Inc.

The American Community Survey issues estimates for the median year of construction for owned and rented housing units.

For rental housing, Bemidji, Marshall and Alexandria each had a median construction year of 1980 or later.

Brainerd and Fergus Falls had the oldest housing stock with 1968 and 1961 as the median years of construction, respectively.