



Housing Market Analysis for Willmar, Minnesota

Prepared for:

**Kandiyohi County and City of Willmar Economic Development
Commission**

Prepared by:

Viewpoint Consulting Group, Inc.

Date:

December 6, 2022



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Aaron Backman
Executive Director
Kandiyohi County and City of Willmar Economic Development Commission
222 20th Street SE
Willmar, MN 56201

Subject: Housing Market Analysis for Willmar, Minnesota

Dear Mr. Backman:

Attached is the *Housing Market Analysis for Willmar, Minnesota* conducted by Viewpoint Consulting Group, Inc. The analysis projects housing demand through 2030 and gives recommendations on the amount and type of housing that could be built in Willmar to satisfy demand over the next five years. Detailed information regarding recommended housing concepts can be found in the Demand Analysis and Conclusions section at the end of the report.

Thank you for selecting Viewpoint Consulting Group, Inc. to conduct this analysis of Willmar's housing needs. Please contact us if you have any questions or need additional information.

Sincerely,

Viewpoint Consulting Group, Inc.

A handwritten signature in blue ink that reads "Jay Thompson". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Jay Thompson
President

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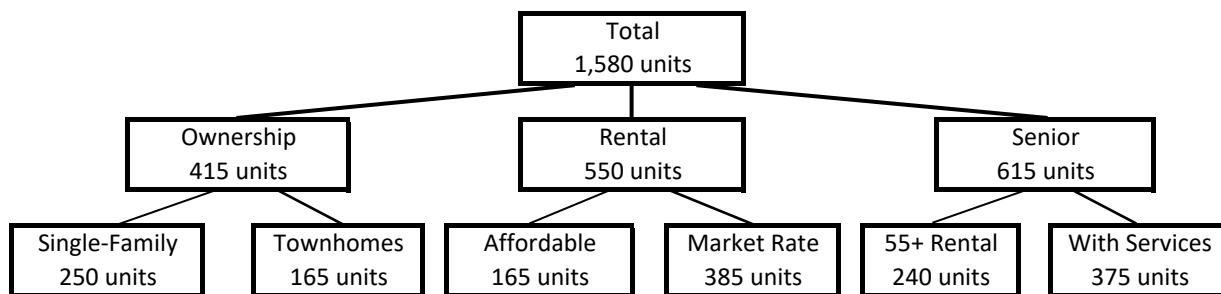
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Key Findings

The Kandiyohi County and City of Willmar Economic Development Commission engaged Viewpoint Consulting Group, Inc. to conduct an analysis of housing needs for the City of Willmar, Minnesota. Calculations of housing demand from 2022 to 2030 are found in the *Demand Analysis and Conclusions* section of the report. Recommendations are also provided on the amount and types of housing that should be developed to accommodate the housing needs over the next five years. The following are key highlights from the housing needs analysis.

1. Willmar is a regional center of 21,015 people (2020 census) in Kandiyohi County. As of 2019, nearly 18,500 people worked in Willmar, of which about two-thirds commuted from residences outside the community.
2. Willmar experienced growth of 820 people during the 1990s, 1,259 people during the 2000s, and 1,405 people during the 2010s. Growth during the 2010s was despite the Great Recession and corresponding housing downturn that curtailed growth nationwide in the beginning of the decade. This decade (2020 to 2030) Willmar is projected to grow by 2,685 people. This growth projection partly stems from recent development trends and the potential for Willmar to draw some of the many people who commute to Willmar for work.
3. Willmar’s population growth is projected among all major age groups this decade. The senior population is projected to grow more quickly as the baby boom generation ages. Projected growth of younger and middle-aged adults should lead to a corresponding growth of children. Growth of all age groups should create demand for a variety of housing types, including rentals, single-family homes, townhomes, and senior housing.
4. Sources of housing demand in Willmar include projected household growth, pent-up rental demand, capturing a portion of commuters to jobs in Willmar, and senior housing needs. All these sources combine for demand for 1,580 housing units in Willmar between 2022 and 2030. The mix is estimated at 415 ownership units, 550 rental units, and 615 senior units.

Willmar Housing Demand – 2022 to 2030



- Housing types by number of units to meet projected demand in Willmar over the next five years (from 2023 to 2028) is shown below. The recommended housing units total about 965 units, for an average of 193 units annually. In comparison, 63 housing units were added annually in Willmar during the 2000s and 40 units annually during the 2010s. Recommendations for rental and senior housing over the next five years largely address pent-up demand created by limited development over the past two decades.

Housing Units Recommended in Willmar from 2023 to 2028 to Meet Demand

Owner-Occupied Housing		Rental Housing		Senior Housing	
Single-Family		Market Rate	380 - 400	Supportive Senior Housing	
Entry-Level	60 - 65	Affordable	45 - 55	Independent	90 - 100
Move-Up	50 - 55	<u>Total</u>	<u>425 - 455</u>	Assisted Living	45 - 55
Executive	35 - 40			Memory Care	30 - 40
<u>Total</u>	<u>145 - 160</u>			Market Rate 55+ Rental	<u>80 - 100</u>
Townhomes	90 - 110			<u>Total</u>	<u>245 - 295</u>

- Willmar currently has about 70 available lots remaining in three subdivisions that could support single-family homes. It is recommended that new subdivisions come on-line within the next two years with at least 50 lots for single-family homes, with the potential for more lots to be added incrementally in future additions. The majority of lots should be priced to accommodate entry-level homes with base prices of about \$275,000 to \$325,000 and move-up homes with base prices of about \$325,000 to \$375,000.
- While both the Trentwood Estates and Woodberry Additions allow townhomes, there are very few lots available to accommodate townhomes in Willmar, and no recent subdivisions exist that are designated solely for townhomes. New lots should be created to accommodate up to 50 townhomes by 2024. To capture most of the target market, it is recommended that lots be made available to accommodate one-level townhomes with attached two-car garages to appeal to the primary target market – empty nesters. Townhomes should be in the \$250,000 to \$300,000 price range.
- New rental developments under construction or in the permit review process will meet the bulk of Willmar’s market rate rental demand. These developments include Block 25 Lofts (58 units, under construction), Edgeview (144 units, under construction), The Preserve on 24th (108 units, including 36 units open and 72 units under construction), and Unique Opportunities – Lakeland Drive (72-unit first phase, under building permit review).
- It is recommended that an affordable rental property with 45 to 55 units be added in Willmar from 2023 to 2028. Units should have three to five bedrooms to accommodate large families. These units would fill a void that is existing in Willmar’s existing multifamily rental supply. Recommended rents should be affordable at 60% of AMI and also be under the Payment Standard for the Housing Choice Voucher program, are approximately \$1,025 for three-bedroom units, \$1,175 for four-bedroom units, and \$1,300 for five-bedroom units.

10. There is potential to accommodate a portion of Willmar's affordable rental demand in the various Suite Liv'n properties throughout Willmar. The Suite Liv'n properties have approximately 85 vacancies. Suite Liv'n is in jeopardy of not having their rental license renewed on several of their properties and it is recommended that efforts be made to bring Suite Liv'n properties up to code to provide quality affordable rental housing. Currently, the rent at most Suite Liv'n properties is \$750 for one-bedroom units, \$850 for two-bedroom units, and \$950 for three-bedroom units. These rents are considered affordable to households earning 50% of AMI for Kandiyohi County.
11. It is recommended that a market rate senior (55+) rental development be added in Willmar with 80 to 100 units within the next five years. This type of housing would meet the needs of younger, more active seniors who wish to downsize from their existing homes but do not need meals or personal care services found in a supportive services building. These units could be in a single, multistory building with 80 to 100 units. Additionally, some could be townhome-style units with attached garages that offer single-level living. Rents should begin at about \$1,200 for one-bedroom units and \$1,400 for two-bedroom units.
12. It is recommended a development(s) with 165 to 195 units of independent, assisted living, and memory care housing be added in Willmar within the next five years. These units would be the first substantial senior housing development in Willmar in almost 20 years. The recommended service-level mix should be about 90 to 100 independent units, 45 to 55 assisted living units, and 30 to 40 memory care assisted living units.

Purpose and Scope of Study

Viewpoint Consulting Group, Inc. was engaged by the Kandiyohi County and City of Willmar Economic Development Commission to conduct an analysis of the housing needs in the City of Willmar. The purpose of this analysis is to calculate the depth of unmet demand for various housing types in Willmar through 2030. Based on the analysis, recommendations are provided on specific housing developments that could be developed in the next five years to meet the unmet need.

Scope of Services

The scope of this study includes the following:

1. Analysis of demographic trends and characteristics and economic conditions as they relate to the potential demand for additional housing in Willmar.
2. Analysis of current market conditions for rental housing, owner-occupied housing, and senior housing in Willmar.
3. Calculation of demand for rental, owner-occupied, and senior housing in Willmar through 2030.
4. Recommendations on appropriate housing types to develop within the next five years to satisfy unmet housing demand.

The data analyzed in this report includes both primary and secondary data. Primary data is data collected by Viewpoint Consulting Group, Inc. through interviews with property managers, Realtors, major employers, and city staff. Secondary data is gathered from other sources and is accurate to the best of our knowledge. Secondary data utilized in this report is from the U.S. Census Bureau, Minnesota Department of Employment and Economic Development, Minnesota Demographic Center, Kandiyohi County Assessor, and ESRI (a national demographic firm).

Willmar Overview

Willmar is a community in Minnesota with a 2020 population of 21,015 people. It is the county seat of Kandiyohi County, which is in west-central Minnesota, about 90 miles west of Minneapolis and 65 miles southwest of St. Cloud. Willmar is well connected to the surrounding region as it is at the intersection of three major highways (Highways 12, 23, and 71).

Willmar has consistently grown each decade since its incorporation in 1874. Contributing to its growth is a diverse economy and its positioning as a regional center of retail and health care in central Minnesota. Willmar is the largest city between the Twin Cities Metro Area and Minnesota's border with South Dakota and serves people living within a large geographic area.

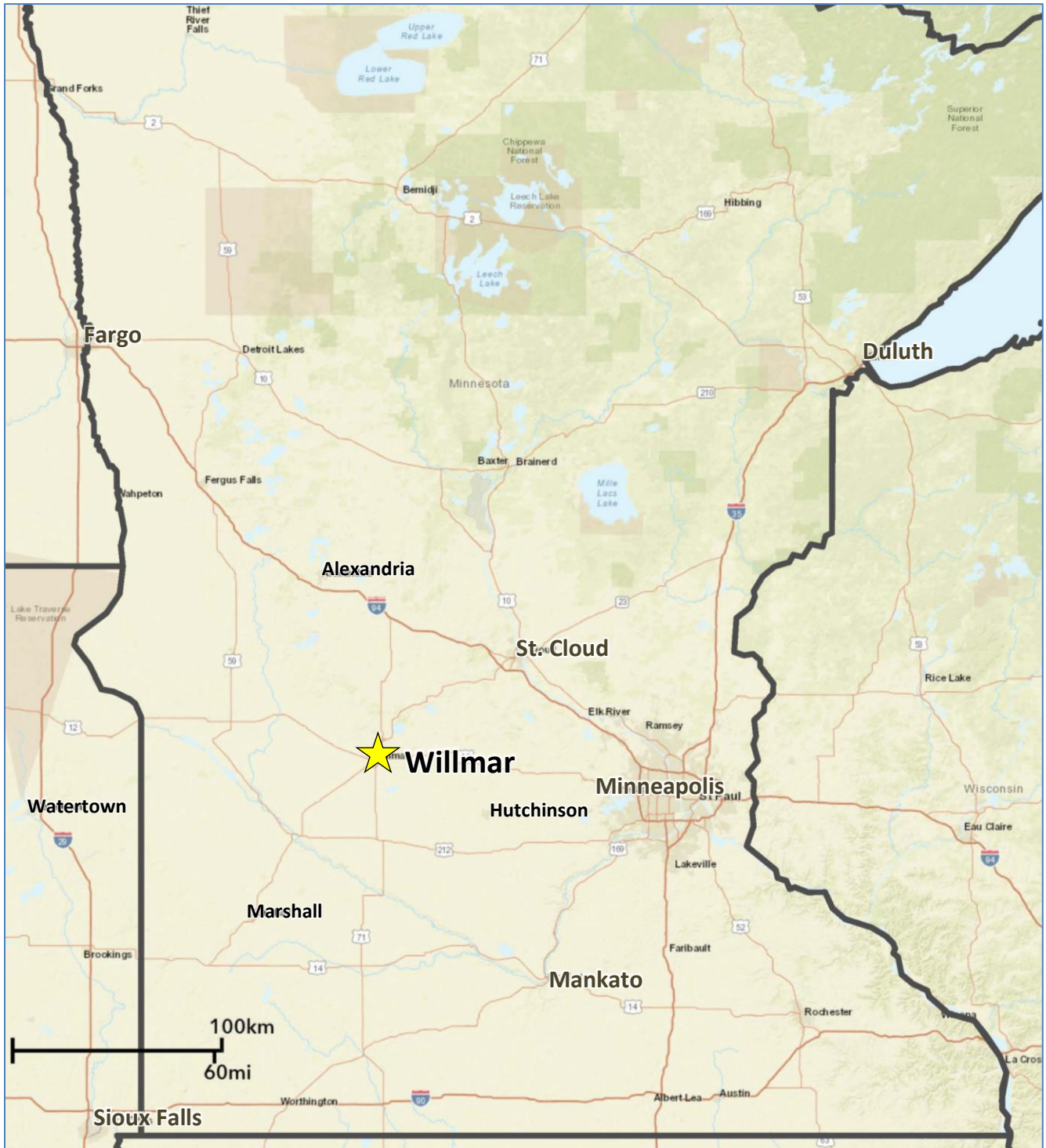
Willmar Population

1940	7,623
1950	9,410
1960	10,417
1970	12,869
1980	15,895
1990	17,531
2000	18,351
2010	19,610
2020	21,015

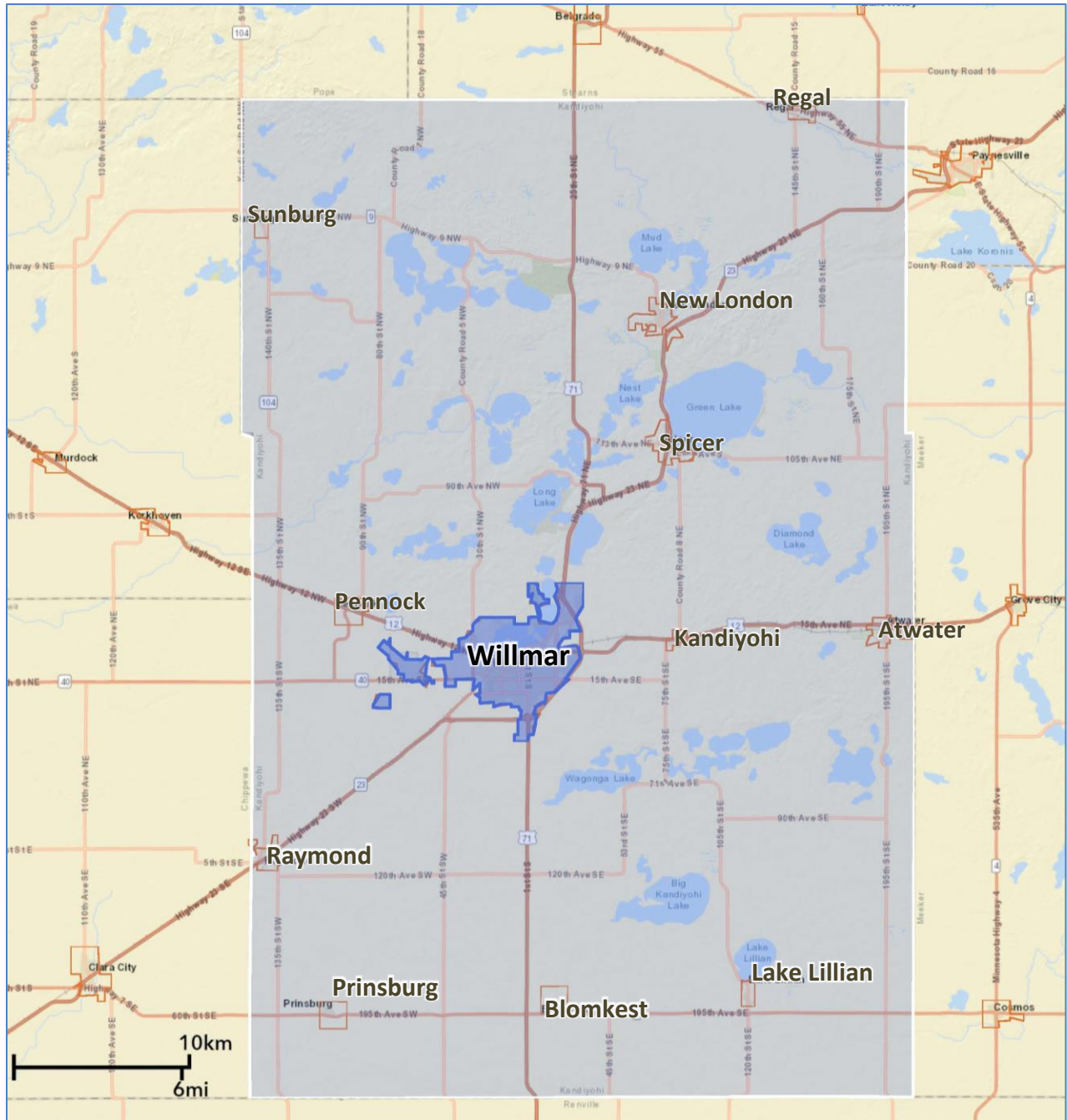
Among the larger retail stores in Willmar are Cash Wise Foods, Cub Foods, Dunham's Sports, JOANN Fabric, Kohl's, Menards, Runnings, Slumberland Furniture, Target, The Home Depot, and Walmart. Along with the major retailers are many smaller retail stores, restaurants, and service businesses.

Willmar is home to CentraCare Health - Rice Memorial Hospital, which is a 136-bed, Critical Access Hospital. It is one of the largest employers in Willmar, along with Jennie-O, Willmar Public Schools, Burlington Northern Railroad, and West Central Steel. Overall, Willmar contains approximately 18,500 jobs, many of which are filled by people commuting from communities surrounding Willmar.

Willmar Regional Location



Willmar & Kandiyohi County



Demographic and Employment Analysis

This section of the report examines demographic and economic factors related to the current and future demand for housing in Willmar. Demographic factors examined include population and household growth trends, population age distribution, and households by income, tenure, and size. Economic factors include employment growth trends, jobs by industry types, and major employer interviews. A review of these characteristics provides insight into the demand for various types of housing in the community.

Study Area Definition

Demographic data for the city of Willmar and for Kandiyohi County is examined in this housing analysis. It is recognized that growth trends and characteristics of Willmar shed the greatest insight into future housing demand. However, for some types of housing, particularly senior housing, the entire County is a potential market. For other types of housing, such as single-family homes, Willmar will also compete with housing developments elsewhere in the County. Housing demand generated from projected growth within Willmar as well as the entire County is considered in the calculations presented later in this analysis.

Demographic Highlights

The following are key demographic highlights from Tables 1 through 8. Demographic data was obtained from the U.S. Census Bureau, from both the decennial census and the American Community Survey. Population and household projections were made by Viewpoint Consulting Group, Inc. based on data provided by the Census Bureau, ESRI, and the Minnesota Demographic Center, along with local building trends and employment growth trends.

Population and Household Growth Trends

- Willmar’s population grew by 7.2% during the 2010s, reaching 21,015 in 2020. The growth last decade exceeded growth the previous decade (2000 to 2010), when it grew by 6.9%.
- Willmar added 1,405 people during the 2010s, which was 94% of the County’s total growth (+1,493). The previous decade, Willmar added 1,259 people while the rest of the County lost 223 people. Since the 1990s, Willmar has increased its share of the countywide population from 45.2% to 48.1% in 2020.
- Willmar’s population in 2020 was nearly half the total population of Kandiyohi County. After Willmar, the greatest portion of the population lived in rural areas, which includes on the many lakes in the northern part of the County (37%). The eleven smaller communities combined to account for 15% of the County’s population. The largest of these was New London (1,252 people) and the smallest was Regal (43 people).

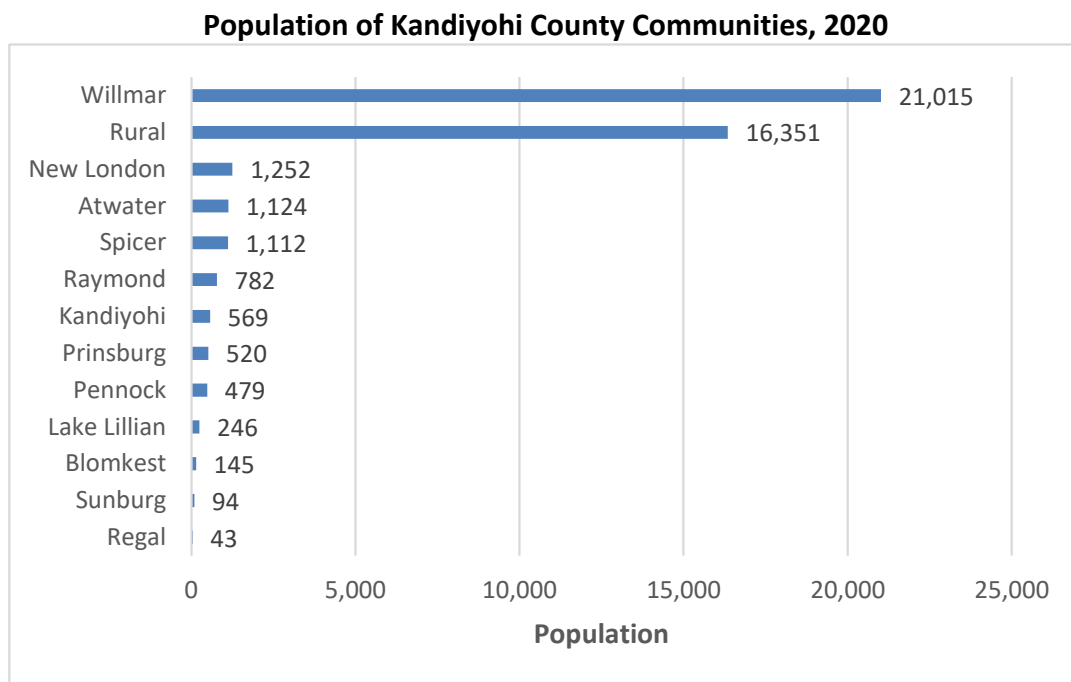


Table 1
Population and Household Growth Trends
Kandiyohi County
1990 to 2020

	---- Census ----				--- Change ---			
	1990	2000	2010	2020	2000 to 2010 No.	Pct.	2010 to 2020 No.	Pct.
POPULATION								
Willmar	17,531	18,351	19,610	21,015	1,259	6.9	1,405	7.2
Atwater	1,053	1,079	1,133	1,124	54	5.0	-9	-0.8
Blomkest	183	186	157	145	-29	-15.6	-12	-7.6
Kandiyohi	506	555	491	569	-64	-11.5	78	15.9
Lake Lillian	229	257	238	246	-19	-7.4	8	3.4
New London	971	1,066	1,251	1,252	185	17.4	1	0.1
Pennock	476	504	508	479	4	0.8	-29	-5.7
Prinsburg	502	458	497	520	39	8.5	23	4.6
Raymond	668	803	764	782	-39	-4.9	18	2.4
Regal	51	40	34	43	-6	-15.0	9	26.5
Spicer	1,020	1,126	1,167	1,112	41	3.6	-55	-4.7
Sunburg	117	110	100	94	-10	-9.1	-6	-6.0
Rem. of County	15,454	16,668	16,289	16,351	-379	-2.3	62	0.4
Total	38,761	41,203	42,239	43,732	1,036	2.5	1,493	3.5
Greater Minn.	2,086,378	2,277,417	2,454,358	2,543,390	176,941	7.8	89,032	3.6
Minnesota	4,375,099	4,919,479	5,303,925	5,706,494	384,446	7.8	402,569	7.6
HOUSEHOLDS								
Willmar	6,678	7,302	7,677	7,875	375	5.1	198	2.6
Atwater	415	461	468	459	7	1.5	-9	-1.9
Blomkest	63	66	68	70	2	3.0	2	2.9
Kandiyohi	191	215	202	226	-13	-6.0	24	11.9
Lake Lillian	103	124	121	112	-3	-2.4	-9	-7.4
New London	389	415	521	556	106	25.5	35	6.7
Pennock	162	166	174	170	8	4.8	-4	-2.3
Prinsburg	191	188	207	205	19	10.1	-2	-1.0
Raymond	264	310	307	311	-3	-1.0	4	1.3
Regal	21	19	19	20	0	0.0	1	5.3
Spicer	429	528	520	538	-8	-1.5	18	3.5
Sunburg	49	51	47	40	-4	-7.8	-7	-14.9
Rem. of County	5,343	6,091	6,401	6,497	310	5.1	96	1.5
Total	14,298	15,936	16,732	17,079	796	5.0	347	2.1
Greater Minn.	772,349	873,671	969,478	1,014,464	95,807	11.0	44,986	4.6
Minnesota	1,647,853	1,895,127	2,087,227	2,253,990	192,100	10.1	166,763	8.0

Sources: US Census, Viewpoint Consulting Group, Inc.

Population and Household Growth Projections

- Both Willmar and Kandiyohi County are projected to experience population growth this decade (2020 to 2030). Additional housing in Willmar will be needed to accommodate future residents and to meet the growth projections. In 2030, Willmar is projected to have 23,700 people and 8,625 households.
- Willmar's 2030 household projection represents an increase of 750 from 2020. This equates to a 9.5% growth rate, or higher than Minnesota's projected growth rate (+6.5%). The household growth rate also greatly exceeds Willmar's growth rate last decade (+2.6%), when very few multifamily units were developed. In the first two years of this decade, nearly 600 multifamily units have already come on-line, are under construction, or have been approved.
- The projected growth of 750 households in Willmar this decade is greater than what was experienced during the 2000s (+375) and 2010s (+198). However, it is not completely unprecedented. During the 1990s, Willmar added 624 households (+9.3%).
- Household growth is a better indicator of overall housing demand since households, by definition, are occupied housing units. With growth of 750 households projected this decade, there would essentially need to be 750 new housing units added to accommodate this growth. Additional housing units would be needed to accommodate pent-up demand and replacement demand.

Willmar Population & Household Growth Trends and Projections

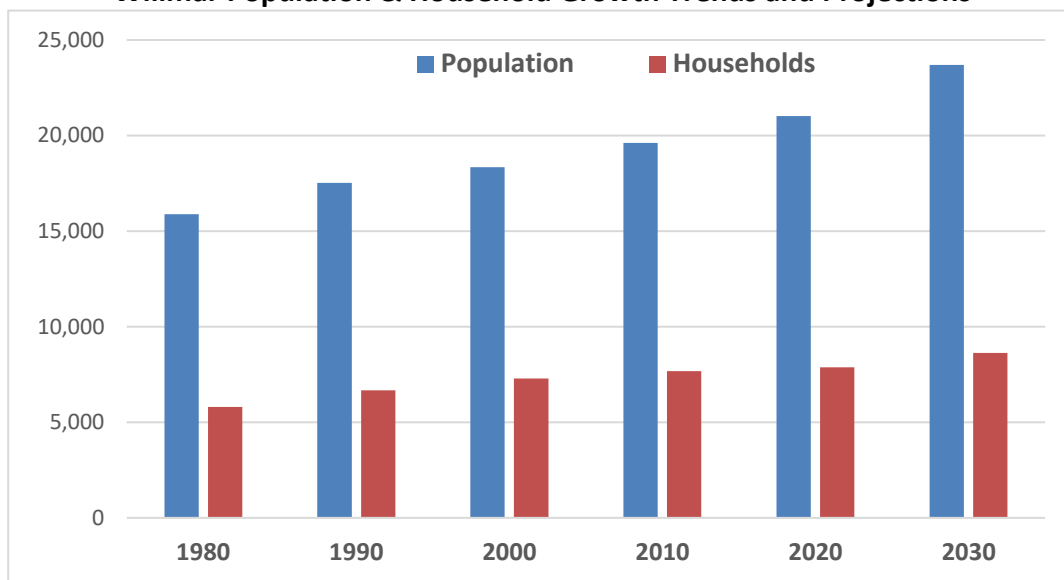


Table 2
Population and Household Growth Projections
Kandiyohi County
2010 to 2030

	-- Census --		Projection 2030	--- Change ---			
	2010	2020		2010 to 2020		2020 to 2030	
				No.	Pct.	No.	Pct.
POPULATION							
Willmar	19,610	21,015	23,700	1,405	7.2	2,685	12.8
Atwater	1,133	1,124	1,105	-9	-0.8	-19	-1.7
Blomkest	157	145	130	-12	-7.6	-15	-10.3
Kandiyohi	491	569	645	78	15.9	76	13.4
Lake Lillian	238	246	250	8	3.4	4	1.6
New London	1,251	1,252	1,450	1	0.1	198	15.8
Pennock	508	479	445	-29	-5.7	-34	-7.1
Prinsburg	497	520	540	23	4.6	20	3.8
Raymond	764	782	795	18	2.4	13	1.7
Regal	34	43	50	9	26.5	7	16.3
Spicer	1,167	1,112	1,045	-55	-4.7	-67	-6.0
Sunburg	100	94	85	-6	-6.0	-9	-9.6
Rem. of County	16,289	16,351	15,960	62	0.4	-391	-2.4
Kandiyohi County	42,239	43,732	46,200	1,493	3.5	2,468	5.6
<i>Greater Minn.</i>	<i>2,454,358</i>	<i>2,543,390</i>	<i>2,608,000</i>	<i>89,032</i>	<i>3.6</i>	<i>64,610</i>	<i>2.6</i>
<i>Minnesota</i>	<i>5,303,925</i>	<i>5,706,494</i>	<i>6,050,000</i>	<i>402,569</i>	<i>7.6</i>	<i>343,506</i>	<i>6.0</i>
HOUSEHOLDS							
Willmar	7,677	7,875	8,625	198	2.6	750	9.5
Atwater	468	459	455	-9	-1.9	-4	-0.9
Blomkest	68	70	70	2	2.9	0	0.0
Kandiyohi	202	226	255	24	11.9	29	12.8
Lake Lillian	121	112	105	-9	-7.4	-7	-6.3
New London	521	556	700	35	6.7	144	25.9
Pennock	174	170	165	-4	-2.3	-5	-2.9
Prinsburg	207	205	205	-2	-1.0	0	0.0
Raymond	307	311	315	4	1.3	4	1.3
Regal	19	20	20	1	5.3	0	0.0
Spicer	520	538	565	18	3.5	27	5.0
Sunburg	47	40	35	-7	-14.9	-5	-12.5
Rem. of County	6,401	6,497	6,490	96	1.5	-7	-0.1
Kandiyohi County	16,732	17,079	18,005	347	2.1	926	5.4
<i>Greater Minnesota</i>	<i>969,478</i>	<i>1,014,464</i>	<i>1,045,000</i>	<i>44,986</i>	<i>4.6</i>	<i>30,536</i>	<i>3.0</i>
<i>Minnesota</i>	<i>2,087,227</i>	<i>2,253,990</i>	<i>2,400,000</i>	<i>166,763</i>	<i>8.0</i>	<i>146,010</i>	<i>6.5</i>
Sources: US Census, MN Demographic Center, Viewpoint Consulting Group, Inc.							

Population Age Distribution

- The greatest growth rate in Willmar this decade (2020 to 2030) is projected among seniors. This is a nationwide trend as the first baby boomers began turning age 75 in 2021. Growth of this age group should lead to increased need for single-level townhomes and senior housing in Willmar.
- A decline of 55-to-64-year-olds is projected in Willmar this decade. Again, this is a nationwide trend as baby boomers (born between 1946 and 1964) will be aging out of the 55 to 64 age group.
- Children (under age 20) are projected to grow slightly over the next five years as age-25-to-54 persons also grows. The growth of children will stem from growth of families. People ages 20 to 44 are projected to grow by about 1,150 in Willmar this decade.
- Growth in Willmar of both younger persons and seniors should lead to a variety of housing types needed to accommodate growth of people in various life-cycle stages – including owned and rented housing and senior housing.
- Seniors ages 75 and over are the primary target market for senior housing. This age group numbered 1,868 in Willmar in 2010. It declined to 1,821 in 2020. However, with the first baby boomers turning age 75 in 2021, the population is projected to grow again this decade. There are projected to be 2,420 age 75+ seniors in Willmar in 2030.
- Ridgewater College contributes to a high younger adult population (ages 20 to 24) in Willmar. As of the 2021/2022 school year, Ridgewater College had an enrollment of 3,573 students, of which 71% were ages 24 or lower.

Willmar Population Growth by Age Group

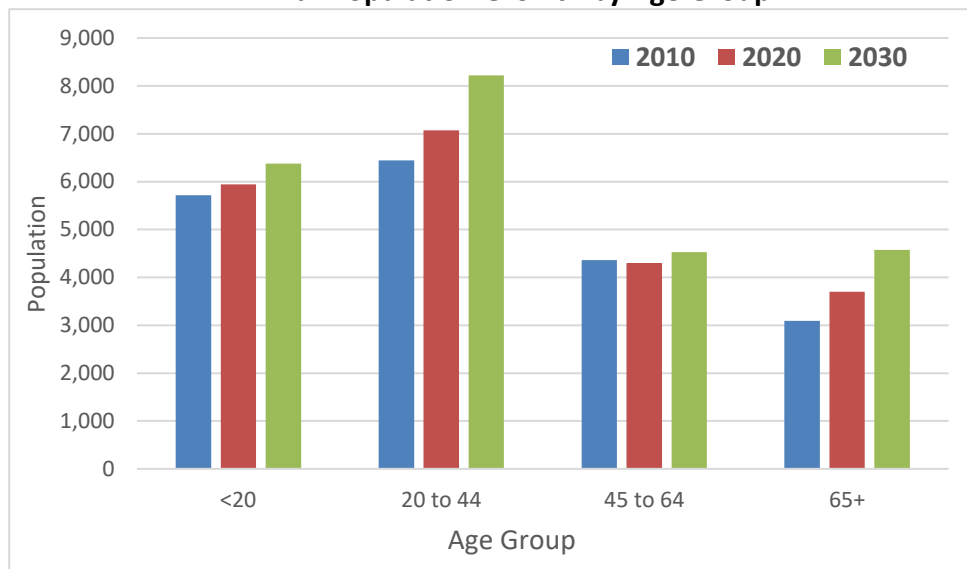


Table 3
Projected Population Growth by Age
Kandiyohi County
2000 to 2030

	2010	2020	2030	---- Change ----			
				2010 - 2020		2020 - 2030	
				No.	Pct.	No.	Pct.
Willmar							
<20	5,714	5,944	6,380	230	4.0%	436	7.3%
20-24	1,700	1,663	2,005	-37	-2.2%	342	20.6%
25-34	2,647	2,824	3,045	177	6.7%	221	7.8%
35-44	2,096	2,581	3,170	485	23.2%	589	22.8%
45-54	2,389	1,984	2,520	-405	-17.0%	536	27.0%
55-64	1,974	2,317	2,005	343	17.4%	-312	-13.5%
65-74	1,222	1,879	2,155	657	53.8%	276	14.7%
75 - 84	1,093	1,000	1,490	-93	-8.5%	490	48.9%
85+	775	821	930	46	6.0%	109	13.2%
Total	19,610	21,015	23,700	1,405	7.2%	2,685	12.8%
Remainder of County							
<20	5,741	5,645	5,825	-96	-1.7%	180	3.2%
20-24	1,029	1,063	1,190	34	3.3%	127	11.9%
25-34	2,263	2,471	2,185	208	9.2%	-286	-11.6%
35-44	2,547	2,272	2,105	-275	-10.8%	-167	-7.3%
45-54	3,859	2,830	2,925	-1,029	-26.7%	95	3.4%
55-64	3,448	3,872	2,935	424	12.3%	-937	-24.2%
65-74	2,140	2,686	2,765	546	25.5%	79	3.0%
75 - 84	1,154	1,409	2,245	255	22.1%	836	59.3%
85+	448	469	530	21	4.7%	61	13.0%
Total	22,629	22,717	22,705	88	0.4%	-12	-0.1%
Kandiyohi County							
<20	11,455	11,589	12,205	134	1.2%	616	5.3%
20-24	2,729	2,726	3,195	-3	-0.1%	469	17.2%
25-34	4,910	5,296	5,230	386	7.9%	-66	-1.2%
35-44	4,643	4,853	5,275	210	4.5%	422	8.7%
45-54	6,248	4,814	5,445	-1,434	-23.0%	631	13.1%
55-64	5,422	6,189	4,940	767	14.2%	-1,249	-20.2%
65-74	3,362	4,565	4,920	1,203	35.8%	355	7.8%
75 - 84	2,247	2,409	3,735	162	7.2%	1,326	55.0%
85+	1,223	1,290	1,460	67	5.5%	170	13.2%
Total	42,239	43,732	46,405	1,493	3.5%	2,673	6.1%
Sources: US Census; Minnesota Demographic Center; Viewpoint Consulting Group, Inc.							

Population by Race & Hispanic Origin

- Willmar has a diverse population. In 2020, 59% of the population was non-Hispanic white. Persons of Hispanic origin accounted for 24% of the population, Black or African Americans accounted for 12%, and both Asians and persons of two or more races accounted for 2%.
- Willmar became more diverse between 2010 and 2020. During the decade, the non-Hispanic white population declined by 1,823 people while the Black or African American population grew by 1,613. The result was that non-Hispanic whites declined from 72% to 59% of the total population while Black or African Americans increased from 5% to 12%. The second greatest growth was among persons of Hispanic origin (+892 people), followed by Asians (+392 people).

Population by Race & Hispanic Origin – Kandiyohi County

	Willmar		Rem. of County		Kandiyohi County	
	2010	2020	2010	2020	2010	2020
Not Hispanic	15,511	16,024	22,018	21,792	37,529	37,816
White	14,192	12,369	21,772	20,934	35,964	33,303
Black or African American	908	2,521	44	97	952	2,618
American Indian and Alaska Native	80	67	27	48	107	115
Asian	106	498	61	88	167	586
Native Hawaiian or Other Pacific Islander	14	31	2	6	16	37
Some Other Race	19	46	8	52	27	98
Two or More Races	192	492	104	567	296	1,059
Hispanic Origin	4,099	4,991	611	925	4,710	5,916
Total	19,610	21,015	22,629	22,717	42,239	43,732

- The Remainder of Kandiyohi County is not as diverse as Willmar. In 2020, 92% of its population was non-Hispanic whites. Persons of Hispanic origin accounted for 4% of the population in the Remainder of the County, while persons of two or more races accounted for 2%.
- While the Remainder of the County is predominantly non-Hispanic white, it is becoming more diverse. During the 2010s, the non-Hispanic white population declined by 838 people while all other races increased, albeit slightly. The result is that the non-Hispanic white population declined from 96% of the population in 2010 to 92% in 2020.

Tenure by Age of Householder

- Fifty-nine percent of Willmar’s households in 2010 were owners. Between 2010 and 2020, Willmar added an estimated 137 owner households and 61 renter households. The result was that the homeownership rate remained at 59%.
- The youngest households have greatest propensity to rent. The data in Table 4 reveals that 88% of the households under age 25 in Willmar rented their housing in 2020. This decreased to 54% of 25-to-34-year-olds and 35% of 35-to-44-year-olds. The primary markets for rental housing are younger households and seniors who are no longer able or willing to maintain their single-family homes. Among households ages 85+, 64% rented their housing.
- Although the propensity for households under age 25 to rent their housing is higher, the 25 to 34 age group had more renters in Willmar in 2020 (671 renters under age 25 compared to 747 renters ages 25 to 34). Many of the renters in these younger age groups are students and people who choose to rent until they become established in their jobs and the community before making the long-term commitment of purchasing a home.

Willmar Households by Age and Tenure in 2020

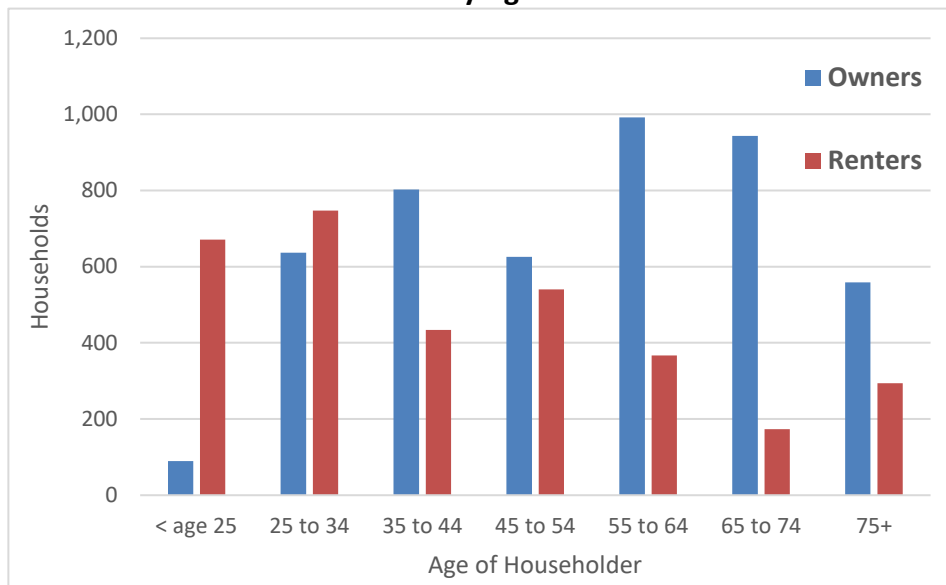


Table 4
Households by Age and Tenure
Kandiyohi County
2000, 2010, & 2020 Estimate

	Willmar			Kandiyohi County		
	2000	2010	2020*	2000	2010	2020*
Households	7,302	7,677	7,875	15,936	16,732	17,079
Owner Households	4,598	4,512	4,649	12,052	12,272	12,609
< age 25	132	88	90	283	202	184
25 to 34	630	611	636	1,460	1,360	1,471
35 to 44	995	708	803	2,724	1,818	1,861
45 to 54	954	931	626	2,719	2,807	1,996
55 to 64	607	849	992	1,840	2,653	2,944
65 to 74	614	571	944	1,566	1,752	2,482
75 to 84	529	511	429	1,163	1,202	1,250
85+	137	243	130	297	478	421
Renter Households	2,704	3,165	3,226	3,884	4,460	4,470
< age 25	684	735	671	854	908	800
25 to 34	603	667	747	882	961	1,145
35 to 44	405	463	434	641	665	608
45 to 54	282	417	540	406	630	618
55 to 64	158	300	367	239	427	563
65 to 74	157	162	173	248	249	216
75 to 84	227	190	66	365	291	158
85+	188	231	228	249	329	362
Homeownership Rate	63%	59%	59%	76%	73%	74%
* Estimate based on data from the Census Bureau: American Community Survey.						
Sources: US Census; Viewpoint Consulting Group, Inc.						

Average Household Size

- Willmar had an average household size in 2020 of 2.49 people per household. Average household size is the number of persons living in households divided by the number of households (it excludes persons living in institutions, such as nursing homes, dormitories, group quarters, and prisons).
- As shown below, Willmar’s average household size declined during the 1990s and 2000s, but then increased during the 2010s. This was a trend shared by Kandiyohi County and Minnesota.
- Willmar had a smaller average household size than Kandiyohi County and Minnesota from 1990 to 2010. However, Willmar’s increase during the 2010s was more pronounced and resulted in Willmar having a higher average household size than Kandiyohi County in 2020, and equal to Minnesota’s (2.49 people per household).

Table 5
Average Household Size (People per Household)
Kandiyohi County
1990 to 2020

	---- Census ----			
	1990	2000	2010	2020*
Willmar	2.48	2.44	2.43	2.49
Atwater	2.54	2.31	2.37	2.89
Blomkest	2.90	2.82	2.31	1.78
Kandiyohi	2.65	2.57	2.42	2.29
Lake Lillian	2.22	2.07	1.96	2.09
New London	2.50	2.13	2.28	2.35
Pennock	2.94	3.04	2.92	2.69
Prinsburg	2.63	2.44	2.40	2.47
Raymond	2.53	2.59	2.49	2.47
Regal	2.43	2.11	1.79	2.43
Spicer	2.38	2.13	2.20	2.29
Sunburg	2.39	2.16	2.13	1.43
Kandiyohi County	2.64	2.53	2.46	2.48
Minnesota	2.58	2.52	2.48	2.49
*2020 Figures are estimates from the Census Bureau's American Community Survey				
Sources: US Census; Viewpoint Consulting Group, Inc.				

Households by Tenure and Size

- Table 4 shows that in 2020, Willmar had an estimated 4,649 households that owned their housing and 3,226 households that rented their housing. Among the owner households, the majority had two people (44%). One-third of owner households had three or more people.
- Among renter households, 34%, or 1,105 of 3,226 renter households, had just one person. Thirty-five percent of renter households had three or more people. This is much higher than the remainder of the County (25%) and is likely the result of Willmar containing more rental units occupied by students and by families with children.
- Families with children typically prefer to own single-family homes. Hence, 70% of Willmar’s households with four or more people lived in owned housing.
- A larger percentage of young single persons rent their housing before purchasing a home. In addition, many single seniors choose rental housing as they age and no longer desire the responsibilities of maintaining a single-family home. Hence, the greatest number of renters in Willmar are singles.
- Many of the smaller sized owner households are comprised of either empty-nesters or single seniors. If available, many of these seniors prefer single-level homes versus two-story homes.

Willmar Households by Size of Household in 2020

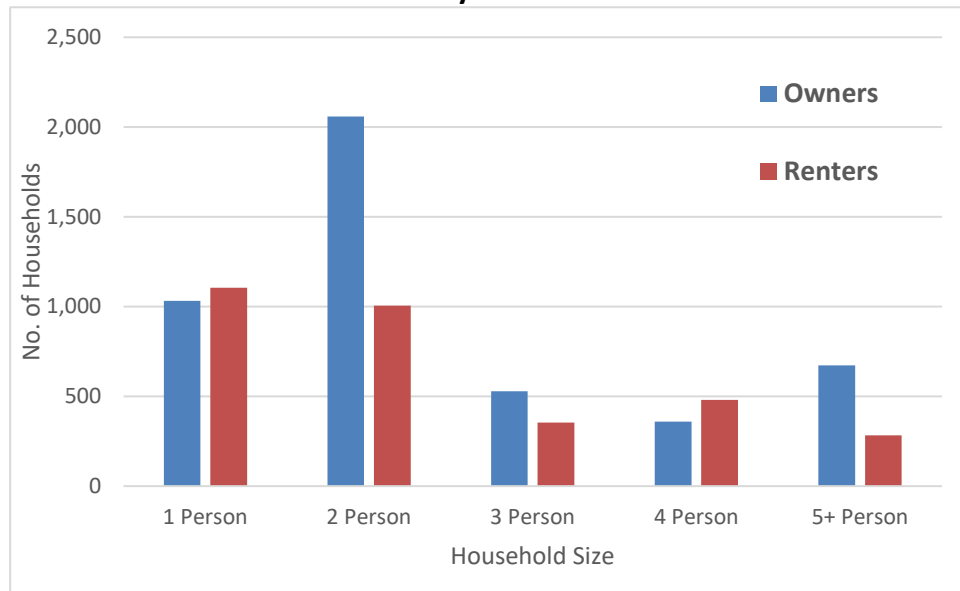


Table 6
Households by Size and Tenure
Kandiyohi County
2020

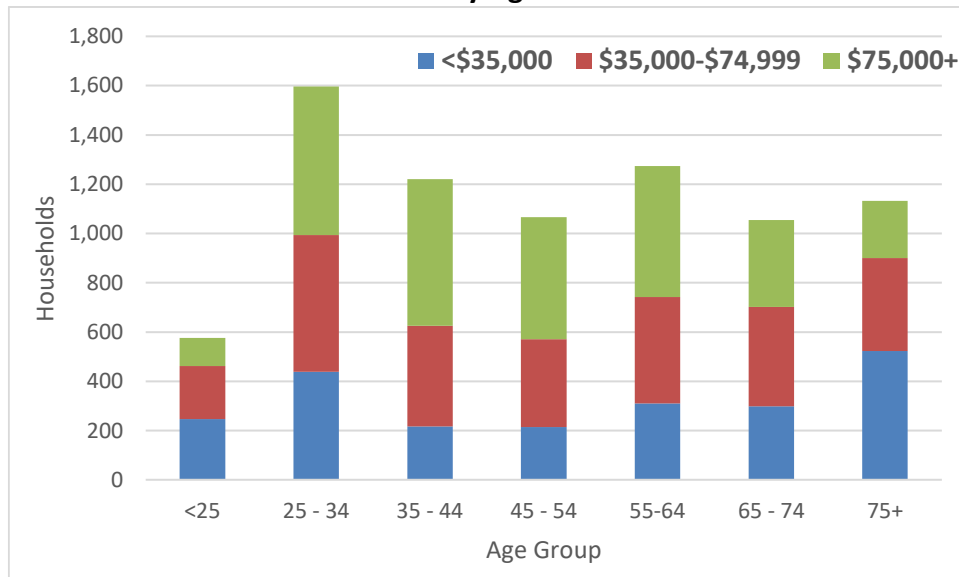
Household Size	Willmar	Remainder of County	Kandiyohi County
Owner Households			
1 Person	1,031	1,628	2,659
2 Person	2,058	3,717	5,774
3 Person	528	937	1,464
4 Person	359	964	1,324
5+ Person	673	714	1,387
Total	4,649	7,960	12,609
Renter Households			
1 Person	1,105	548	1,653
2 Person	1,005	387	1,392
3 Person	354	90	444
4 Person	480	80	559
5+ Person	282	139	422
Total	3,226	1,244	4,470
Total Households			
1 Person	2,136	2,176	4,312
2 Person	3,063	4,104	7,167
3 Person	882	1,026	1,908
4 Person	839	1,044	1,883
5+ Person	955	854	1,809
Total	7,875	9,204	17,079
Source: Census Bureau; Viewpoint Consulting Group, Inc.			

Household Income by Age of Householder

Income by age of householder data helps determine the demand for different housing products based on the size of the market at specific cost levels. The Department of Housing and Urban Development defines affordable housing costs for families as 30% of a household’s adjusted gross income. Younger households with greater living expenses often need to allocate a smaller portion toward housing (25% to 30%), while seniors can often spend 40% or more on housing since they generally have lower living expenses.

- The estimated median household income in Willmar in 2022 (\$56,958) was lower than Greater Minnesota’s median household income (\$72,205). Overall, Willmar’s incomes indicate that a below average percentage of households would likely be able to afford market rate housing. However, newer market rate housing would likely draw in some higher-income households, thereby increasing Willmar’s median income.
- Median incomes for households in Willmar peaked at just over \$73,000 in the 35 to 44 age group in 2022. Most households with incomes at or above this median could afford to purchase a home valued at more than \$200,000. About 41% of all non-senior households (under age 65) in Willmar had incomes of \$75,000 or more.
- As of 2022, 22% of Willmar’s non-senior households have incomes of \$100,000 or more. Depending on the amount of debt they have, size of their down payment, and interest rates, most of these higher-income households could afford homes priced at about \$300,000 or more.

Willmar Households by Age and Income in 2022



- In 2022, only 25% of the non-senior households in Willmar had incomes under \$35,000 (1,428 households). Most of these households would likely be eligible for affordable rental housing (in 2022, Kandiyohi County’s income limits for the Housing Tax Credit Program were \$35,160 for 1-person households and \$40,140 for 2-person households at 60% of Adjusted Gross Income, or “AMI”). Most households with incomes above \$35,000 could afford older market rate rental housing in Willmar or purchase some older homes. If housing costs absorb 30% of income, households with incomes of \$35,000 could afford \$875 per month in gross rent or mortgage payments.
- ▶ Income-limits for the Low Income Housing Tax Credit program (LIHTC) from the Minnesota Housing Finance Agency are shown below at 50%, 60% and 80% of AMI. To be considered affordable, Minnesota Housing Finance Agency limited gross rents for units affordable at 60% AMI to \$879 for studio units, \$941 for one-bedroom units, \$1,129 for two-bedroom units, and \$1,304 for three-bedroom units.

2022 Income Limits by Household Size for Kandiyohi County

	<u>1P</u>	<u>2P</u>	<u>3P</u>	<u>4P</u>	<u>5P</u>
50% AMI	\$29,300	\$33,450	\$37,650	\$41,800	\$45,150
60% AMI	\$35,160	\$40,140	\$45,180	\$50,160	\$54,180
80% AMI	\$46,880	\$53,520	\$60,240	\$66,880	\$72,240

Source: Minnesota Housing Finance Agency

2022 Maximum Gross Rents by Bedroom Size for Kandiyohi County

	<u>OBR</u>	<u>1BR</u>	<u>2BR</u>	<u>3BR</u>	<u>4BR</u>
50% AMI	\$732	\$784	\$941	\$1,086	\$1,212
60% AMI	\$879	\$941	\$1,129	\$1,304	\$1,455
80% AMI	\$1,172	\$1,255	\$1,506	\$1,739	\$1,940

Source: Minnesota Housing Finance Agency

- Senior households with incomes greater than \$40,000 can generally afford new market-rate senior housing by allocating 40% of their income toward housing. This is a higher percentage than the 30% considered affordable by HUD before a household becomes cost burdened, but is common among senior households since they generally have lower incomes (since they are often retired) but have greater savings that they can allocate towards housing. They also generally have lower living expenses than younger households. Thus, they are often able and willing to spend up to 40% of their income on market rate housing. Based on a 40% allocation of income for housing, this translates to gross rents of about \$1,300. In 2022, an estimated 1,200 senior (age 65+) households in Willmar had incomes above \$40,000, as did about 2,200 senior households in the remainder of the County. Some seniors residing elsewhere in the County would consider new rental housing options in Willmar as their care needs increase.

Table 7
Household Income by Age of Householder
City of Willmar
2022 and 2027

2022 Households by Age								
Income	Total	< 25	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 +
<\$15,000	724	112	155	75	83	106	85	107
\$15,000 to \$24,999	897	83	153	83	79	116	126	256
\$25,000 to \$34,999	630	52	131	59	53	88	88	160
\$35,000 to \$49,999	1,094	105	211	134	114	137	168	225
\$50,000 to \$74,999	1,652	109	344	274	242	295	235	152
\$75,000 to \$99,999	1,356	77	258	256	204	257	166	138
\$100,000 to \$149,999	1,054	35	255	228	177	178	120	60
\$150,000+	513	2	89	111	114	95	66	35
Total	7,920	576	1,596	1,221	1,067	1,273	1,054	1,133
Median HH Income	\$56,958	\$39,584	\$58,292	\$73,071	\$69,561	\$63,470	\$54,463	\$37,065
Greater MN Median	\$72,205	\$44,137	\$75,230	\$94,018	\$90,493	\$79,031	\$61,931	\$37,870
2027 Households by Age								
Income	Total	< 25	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 +
<\$15,000	659	119	128	82	73	80	79	98
\$15,000 to \$24,999	751	82	120	80	68	83	99	219
\$25,000 to \$34,999	761	79	142	90	63	91	105	191
\$35,000 to \$49,999	1,149	123	197	173	123	124	178	230
\$50,000 to \$74,999	1,431	103	274	267	204	226	216	141
\$75,000 to \$99,999	1,549	96	271	330	228	259	200	166
\$100,000 to \$149,999	1,433	59	304	360	242	211	173	83
\$150,000+	666	3	100	156	158	114	89	46
Total	8,400	664	1,536	1,538	1,160	1,189	1,139	1,174
Median HH Income	\$62,597	\$40,043	\$64,357	\$79,262	\$78,887	\$73,436	\$60,121	\$38,926
Greater MN Median	\$81,802	\$50,026	\$84,386	\$102,770	\$101,816	\$90,308	\$73,526	\$45,713
Change From 2022 - 2027								
Income	Total	< 25	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 +
<\$15,000	-65	6	-27	7	-10	-26	-6	-9
\$15,000 to \$24,999	-145	-1	-33	-3	-11	-33	-27	-37
\$25,000 to \$34,999	132	27	12	31	11	3	17	31
\$35,000 to \$49,999	55	18	-14	40	9	-12	10	5
\$50,000 to \$74,999	-221	-6	-70	-8	-38	-69	-19	-11
\$75,000 to \$99,999	193	19	13	74	24	2	34	28
\$100,000 to \$149,999	378	23	49	132	65	33	53	23
\$150,000+	153	1	11	44	43	19	23	11
Total	480	88	-60	317	93	-84	85	41

Sources: ESRI; Viewpoint Consulting Group, Inc.

**Table 8
Household Income by Age of Householder
Kandiyohi County
2022 and 2027**

2022 Households by Age								
Income	Total	< 25	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 +
<\$15,000	1,016	132	179	91	110	160	142	202
\$15,000 to \$24,999	1,338	97	192	102	106	181	214	446
\$25,000 to \$34,999	1,314	75	198	101	90	191	227	433
\$35,000 to \$49,999	1,957	151	330	203	184	267	356	466
\$50,000 to \$74,999	3,443	165	580	476	461	688	673	401
\$75,000 to \$99,999	3,164	125	495	575	521	692	483	272
\$100,000 to \$149,999	3,111	70	524	644	567	652	446	208
\$150,000+	1,861	8	232	360	417	421	287	136
Total	17,205	822	2,729	2,551	2,456	3,254	2,828	2,564
Median HH Income	\$70,294	\$44,551	\$68,352	\$85,897	\$86,104	\$78,628	\$65,276	\$40,168
Greater MN Median	\$72,205	\$44,137	\$75,230	\$94,018	\$90,493	\$79,031	\$61,931	\$37,870
2027 Households by Age								
Income	Total	< 25	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 +
<\$15,000	851	132	135	94	84	99	117	190
\$15,000 to \$24,999	1,045	90	136	84	81	110	161	383
\$25,000 to \$34,999	1,157	90	165	107	75	134	180	407
\$35,000 to \$49,999	1,790	154	267	219	163	195	318	473
\$50,000 to \$74,999	3,276	162	483	466	404	558	721	481
\$75,000 to \$99,999	3,440	150	476	658	532	643	592	390
\$100,000 to \$149,999	3,728	101	558	829	651	660	608	321
\$150,000+	2,443	11	257	481	549	484	429	232
Total	17,730	889	2,476	2,938	2,540	2,883	3,126	2,877
Median HH Income	\$78,844	\$47,346	\$76,984	\$92,212	\$95,673	\$86,158	\$77,002	\$49,374
Greater MN Median	\$81,802	\$50,026	\$84,386	\$102,770	\$101,816	\$90,308	\$73,526	\$45,713
Change From 2022 - 2027								
Income	Total	< 25	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 +
<\$15,000	-165	0	-44	3	-25	-61	-25	-12
\$15,000 to \$24,999	-293	-7	-56	-17	-25	-72	-53	-63
\$25,000 to \$34,999	-158	15	-33	6	-15	-58	-47	-26
\$35,000 to \$49,999	-167	3	-63	17	-21	-72	-38	7
\$50,000 to \$74,999	-168	-3	-96	-10	-57	-130	48	80
\$75,000 to \$99,999	277	25	-19	83	11	-49	109	118
\$100,000 to \$149,999	617	32	34	185	83	8	162	113
\$150,000+	582	2	26	121	132	63	142	96
Total	525	67	-253	387	84	-371	298	313

Sources: ESRI; Viewpoint Consulting Group, Inc.

Household Income by Tenure

- Data on household incomes by tenure for 2020 is obtained from the Census Bureau’s American Community Survey. As is the case with most communities, the estimated percentage of renters steadily declines in Willmar from the lower to higher income groups. Conversely, the percentage of owners steadily increases from the lower to higher income groups. In 2020, 81% of households with incomes below \$15,000 in Willmar were renters, declining to 13% of households with incomes of \$100,000 to \$150,000.
- When applying the percentages in Table 9 to households by income data, 82% of households with incomes of \$75,000 or more in Willmar are owners. Two-thirds of households with incomes between \$50,000 and \$74,999 are also homeowners. Most of the homeowners with incomes below \$25,000 are likely seniors whose homes are paid off and whose primary income is Social Security benefits.
- When applying the percentages in Table 9 to the 2022 households by income data in Table 7, approximately 41% of the renters in Willmar could afford market rate rental housing (incomes of \$40,000 or above). Most households with incomes below \$40,000 would be income-qualified for affordable housing, but many could also afford rents at older market rate properties.

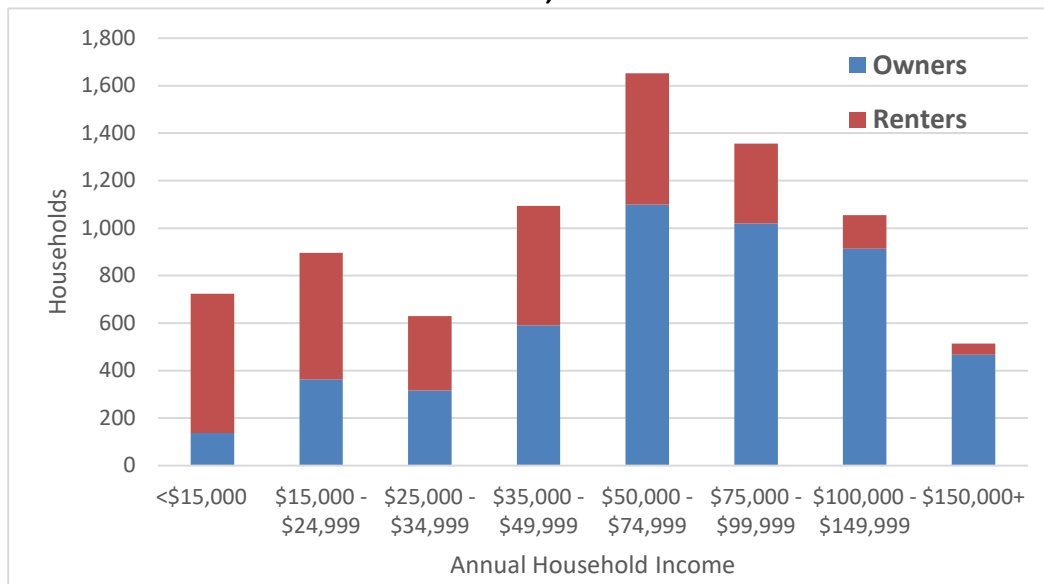
**Table 9
Estimated Tenure by Household Income
Willmar
2020**

Income Range	Willmar		Kandiyohi County		Greater Minnesota
	Percent Owners	Percent Renters	Percent Owners	Percent Renters	Percent Renters
<\$15,000	18.9%	81.1%	32.4%	67.6%	58.4%
\$15,000 - \$24,999	40.4%	59.6%	50.3%	49.7%	46.8%
\$25,000 - \$34,999	50.2%	49.8%	62.4%	37.6%	38.8%
\$35,000 - \$49,999	54.0%	46.0%	66.5%	33.5%	31.0%
\$50,000 - \$74,999	66.5%	33.5%	78.7%	21.3%	21.7%
\$75,000 - \$99,999	75.2%	24.8%	84.4%	15.6%	13.0%
\$100,000 - \$149,999	86.6%	13.4%	92.4%	7.6%	7.9%
\$150,000+	91.0%	9.0%	96.5%	3.5%	4.6%
Median Household Income	\$73,498	\$30,275	\$77,417	\$32,617	

Sources: American Community Survey 2020; Viewpoint Consulting Group, Inc.

- ▶ The chart below highlights that the propensity to own increases as household incomes increase. Overall, among Willmar’s households with incomes below \$50,000, 58% were renters and 42% were owners. Conversely, 76% of households with incomes greater than \$50,000 were owners and 24% were renters.
- ▶ In 2022, over 70% of Willmar’s households with incomes of \$50,000 or more were owners.
- ▶ The median household income in Kandiyohi County for a four-person household in 2022 was \$83,600. Most households at this income level with good credit, adequate down payment, and minimal debt could qualify for a home priced at about \$340,000. The monthly housing cost for a \$340,000 home would be about \$2,000, which would be about 30% of the gross monthly income. This home would be about four times the household’s income. It is likely that most households in Willmar would be able and willing to pay for a home priced at about three times income, or about \$250,000, which would generally result in a monthly housing cost of about \$1,500. In Willmar in 2022, about 65% of all homeowners had incomes below \$83,600.

**Estimated Distribution of Households by Income and Tenure
Willmar, 2020**



Housing Cost Burden

The generally accepted definition of affordability is for a household to pay no more than 30% of its annual income on housing. Households who pay more than 30% for housing are considered cost burdened and may have difficulty affording other necessities such as food, clothing, transportation and medical care.

- ▶ Table 10 shows that as of 2020, an estimated 17% of owners and 42% of renters in Willmar were cost burdened. These rates are very similar to Greater Minnesota’s housing cost burdened rates of 18% of owners and 41% of renters.
- ▶ Lower-income households were the most likely to be cost burdened. Eighty-three percent Willmar’s owners and 76% of Willmar’s renters with incomes below \$20,000 were estimated to be cost burdened. Among Willmar’s households with incomes above \$75,000, 3.7% of the owners and 1.5% of the renters were cost burdened.

**Percentage of Willmar’s Households that are Cost Burdened
(Paying 30% or more of income toward housing)**

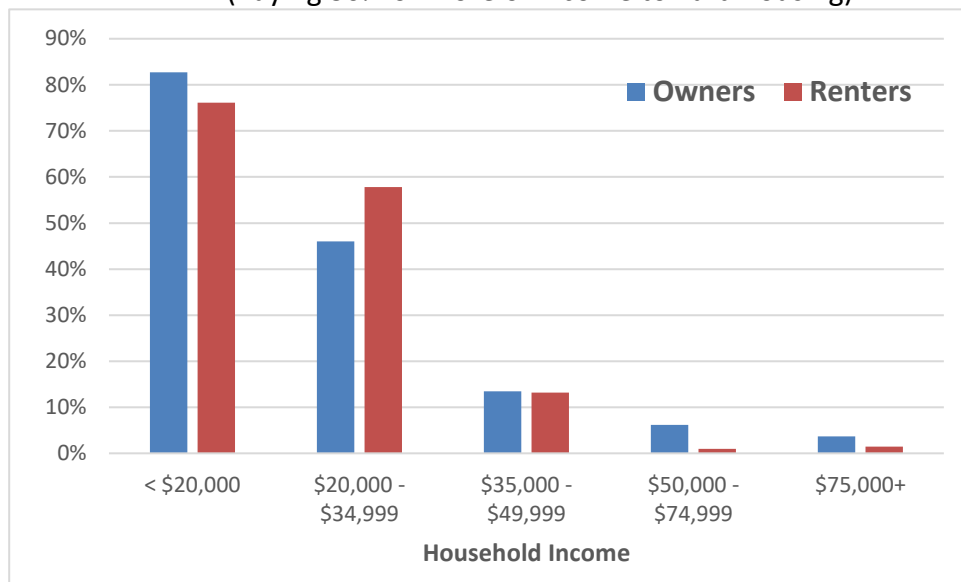


Table 10
Estimated Housing Costs as Percentage of Income by Tenure
City of Willmar
2020

Percentage of Income Spent on Housing	Willmar		Kandiyohi County	
	Owners	Renters	Owners	Renters
< \$20,000	376	1,114	837	1,406
<20%	6	33	36	40
20%-29%	59	233	91	260
30%+	311	848	710	1,105
\$20,000 - \$34,999	634	734	1,346	997
<20%	210	73	366	122
20%-29%	132	237	350	304
30%+	292	424	631	571
\$35,000 - \$49,999	519	452	1,352	717
<20%	352	85	783	181
20%-29%	97	307	285	415
30%+	70	60	284	121
\$50,000 - \$74,999	857	423	2,519	677
<20%	367	170	1,285	327
20%-29%	436	249	864	333
30%+	53	4	370	16
\$75,000+	2,263	503	6,554	673
<20%	2,044	473	5,497	635
20%-29%	135	22	749	28
30%+	84	7	308	10
Total	4,649	3,226	12,609	4,470
<i>No. of Households paying 30%+</i>	<i>810</i>	<i>1,344</i>	<i>2,302</i>	<i>1,823</i>
<i>Pct. of Households paying 30%+</i>	<i>17%</i>	<i>42%</i>	<i>18%</i>	<i>41%</i>
Sources: 2020 American Community Survey; Viewpoint Consulting Group, Inc.				

Household Type

Table 11 shows the composition of Willmar’s households by type of household in 2000, 2010, and 2020. The types of households in the table are categorized by those with children and those without children. Within each of these main categories are married households. For households without children, non-married households include those living alone and those not living alone. Those not living alone are generally cohabitating couples and roommates. Among Other Families, most are likely single parents.

- In Willmar from 2010 to 2020, households with children remained about steady – at just shy of 2,200 households, while households without children increased by 3.6% (+200 households). The greatest numerical growth was among married households with no children (+268 households). Empty-nesters comprise the bulk of this category, which has grown as the youngest baby boomers (born in 1964) entered their mid-50s during the decade.
- The greatest percentage growth in Willmar last decade was among non-family households with two or more people. This group, which includes roommates, grew by 26.6%, or by 284 households. Despite its high growth rate, this group still accounts for only 17% of Willmar’s total households.
- There were an estimated 2,214 married couples without children in Willmar in 2020, the greatest of any household type. They were followed closely by persons living alone (2,136 households), which generally consists of young singles and older seniors. This group, along with two or more persons without children have the highest propensity to rent their housing.

Willmar’s Households by Type of Household

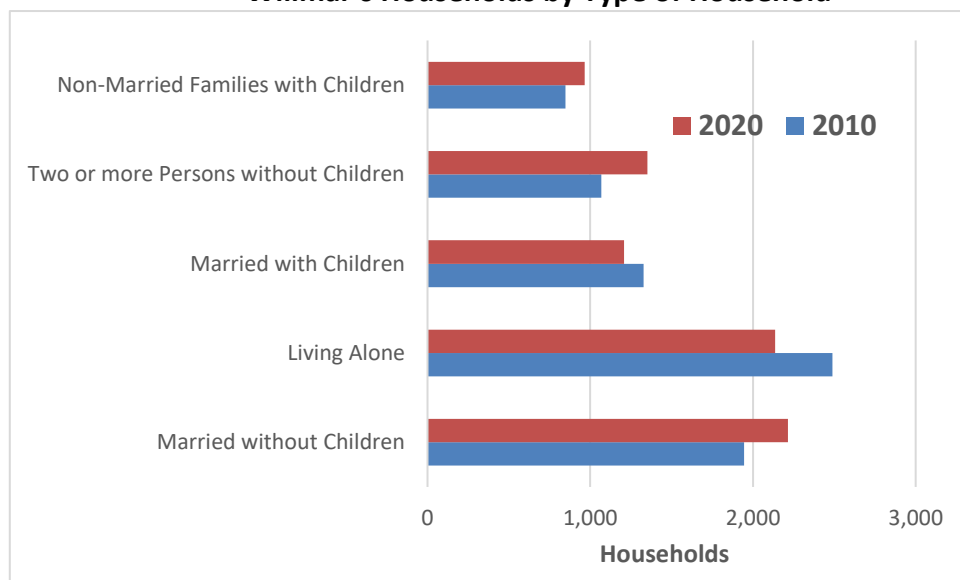


Table 11
Household Type
City of Willmar
2000, 2010 & 2020 Estimate

	2000	2010	2020	-- Change, 2010-2020 --	
				No.	Pct.
<u>Households with Children</u>					
Married	1,579	1,328	1,208	-120	-9.0%
Other Family	706	848	966	118	13.9%
Subtotal	2,285	2,176	2,174	-2	-0.1%
<u>Households without Children</u>					
Married	1,875	1,946	2,214	268	13.8%
Living Alone	2,276	2,488	2,136	-352	-14.2%
Two or More	866	1,067	1,351	284	26.6%
Subtotal	5,017	5,501	5,701	200	3.6%
Total	7,302	7,677	7,875	198	2.6%
Source: US Census Bureau - 2020 American Community Survey; Viewpoint Consulting Group, Inc.					

Employment Growth Trends

Employment growth is a predictor of housing demand since employment growth generally leads to household formation. If given a choice, many people prefer to live close to their place of employment. Rental housing demand has a particularly strong correlation with job growth since people recently hired and moving into a new community often choose to rent for a period of time before they invest in a home of their own.

Recent employment growth trends for Kandiyohi County are shown in Tables 12 and 13. Table 12 presents resident employment data in the county from 2011 through August 2022. Resident employment data is an annual average of the work force and number of employed people living in the County. Not all these employed people work in the County. Table 13 shows the number of jobs (“covered employment”) in Willmar and Kandiyohi County from 2010 to 2021. Covered employment data is from the Quarterly Census of Employment and Wages (QCEW) data and includes all establishments covered under the Unemployment Insurance Program – hence covered employment. The employment data represents the number of covered workers who worked, or received pay, on the 12th of the month. Excluded are members of the armed forces, the self-employed, proprietors, domestic workers, unpaid family workers, and railroad workers covered by the railroad unemployment insurance system. Most farm jobs are not covered by unemployment insurance and are not included in the table. The data in these tables is from the Minnesota Department of Employment and Economic Development. The following are key trends from the employment data.

Resident Employment

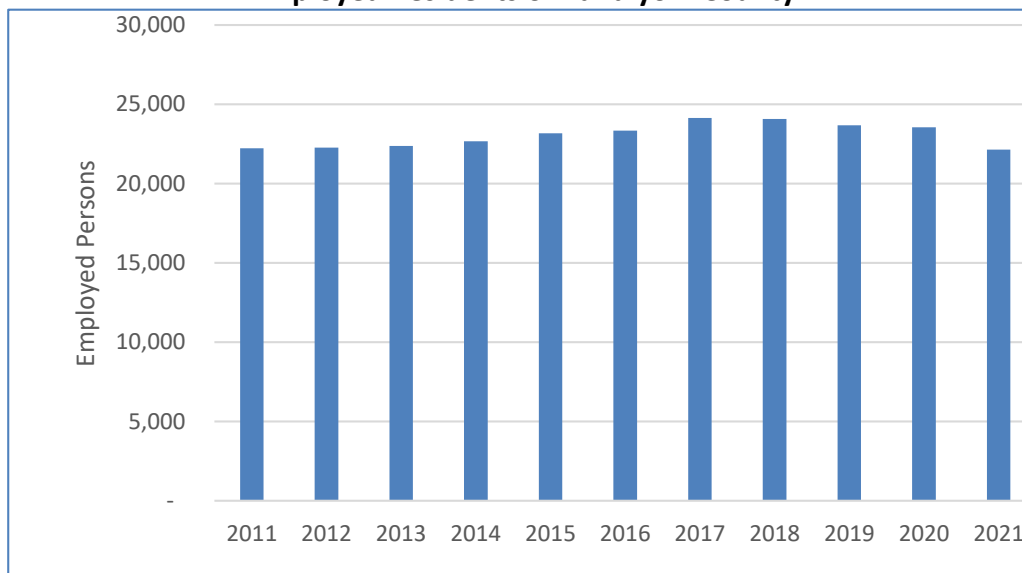
- The unemployment rate in Kandiyohi County decreased from a high of 6.0% in 2011 to 3.1% in 2018. The unemployment rate inched up to 3.7% in 2019, and because of the COVID-19 pandemic, it spiked at 6.8% in May 2020. By July 2022, it had dropped to 2.1%.
- While the unemployment dropped to 2.1% in 2022, total employed persons has not yet reached its pre-pandemic levels. As of July 2022, there were 21,711 employed persons, down from 23,661 in 2019.
- Over the past decade, the unemployment rate in Kandiyohi County has generally been below Minnesota’s and the nation’s unemployment rate. In 2021, the unemployment rate was 3.6%; or equal to Minnesota’s and below the nation’s (5.3%).
- With an unemployment rate of 2.1%, it is likely that growing businesses will need to draw employees from outside the area to fill new positions, or coax local residents back into the labor force. Bringing in workers from outside the area will lead to housing demand to accommodate the growing population. If the supply of housing in Willmar is not sufficient to accommodate new employees to the community, some people will seek housing in nearby communities where housing is available.

**Table 12
Resident Employment
Kandiyohi County
2011 to August 2022**

	--- Kandiyohi County ---			MN	USA
	Labor Force	Employment	% Unemploy.		
2011	23,643	22,229	6.0%	6.5%	8.9%
2012	23,494	22,267	5.2%	5.6%	8.1%
2013	23,472	22,357	4.8%	4.9%	7.4%
2014	23,673	22,668	4.2%	4.2%	6.2%
2015	24,058	23,162	3.7%	3.7%	5.3%
2016	24,256	23,336	3.8%	4.0%	4.7%
2017	24,946	24,126	3.3%	3.6%	4.4%
2018	24,842	24,060	3.1%	2.9%	3.9%
2019	24,580	23,661	3.7%	3.3%	3.7%
2020	24,779	23,547	5.0%	6.2%	8.1%
2021	22,957	22,142	3.6%	3.6%	5.3%
April 2020	24,119	22,645	6.1%	8.9%	14.4%
May 2020	24,348	22,694	6.8%	10.9%	13.0%
July 2022	22,435	21,972	2.1%	2.1%	3.8%

Source: MN Dept. of Employment and Economic Development - Local Area Unemployment Statistics; Viewpoint Consulting Group, Inc.

Employed Residents of Kandiyohi County



Job Growth Trends

- Table 13 shows that Willmar had 15,758 jobs in 2021, down from 17,124 in 2019, before the COVID-19 pandemic began. While 2022 job figures are not yet available, it is likely that they have increased from 2021.
- Willmar accounts for 70% of Kandiyohi County’s jobs, despite Willmar accounting for just 48% of the County’s population. Willmar is the commercial center of Kandiyohi County and the broader region, and hence a major employment destination.

**Table 13
Job Growth Trends
Willmar and Kandiyohi County
2010 to 2021**

	<u>Willmar</u>	<u>Remainder of Kandiyohi County</u>	<u>Kandiyohi County</u>	<u>Minnesota</u>
2010	15,493	6,623	22,116	2,563,391
2011	15,548	6,876	22,424	2,603,526
2012	15,458	7,067	22,525	2,644,935
2013	15,552	6,961	22,513	2,692,170
2014	15,754	7,058	22,812	2,729,613
2015	15,896	7,071	22,967	2,774,450
2016	15,972	7,359	23,331	2,813,648
2017	17,109	7,219	24,328	2,853,895
2018	17,409	6,942	24,351	2,882,004
2019	17,124	6,935	24,059	2,901,365
2020	16,602	6,653	23,255	2,704,197
2021	15,758	6,753	22,511	2,759,918
Change, '11 - '21				
Number	210	-123	87	156,392
Percent	1.4%	-1.8%	0.4%	6.0%
Source: MN Dept. of Employment and Economic Development - Quarterly Census of Employment and Wages; Viewpoint Consulting Group, Inc.				

- The number of jobs in Table 13 are only those covered by unemployment insurance. It excludes most self-employed, proprietors, domestic workers, unpaid family workers. Based on the data from US Census Bureau – Center for Economic Studies, the actual number of jobs in Willmar is closer to 18,500, as shown in Table 14.

Willmar Commuting Patterns

Not all residents of Willmar work in Willmar and vice versa – some workers in Willmar commute from elsewhere. Data on commuting trends as of 2019 is shown in Table 14. The data (Local Employment Dynamics) is from Census Bureau’s Center for Economic Studies. The table identifies the top communities in which Willmar residents are employed and communities in which Willmar workers reside. The following are key highlights.

- ▶ A large number of people commute to Willmar for work. As of 2019, an estimated 12,694 people commuted to jobs in Willmar (inflow). These commuters filled 69% of Willmar’s total of 18,465 jobs (the other 5,771 jobs were filled by people who lived and worked in Willmar (interior flow).
- ▶ While 5,771 Willmar residents worked in Willmar, another 4,926 Willmar residents commuted to jobs elsewhere (outflow). While this is a significant number of persons commuting to jobs elsewhere, Willmar is still a net importer of jobs (+7,768).

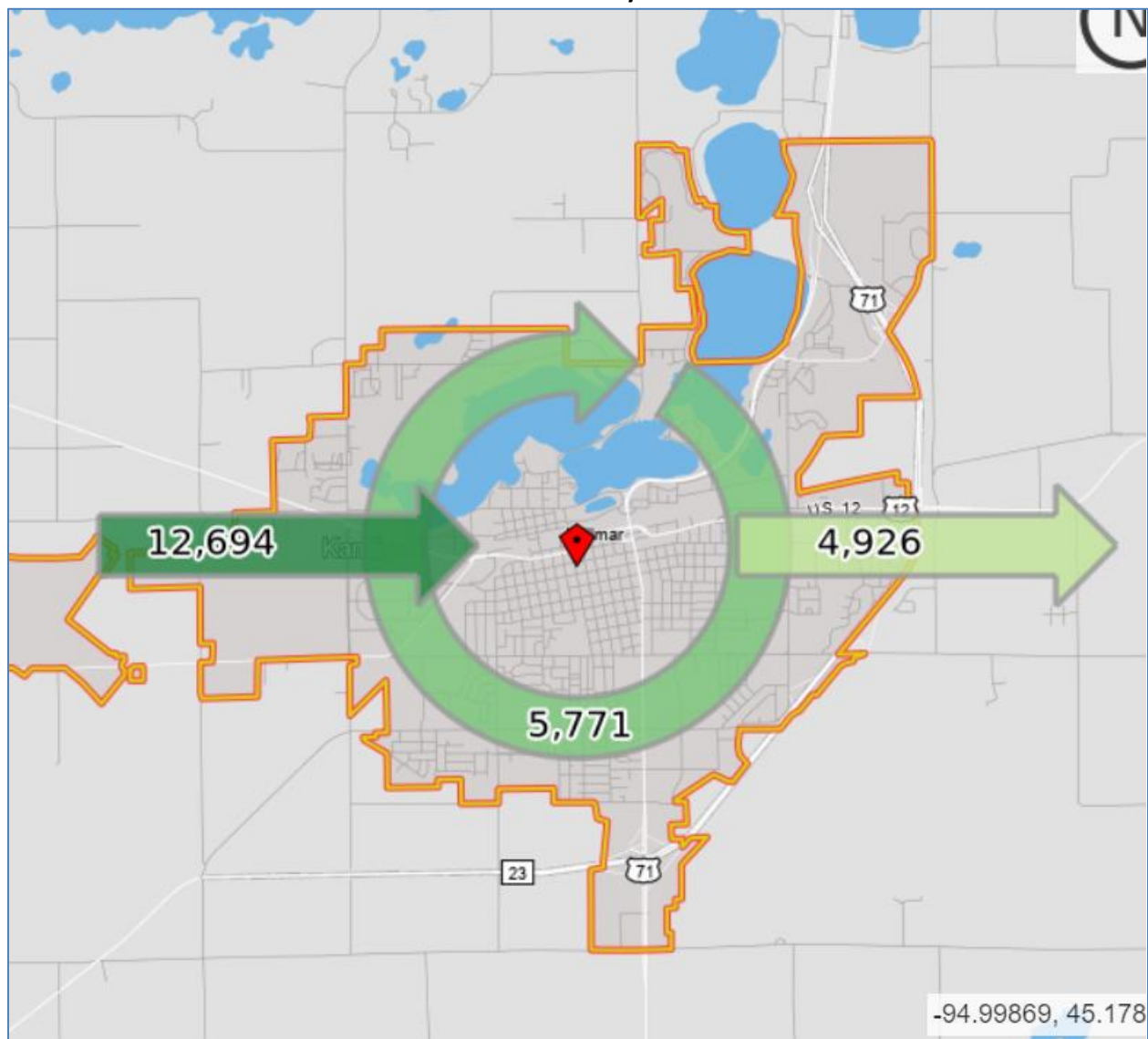
Table 14
Estimated Worker Commuting Patterns
Willmar, 2019

<u>Place of Employment</u>	<u>Place of Residence</u>	--- Workers ---	
		<u>Number</u>	<u>Pct.</u>
Willmar	Willmar	5,771	31.3%
Willmar	Elsewhere in Kandiyohi County	4,913	26.6%
Willmar	Meeker County	743	4.0%
Willmar	Stearns County	588	3.2%
Willmar	Renville County	501	2.7%
Willmar	Chippewa County	497	2.7%
Willmar	Other	5,452	29.5%
Total		18,465	100.0%
<u>Place of Employment</u>	<u>Place of Residence</u>		
Willmar	Willmar	5,771	53.9%
Elsewhere in Kandiyohi County	Willmar	1,924	18.0%
Hennepin County	Willmar	655	6.1%
Stearns County	Willmar	347	3.2%
Ramsey County	Willmar	282	2.6%
Renville County	Willmar	145	1.4%
Other	Willmar	1,573	14.7%
Total		10,697	100.0%

Sources: US Census Bureau - Center for Economic Studies; Viewpoint Consulting Group, Inc.

- ▶ Table 14 shows that people are commuting to work in Willmar from the greater surrounding area. However, the greatest single source of employees is still the remainder of Kandiyohi County (4,913 residents of the remainder of Kandiyohi County commute to Willmar for work). This is followed by Meeker and Stearns Counties. Overall, 58% of people who worked in Willmar lived in Kandiyohi County.
- ▶ After people who live and work in Willmar, the remainder of Kandiyohi County is the primary work destination for Willmar residents (estimated at 18% of commuters in 2019). The next largest destination was Hennepin County (6.1%), followed by Stearns County (3.2%). Overall, 72% of Willmar residents work in Kandiyohi County.

Willmar Workforce Inflow/Outflow in 2019



Source: US Census - OnTheMap

Major Employers

As shown in Table 14, Willmar has about 18,500 jobs, of which about 15,700 are covered by unemployment insurance (shown in Table 13). Willmar has a diverse employment base, with an estimated 725 “establishments,” or places of employment based on Quarterly Census of Employment and Wages data. This equates to an average of 22 employees per establishment. No one industry sector dominates Willmar’s employment base. Major employers include Jennie-O (Manufacturing), CentraCare (Health Care), Willmar Public Schools and Ridgewater College (Education). Representatives of larger employers shared their perceptions of housing demand and needs among employees currently living in the area and new employees moving to the community. The following points summarize key points from the interviews.

- Over the years, finding rental housing for new employees moving to Willmar has been challenging, but new apartments that have recently opened have alleviated this challenge. The new apartments are a welcome addition to Willmar’s housing supply.
- About 70% of new hires are people currently living in the local area. These hires often do not result in new people moving to Willmar seeking housing. The other 30% come from greater distances and need housing, typically rental housing.
- Since the COVID-19 pandemic, some office positions are filled by people who can work remotely. If these hires do not already live in Willmar, they often work from wherever they are currently living.
- An increasing proportion of workers who moved to Willmar years ago are becoming homeowners.
- Total employment of some food processing manufacturing is down from previous years. Automation, which was needed because of a labor shortage, has partly contributed to the lower employment.

Housing Characteristics

The variety and condition of the housing stock in a community provides the basis for an attractive living environment. The housing stock in Willmar was examined by reviewing data on the age of the existing housing, examining the housing stock by structure type; and examining residential building trends since 2000. Data was obtained from the U.S. Census Bureau and the City of Willmar (building permits). The following are key findings about the existing housing stock.

Age of Housing Stock

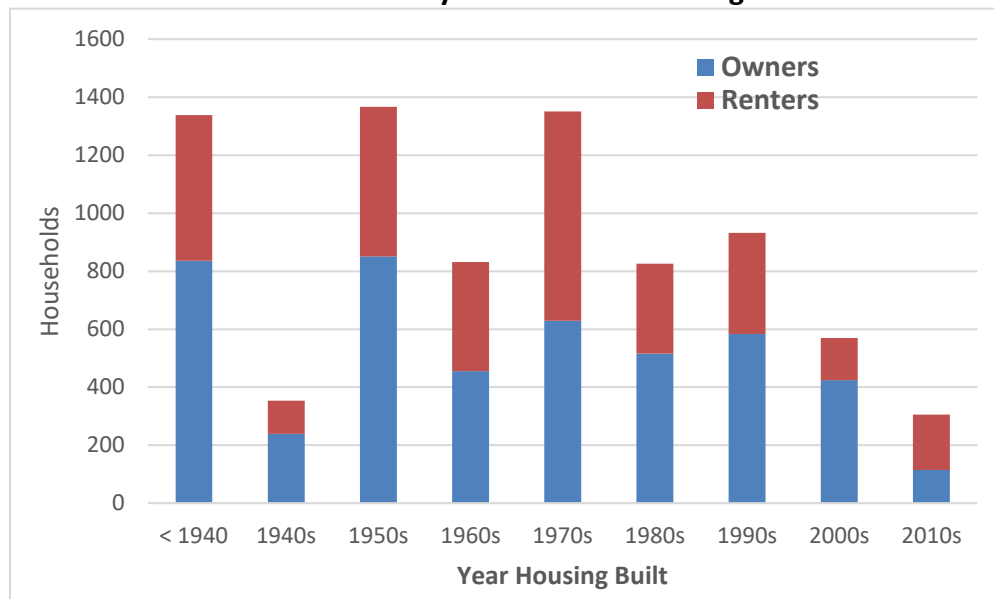
- A review of Willmar's housing stock from American Community Survey data shows that beginning with the 1940s, an average of 477 owner-occupied housing units were built during each decade. The peak decade was the 1970s, when about 629 owner-occupied homes were built. More recently, 424 owner-occupied homes in Willmar were built during the 2000s and 115 since 2010.
- Largely because of the downturn in the nationwide housing market which coincided with the Great Recession, the 2010s accounted for the fewest number of occupied housing units in Willmar since before the 1940s.
- The 1970s was the peak decade for rental housing construction. Just over 720 units building during the 1970s are occupied by renters in Willmar. With several new apartments either built or currently under construction, this decade (2020s) will likely be a new rental housing construction peak in Willmar
- Homes built prior to 1950, which are now 70+ years old, are more likely to have a substantial need for rehabilitation and/or replacement due to physical or functional obsolescence. In Willmar, about 21% of the housing units were built before 1950.

Table 15
Estimated Occupied Housing Units by Age of Structure
Willmar
2020

	Owner		Renter		Total	
	Units	Pct.	Units	Pct.	Units	Pct.
< 1940	836	18.0%	503	15.6%	1,339	17.0%
1940s	239	5.1%	114	3.5%	353	4.5%
1950s	851	18.3%	516	16.0%	1,367	17.4%
1960s	456	9.8%	376	11.7%	832	10.6%
1970s	629	13.5%	722	22.4%	1,351	17.2%
1980s	516	11.1%	309	9.6%	826	10.5%
1990s	583	12.5%	349	10.8%	932	11.8%
2000s	424	9.1%	145	4.5%	570	7.2%
2010s	115	2.5%	191	5.9%	306	3.9%
Total	4,649	100.0%	3,226	100.0%	7,875	100.0%

Sources: US Census (2020 American Community Survey); Viewpoint Consulting Group, Inc.

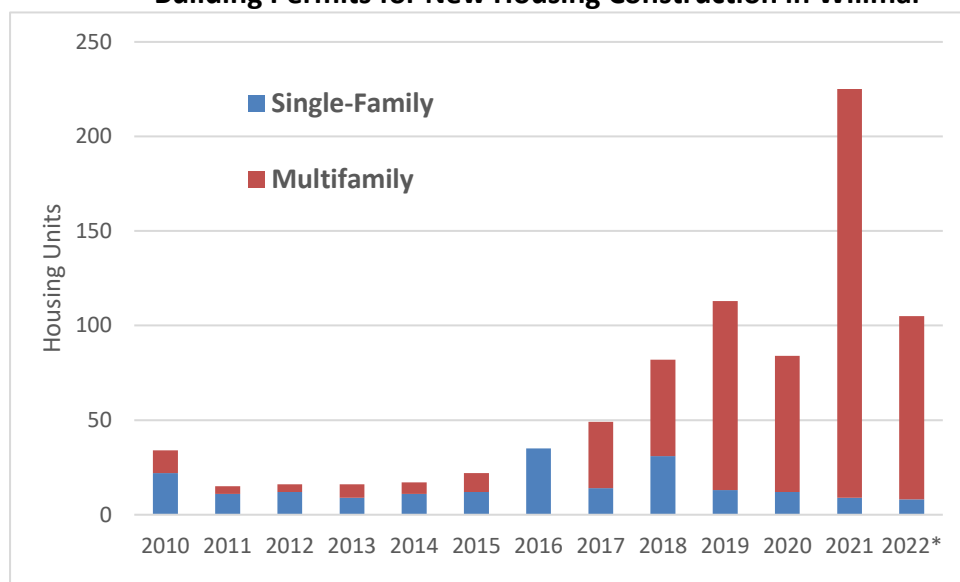
Willmar Households by Decade their Housing was Built



Residential Construction

- Permits were issued for 630 new housing units in Willmar during the 2000s. Over three-quarters of the permitted housing units were single-family homes. Only 135 rental units were permitted during the 2000s, compared to 229 units during the 2010s and 385 during the first two and a half years of the 2020s.
- The lingering effects of the Great Recession on the housing market lasted into most of last decade. Only 77 permits were issued for new single-family homes in Willmar from 2010 through 2015, or an average of 13 per year. Multifamily permits were down as well, totaling just 43 units through 2016.
- Beginning in 2015, permits for single-family homes increased, as an average of 23 were permitted annually from 2016 through 2019. Multifamily permits also increased during the later-half of the 2010s and include the first 72-unit building at Edgeview (permitted in 2019), which will eventually have 288 units when construction is completed in 2023.
- Since 2020, permits for new single-family homes in Willmar has continued to remain below historic levels. Only nine permits were issued in 2021 and through August 2022, only eight permits were issued. At the current pace, fewer single-family homes will be built in Willmar than during the 2010s, which saw the fewest single-family homes built since before 1940.
- While the development of single-family homes remains low in Willmar. Multifamily permits have increased substantially. Permits have already been issued for 385 multifamily units since 2020 and another 216-unit rental complex was approved by the City in October 2022 (but permits have not yet been issued).

Building Permits for New Housing Construction in Willmar



* Through August 2022

Table 16
Building Permit Trends
Willmar
2000 to August 2022

Year	---- Housing Units ----		Total
	Single-Family	Multifamily	
2000s	495	135	630
2010	22	12	34
2011	11	4	15
2012	12	4	16
2013	9	7	16
2014	11	6	17
2015	12	10	22
2016	35	0	35
2017	14	35	49
2018	31	51	82
2019	13	100	113
Total	170	229	399
2020	12	72	84
2021	9	216	225
2022*	8	97	105
Total	29	385	414
* Through August 2022			
Source: City of Willmar; Viewpoint Consulting Group, Inc.			

Housing Stock by Type of Housing

- The dominant housing type in Willmar is a single-family home with this type representing an estimated 67% of all housing units in 2020. Single-family homes and townhomes account for over 95% of owner-occupied housing units in Willmar and 26% of the rental units.
- Although Willmar has numerous multifamily apartment properties, single-family homes still account for 26% of the occupied rental units (844 units). Additionally, duplex through four-plex buildings also accounted for 26% of rental units. Combined with single-family homes, they account for over half the rental housing supply in Willmar.

Table 17
Estimated Occupied Housing Units by Type of Structure
City of Willmar, 2020

	No.	Pct.
Owner Occupied:	4,649	100.0%
1, detached or attached	4,437	95.4%
2 to 4 units	53	1.1%
5 to 19 units	20	0.4%
20 or more units	0	0.0%
Mobile Home, etc	139	3.0%
Renter Occupied:	3,226	100.0%
1, detached or attached	844	26.2%
2 to 4 units	833	25.8%
5 to 19 units	585	18.1%
20 or more units	963	29.9%
Mobile Home, etc	0	0.0%
Total Occupied:	7,875	100.0%
1, detached or attached	5,281	67.1%
2 to 4 units	886	11.3%
5 to 19 units	605	7.7%
20 or more units	963	12.2%
Mobile Home, etc	139	1.8%
Sources: US Census (2020 American Community Survey); Viewpoint Consulting Group, Inc.		

- There are two mobile home parks in Willmar that had an estimated 139 homes, with all being owned.

Owner-Occupied Housing Market Analysis

This section analyzes Willmar's owner-occupied housing market. Analyzed are single-family home resale trends, subdivisions being actively marketed, pending subdivisions, and interviews with local real estate professionals and others involved in the local housing market to solicit their impressions of existing market conditions and trends. The Kandiyohi County Assessor's Office provided the data on resale trends. The following are key findings regarding the for-sale housing market.

Home Resale Trends

- The median price of homes sold in 2022, through September, was \$180,000 in Willmar. This was up from \$160,000 in 2021 and from \$136,000 in 2018. Over the five-year period, the annual average increase in the median sale price was 7.4%. Countywide, the average annual increase in the median sale price was slightly higher – at 8.4%. Countywide, the median sale price was \$205,500 in 2022 (through September).
- During the four-year period from 2018 through 2021, the number of annual home sales in Willmar averaged 388, with 2021 having the most sales (433). Overall, just over 8% of Willmar's owner-occupied housing stock is sold each year.
- In Willmar, the median sale price of homes on average was about \$11,000 less than the average sale price. Countywide, the difference between the two averaged about \$32,000 over the four-year period. Sales of very expensive lake homes skews the average higher in the rural part of the county more so than in Willmar.

Table 18
Resale Trends of Existing Single-Family Homes
Willmar
2018 through September 2022

Year	No. Sold	Avg Sales Price	Median Price	Change in Median
Willmar				
2018	387	\$149,957	\$136,000	--
2019	383	\$144,552	\$139,100	2.3%
2020	348	\$161,928	\$155,000	11.4%
2021	433	\$177,822	\$160,000	3.2%
2022*	267	\$190,486	\$180,000	12.5%
Kandiyohi County Total				
2018	801	\$180,742	\$149,900	--
2019	767	\$173,770	\$150,000	0.1%
2020	793	\$205,648	\$174,000	16.0%
2021	895	\$232,031	\$185,000	6.3%
2022*	528	\$234,883	\$205,500	11.1%
* Through September 2022				
Sources: Kandiyohi County Assessor; Viewpoint Consulting Group,				

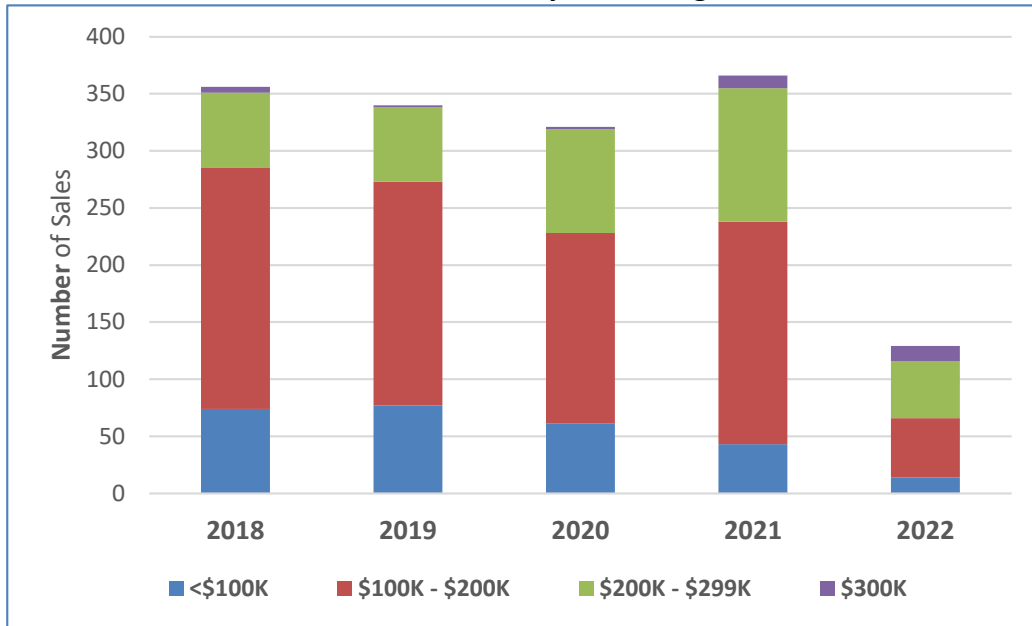
- From 2018 through September 2022, the number of home sales in Willmar peaked in the \$100,000 to \$199,999 range. Except for 2022, over half the homes sold each year in Willmar were in this price range. In 2022, 42% of the homes sold in Willmar were in the \$100,000 to \$199,999 price range.
- The number of homes sold in Willmar above \$200,000 has increased from 18% of all sales in 2019 to 42% of all sales in 2022.
- Data from Table 9 on Page 25 reveals that about 65% of Willmar's homeowners had incomes of less than \$83,600 (the median income for Kandiyohi Count's households at Area Median Income) in 2022. Most of these homeowners would be seeking homes priced at about \$250,000 or less. This coincides closely with Willmar's home sales in 2022, when a similar percentage was sold under \$250,000.

Table 19
Home Resales by Price Range
Willmar
2018 to September 2022

Sale Price	2018	2019	2020	2021	2022
< \$100,000	93	103	76	68	42
\$100,000 - \$199,999	224	212	182	228	113
\$200,000 - \$299,999	53	55	70	95	84
\$300,000 - \$399,999	12	11	18	31	22
\$400,000 +	5	2	2	11	6
Total Sales	387	383	348	433	267
Percent over \$200K	18%	18%	26%	32%	42%
Median Year Built	1968	1962	1968	1959	1967
Median Sale Price	\$136,000	\$139,100	\$155,000	\$160,000	\$180,000

Sources: Kandiyohi County Assessor; Viewpoint Consulting Group, Inc.

Number of Home Sales in Willmar by Price Range, 2018 to June 2022



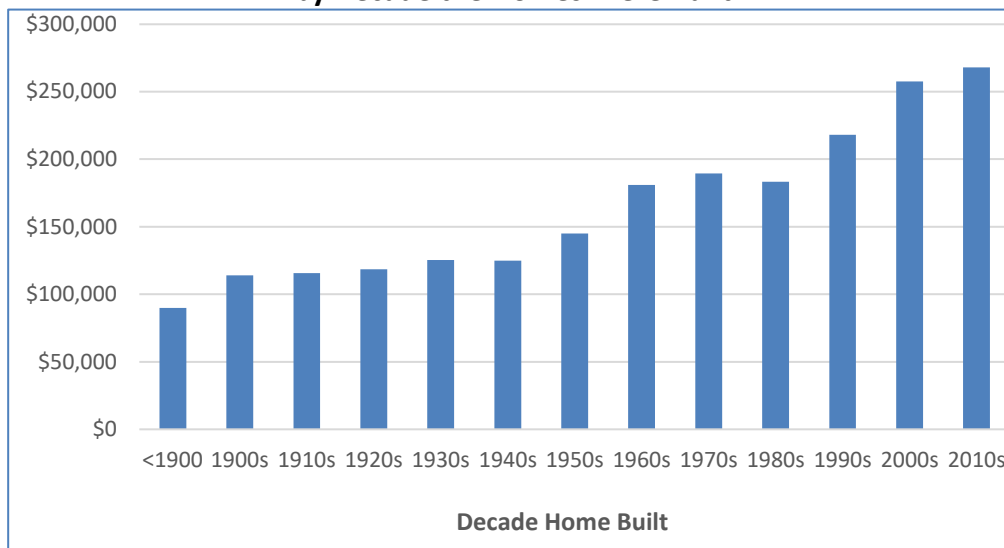
- Since 2020, there have been sales in Willmar of homes built in each decade since 1900. Typically, the average home resale price declines as the homes get older. This is highlighted in the chart below. The median sale price of homes built before 1900 was \$90,000. Among homes built in 2010 or later, the median sale price was \$268,000.

Table 20
Home Resales by Year Homes Built (Homes Sold Between 2020 and September 2022)
Willmar

Year Built	No. of Sales	Average Sales Price	Median Sales Price
<1900	45	\$104,394	\$90,000
1900 - 1909	47	\$106,882	\$114,000
1910 - 1919	66	\$116,681	\$115,650
1920 - 1929	50	\$121,033	\$118,500
1930 - 1939	38	\$124,741	\$125,250
1940 - 1949	89	\$129,739	\$125,000
1950 - 1959	150	\$145,035	\$145,000
1960 - 1969	86	\$185,935	\$181,000
1970 - 1979	100	\$191,392	\$189,563
1980 - 1989	110	\$195,003	\$183,250
1990 - 1999	135	\$234,488	\$218,000
2000 - 2009	88	\$268,144	\$257,500
2010 +	38	\$260,075	\$268,000
Total	1,042		

Sources: Kandiyohi County Assessor; Viewpoint Consulting Group, Inc.

Median Resale Price of Willmar Homes Sold from 2018 to 2022
by Decade the Homes Were Built



Current Supply of Homes on the Market

- As of November 2022, there were 18 single-family homes actively listed for sale in Willmar. Table 22 shows that of the 18 homes listed for sale, 12 were priced above \$200,000, or two-thirds of the listings. The median list price was \$227,500, or well above the median sale price of homes sold during the year through September (\$180,000).
- There were more homes listed for sale in the rural parts of Kandiyohi County than in either Willmar or the other smaller communities. Many of the listings were lake homes in the northern part of the County, and included many homes listed for sale for over \$1.0 million. Thus, the median list price of homes in the rural part of the County (\$569,000) was much higher than the median list price in Willmar (\$227,500) or in the remaining smaller communities (\$292,500).

Table 21
Active Single-Family Home Listings
Kandiyohi County
November 2022

List Price	--- Number of Active Listings ---		
	Willmar	Small Communities	Rural
< \$100,000	2	0	0
\$100,000 - \$199,999	4	2	0
\$200,000 - \$299,999	6	3	2
\$300,000 - \$399,999	5	1	5
\$400,000 +	1	4	16
Total	18	10	23
Average List Price	\$243,406	\$487,290	\$794,452
Median List Price	\$227,500	\$292,500	\$569,000
Median Year Built	1969	1949	1987
Median Sq. Ft.	1,976	2,724	2,377

Source: Realtor.Com; Viewpoint Consulting Group, Inc.

Willmar's housing market is very strong based on data from the West Central Association of Realtors. As of September 2022, Willmar had 256 new listings year-to-date, which led to a 1.2-month supply of homes. This is lower than the multicounty region, which had a 2.4-month supply, which is also very low. Overall, the average days on market for new listings in 2022 (through September) was 43 days, down from 93 days in 2019.

Active Subdivisions

The supply of lots in Willmar available for new housing construction is primarily contained in three subdivisions, which are displayed in Table 22 along with subdivisions in surrounding communities in Kandiyohi County. The following are summaries of these subdivisions.

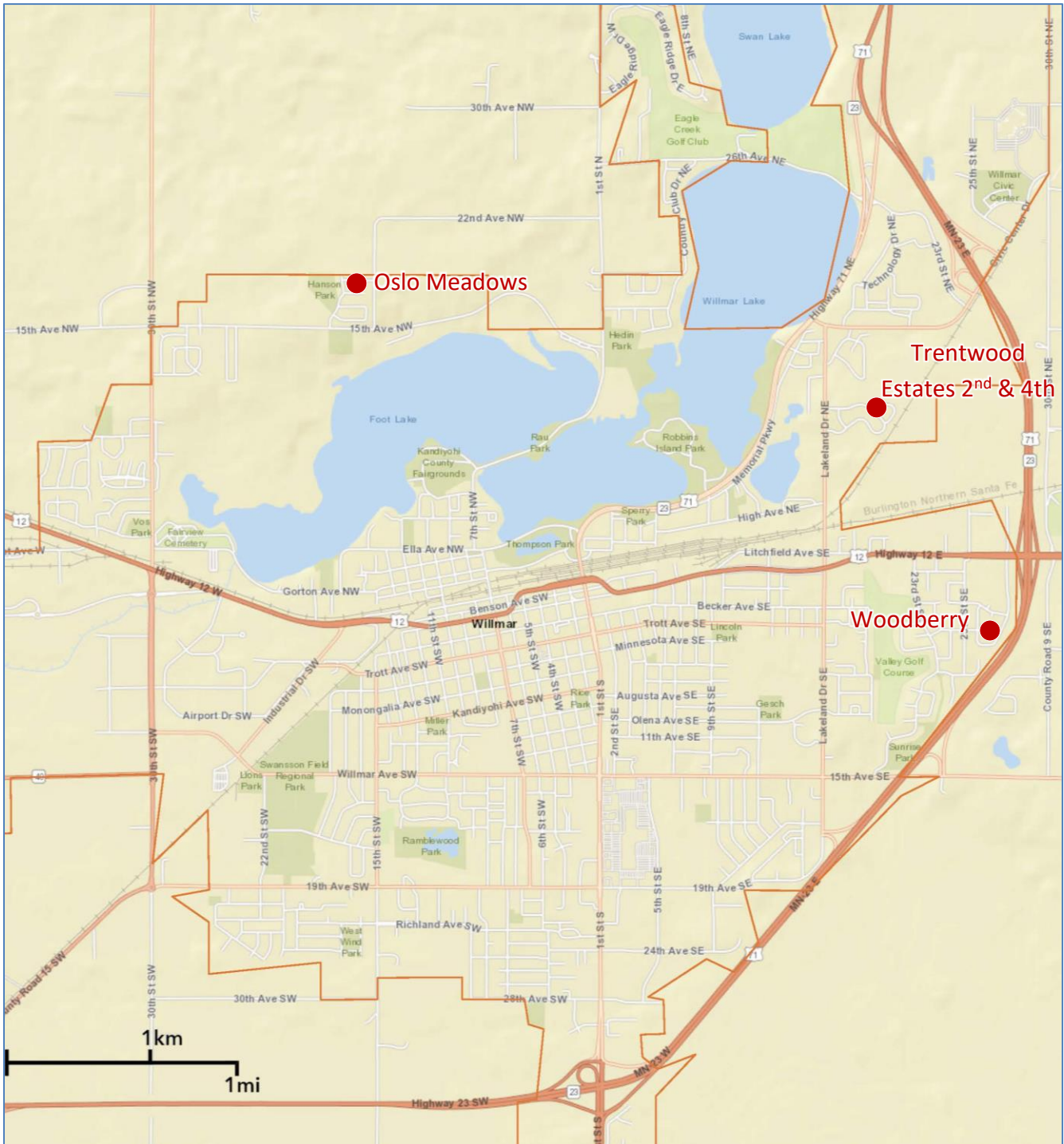
- Trentwood Estates is a subdivision in northeastern Willmar, on Lakeland Drive Northeast. There are 26 lots remaining in the 2nd and 4th Additions. Combined, the two additions contain 51 lots which were first platted in 2006. This equates to 25 homes being completed, or an average of less than two homes per year. Homes in Trentwood Estates 2nd & 4th Additions have averaged about \$360,000. Lots are priced at about \$32,000.
- Woodberry Addition is located east of 25th Street Southeast and south of Highway 12. It was platted in 2014 with 65 lots and 23 lots remain. An average of over five homes have been built annually in Woodberry Addition (totaling 42 homes), making it the most active subdivision in Willmar. The average home price is about \$300,000. Lots are priced at just under \$35,000.
- Oslo Meadows is the newest subdivision in Willmar. The 46-lot subdivision was platted in 2017, north of 15th Avenue Northwest. Twenty-five homes have been completed, equating to an average of just under five homes per year. Twenty-one lots remain available. Homes in Oslo Meadows have averaged about \$250,000. Lots are priced at under \$8,000.
- Willmar has 70 available lots in the three subdivisions listed in Table 23, which accounts for most of its lots. Outside Willmar, there are another 73 lots available in five subdivisions in smaller surrounding communities. Of these communities, the greatest lot supply is in New London, which has two subdivisions totaling about 40 available lots. Lots in New London's two subdivisions are priced at about \$32,000 (Westland Park) and \$36,000 (London Hills).

Table 22
Actively Marketing Subdivisions
Kandiyohi County
November 2022

Subdivision	City	Year Platted	Total Lots	Avail. Lots	Avg. Lot Size (sf)	Typical Lot Price	Typical Home Price
Willmar							
Oslo Meadows	Willmar	2017	46	21	7,800	\$7,700	\$250,000
Woodberry Addition	Willmar	2014	65	23	13,068	\$35,000	\$300,000
Trentwood Estates 2nd & 4th	Willmar	2006	51	26	10,454	\$32,000	\$360,000
Total			162	70			
Remainder of County							
Dirks 4th Additon	Pennock	2012	28	21	14,800	\$5,000	\$190,000
First Street South Add.	Raymond	2011	23	8	15,200	\$12,500	\$210,000
Prinsburg Sunset Add.	Prinsburg	2013	15	4	0.5 Acres	\$20,000	\$340,000
Westland Park	New London	2015	99	19	13,068	\$32,000	\$300,000
London Hills 2nd & 3rd Add	New London	2018	27	21	17,424	\$36,000	\$365,000
Total			192	73			

Source: Viewpoint Consulting Group, Inc.

Actively Marketing Single-Family Home Additions in Willmar



Typical Homes in Willmar's Active Housing Subdivisions



Oslo Meadows



Trentwood Estates



Woodberry

Pending Subdivisions

There are no new subdivision plats under city review. However, there are discussions regarding a proposed “tiny house” development near Lakeland Drive Southeast, south of Willmar Avenue. As proposed, it would be 12 to 14 homes. If this development moves forward, it would meet some of the need of a segment of the ownership market. There is also a 179-acre parcel of land for sale on the north side of Foot Lake (Kallevig property). If sold to a developer, single-family homes and townhomes would likely constitute a large portion of the new land use.

Interview Summary

Real estate agents, developers, and builders familiar with Willmar’s owner-occupied market were interviewed to solicit their impressions of the current for-sale housing market. The following are key points from those interviews.

- There is strong demand for homes in Willmar and existing homes that come on the market are typically sold quickly.
- Affordability is a key issue limiting new construction, as new homes simply cost more than what many potential buyers are willing or able to purchase.
- Material costs to construct homes have increased in recent years, and this has contributed to higher prices. Lot costs have also contributed to higher home prices. It has become very difficult to construct new homes for less than \$300,000. Another factor making homes less affordable to potential buyers is a recent rise in interest rates for home loans.
- The majority of people looking to purchase new construction homes in Willmar are empty-nesters and seniors. Typically, these buyers are seeking single-level homes. Families make up a portion of Willmar’s buyers, but Willmar competes with the rural lakes area and surrounding towns, primarily New London, for these younger buyers.
- Many homebuyers in Willmar are people moving up from existing homes that they own or are moving to the area for jobs. Local renters purchasing homes remains a smaller segment of the homebuyer market.
- Many people seeking to building higher-end homes are choosing locations on area lakes. Thus, a significant portion of the homes being built in Willmar are more entry-level.
- To boost home construction in Willmar, a greater number of lots need to be created than what currently exists. However, it has become very expensive to develop subdivisions and while Willmar has many homebuilders and contractors, it does not have many land developers willing to take on the risk of a new subdivision.

Rental Housing Market Analysis

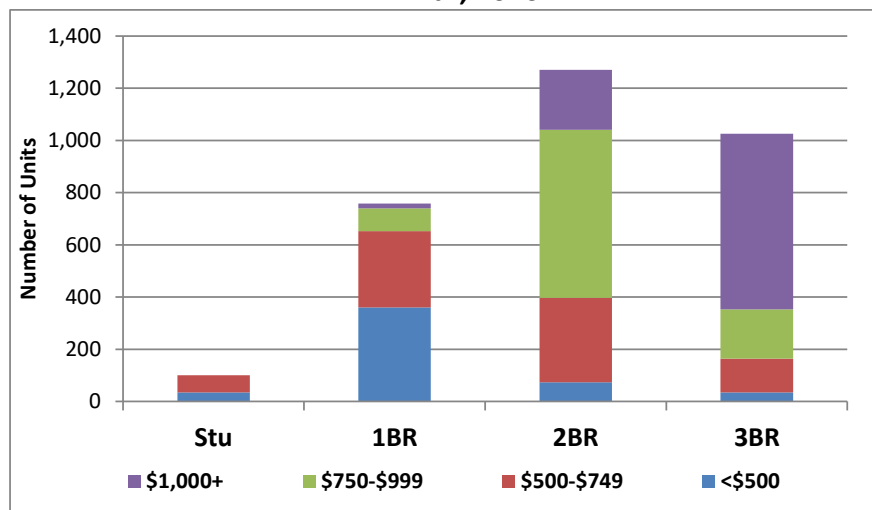
This section of the report analyzes the rental housing market in Willmar. The analysis includes a survey of rental properties and interviews with real estate agents, rental housing managers, property owners, and others familiar with the Willmar rental housing stock. Properties are categorized in this section as rental (general occupancy) or senior (age-restricted).

Overall Rental Housing Supply

Table 23 on the following page shows the estimated number of rental units in Willmar in 2020 by number of bedrooms and gross rent. The rental units include those in all housing types – from mobile homes to single-family homes and apartment buildings. The data is from the Census Bureau’s American Community Survey. The American Community Survey is conducted annually by the Census Bureau. The following are key points from Table 23.

- ▶ There were an estimated 1,271 occupied rental units with two bedrooms in Willmar in 2020, which accounts for the greatest proportion of Willmar’s rental housing supply (39%). Units with three or more bedrooms accounted for about 32% of the community’s rental stock and units with one bedroom accounted for about 24%. A large portion of the units with three or more bedrooms are likely in single-family homes versus multifamily buildings.
- ▶ The apartment properties in Willmar contain a relatively small number of three-bedroom units. The three-bedroom units in Table 23 (1,000+ units) are primarily found in single-family homes and townhomes that are converted to rentals.

**Estimated Number of Units by Unit Type and Gross Monthly Rent*
Willmar, 2020**



*Gross rent includes the cost of all utilities, whether they are paid by the landlord or tenant.

Table 23
Estimated Gross Rent by Bedrooms in Unit
Willmar, 2020

	<u>Number</u>	<u>% of Total</u>
Studio		
Less than \$300	10	0.3%
\$300 to \$499	24	0.7%
\$500 to \$749	66	2.0%
\$750 to \$999	0	0.0%
\$1,000 to \$1,499	0	0.0%
<u>\$1,500 or more</u>	<u>0</u>	<u>0.0%</u>
Subtotal	100	3.1%
1 bedroom		
Less than \$300	106	3.3%
\$300 to \$499	255	7.9%
\$500 to \$749	293	9.1%
\$750 to \$999	87	2.7%
\$1,000 to \$1,499	19	0.6%
<u>\$1,500 or more</u>	<u>0</u>	<u>0.0%</u>
Subtotal	759	23.5%
2 bedrooms		
Less than \$300	18	0.6%
\$300 to \$499	56	1.7%
\$500 to \$749	323	10.0%
\$750 to \$999	644	20.0%
\$1,000 to \$1,499	203	6.3%
<u>\$1,500 or more</u>	<u>27</u>	<u>0.8%</u>
Subtotal	1,271	39.4%
3 or more bedrooms		
Less than \$300	0	0.0%
\$300 to \$499	36	1.1%
\$500 to \$749	129	4.0%
\$750 to \$999	189	5.9%
\$1,000 to \$1,499	620	19.2%
<u>\$1,500 or more</u>	<u>53</u>	<u>1.7%</u>
Subtotal	1,026	31.8%
No cash rent	35	1.1%
Total	3,226	100.0%
Sources: 2020 American Community Survey; Viewpoint Consulting Group, Inc.		

- ▶ Table 23 shows that the greatest portion of one-bedroom units have gross rents (rent plus utilities) of \$500 to \$749. Most one-bedroom units with rents below \$500 are likely subsidized or affordable units.
- ▶ About half of two-bedroom units in Willmar have rents between \$749 and \$1,000. There also many two-bedroom units with rents between \$500 and \$749. Most of these units are likely subsidized or affordable, as most market rate apartments in Willmar have rents above \$750. Only a small portion of two-bedroom units have rents of \$1,500 or more.
- ▶ Among the three-bedroom units in Willmar, just almost two-thirds have gross rents of more than \$1,000. Most with units below \$1,000 are likely affordable or subsidized.

Rental Housing Inventory

As shown in the demographic and housing stock overview sections, there were an estimated 3,226 renter households in Willmar as of 2020. Roughly one-quarter the renters lived in rented single-family homes. Larger rental properties were surveyed as part of this analysis, and in total they contained 2,387 units, or three-quarters of Willmar's rental housing supply. Information on the surveyed rental properties is summarized in Table 24. The following types of properties were inventoried:

<u>Property Type</u>	<u>Total Units</u>
Market Rate	1,537
Subsidized/Affordable	824
Market Rate Senior with Services	242

The following are key highlights about Willmar's rental housing supply.

Market Rate, General-Occupancy Rental Summary

- Twenty market rate general-occupancy rental properties totaling 1,414 units were surveyed. Along with three age-restricted (55+) properties totaling another 123 units. The total of 1,414 general-occupancy units includes 273 units that are currently under construction and scheduled to open in 2023.
- Eight of the properties, totaling 524 units, were Suite Liv'n properties. This equates to about 45% of the market rate, general-occupancy supply surveyed that is currently open for occupancy. The Suite Liv'n supply consists largely of 1970s properties that were purchased during the past several years. Among them were Evergreen Ridge, Fairview, Lakeland Estates, Meadowbrook, Rothenburg, and Willow Run.
- Overall, 88 vacant units were identified among the general-occupancy properties surveyed. However, all but two were in the Suite Liv'n properties. While the Suite Liv'n properties are at a combined 16.4% vacancy rate, the other general-occupancy properties (totaling 593 units that are open) are at a combined 0.3% vacancy rate.
- Suite Liv'n is working with the City of Willmar regarding the condition of the units in their properties. Approximately 20% of their units are in jeopardy of not passing inspections for the renewal of their rental license based on their condition. Additionally, The Minnesota Attorney General's Office is investigating Suite Liv'n regarding habitability violations and business dealings. The condition of Suite Liv'n properties has contributed to their high vacancy rate, and in turn has contributed to the very low vacancy rate in other properties as tenants seek more suitable housing.

- Three new properties have opened or are under construction since 2020: Suite Liv'n on 26th Street Northwest, Edgeview, The Preserve on 24th, Block 25 Lofts. When finished, all three combined will have 477 units. When finished in 2023, Edgeview will consist of 288 units in four buildings. The first 72-unit building opened in 2020 and the second building opened in 2021. Both were fully leased upon opening. The third and fourth buildings are under construction and are scheduled to open in January and June 2023. Edgeview's rents are \$1,095 to \$1,195 for one-bedroom units, \$1,295 to \$1,450 for two-bedroom units, and \$1,595 for three-bedroom units.
- The Preserve on 24th will consist of three 36-unit buildings, totaling 108 units. The first building opened in November 2022 and was fully leased upon opening. Its rents are \$895 to \$945 for one-bedroom units and \$1,095 to \$1,145 for two-bedroom units.
- Block 25 Lofts is under construction in downtown Willmar and is scheduled to open in 2023. It is a 58-unit building that will have rents of \$910 to \$940 for one-bedroom units and \$1,100 to \$1,250 for two-bedroom units.
- Among the three newest market rate properties in Willmar, the average rent was \$995 for one-bedroom units and \$1,220 for two-bedroom units. The only three-bedroom units are at Edgeview, which rent for \$1,595.
- Fourteen of the market rate properties are 1970s or older properties and they combine for 631 of the 877 general-occupancy units surveyed (or 72%). These properties have rents that are more modest than the properties built since 2020. Among the 14 older properties, the average rent was \$685 for one-bedroom units, \$785 for two-bedroom units, and \$930 for three-bedroom units. The vast majority of units in these buildings have just one or two bedrooms. Just 43, or about 7%, had three bedrooms.
- The unit mix at the apartment properties surveyed was 4% studio, 26% one-bedroom units, 62% two-bedroom units, and 8% three-bedroom units. There were no four-bedroom units.
- Cambridge Estates I through IV plus Emerald Pond have the same owner and combine for 175 units. The units are in mostly one-story duplex through four-plex buildings with attached garages. The first units were built from the 1980s through the 2010s. Most two-bedroom units have rents that begin at about \$1,200. Three-bedroom townhome units begin at about \$1,395 and three-bedroom single-family homes begin at \$1,800.
- Students at Ridgewater make up a portion of the renter base in Willmar. Historically, the apartments just west of the campus (Suite Liv'n; formerly Evergreen Ridge, Fairview Apartments, and Jenny Lee Apartments) accommodated many of the students. However, these apartments are now mostly occupied by working individuals and families. Students are spread out among apartments and single-family rentals across Willmar and even in surrounding smaller towns.

Market Rate, Senior (55+) Rental Summary

- There are three market rate apartment properties that are age-restricted (55+) but do not offer personal care services or meals, but instead cater to independent seniors. The three properties contain 123 units, of which three were vacant, for a vacancy rate of 2.4%. According to managers, these vacancies are due to normal turnover and will be filled soon through waiting lists of potential residents.
- The newest market rate senior property is Sterling Manor. It was built in 2003 and has rents of \$799 to \$878 for one-bedroom units and \$964 to \$1,041 for two-bedroom units. Garages are an additional \$55 per month. The other two market rate senior properties were built in 1975 (Nyberg Apartments) and 1980 (Westview Village).

Affordable General-Occupancy Rental Summary

- Six properties affordable through the Low Income Housing Tax Credit program (LIHTC) are in Willmar with a combined 267 units. To be eligible, LIHTC properties must have 20% or more of the units occupied by individuals or families whose income is 50% or less than the area median gross income and the unit is rent restricted. Alternatively, 40% percent or more of the units in the project must be occupied by individuals or families whose income is 60% or less than the area median gross income. The 2022 income limit at 60% of area median income for Kandiyohi County is \$35,160 for one-person households to \$54,180 for five-person households. The maximum gross rent for units restricted at 60% of area median income is \$941 for one-bedroom units, \$1,229 for two-bedroom units, and \$1,304 for three-bedroom units.
- Among the six properties affordable LIHTC properties in Willmar, four vacancies were identified, for an overall vacancy rate of 1.5%. This is well below the standard 5% vacancy rate considered for a healthy rental market and indicates a need for additional units. The vacancies that exist are normally due to normal turnover and are leased as soon as the units are prepared for the next tenant.
- The newest affordable rental property in Willmar is 15th Street Flats. It is a 47-unit property that opened in 2019. Units are affordable at 30% to 60% AMI, with 10 units also being restricted to persons with disabilities or experiencing long-term homelessness. 15th Street Flats is fully occupied with the exception of two supportive units reserved for long-term homelessness. Generally, there are fewer applicants for supportive units versus general-occupancy units.
- Westwinds Townhomes is an affordable property that opened in 2010 with 28 units. The other four affordable properties in Willmar were all built during the 1990s. They are generally always fully occupied.

- The unit mix at the affordable properties was 41% one-bedroom units, 40% two-bedroom units, and 19% three-bedroom units. There were three four-bedroom units.
- Among the affordable rental properties, the average rent was \$790 for two-bedroom units and \$990 for three-bedroom units. These rents are well below the maximum gross rents allowable in Kandiyohi County for units restricted at 60% AMI of \$1,129 for two-bedroom units and \$1,304 for three-bedroom units. These rents are similar to rents at older (mostly 1970s) market rate properties in Willmar and much lower than rents at the three market rate properties that have opened since 2020.

Subsidized General-Occupancy Rental Summary

- Willmar contains nine general-occupancy subsidized properties in which low-income residents pay 30% of their adjusted gross income (AGI) for rent. Seven of the subsidized properties are Rural Development (USDA) properties and two are public housing. The nine properties combine for 438 units. Two vacancies were identified, for a vacancy rate of 0.5%.
- Dana Heights consists of 48 apartment and townhome units that opened in 1992. It is the newest subsidized property in Willmar. Most properties were built during the 1980s.
- The largest subsidized properties are Lakeview Apartments (127 units) and Cardinal Manor (131 units). Lakeview Apartments is an eight-story, public housing building by the HRA that opened in 1971. It was constructed as a senior subsidized building and thus consists entirely of one-bedroom units except for one two-bedroom unit. The resident mix now includes a diverse mix of younger residents to senior citizens. Cardinal Manor opened in 1980 and 1982 and consists of four buildings. Rental Assistance is available in 108 of its 131 units allowing residents to pay 30% of their AGI for rent. Other residents pay between \$653 and \$658 for one-bedroom units and \$698 and \$708 for two-bedroom units.

Subsidized Senior Rental Summary

- Willmar contains four senior subsidized properties in which low-income residents pay 30% of their adjusted gross income (AGI) for rent. Two of the subsidized properties are HUD properties (Section 8 and Section 202) and two are Rural Development (USDA) properties. The four properties combine for 143 units. No vacancies were identified.
- The two Rural Development properties (Lake Place I and Lake Place II) opened in the mid-1980s. The newest property – Centennial Square – opened in 1997. It is a 40-unit building on the Bethesda Sunrise Village campus. The campus also contains skilled nursing care and market rate independent and assisted living housing.

Table 24
Selected Willmar Rental Housing Properties
November 2022

Property Name	Year Built	Number of Units	Vacant Units	Monthly Rents	Comments
Market Rate					
Block 25 Lofts 401 24th	Spring 2023	6 - Stu 37 - 1BR 3 - 1BR+D <u>12</u> - 2BR 58	n.a.	\$830 \$910 - \$940 \$985 \$1,100 - \$1,250	Building features a sky lounge, fitness center, pet park, and secured, underground heated parking with EV charging stations. A waiting list of prospective residents is being compiled.
The Preserve on 24th 401 24th	Fall 2022	3 - Stu 36 - 1BR <u>69</u> - 2BR 108	0	\$795 \$895 - \$945 \$1,095 - \$1,145	Three 3-story buildings. First 36-unit building opened in Nov. 2022. Other buildings will open in Spring 2023 (72 additional units). Amenities include clubhouse and swimming pool, laundry facilities, business center, fitness center, and playground. Rent includes heat & trash. Garage = \$60/mo.
Edgeview (formerly Unique Opportunities) 1001 & 1021 30th St NW	2020- 2023	102 - 1BR 138 - 2BR <u>48</u> - 3BR 288	0	\$1,095 - \$1,195 \$1,295 - \$1,450 \$1,595	Two buildings with 144 units that opened in 2020 and 2021. Two additional buildings (144 units) will open in January and June 2023 (for a total of 288 units). Edgeview features underground parking, community room and fitness room. Rent includes heat, water/sewer, & trash. UG parking = \$75/mo.
Cambridge Estates IV 23rd St. SE	2014+	28 - 3BR	0	\$1,395 - \$1,450	12 townhomes units and 16 patio homes. Rent includes heat, water/sewer, & trash. Attached garages included.
Cambridge Estates III 23rd St. SE	2010/11	20 - 2BR	0	\$1,235+	Five four-plex buildings. Rent includes heat, water/sewer, & trash. Attached garages included.

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Selected Willmar Rental Housing Properties
November 2022**

Property Name	Year Built	Number of Units	Vacant Units	Monthly Rents	Comments
<i>Market Rate (Continued)</i>					
Cambridge Estates II 23rd St. SE	2000s	20 - 2BR	0	\$1,120+	Eight duplex and triplex buildings. Rent includes heat, water/sewer, & trash. Attached garages included.
Cambridge Estates I 23rd St. SE	1980	52 - 2BR	0	\$965+	13 4-plex buildings. Rent includes heat, water/sewer, & trash. Attached garages included.
Emerald Pond Emerald Trail SE	2008+	24 - 2BR 31 - 3BR <u>55</u>	0	\$1,235+ \$1,800+	Mix of duplex and single-family homes. Rent includes heat, water/sewer, & trash. Attached garages included.
Sterling Court 505 28th Ave. SW	2001	16 - 2BR 8 - 3BR <u>24</u>	1	\$875 \$972 - \$1,024	Two-story building. Rent includes heat, water/sewer, and trash. Garages = \$55/mo. Property maintains a waiting list.
Amberwood 1501 8th St. SW	1970s	12 - 2BR	0	\$710	Rent includes heat, water/sewer, and trash. Garage = \$40/mo.
Heidelberg Apts 1600 SW 5th St.	1970s	2 - 1BR 22 - 2BR <u>24</u>	0	\$650 \$710	Rent includes heat, water/sewer, & trash. Garage = \$40/mo..
Jayne Manor 1512 7th	n.a.	8 - 1BR 8 - 2BR <u>16</u>	0	\$570 \$680	Rent includes heat, water/sewer, & trash. Garage = \$40/mo.
Juni Apts 1116 2nd St SE	1972	8 - 1BR 10 - 2BR <u>18</u>	0	\$650 \$750	3-story building. Rent includes heat, water/sewer, & trash. Surface parking.

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Selected Willmar Rental Housing Properties
November 2022

Property Name	Year Built	Number of Units	Vacant Units	Monthly Rents	Comments
<i>Market Rate (Continued)</i>					
Suite Liv'n 619 Hwy 71 NE	2016	47 - Stu	14	\$600 - \$750	Rent includes heat, water/sewer, & trash.
Suite Liv'n 325 Lakeland Dr SE	1980	2 - 1BR 46 - 2BR <hr/> 48	5	\$750 \$850	Rent includes heat, water/sewer, & trash. Garage = \$50/mo.
Suite Liv'n 1501 Becker Ave SE	1970s	32 - 1BR 47 - 2BR 1 - 3BR <hr/> 80	18	\$750 \$850 \$950	Rent includes heat, water/sewer, & trash. Garage = \$50/mo.
Suite Liv'n 1337 24th St. NW	1970s	1 - 1BR 36 - 2BR <hr/> 37	9	\$750 \$850	Rent includes heat, water/sewer, & trash. Garage = \$50/mo.
Suite Liv'n 400 15th Ave. SW 1401 5th St. SW	1974	60 - 1BR 72 - 2BR 30 - 3BR <hr/> 162	16	\$750 \$850 \$950	Rent includes heat, water/sewer, & trash. Garage = \$50/mo.
Suite Liv'n 1510 5th St SW 505 15th Ave SW	1970s	4 - 1BR 38 - 2BR <hr/> 42	8	\$750 \$850	Three-story. Rent includes heat, water/sewer, & trash. Garage = \$50/mo.
Suite Liv'n 1201 24th St NW	1965	72 - 2BR	17	\$850	Rent includes heat, water/sewer, & trash. Garage = \$50/mo.

Table 24
Selected Willmar Rental Housing Properties
November 2022

Property Name	Year Built	Number of Units	Vacant Units	Monthly Rents	Comments
<i>Market Rate (Continued)</i>					
Suite Liv'n 304 10th St.	2018	36 - n.a.	0	n.a.	Rent includes heat, water/sewer, & trash. Garage = \$50/mo.
Foot Lake Estates 400 & 410 30th St. NW	1977	12 - 1BR 36 - 2BR <hr/> 48	1	\$690 \$750 - \$795	Two 3-story apartment buildings. Rent includes water/sewer & trash. Garage = \$35/mo.
Oak Wood Manor 1124 2nd St. SE	1970s	6 - 1BR 12 - 2BR <hr/> 18	0	n.a.	Three-story. Rent includes heat, water/sewer, & trash. Garage stalls are included.
Sather Apts 1100 2nd St. SE	1970s	8 - 1BR 24 - 2BR <hr/> 32	0	n.a.	Four 8-plex buildings. Rent includes heat, water/sewer, & trash.
Scandia Woods 404 16th Ave SW	1970s	10 - 1BR 24 - 2BR 12 - 3BR <hr/> 46	0	\$580 - \$610 \$730 - \$795 \$845 - \$930	Two 3-story buildings. Rent includes heat, water/sewer, & trash. Garages = \$50/mo. Higher rent is for south building, which was renovated after a fire.

Table 24
Selected Willmar Rental Housing Properties
November 2022

Property Name	Year Built	Number of Units	Vacant Units	Monthly Rents	Comments
Market Rate (Continued)					
Town Oaks 1609 5th St. SW	1970s	2 - 1BR <u>22 - 2BR</u> 24	0	\$620 \$700	Rent includes heat, water/sewer, & trash. Garage = \$35/mo.
Market Rate Senior Rental					
Nyberg Apts 1601 SW 5th St	1975	2 - 1BR <u>22 - 2BR</u> 24	0	n.a. \$710	3-story building without an elevator. Rent includes heat, water/sewer, and trash. Garage = \$40/mo.
Westview Village 1425 19th Ave SW	1980	37 - 1BR <u>22 - 2BR</u> 59	2	\$832 \$967	Rent includes heat, water/sewer, & trash. Garage = \$55/mo.
Sterling Manor 501 28th Ave. SW	2003	2 - Stu 10 - 1BR <u>28 - 2BR</u> 40	1	\$645 \$799- \$878 \$964 - \$1,041	3-story building with elevator and attached garages. Rent includes water/sewer & trash. Garages = \$55/mo.
Source: Viewpoint Consulting Group, Inc.					

Table 24
Selected Willmar Rental Housing Properties
November 2022

Property Name	Year Built	Number of Units	Vacant Units	Monthly Rents	Comments
<i>Affordable (LIHTC)</i>					
15th Street Flats	2019	8 - 1BR	2	\$613	LIHTC (30% & 60% AMI). 10 units are restricted to persons with disabilities or homeless households.
		22 - 2BR		\$395 - \$806	
		17 - 3BR		\$455 - \$922	
		<u>47</u>			
Somerset Apts 1401 19th Ave SE	1992	2 - 1BR	0	\$813	LIHTC. Two 3-story buildings. Units affordable at 60% AMI. Rent includes heat.
		34 - 2BR		\$852	
		12 - 3BR		\$1,146	
		<u>48</u>			
Somerset by the Lake 420 30th St. NW	1993	4 - 1BR	1	\$813	LIHTC. Two 3-story buildings. Units affordable at 60% AMI. Rent includes heat.
		4 - 1BR+D		\$813	
		26 - 2BR		\$852	
		14 - 3BR		\$1,146	
<u>48</u>					
Somerset Ridge 511 Lakeland Dr SE	1995	2 - 1BR	1	\$813	LIHTC. Two 3-story buildings. Affordable at 60% AMI. Rent includes heat.
		34 - 2BR		\$852	
		12 - 3BR		\$1,146	
		<u>48</u>			
Valleyside Townhomes 3149 7th Ave NW	1998	24 - 2BR	0	\$721	LIHTC. Two-story townhomes with attached garages. Rent includes water/sewer & trash.
		24 - 3BR		\$836	
		<u>48</u>			
Westwinds Townhomes 1701 SW 22nd Ave	2010	14 - 2BR	0	\$651	LIHTC. Income-restricted at 60% AMI. Rent includes water/sewer & trash.
		14 - 3BR		\$741	
		<u>28</u>			

Table 24
Selected Willmar Rental Housing Properties
November 2022

Property Name	Year Built	Number of Units	Vacant Units	Monthly Rents	Comments
<i>Subsidized Rental</i>					
Lake Place I 1440 Lake Ave.	1986	8 - 1BR <u>4 - 2BR</u> 12	0	\$460-\$535 \$500-565 (30% of AGI)	Rural Development. One of two 12-unit buildings. Rental assistance is available in 8 units.
Lake Place II 1421 Lake Ave.	1987	8 - 1BR <u>4 - 2BR</u> 12	0	\$460-\$535 \$500-565 (30% of AGI)	Rural Development. One of two 12-unit buildings. Rental assistance is available in 7 units.
Cardinal Manor 407 Lakeland Dr. SE	1980/ 1982	101 - 1BR <u>30 - 2BR</u> 131	0	\$653 - \$658 \$698 - \$708 (30% AGI)	Rural Development, affordable rents but no income restrictions. Four 2-story buildings. Rental Assistance is available for 103 units allowing residents to pay 30% of AGI
Countryside Estates 1226 & 1300 Dana Dr. SE	1980s	8 - 1BR <u>16 - 2BR</u> 24	0	\$520 - \$545 \$545 - \$570	Rural Development. Two 2-story buildings. Rental Assistance is available for 15 units allowing residents to pay 30% of AGI for rent.
Dana Heights Townhomes 1500 SE 15th St.	1992	24 - 3BR	0	30% of AGI	Rural Development & HRA. Income-restricted at 60% AMI.
Dana Heights Apts. 1500 SE 15th St.	1992	4 - 1BR <u>20 - 2BR</u> 24	1	30% of AGI	Rural Development & HRA. Income-restricted at 60% AMI.
Hanson Apts 401 Lakeland Dr. SE	1978	4 - 1BR <u>52 - 2BR</u> 56	0	\$532-\$575 \$707-\$761 (30% AGI)	Rural Development. Four 2-story buildings. Rental Assistance is available for 42 units allowing residents to pay 30% of AGI for rent.

Table 24
Selected Willmar Rental Housing Properties
November 2022

Property Name	Year Built	Number of Units	Vacant Units	Monthly Rents	Comments
<i>Subsidized Rental (Continued)</i>					
Lakeview Apts.	1971	126 - 1BR <u>1 - 2BR</u> 127	1	30% of AGI	HRA, public housing building. Income-restricted at 80% AMI.
Welshire Townhomes	n.a.	13 - 2BR 12 - 3BR <u>3 - 4BR</u> 28	0	30% of AGI	HRA, public housing. Income-restricted at 50% AMI.
<i>Subsidized Senior Rental</i>					
Centennial Square 1109 9th St. SE	1997	39 - 1BR <u>1 - 2BR</u> 40	0	30% of AGI	HUD Section 202. On Bethesda Sunrise Village campus which also contains skilled nursing care and independent and assisted living housing.
Highland Apartments 115 Becker Ave SE	1979	78 - 1BR <u>1 - 2BR</u> 79	0	30% of AGI	HRA; Section 8 housing. Elderly or Disabled.
Lake Place I 1421 Lake Ave.	1986	9 - 1BR <u>3 - 2BR</u> 12	0	\$460-\$535 \$500-\$565 (30% of AGI)	Rural Development. One of two 12-unit buildings. Rental assistance is available in 7 units.
Lake Place II 1441 Lake Ave.	1987	9 - 1BR <u>3 - 2BR</u> 12	0	\$460-\$535 \$500-\$565 (30% of AGI)	Rural Development. One of two 12-unit buildings. Rental assistance is available in 7 units.
Source: Viewpoint Consulting Group, Inc.					

Housing Choice Vouchers

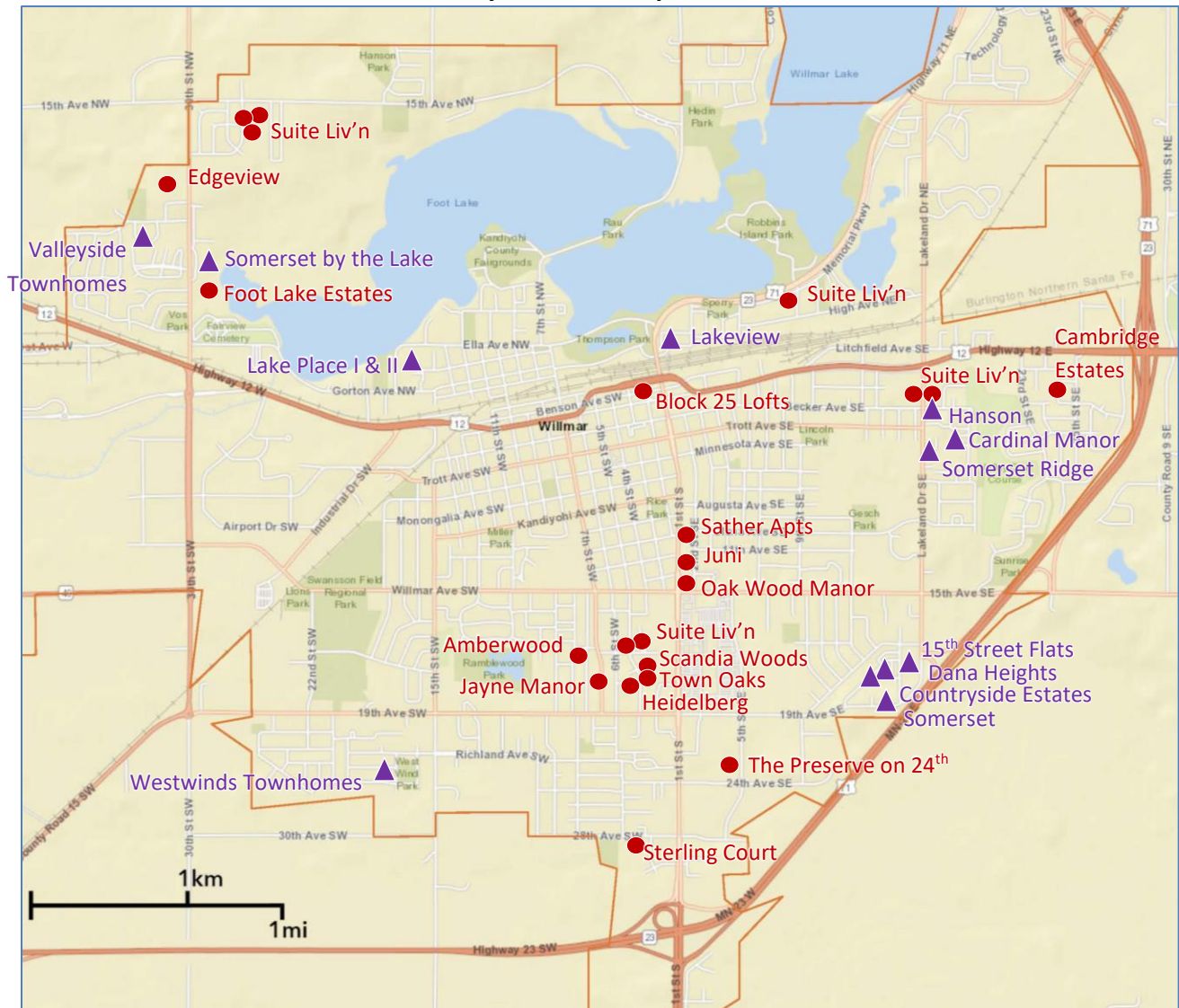
In addition to subsidized apartments, there is a “tenant-based” subsidy called Housing Choice Vouchers available to help lower income households find affordable housing. The tenant based subsidy is funded by the Department of Housing and Urban Development (HUD). Kandiyohi County’s program is managed by the Kandiyohi County HRA, which manages the program for Kandiyohi and McLeod Counties.

Under the Housing Choice Voucher program, qualified households are issued a voucher that the household can take to an apartment that has rent levels allowable under HUD guidelines. The household then pays 30% of their adjusted gross income for rent and utilities, and the Federal government pays the remainder of the rent to the landlord. Applicants in Willmar may be eligible for the program if their income is below the 50% of area median income – which in 2022 ranges from \$29,300 for one-person households to \$48,500 for six-person households.

To be eligible for the Housing Voucher program, rental units must have rent levels allowable under HUD guidelines – or below the “Payment Standard.” In Willmar (and Kandiyohi County), the Payment Standard is \$846 for one-bedroom units, \$1,017 for two-bedroom units, \$1,446 for three-bedroom units, \$1,717 for four-bedroom units, \$1,984 for five-bedroom units. Most residents pay much less in rent than the payment standard. Again, the Federal government pays the remainder of the market rent to the landlord.

Currently, there are funds available for the use of over 350 vouchers in Kandiyohi County. However, there are only 268 vouchers issued. The primary reason that not all Voucher funds are being used is the lack of housing units that can accommodate large families. Some of the families seeking vouchers have seven or eight people and require four or more bedrooms. There are few homes of this size available for rent in Willmar or elsewhere in Kandiyohi County.

Surveyed Willmar Apartments



- Market Rate
- ▲ Affordable/Subsidized

Selected Willmar Market Rate Rental Properties



Cambridge Estates



Edgeview



Foot Lake Estates



Heidelberg



Oakwood Manor



The Preserve on 24th

Selected Willmar Market Rate Rental Properties



Sather



Scandia Woods



Suite Liv'n (1510 5th St. SW)



Suite Liv'n (1401 5th St. SW)



Suite Liv'n (1501 Becker Ave SE)



Suite Liv'n (325 Lakeland Dr. SE)

Selected Willmar Market Rate Rental Properties



Suite Liv'n (304 10th St. NE)



Suite Liv'n (1201 24th St. NW)



Suite Liv'n (15th Ave. NW)



Suite Liv'n (1337 24th St. NW)

Selected Willmar Affordable/Subsidized Rental Properties



15th Street Flats



Cardinal Manor



Countryside Estates



Dana Heights



Hanson



Lakeview

Selected Willmar Affordable/Subsidized Rental Properties



Somerset



Somerset by the Lake



Somerset Ridge



Valleyside Townhomes

Supportive Senior Housing Summary

Senior housing encompasses a wide variety of product types. The least service-intensive properties are **adult** properties, which offer virtually no support services or health care, but restrict tenancy to those ages 55 and over. Adult properties can be rental or owner-occupied (attached or detached townhomes, condominiums, and cooperatives). Congregate independent or **independent** properties, offer support services such as meals and housekeeping, sometimes included in rent and sometimes a-la-carte. Independent projects attract an older and frailer senior population than adult projects (generally seniors age 75 and over).

The most service-intensive housing types, **assisted living** and **memory care**, offer the highest level of services short of a nursing home. Typical services provided are meals, housekeeping, linen changes, personal laundry, 24-hour emergency response, and a wide range of personal-care and therapeutic services. The meals and services are either built into the monthly fee, charged through a tiered service package, or charged a-la-carte.

As shown in Table 25, there are 11 market rate senior properties in Willmar totaling 365 housing units plus 324 skilled nursing beds. There are another five properties in the remainder of Kandiyohi Counting totaling 140 housing units plus 52 skilled nursing beds. The following are key highlights from the senior housing supply.

- There are three senior rental properties in Willmar (also shown in Table 24) that combine for 123 units. Among properties that offer health care services, there is only one that provides congregate independent living – Sunrise Village. Sunrise Village is the largest campus in Willmar and contains 55 independent units, 37 assisted living units, 246 skilled nursing beds, and a subsidized senior rental building (Centennial Square with 40 units).
- There were three vacancies among the senior rental properties, which managers attribute to normal turnover. The only other vacancies were all at one assisted living property, which had eight vacancies. Overall, the senior housing supply had a vacancy rate of 3.0%. Excluding the one property with all the assisted living vacancies, the overall vacancy rate declined to 0.9%. This low vacancy rate indicates a need for additional senior housing in Willmar.

Vacancy Rate of Willmar Market Rate Senior Properties

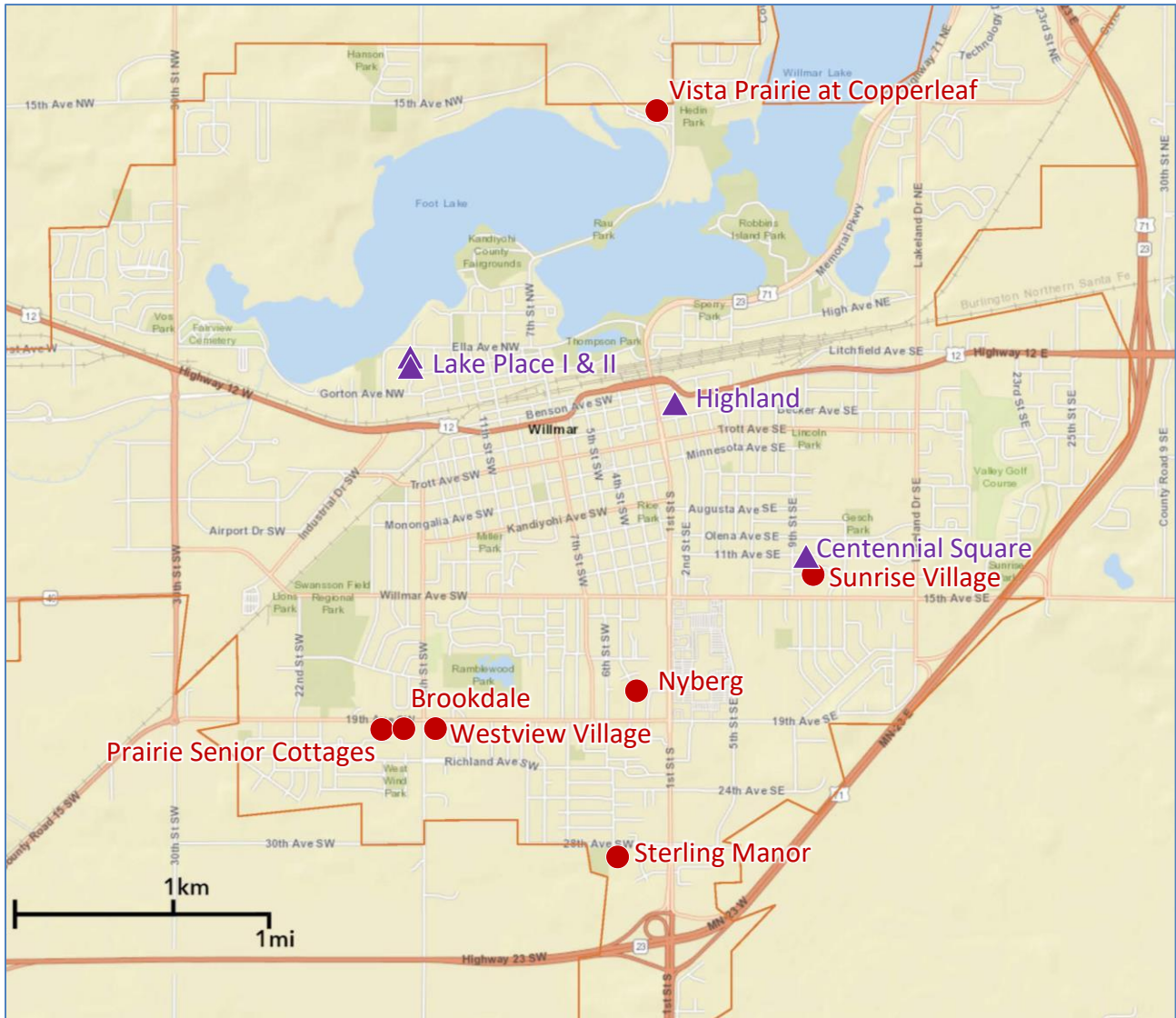
	Total Units	Vacant Units	Vacancy Rate
Senior (55+) Rental	123	3	2.4%
Congregate Independent	55	0	0.0%
Assisted Living	151	8	5.3%
Memory Care	36	0	0.0%
Total	365	11	3.0%

Table 25
Market Rate Senior Housing Properties in Kandiyohi County
December 2022

Property Name	City	Year Built	-- Number of Units/Beds --				
			55+ Rental	Independent	Assisted Living	Memory Care	Skilled Care
Brookdale	Willmar	1997	-	-	19	-	-
CentraCare	Willmar	n.a.	-	-	-	-	78
Central MN Senior Care	Willmar	n.a.	-	-	8	-	-
Central MN Senior Care	Willmar	n.a.	-	-	11	-	-
Compassionate Cottage I & II	Willmar	2007	-	-	21	-	-
Nyberg	Willmar	n.a.	24	-	-	-	-
Prairie Senior Cottages	Willmar	1998	-	-	-	16	-
Sterling Manor	Willmar	2003	40	-	-	-	-
Sunrise Village	Willmar	1992	-	55	37	-	246
Vista Prairie at Copperleaf	Willmar	2008	-	-	55	20	-
Westview Village	Willmar	1980	59	-	-	-	-
Subtotal			123	55	151	36	324
Bethesda North Pointe	New London	2021	-	34	18	18	-
Central MN Senior Care	Prinsburg	n.a.	-	-	5	-	-
Central MN Senior Care	Atwater	1998	-	-	11	-	-
Central MN Senior Care	Sunburg	2004	-	-	7	-	-
Glen Oaks / Village Apts.	New London	1970s	-	35	12	-	52
Subtotal			-	69	53	18	52
Kandiyohi County Total			123	124	204	54	376
Sources: Viewpoint Consulting Group, Inc.							

- Among Willmar's seven properties that provide senior housing with services, five are stand-alone assisted living or memory care properties that average 15 units. The only two properties with multiple service levels are Sunrise Village and Vista Prairie at Copperleaf. Vista Prairie at Copperleaf opened in 2008 and is Willmar's newest senior housing property. It contains 55 assisted living units and 20 memory care units. Vista Prairie at Copperleaf can also accommodate some independent residents who would not require assisted living care packages.
- Vista Prairie at Copperleaf and Prairie Senior Cottages are the only two properties in Willmar with memory care units in a housing setting. Memory care at both properties are fully occupied. Sunrise Village also has secured memory care beds in their skilled nursing facility.

Surveyed Willmar Senior Housing Properties



- Market Rate
- ▲ Affordable/Subsidized

Selected Willmar Senior Housing Properties



Brookdale



Prairie Senior Cottages



Sterling Manor



Sunrise Village



Vista Prairie at Copperleaf



Westview Village

Planned and Proposed Rental Developments

There are four new rental housing properties in the development pipeline in Willmar. Two already have some units open for occupancy and are listed in Table 25 (Edgeview and The Preserve on 24th). Block 25 Lofts is under construction and its rents are also shown in Table 25). The fourth property in the development pipeline is on the east side of Lakeland Drive Northeast, between Civic Center Drive and Upper Trentwood Circle. This development, by Unique Opportunities, the same developer as Edgeview, is approved for 216 units, although the maximum built will likely be 200 units.

Between Edgeview and The Preserve on 24th, 180 market rate units have opened in Willmar from 2020 to 2022. The third and fourth buildings at Edgeview are under construction and will add 144 units when they open in January and June 2023. The third and fourth buildings at The Preserve on 24th will add 72 when they open in 2023. Block 25 Lofts is under construction and will add 58 units when it opens in 2023. A building permit has been submitted for review for the first 72-unit building at the Lakeland Drive development by Unique Opportunities. It will likely open in 2024. Combined, these properties will add another 345 units in addition to the 180 units that opened from 2020 to 2022. Another 144 units are approved at the Lakeland Drive development and could come on-line in the next few years. Combined, these four properties total 669 units.

Rental Properties Under Construction in Willmar



Block 25 Lofts



Edgeview Apartments



The Preserve on 24th

Interview Summary

Interviews with area rental property managers, real estate agents, private owners, and other persons familiar with the rental market in Willmar were conducted to solicit their impressions of the rental housing market. The following are some key points from these interviews:

- Demand is strong for rental housing in Willmar. Most properties are fully occupied and units that become available are typically leased quickly.
- Market rate apartments that opened the past couple years have all been fully leased upon opening. They have drawn a diverse resident base, including younger and older residents, students, workers, and people moving from locations outside Willmar.
- Rental properties that are well maintained in Willmar receive many calls from persons seeking to move from properties that are less well maintained. There is a strong demand for quality apartments in Willmar.
- Students at Ridgewater College generally prefer to live close to campus. However, the apartments closest to campus are aging and their condition is of concern to many students. Thus, students have sought out other rental housing throughout Willmar. This includes the new Edgeview apartments, about a mile southwest of campus. According to staff with the College, Edgeview has drawn some students who feel they are spendy but worth the price or they have family willing to assist with the rent.
- According to staff with Ridgewater College, it is difficult for students to find housing in Willmar, particularly housing that is affordable and also housing that is within walking distance to the campus. Oftentimes, students team up to live in rented single-family homes. However, these homes too are becoming increasingly difficult to find as more of Willmar's larger single-family homes are becoming occupied by families, which tend to stay in the homes for longer periods of time.
- Housing plays a role in recruiting students at Ridgewater College. Difficulty finding housing has been a deciding factor in some potential students choosing other schools over Ridgewater College.
- Inquiries for rental housing remains high in Willmar, but many of the inquiries are from people who are not qualified candidates. Poor credit and rental history, including the condition in which they left their previous apartment unit, are primary reasons that contribute to some people having difficulty obtaining housing. These issues were worsened during the COVID-19 pandemic.

- Demand for senior housing in Kandiyohi County is greatest in Willmar, which has many more services to offer seniors. Senior housing properties in the smallest of the county's communities are typically the hardest to keep fully occupied. Some seniors in these smaller communities move to housing in Willmar as they age and require more care.

Demand Analysis and Conclusions

This section of the report utilizes data collected in the previous sections to calculate demand for owned and rented housing in Willmar through 2030. Recommendations on appropriate housing types to satisfy unmet demand over the next five years are also provided.

Housing Demand Analysis

Table 26 outlines our calculation for owner and renter housing in Willmar from 2022 to 2030. Demand for additional housing in Willmar will primarily come from projected household growth. Pent-up rental demand can also be a source of housing demand, as can replacement need. Willmar is a job importer and given a choice, people generally prefer to live near their place of employment. Thus, Table 27 also takes into account that Willmar can exceed its growth projections by capturing a portion of the people who currently commute into the community for employment.

The following paragraphs summarize the demand methodology in Table 27.

Willmar is projected to add 575 households between 2022 and 2030. This correlates to the need for 575 housing units to accommodate the projected household growth. As of 2022, an estimated 12,600 people lived outside Willmar and commuted into the community for employment. Most of these people will continue to live in their current home and commute to Willmar for various reasons. However, some of these people would likely move to Willmar if appropriate housing was available. We conservatively estimate that Willmar housing could capture approximately 1% of the current commuters, increasing housing demand in Willmar by 126 households.

Replacement need is generated from the loss of housing or the need to replace housing units that are physically or functionally obsolete (i.e., they no longer meet the needs of the current housing market). A review of the age of Willmar's housing stock from the U.S. Census revealed that there are about 1,700 housing units built prior to 1950. While most of these homes are in good condition, it is estimated that about one percent per year should be removed annually from the housing supply because of obsolescence, which equates to 135 units during the remainder of this decade.

There is projected demand for housing to accommodate 836 additional households in Willmar from 2022 to 2030. This demand is from household growth, capturing some commuters, and replacement of obsolete housing.

Table 26
Willmar Rental and Owned Housing Demand
2022 to 2030

	2022 to 2030
A Household growth	575
B Demand from outside Willmar*	126
C Replacement need	135
D Total housing demand (A + B +C)	836
E Percent rental demand	45% - 55%
F Rental housing demand (D x E)	376 - 460
G Pent-up rental demand	110 - 110
H Total rental housing demand (F + G)	486 - 570
I Percent owner demand	45% - 55%
J Total owner housing demand (D x I)	376 - 460
* Willmar has the potential to exceed its growth projections by capturing a conservative 1% of the employees who commute to work in Willmar, but currently live elsewhere.	
Source: Viewpoint Consulting Group, Inc.	

Based on demographic and market trends, it is estimated that about half of the housing demand in Willmar from projected household growth, demand from outside the community, and replacement need between 2022 and 2030 will be for rental housing and about half for ownership housing. Additionally, there is pent-up demand for rental housing. A healthy rental market is expected to have a vacancy rate of about 5% to allow for sufficient consumer choice and unit turnover. With pent-up demand (a shortage of units), persons who would normally form their own rental households instead room with other persons in a housing unit, live with their parents, or live in housing outside of the area and commute to jobs. In Willmar, the overall vacancy rate is very low among most properties, indicating pent-up demand. There are an estimated 3,226 rental units in Willmar. Excluding Suite Liv'n properties, **the current vacancy rate in Willmar is estimated at about half of one percent (0.5%), which results in not many choices for potential new renters.** To reach a 5% vacancy rate, the industry standard for a healthy rental market, 110 units would need to be available immediately. Thus, pent-up demand is calculated for 110 additional rental units in Willmar.

Combined with pent-up demand, there is total demand for approximately 485 to 570 rental units in Willmar from 2022 to 2030. This demand is for all rental housing from subsidized to market rate. Demand for senior housing is calculated separately.

An estimated 45% to 55% of housing demand in Willmar between 2022 and 2030 is projected to be for owner-occupied housing. This equates to demand for about 375 to 460 homes from 2022 to 2030 (about 45 to 55 homes annually). This demand is for single-family homes and townhomes/twinhomes.

Owner-Occupied Housing Demand

Based on demographic growth trends, building trends and interviews, an estimated 60% of the demand for owned units in Willmar is for single-family homes. This includes demand for move-up homes and entry-level homes marketed to first-time homebuyers and moderate-income households. The remainder of demand is for townhomes and patio homes targeted to empty-nesters and seniors seeking an alternative to their single-family homes, as well as some younger households.

Sixty percent of the owner-occupied demand equates to a need for about 225 to 275 new single-family homes in Willmar between 2022 and 2030, or about 30 homes annually on average.

The townhome demand is primarily generated from empty-nesters. **Forty percent of the owner-occupied demand equates to a need for approximately 150 to 185 townhomes and patio homes in Willmar between 2022 and 2030.** The demand for townhomes equates to about 20 new units annually.

Rental Housing Demand

There is demand for 485 to 570 additional rental units in Willmar between 2022 and 2030.

The three primary target markets in Willmar are wage earners seeking rental housing with rents that are modest, professionals and higher-income families moving to Willmar, and empty-nesters downsizing from their single-family homes. Some wage earners will eventually seek owned housing, but many will also be long-term renters. The professionals and higher-income families moving to Willmar will most often seek owned housing, but they will rent until they are settled in their new employment position.

Based on household income trends, it is projected that 30% of the rental demand in Willmar is from wage-earners seeking rental housing with modest rents, or rents affordable to households with incomes of 60% or less of Area Median Income (about 160 to 170 units). The remainder of demand would come from households earning greater than 60% of Area Median Income (\$35,160/1-person to \$50,160/4-person) and who could afford housing with higher-end rents in Willmar. Market rate demand is projected at 370 to 400 units.

Much of the demand for affordable rental housing is for units with three to five bedrooms to accommodate large families. These larger units are limited, as only 12% of the units in Willmar's multifamily properties had three-bedrooms, and there were only a few four-bedroom units.

Senior Housing Demand

Demand was calculated for the number of additional senior housing units needed in Willmar through the end of the decade. The calculations were made for the various market rate senior housing product types, including affordable and market rate senior rental, congregate independent, assisted living, and memory care.

The calculations of unmet demand for senior housing are based on multiplying the age/income-qualified base by appropriate capture rates for each product type and then subtracting the existing supply. Generally, the age/income-qualified base for market rate senior housing is seniors age 75+ with incomes of \$40,000+, although lower income homeowners also income-qualify by allocating their home equity toward the cost of senior housing. For assisted living and memory care housing calculations, demand from low-income seniors who qualify for the Medicaid Waiver program are included.

As of 2022, Willmar contains has a supply of 123 affordable and market rate senior rental units and 242 supportive housing units (congregate independent, assisted living, and memory care housing). These units serve a target market population totaling about 1,800 age 75+ seniors in Willmar, plus seniors living elsewhere in the County and beyond who would move to Willmar to be near health care and supportive services. **By 2030, Willmar's age 75+ population is projected to increase by about one-third, creating demand for additional senior housing units in the community.**

For senior rental housing that does not provide meals or personal care services (or "adult/few-services" housing), demand is calculated for a total of 209 affordable units in Willmar and 154 market rate units by 2030. Currently, there are three properties serving this market. While all three are market rate (Nyberg, Westview Village, and Sterling Manor), they were built between 1975 and 2003 and have rents are largely affordable to seniors who would income-qualify for affordable rental housing. Thus, they are classified as affordable and after being subtracted from total demand, **unmet demand remains for 86 additional affordable senior rental units in Willmar by the end of the decade.** Along with affordable senior rental demand, **there is demand for another 154 units from seniors who could afford newer, market rate units.** These seniors generally have incomes of about \$50,000 or more and could afford rents of about \$1,500 by allocating over 35% of their gross income for rent.

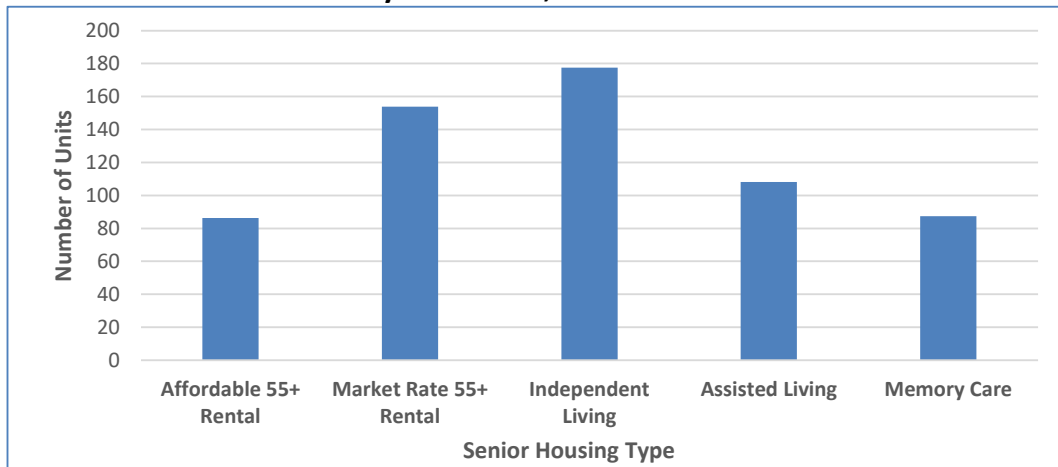
The three levels of supportive senior housing are independent, assisted living, and memory care housing. This market is currently being served by several properties that total 242 units in Willmar. Utilizing capture rates commonly achieved in similar sized markets across Minnesota and the Upper Midwest, Willmar could support about 550 units, or more than double what currently exists in the community. With growth of the senior population, about 615 total units could be supported by 2030. Subtracting the existing supply, **unmet demand for supportive senior housing is calculated for 373 additional units in Willmar by 2030. This includes 178 independent units, 108 assisted living units, and 87 memory care units.** Assisted living and

memory care includes demand for both private pay units and units for lower-income seniors who would utilize the Medicaid Wavier program to pay for personal care services.

**Table 27
Summary of Senior Housing Demand
City of Willmar
2022 to 2030**

	Total Demand in Willmar by 2030	Existing Supply	Unmet Willmar Demand
<u>Adult/Few-Services</u>			
Affordable 55+ Rental	209	123	86
Market Rate 55+ Rental*	154	0	154
Subtotal	363	123	240
<u>Supportive Housing</u>			
Independent Living	233	55	178
Assisted Living**	259	151	108
Memory Care**	123	36	87
Subtotal	615	242	373
Total	978	365	613
* Because of their age, the three market rate 55+ rental properties in Willmar are classified as affordable since their rents are affordable to moderate-income seniors.			
** Assisted living and memory care demand includes demand for units from both private pay and Medicaid Waiver residents.			
Source: Viewpoint Consulting Group, Inc.			

**Projected Unmet Senior Housing Demand
City of Willmar, 2022 to 2030**

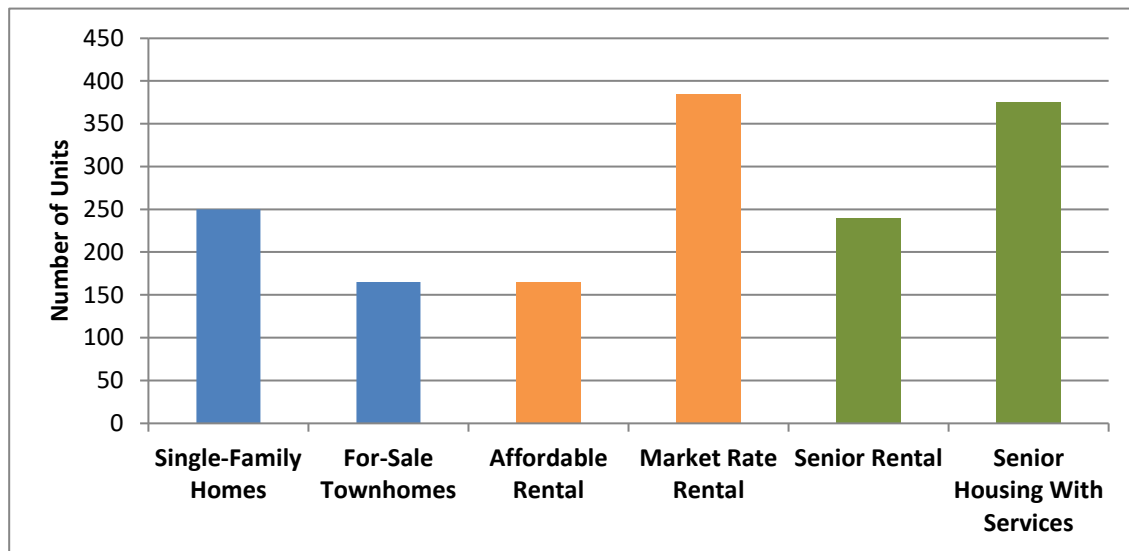


Demand Summary

The chart below highlights overall housing demand in Willmar from 2022 to 2030. All housing types combined equal demand for 1,580 units. The greatest share is for senior housing. The senior population is beginning to grow more rapidly this decade as the first baby boomers enter their late-70s. Demand was calculated for 615 units (39% of total demand) of the various types of senior housing, from age-restricted apartments with no meals or services to assisted living and memory care housing. Senior housing demand was followed by rental housing (550 units, or 36%), which includes affordable and market rate units. Single-family homes and townhomes/twinhomes combine for total demand of 415 ownership units, or about 25% of the total housing demand.

The demand for rental housing and single-family homes is driven largely by people employed locally but currently living elsewhere due a lack of appropriate housing options in Willmar. Some demand for these two housing types will also come from Willmar residents who will move from their current housing situation into newly built housing that accommodates their needs/wants. A portion of the for-sale townhome demand and senior housing demand is from seniors living elsewhere but drawn to Willmar to be near health care and services.

**Projected Unmet Housing Demand in Willmar
2022 to 2030**



Housing Recommendations

The following are recommended housing development concepts for Willmar over the next five years, based on the demand analysis and interviews with persons knowledgeable about the Willmar housing market. Table 28 shows a summary of these development concepts. Detailed recommendations for each housing type are also included.

Table 28
Recommended Housing Developments over the Next Five Years (2023 to 2028)
City of Willmar

	<u>No. of Units</u>	<u>Price/Rent Range</u>
Owner-Occupied Housing		
Single-Family		
Entry-Level	60 - 65	\$275,000 - \$325,000
Move-Up	50 - 55	\$325,000 - \$375,000
Executive	35 - 40	\$375,000+
<u>Total</u>	<u>145 - 160</u>	
Townhomes / Twinhomes	90 - 110	\$250,000 - \$300,000
Rental Housing		
Market Rate Apartments	380 - 400	\$900+/1BR, \$1,100+/2BR
<u>Affordable Apartments</u>	<u>45 - 55</u>	<u>\$725+/1BR - \$875+/2BR</u>
<u>Total</u>	<u>425 - 455</u>	
Senior Housing		
Supportive Senior Housing		
Independent	90 - 100	
Assisted Living	45 - 55	\$2,000+, plus personal care services
Memory Care	30 - 40	
<u>Market Rate 55+ Rental</u>	<u>80 - 100</u>	<u>\$1,200+/1BR - \$1,400+/2BR</u>
<u>Total</u>	<u>245 - 295</u>	

Source: Viewpoint Consulting Group, Inc.

Single-Family Homes

It is recommended that a three-to-five-year lot supply be maintained in Willmar, which ensures adequate consumer choice without excessively prolonging developer carrying costs. Willmar currently has about 70 available lots remaining in three subdivisions (Oslo Meadows, Woodberry, and Trentwood Estates). While technically this may be sufficient to accommodate

the demand for new single-family homes over the next couple years, the Trentwood Estates subdivisions have been platted for close to 20 years. We recommend a new subdivision(s) come on-line within the next two years with at least 50 lots, with the potential for more lots to be added incrementally in future additions. The lots should be priced to accommodate entry level homes with base prices of about \$275,000 to \$325,000 (less than \$30,000) and move-up homes with base prices of about \$325,000 to \$375,000 (about \$30,000 to \$40,000). A small number of lots in a new subdivision with premium locations should be priced to accommodate executive homes, or those priced at over \$375,000.

Beyond the recommended new subdivision, remaining lots in the existing subdivisions should accommodate a portion of the remaining single-family demand, particularly for entry-level homes. In addition, if senior housing is developed in Willmar, existing homes should become available for families as seniors make the transition from single-family homes to senior housing.

While there are many potential locations for a new single-family housing subdivision, one particular parcel listed for sale is within Willmar's city limits is a 179-acre parcel on the north side of Foot Lake, east of County Road 5. Given its picturesque setting adjacent to the lake, this parcel could be particularly appealing to potential home buyers and could accommodate a large share of Willmar's demand for single-family lot and townhomes, among other land uses. The attractiveness of the lots/subdivisions could be key in Willmar meeting housing potential as the pace of sales would likely be higher than a subdivision with a less desirable location.

For-Sale Townhomes / Twinhomes

There is projected demand for 90 to 110 townhomes from 2023 through 2028 in Willmar. While both the Trentwood Estates and Woodberry Additions allow townhomes, there are very few lots available to accommodate townhomes in the community, and no recent subdivisions exist that are designated solely for townhomes. To meet with demand, new lots should be created to accommodate up to 50 townhomes by 2024, with additional lots created in following years. To capture most of the target market, it is recommended that lots be made available to accommodate one-level townhomes with attached two-car garages to appeal to the primary target market – empty nesters. Townhomes should be in the \$250,000 to \$300,000 price range. As with single-family homes, an appealing location for new townhomes in Willmar would be the north side of Foot Lake. Lots closer to the heart of Willmar and near retail along 1st Street South would also be appealing.

Rental Housing

The analysis found demand for about 425 to 455 units of additional general-occupancy rental housing (open to all ages) in Willmar over the next five years. This includes 380 to 400 units of market rate housing. New developments already under construction and in the permit review process will meet the bulk of this demand. These developments include Block 25 Lofts (58 units, under construction), Edgeview (144 units, under construction), The Preserve on 24th (108 units, including 36 units open and 72 units under construction), and Herzog – Lakeland Drive (72 unit

first phase, under building permit review). They are profiled in Table 25. Combined, they total 382 units.

Demand is calculated for approximately 165 affordable rental housing units in Willmar over the remainder of the decade. There is potential to accommodate a portion of this demand in the various Suite Liv'n properties throughout Willmar. While there are virtually no vacancies in other affordable rental properties and older market rate properties with modest rents in Willmar, the Suite Liv'n properties have approximately 85 vacancies. These vacancies are largely due to the condition of the units, and Suite Liv'n is in jeopardy of not having their rental license renewed on several of their properties. It is recommended that efforts be made to bring Suite Liv'n properties up to code to provide quality affordable rental housing. Currently, the rent at most Suite Liv'n properties is \$750 for one-bedroom units, \$850 for two-bedroom units, and \$950 for three-bedroom units. These rents are considered affordable to households earning 50% of AMI for Kandiyohi County based on Minnesota Housing Finance Agencies guidelines. Rehabbing these units to make them more appealing/habitable would likely be more cost effective than adding these units in a new construction building.

An affordable rental property with 45 to 55 units is recommended in Willmar from 2023 to 2028. These units would supplement rehabbed units at Suite Liv'n to meet Willmar's affordable rental housing needs. A new affordable rental property should be income-restricted at 60% AMI, and include units with three to five bedrooms to accommodate large families. These units would fill a void that is existing in Willmar's existing multifamily rental supply. Currently, there are Housing Choice Vouchers going unused in the County because larger families are unable to find units with enough bedrooms to meet their needs. Recommended rents, which would be affordable at 60% of AMI and would also be under the Payment Standard for the Housing Choice Voucher program, are approximately \$1,025 for three-bedroom units, \$1,175 for four-bedroom units, and \$1,300 for five-bedroom units. Given that the recommended affordable housing would primarily serve families with children, a townhome property with open space is recommended. At least 75% of the units should have four or five bedrooms, since these are the units that are most lacking in Willmar.

The development of market rate apartments in Willmar will also indirectly meet affordable rental housing demand, as some higher-income renters at existing properties with modest rents would likely "step-up" into newer, luxury apartments. Their departure will create vacancies that will then be available to lower- and moderate-income renters. Based on leasing activity at the newer apartments in Willmar, it is estimated that the new apartments could indirectly meet upwards of 100 units of affordable rental demand by drawing higher-income renters out of existing moderate-rent units.

Senior Housing

A need for about 615 senior housing units was identified in Willmar over the remainder of the decade. Much of the demand will be realized later in the decade as the senior population begins to grow more rapidly. To meet current unmet demand, it is recommended that a market rate 55+ rental development be added with 80 to 100 units within the next five years. This type of housing would meet the needs of younger, more active seniors who wish to downsize from their existing homes but do not need meals or personal care services found in a supportive services building. These units could be in a single, multistory building with 80 to 100 units. Additionally, some could be townhome-style units with attached garages that offer single-level living. Rents should begin at about \$1,200 for one-bedroom units and \$1,400 for two-bedroom units.

The last senior housing with supportive services added in Willmar was Vista Prairie at Copperleaf, in 2008. Currently, there are very few vacancies among senior housing properties in Willmar and with the senior population poised for growth, we recommend a development(s) with 165 to 195 units of independent, assisted living, and memory care housing sometime within the next five years (2023 to 2028). These units would be the first substantial development in Willmar in almost 20 years. We recommend a service-level mix of 90 to 100 independent units, 45 to 55 assisted living units, and 30 to 40 memory care assisted living units.

Other Housing Recommendations

The preceding pages outlined new housing products that should be built in Willmar over the next five years to satisfy housing demand from current and future residents. In addition, there are other programs that Willmar can implement to assist in meeting local housing needs and improving the quality of the existing housing stock. Key programs/initiatives that Willmar should pursue or continue to promote are outlined below.

1. Housing Rehabilitation

Maintaining the quality of the existing housing stock is vital to any community. In 2018 Willmar received a Small Cities Development Program (SCDP) grant for the purpose of rehabilitation of residential properties in Willmar. The funds must benefit low- and moderate-income persons (maximum of 80% of Area Median Income). Through the grant, 13 homeowners received assistance to rehab their homes.

We recommend the City of Willmar explore the potential to apply for additional rehab funds from SCDP in the future as they assist in the preservation of housing stock affordable to low- and moderate-income households.

2. Housing Choice Vouchers

Housing Choice Vouchers (Section 8), funded by HUD, are a tenant-based rent subsidy utilized by lower income households in market rate housing developments. Voucher recipients pay 30% of their adjusted gross income for rent and the subsidy payment makes up the difference to the landlord. With limited funds available to construct new subsidized housing buildings, Housing Choice Vouchers are a great way to meet the housing needs of low-income households without having to construct new buildings. The vouchers also increase the pool of potential renters for local market rate properties. Currently, the Payment Standard for Vouchers is \$846 for one-bedroom units to \$1,984 for five-bedroom units, which is higher than the rent at many of the existing properties in Willmar. The bigger challenge in Willmar is finding rental units with enough bedrooms to accommodate families with seven or more children.

3. First-Time Homebuyer Assistance

Each year, the Kandiyohi County and City of Willmar HRA submits an application to Minnesota Housing to participate in a program to create mortgage loan funds that are accessed by local bankers participating in Minnesota Housing First-Time Homebuyer programs. Through the programs, assistance was provided to 21 first-time buyers in 2020, 19 in in 2021, and seven so far in 2022. The HRA should continue to participate in this program to assist persons who otherwise would not be able to purchase their first home.