Isanti County Executive Summary from the East Central Regional Housing Collaborative

Prepared for:

City of Isanti and City of Cambridge

Isanti, Minnesota

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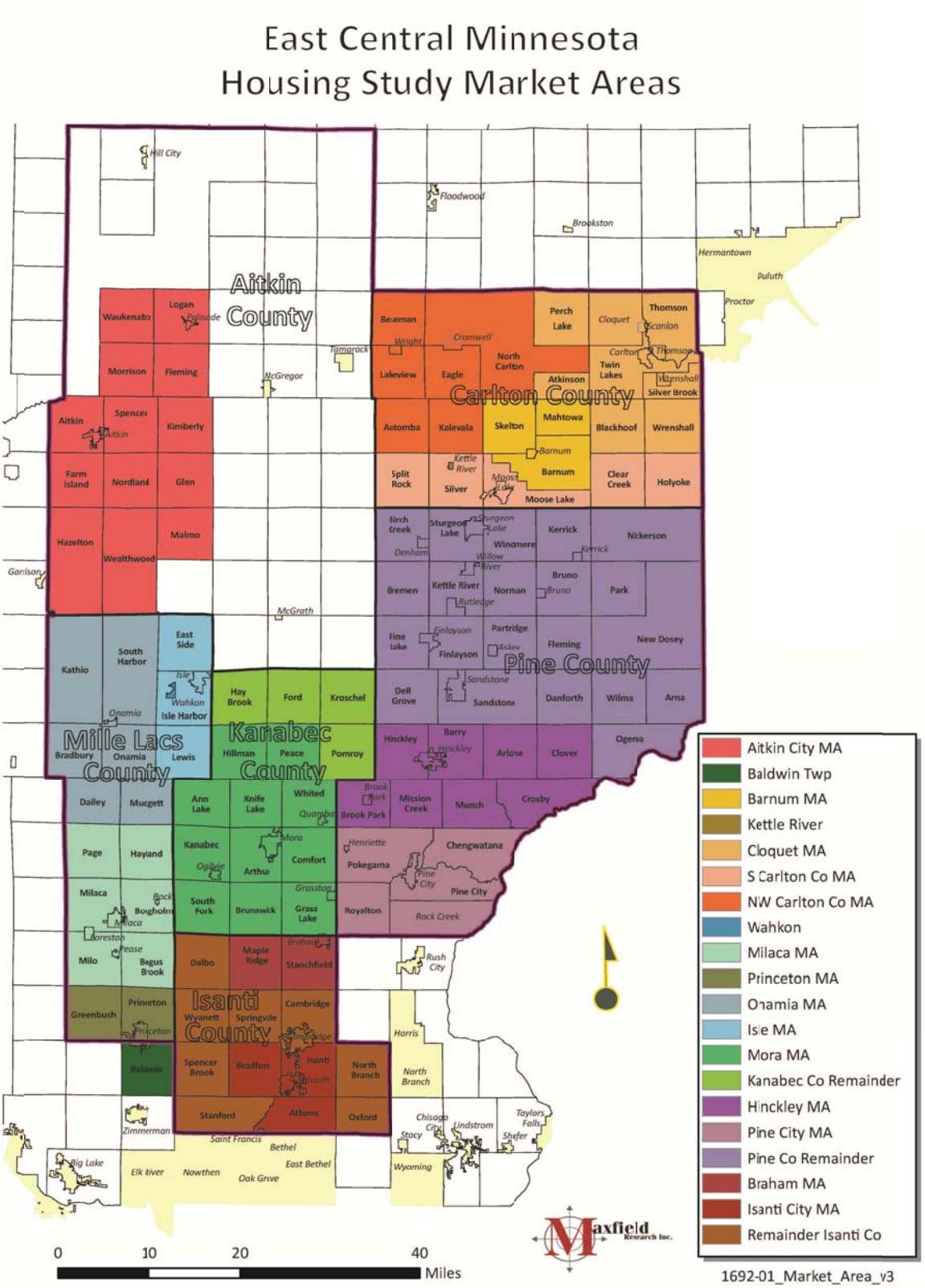
Background of East Central Regional Housing Collaborative

Maxfield Research Inc. was engaged by the East Central Regional Housing Collaborative to conduct a housing demand and needs assessment for East Central Minnesota region. The assessment will help decision-makers, both public and private, develop a greater understanding of the region's housing market. The comprehensive housing needs assessment calculates demand from 2014 to 2025 and provides recommendations on the amount and types of housing that should be developed in order to meet the needs of current and future households.

A total of 19 entities contributed to the housing study, including the City of Braham and City of Isanti in Isanti County. The East Central Region encompassed a total of 155 jurisdictions total; including 111 townships, 42 cities, 4 counties, and 2 unincorporated territories. The region was divided into 20 local submarkets; of which Isanti County had three submarkets. (A map of the submarkets for the region is located on the following page). Because of the large geographic area of the region and the number of jurisdictions and participating entities, the regional study encompasses over 400 pages and provides information at the county-level and submarket level. As a result, the following Executive Summary provides highlights of findings from Isanti County.

Isanti County was divided into three submarkets: Braham Market Area, Isanti Market Area, and the Remainder of Isanti County that is also referred to as the Cambridge Area. Hence, any mention to the "Remainder of Isanti County" is referencing the Cambridge Area.

Isanti County	City	Township
Braham Market Area	Braham	Stanchfield Twp.
		Maple Ridge Twp.
Isanti Market Area	Isanti	Athens Twp.
		Bradford Twp.
		Isanti Twp.
Remainder of Isanti Co./Cambridge Area	Cambridge	Cambridge
	St. Francis (part)	Dalbo
		North Branch
		Oxford
		Spencer Brook
		Springvale
		Stanford
		Wyanett


East Central Minnesota
Housing Study Market Areas
Aitkin County
Carlton County
Pine County
Mille Lacs County
Kanabec County
Isanti County
Aitkin City MA
Baldwin Twp
Barnum MA
Kettle River
Cloquet MA
S Carlton Co MA
NW Carlton Co MA
Wahkon
Milaca MA
Princeton MA
Onamia MA
Isle MA
Mora MA
Kanabec Co Remainder
Hinckley MA
Pine City MA
Pine Co Remainder
Braham MA
Isanti City MA
Remainder Isanti Co
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10
20
40
Miles
Maxfield Research Inc.
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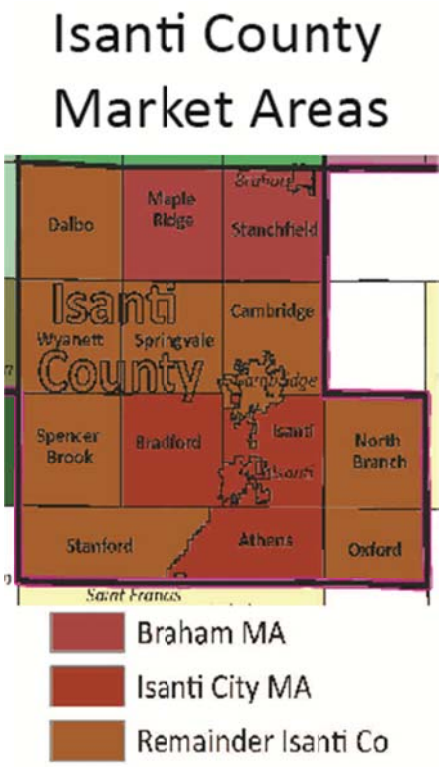
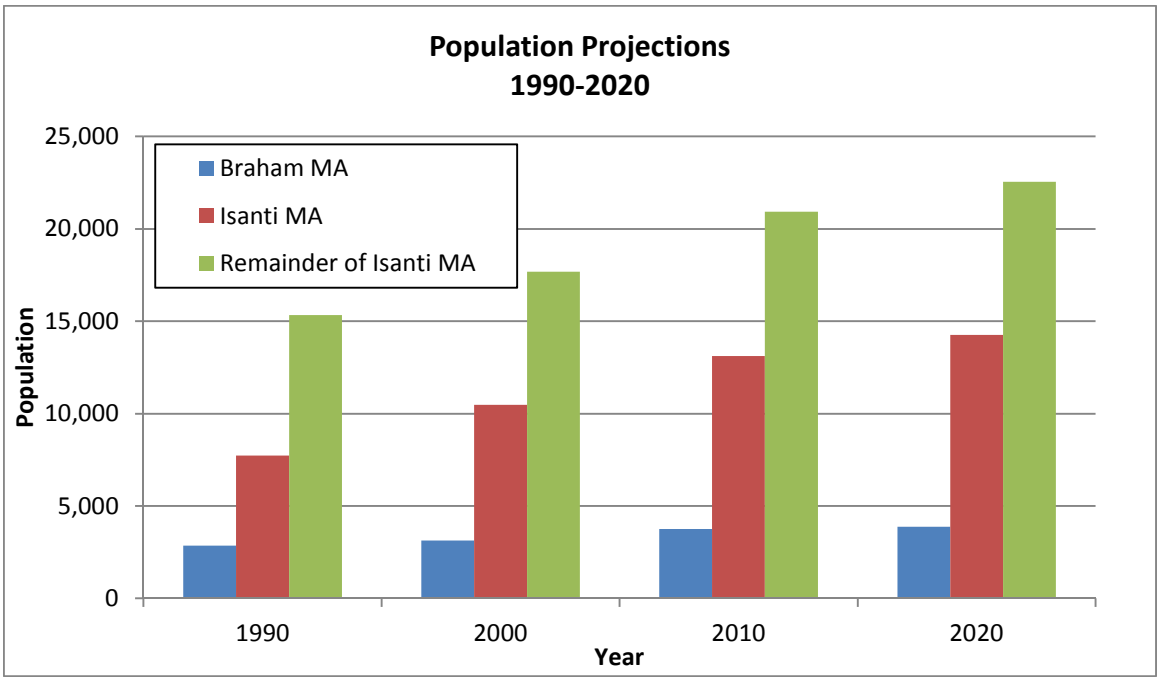


Demographic Analysis

- The Isanti County population grew by 20.7% between 1990 and 2000. Between 2000 and 2010, the Isanti County population grew by another 20.9%. The Isanti MA population grew by 35.7% and the Remainder of Isanti County MA increased by 15.2% between 1990 and 2000. Between 2000 and 2010, the Isanti MA population grew by 25.2% and the Remainder of Isanti County MA increased by 18.4%.

- By 2020, we expect that Isanti County's population will increase by 7.6% and households will grow by 8.6%. The Isanti MA and Remainder of Isanti County MA's population will grow by 8.6% and 7.7%. However, the Isanti MA and Remainder Isanti MA's households are projected to increase by 9.6% and 9.0%, respectively.

- In 2014, the median household income in Isanti County was estimated to be $57,234 and is projected to jump to $65,064 by 2020. By comparison, the median household income in Minnesota was estimated to be slightly higher at $58,634. The Isanti MA and Cambridge Area have the second and third highest submarket incomes in 2014 and 2020 within the East Central Minnesota region, behind the Baldwin Township MA.



- In Isanti County, approximately 83% of all households owned their housing in 2010, resulting in a higher home ownership rate in comparison to the East Central Minnesota Region (81% owned in 2010). Isanti County's homeownership rate is the highest among all East Central Minnesota counties. Homeownership rates in the Isanti Market Area were 85% while the Cambridge Area had a homeownership rate of 82%.

- Family households were the most common type of household in Isanti County, representing over 72% of all households in 2010. About 75% of Isanti Market area households are within family households, while 72% are family households in the Cambridge Area. In 2010, Isanti County has 21.5% that are living alone, which is the lowest percentage out of the East Central Minnesota counties. In 2010, Isanti County had 23.9% married with a child, which is the highest percentage among East Central Minnesota counties. The Isanti MA has the second highest submarket percentage married with a child (26%) and second lowest percent living alone (18.6%), behind the Baldwin Township MA.

- Although Hispanics/Latinos comprised only 3.0% of Isanti County's population in 2010, the Hispanic/Latino population has more than quadrupled since 2000.

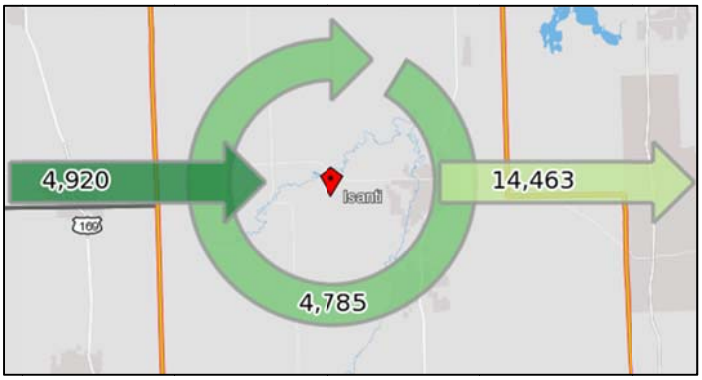
Employment Trends

- The County's annual unemployment rate dropped 6.4 percentage points from 10.4% in 2009 to 4.0% in 2014. The County's labor force was the highest in 2009 at 21,938 and contracted to 20,810 by 2014. In 2014, Isanti County had the lowest unemployment rate amongst the East Central Minnesota counties.

- There were 10,771 jobs in Isanti County as of 2013, based on the 2013 preliminary data from the Bureau of Labor Statistics. Between 2010 and 2020, Isanti County is projected to gain 2,260 jobs (+22.4%). This is the second highest employment growth amongst East Central Minnesota counties behind Mille Lacs County (+25.3%).

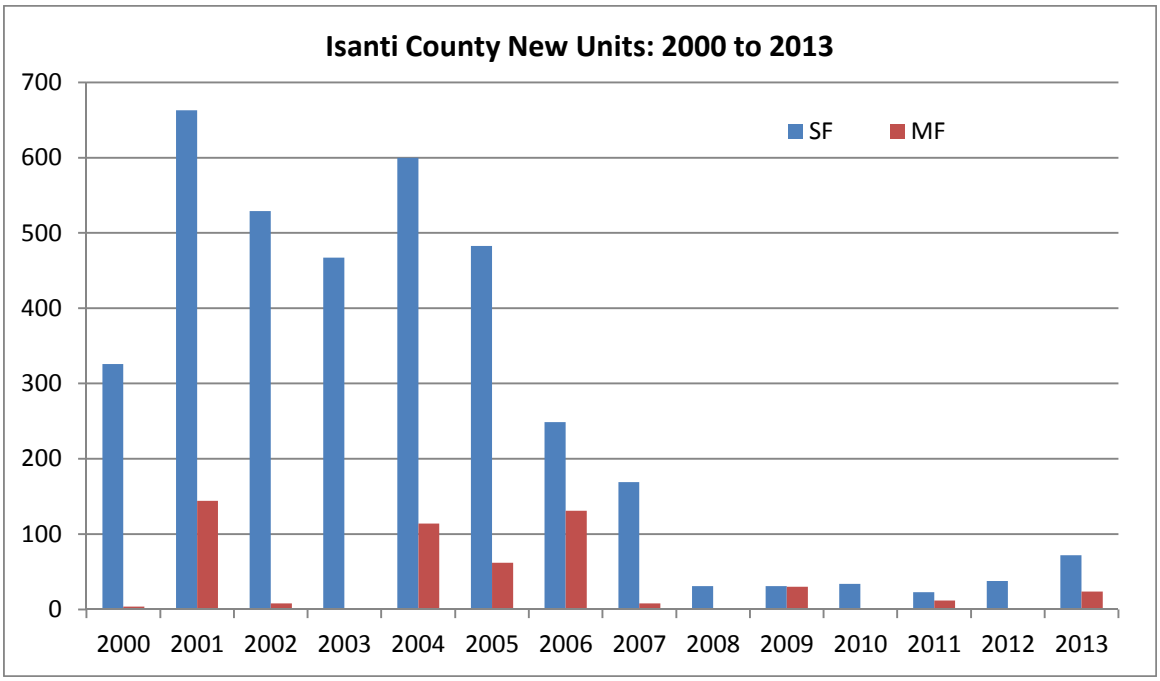
- The Education and Health Services industry was the largest employment sector in Isanti City, providing 27% of all jobs in 2013. The Leisure and Hospitality and Manufacturing were also major employers of all jobs (19.7% and 19.5% respectively). From 2012 to 2013, the average weekly wage in the City increased 1.9% ($11) to $576. By comparison, wages increased 1.6% throughout Minnesota to $964.

- As the chart illustrates (below), Isanti County is an exporter of workers as the number of residents leaving the County exceeded the number of workers coming into the County for employment.



Housing Characteristics

- Isanti and Aitkin Counties issued building permits for the most units between 2000 and 2013 in the region with 4,252 and 3,085 units, respectively. In Isanti County, roughly 88% of the permitted units were single-family homes. Since 2000, Isanti County has accounted for 30% of all new construction activity in the region. In 2014, 38 single family permits were issued in the City of Isanti and 39 single family permits were issued in Cambridge.



- The age of the housing stock in Isanti County is characterized by a large portion of homes built during the 2000s (26.6% of all housing units) and during the 1970s (20%). In the East Central Region as a whole, 17.8% were built in the 1970s and 20.6% in the 2000s. Between 2000 and 2009, the Isanti MA had the highest percentage and numerical units built with a total of 1,755 units (37% of the Isanti MA's total units).

- Approximately 74% of the County's homeowners have a mortgage. Nationally, about 70% of U.S. homeowners have a mortgage on their property. The median value for homes with a mortgage for Isanti County homeowners was approximately $187,400, which was the highest amongst East Central Minnesota counties. The median value for homes with a mortgage in the Isanti MA and Remainder Isanti MA was approximately $189,700 and $208,300.

- The median contract rent in Isanti County was $722. Contract rents in the Isanti Market were the highest in the region at $843 while the Cambridge Area had the 2nd highest contract rent in the region ($724). Based on a 30% allocation of income to housing, a household would need an income of about $28,880 to afford an average monthly rent of $722 in Isanti County. Between the East Central Region counties, Mille Lacs County had the lowest median contract rent at $552, while Isanti County had the highest at $722.

For-Sale Housing Market Analysis

- The median resale price of homes in Isanti County was approximately $128,050 with resales being around 640 in 2013. The median resale price peaked at $187,000 while resales approached 570 in 2006. However, Isanti County resale pricing has increased annually since 2011 and foreclosures are down significantly.

- The 2013 median sales price ranged from $95,000 in Braham to about $125,000 in both Cambridge and Isanti. Cambridge and Isanti also had nearly identical resales with just over 200 transactions in each submarket. All three Isanti County submarkets bottomed-out in 2011 and have increased annually since.

- As of June 2014, there were 234 homes listed for sale in Isanti County. The median list price is approximately $199,000. Single-Family homes accounted for 94% of all listings. There was a supply of only 4.1 months supply of homes in the County as of 2013; indicating a balanced supply of homes to buyers.

- Based on a median list price of $199,000, the income required to afford a home at this price would be about $56,857 to $66,333, based on the standard of 3.0 to 3.5 times the median income (and assuming these households do not have a high level of debt).

- Maxfield Research inventoried 55 subdivisions in Isanti County consisting of over 3,600 total lots. Approximately 2,300 vacant lots were identified, accounting for about 75% of the vacant lots in the East Central Minnesota Region. Not all lots inventoried are actively marketing. The Isanti Market Area has a lot inventory of about 440 vacant lots; while the Cambridge Area has over 1,800 vacant lots.

- The average marketing lot cost in Isanti County was just under $13,000; indicating the majority of lots marketing were the result of a previous foreclosure. Lot costs accounted for only 7% of the total price of a new construction home in Isanti County. The average new home price in Isanti County is about $186,000, or $146 per square foot. The majority of new homes in the County are split levels with between 980 and 1,200 finished square feet.

Rental Housing Market Analysis

- Maxfield Research Inc. surveyed 312 market rate and 324 affordable/subsidized rental properties in Isanti County. As of summer 2014, Maxfield Research Inc. identified 4 vacant market rate units and 5 vacant affordable/subsidized units resulting in overall vacancy rates of 1.3% and 1.5%, respectively.

- The overall market rate vacancy rate of 1.3% is lower than the industry standard of 5% vacancy for a stabilized rental market, which promotes competitive rates, ensures adequate choice, and allows for unit turnover. Typically, subsidized and affordable rental properties should be able to maintain vacancy rates of 3% or less in most housing markets. The low vacancy rates in the market indicate pent-up demand for all rental product types: market rate, affordable, and subsidized units.

- *Evergreen I and II Apartments*, constructed in 2007, are the newest market rate rental buildings in Isanti County. Overall, Isanti County's rental housing stock is newer compared to other locations in the East Central Minnesota Region as the median year built for all surveyed developments is 2006.

Housing Affordability

- About 33% of owner households and 46% of renter householders are estimated to be paying more than 30% of their income for housing costs in Isanti County. Compared to the state average, the percentage of renter cost burdened households is slightly lower than the state average (46.5% vs. 49.5%). However, the number of owner cost burdened households is higher in Isanti County than the state average (33% versus 27%).

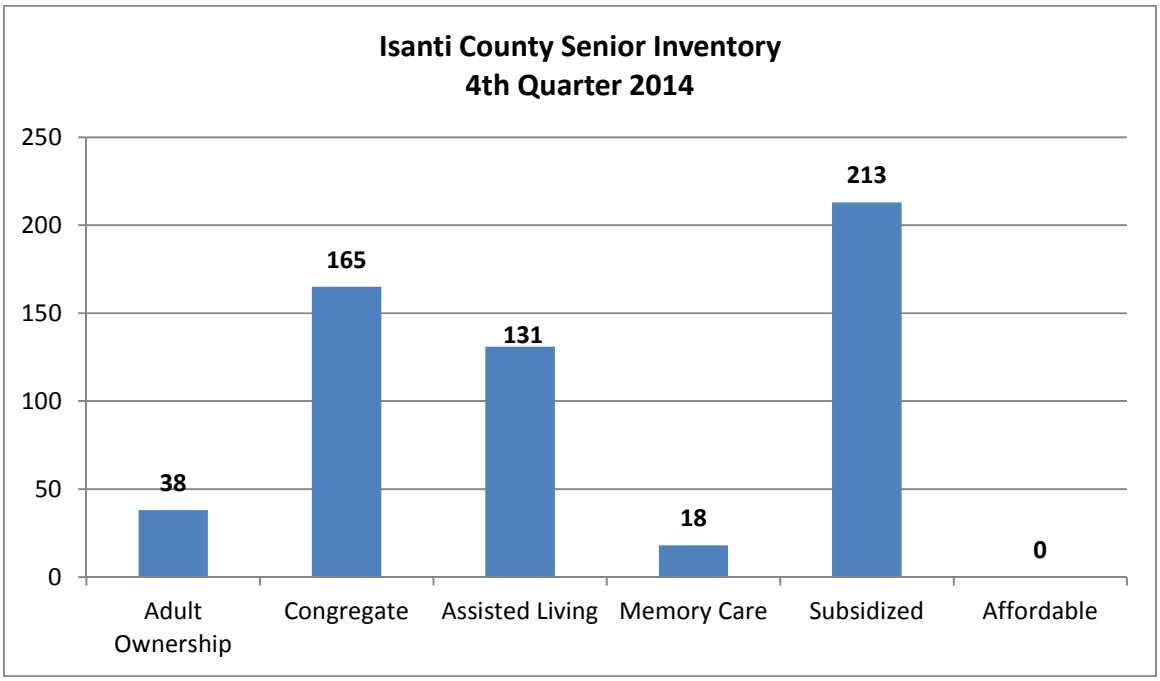
- The number of cost burdened households in the region increases proportionally based on lower incomes. About 72% of renters with incomes below $35,000 are cost burdened and 57% of owners with incomes below $50,000 are cost burdened.

Senior Housing Market Analysis

- Maxfield Research Inc. identified and collected market information on 17 senior projects in Isanti County for total of 565 senior housing units with one unit currently vacant for an overall vacancy rate of 0.2%, which is significantly lower than the market equilibrium rate of 5.0% to 7.0%.

- There are seven subsidized independent/active adult facilities in Isanti County with a total of 213 units. As of summer 2014, no units were vacant for a vacancy rate of 0%.

- There are ten market rate senior facilities in Isanti County with a total of 352 units. As of summer 2014, one unit was vacant for a vacancy rate of 0.3%, below the market equilibrium rate of 5.0% to 7.0%.



Planned and Proposed Housing Projects

- There are approximately 343 housing units in the development pipeline either under construction, planned, or pending. There are an additional 72 speculative units within speculative developments in Isanti County that may move forward.

- Senior housing units account for 76% of all of the units under construction or planned/proposed in Isanti County (260 units). New for-sale housing units make-up about 24% of the product under construction or planned/proposed.

Housing Needs Analysis

- General occupancy demand in Isanti County is projected for an estimated 1,304 owned housing units and 478 rental units between 2014 and 2025 (1,782 total units).

- Approximately 73% of the general occupancy demand is projected to be for owned housing and 27% for rental housing.
  i. 2014-2020 = 777 (72% owned, 28% rental)
  ii. 2020-2025 = 1,005 (74% owned, 26% rental)

- Of the 478 rental units demanded by 2025, approximately 52% will be for market rate units, 25% for affordable units, and 23% for subsidized units.
    i. Market Rate = 250 units
    ii. Affordable = 120 units
    iii. Subsidized = 108 units

- Subsidized senior housing demand from 2014 to 2025 by submarket:
    i. Braham MA = 0 units
    ii. Isanti MA = 0 units
    iii. Remainder Isanti MA = 0 units
    iv. Isanti Co. = 0 units

- Affordable senior housing demand from 2014 to 2025 by submarket:
    i. Braham MA = 20 units
    ii. Isanti MA = 34 units
    iii. Remainder Isanti MA = 107 units
    iv. Isanti Co. = 161 units

- Active-Adult rental housing demand from 2014 to 2025 by submarket:
    i. Braham MA = 18 units
    ii. Isanti MA = 64 units
    iii. Remainder Isanti MA = 142 units
    iv. Isanti Co. = 224 units

- Congregate rental housing demand from 2014 to 2025 by submarket:
    i. Braham MA = 0 units
    ii. Isanti MA = 43 units
    iii. Remainder Isanti MA = 0 units
    iv. Isanti Co. = 43 units

- Assisted Living rental housing demand from 2014 to 2025 by submarket:
    i. Braham MA = 0 units
    ii. Isanti MA = 10 units
    iii. Remainder Isanti MA = 25 units
    iv. Isanti Co. = 34 units

- Memory Care rental housing demand from 2014 to 2025 by submarket:
    i. Braham MA = 6 units
    ii. Isanti MA = 21 units
    iii. Remainder Isanti MA = 46 units
    iv. Isanti Co. = 73 units

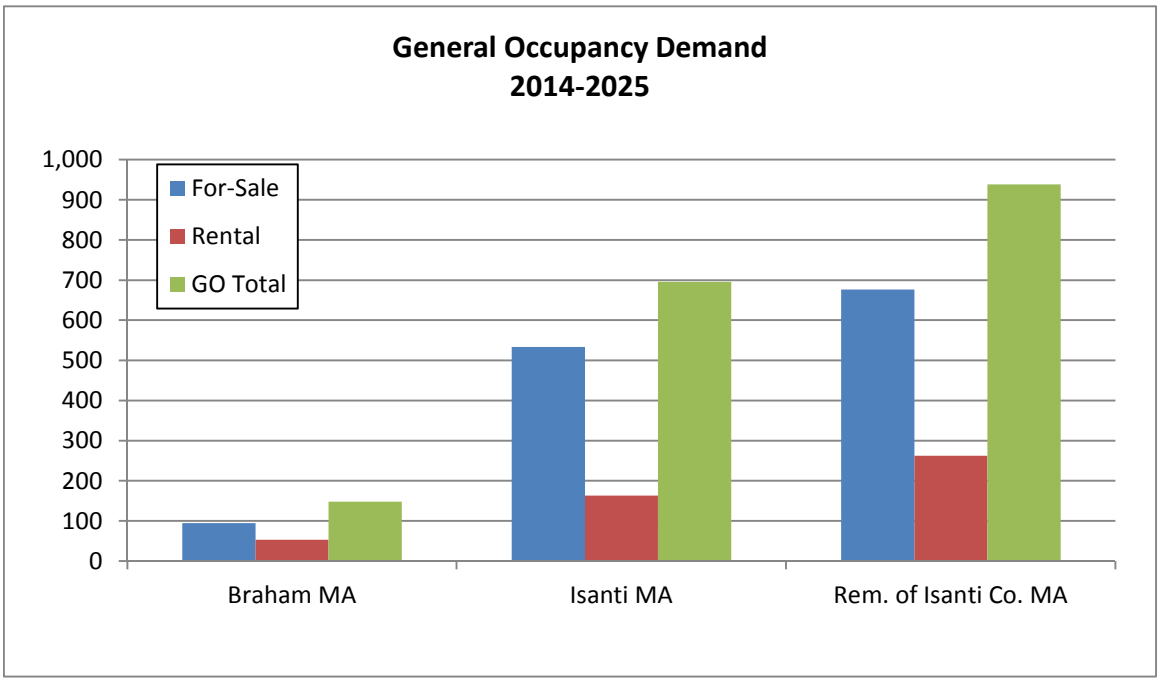
- General-Occupancy rental housing demand from 2014 to 2025 by submarket:
  - i. Braham MA = 53 units
  - ii. Isanti MA = 163 units
  - iii. Remainder Isanti MA = 262 units
  - iv. Isanti Co. = 478 units

- For-sale housing demand from 2014 to 2025 by submarket:
  - i. Braham MA = 95 units
  - ii. Isanti MA = 533 units
  - iii. Remainder Isanti MA = 676 units
  - iv. Isanti Co. = 1,304 units

GENERAL OCCUPANCY EXCESS DEMAND SUMMARY
EAST CENTRAL MINNESOTA
2014 to 2025

	2014 to 2025							
	For-Sale Housing			Rental				Combined
Submarket	SF	MF	Total	MR	Aff.	Subs.	Total	Total
Braham MA	75	20	95	18	13	22	53	148
Isanti MA	400	133	533	101	29	33	163	696
Rem. of Isanti Co. MA	507	169	676	131	77	53	262	938
Isanti Co.	982	323	1,304	250	120	108	478	1,782

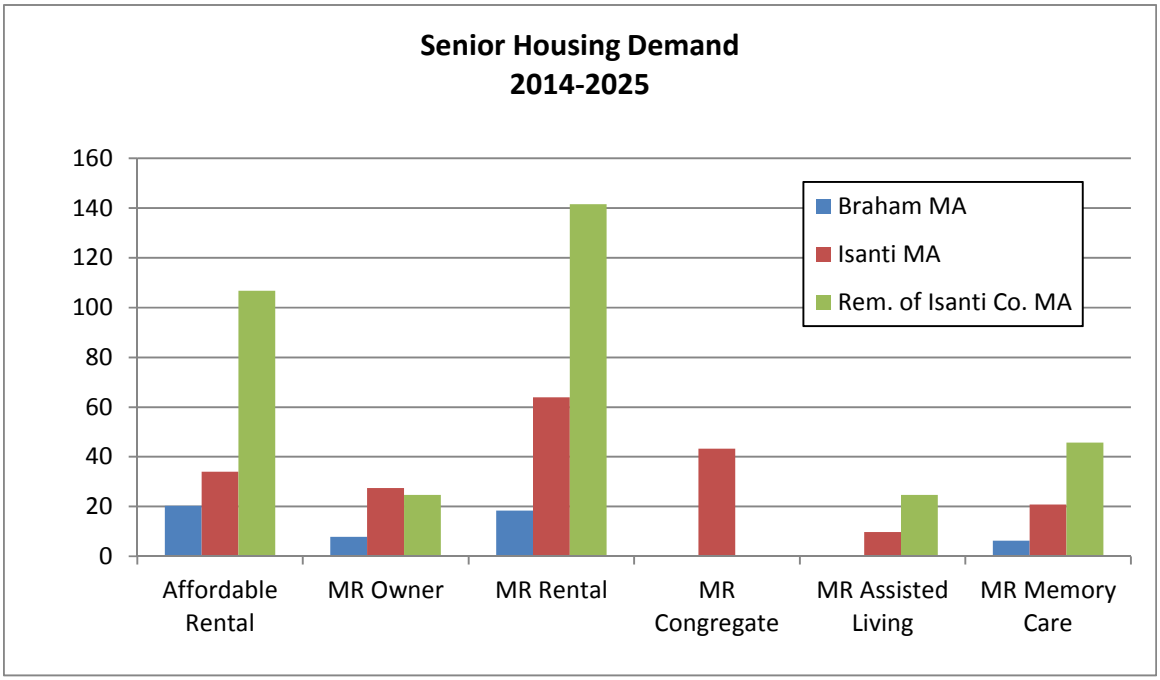
Sources: Maxfield Research Inc.



SENIOR HOUSING EXCESS DEMAND SUMMARY
EAST CENTRAL MINNESOTA
2014 to 2025

	ACTIVE ADULT					SERVICE-ENHANCED**			
	Subsidized Rental	Affordable Rental	MR Owner	MR Rental	Total	MR Congregate	MR Assisted Living	MR Memory Care	Total
Braham MA	0	20	8	18	47	0	0	6	6
Isanti MA	0	34	27	64	125	43	10	21	74
Rem. of Isanti Co. MA	0	107	25	142	273	0	25	46	70
Isanti Co.	0	161	60	224	445	43	34	73	150

** Service-enhanced demand is calculated for private pay seniors only; additional demand could be captured if Elderly Waiver and other sources of non-private payment sources are permitted.

Please note: Demand for each benchmark year is a "point in time demand" and not a cumulative demand for each year.

Sources: Maxfield Research Inc.