Comprehensive Housing Market Study Updates City of Elk River, Minnesota





February 15, 2018

Ms. Amanda Othoudt Economic Development Director City of Elk River 13065 Orono Parkway Elk River, MN 55330

Dear Ms. Othoudt:

Attached is the *Comprehensive Housing Market Study Updates for Elk River, Minnesota* conducted by Maxfield Research and Consulting, LLC. The original study was completed in December 2015, with the following updates completed in February 2018. The study projects housing demand from 2017 through 2025, and provides recommendations on the amount and type of housing that could be built in Elk River to satisfy demand from current and future residents through 2025.

The study identifies a potential demand for approximately 864 new housing units through 2025. About 20% of the total demand is for senior housing; while general-occupancy housing accounted for 80% of the demand. Demand is strongest for for-sale housing, representing 395 of the 864 new housing units. There is also strong demand for additional market rate (172 units) and affordable rental housing (93 units)

If you have any questions or need additional information, please contact us. We have enjoyed conducting this study for you.

Sincerely,

MAXFIELD RESEARCH AND CONSULTING, LLC

Matt Mullins
Vice President

Matt. Mulline

Attachment

Brian Smith Senior Associate

Brin M Janes

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Purpose and Scope of Study

Maxfield Research and Consulting LLC (i.e. "Maxfield Research") was engaged by the City of Elk River to complete an update of the *Comprehensive Housing Market Study* for the City of Elk River from 2015. This report includes an update only to select tables and is intended to act as an addendum to the original document.

Introduction

This section of the report examines factors related to the current and future demand for both owner- and renter-occupied housing in Elk River, Minnesota. It includes population and household growth trends and projections, projected age distribution, household income and household types. A review of these characteristics will provide insight into the demand for various types of housing in the Market Area.

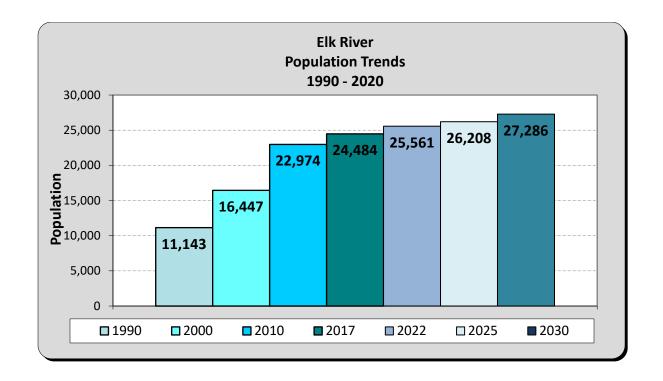
Elk River Study Area Definition

The draw area for determining current and future housing demand in the City of Elk River is based on traffic pattern orientation, proximity to other communities, interviews with local officials and community stakeholders, natural and manmade geographic barriers, and our knowledge of the draw areas for housing. The Study Area is defined as Elk River proper.



TABLE D-1 POPULATION AND HOUSEHOLD GROWTH TRENDS AND PROJECTIONS ELK RIVER 1990 to 2030

										Chang	ge		
		U.S. Census		Estimated Project	Projected	Projected Forecast		1990 to 2000		2000 to 2010		2010 to	2025
	1990	2000	2010	2017	2022	2025	2030	No.	Pct.	No.	Pct.	No.	Pct.
Population													
Elk River	11,143	16,447	22,974	24,484	25,561	26,208	27,286	5,304	47.6	6,527	39.7	3,234	14.1
Sherburne County	41,945	64,417	88,499	93,526	96,190	96,492	98,248	22,472	53.6	24,082	37.4	7,993	9.0
Wright County	68,710	89,986	124,700	134,829	140,528	141,796	145,773	21,276	31.0	34,714	38.6	17,096	13.7
Households													
Elk River	3,732	5,664	8,080	8,617	9,005	9,298	9,704	1,932	51.8	2,416	42.7	1,218	15.1
Sherburne County	13,643	21,581	30,212	31,918	33,137	33,380	34,436	7,938	58.2	8,631	40.0	3,168	10.5
Wright County	23,013	31,465	44,473	47,992	50,506	51,008	53,186	8,452	36.7	13,008	41.3	6,535	14.7



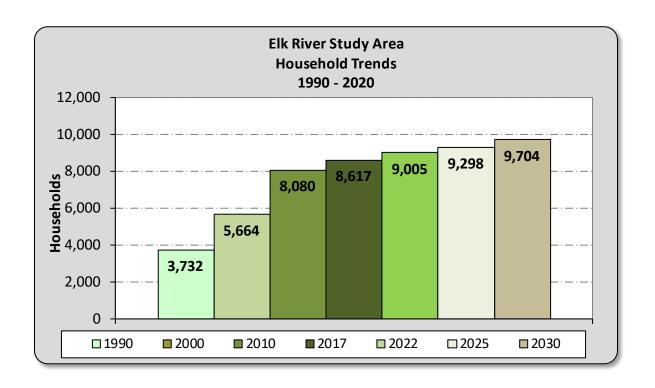


TABLE D-2 POPULATION AGE DISTRIBUTION ELK RIVER 2000 - 2025

		Nui	mber of Pers	Change					
	2000	2010	2017	2022	2025	2000-	2010	2010-2025	
	No.	No.	No.	No.	No.	No.	Pct.	No.	Pct.
17 & under	5,146	6,555	6,642	6,827	6,919	1,409	27.4	364	5.6
18-24	1,395	1,757	1,999	1,887	1,966	362	25.9	209	11.9
25-34	2,461	3,204	3,412	3,609	3,590	743	30.2	386	12.1
35-44	3,117	3,584	3,470	3,824	3,931	467	15.0	347	9.7
45-54	1,963	3,535	3,489	3,255	3,171	1,572	80.1	-364	-10.3
55-64	1,049	2,192	2,745	2,907	2,830	1,143	109.0	638	29.1
65-74	663	1,188	1,655	1,984	2,306	525	79.2	1,118	94.1
75+	653	959	1,071	1,268	1,494	306	46.9	535	55.8
Total	16,447	22,974	24,484	25,561	26,208	6,527	39.7	2,587	11.3

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

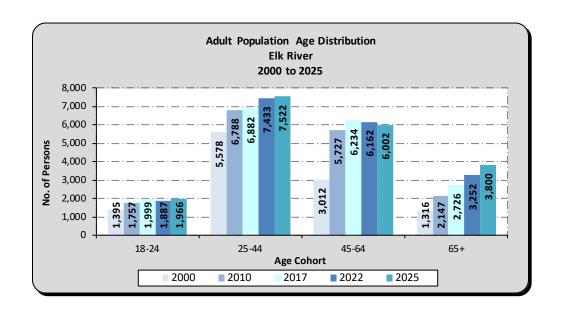


TABLE D-3 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER ELK RIVER (Number of Households)

2017 and 2022 2017 <25 25-34 35-44 45-54 55-64 65 -74 Total 75+ Less than \$15,000 338 17 37 33 31 56 73 91 \$15,000 to \$24,999 498 21 52 51 54 64 113 143 \$25,000 to \$34,999 521 28 92 68 58 89 83 103 969 35 187 138 131 156 \$35,000 to \$49,999 147 174 70 \$50,000 to \$74,999 1,703 369 300 321 272 222 148 \$75,000 to \$99,999 38 302 363 283 158 29 1,535 361 \$100.000 or more 3,053 800 912 577 230 47 38 448 247 1,488 1,754 1,884 1,516 1,011 717 Total 8,617 <\$25,000 234 836 38 89 84 85 120 186 \$35,000+ 7,259 181 1,307 1,602 1,741 1,307 741 380 Median Income \$78,428 \$55,477 \$75,365 \$93,219 \$97,202 \$82,185 \$59,223 \$36,403 \$67,795 \$81,972 \$88,167 \$80,649 \$58,179 \$37,464 Twin Cities Med. Income \$34,820 \$58,146 2022 25-34 35-44 45-54 55-64 65 -74 75+ Total <25 Less than \$15,000 363 17 39 36 30 53 83 105 \$15,000 to \$24,999 502 19 49 48 40 60 120 166 497 25 83 66 45 78 86 114 \$25,000 to \$34,999 906 33 123 155 139 \$35,000 to \$49,999 166 115 175 \$50,000 to \$74,999 1,533 60 331 273 239 234 229 167 \$75,000 to \$99,999 1,501 39 301 362 305 273 185 36 \$100,000 or more 3,702 44 573 993 950 719 342 81 Total 9,005 237 1,542 1,901 1,724 1,572 1,184 844 <\$25.000 36 88 113 203 271 865 84 70 459 \$35,000+ 7,643 176 1,371 1,751 1,609 1,381 895 Median Income \$84,758 \$57,518 \$81,690 \$101,749 \$104,816 \$92,345 \$65,812 \$37,255 Twin Cities Med. Income \$78,703 \$37,641 \$68,180 \$92,464 \$99,756 \$93,254 \$69,137 \$42,675 Change Total <25 25-34 35-44 45-54 55-64 65 -74 75+ Less than \$15,000 25 -0 -3 10 2 3 -1 14 \$15,000 to \$24,999 4 -2 -3 -3 -14 -4 7 23 \$25,000 to \$34,999 -24 -3 -9 -2 -13 -11 3 11 \$35,000 to \$49,999 -62 -2 -21 -32 -19 8 19 -15 -170 7 19 -10 -38 -82 -38 \$50,000 to \$74,999 -27 27 \$75,000 to \$99,999 -34 -56 -10 7 1 -1 -1 650 125 34 \$100,000 or more 6 193 39 142 112 127 388 -10 54 147 -160 56 174 Total <\$25.000 29 -2 -1 -0 -15 -7 17 37 \$35,000+ 384 -5 64 149 -132 74 154 79 \$2,041 \$852 Median Income \$6,330 \$6,325 \$8,530 \$7,614 \$10,160 \$6,589 \$5,211 Twin Cities Med. Income \$10,908 \$2,821 \$10,034 \$10,492 \$11,589 \$12,605 \$10,958

Sources: ESRI, Inc.; Maxfield Research & Consulting, LLC

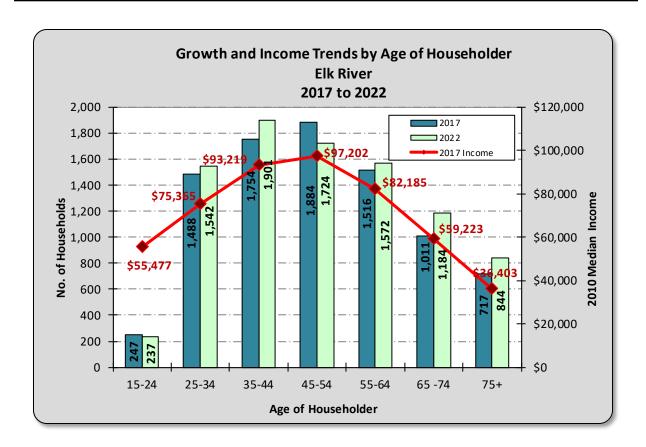
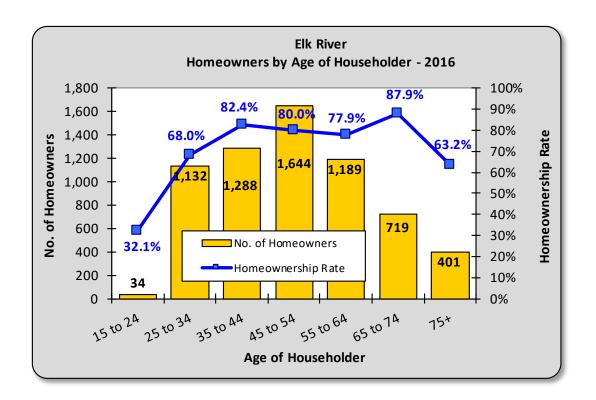
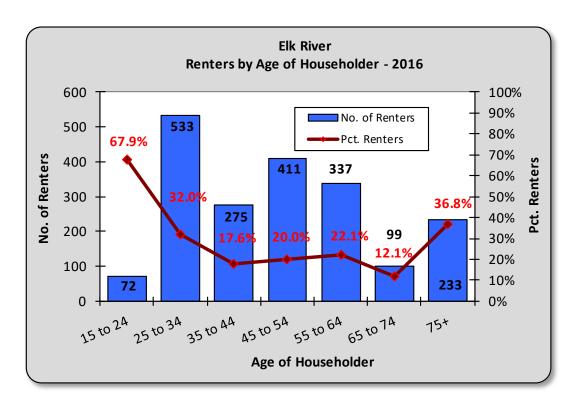


TABLE D-4 TENURE BY AGE OF HOUSEHOLDER ELK RIVER STUDY AREA 2010 and 2016

	Age of Householder															
15 to 24 25 to 34				34	35 to 44 45 to 54			55 to 64		65 to 74		75+		Total		
	Own	Rent	Own	Rent	Own	Rent	Own	Rent	Own	Rent	Own	Rent	Own	Rent	Own	Rent
2016																
City of Elk River	34	72	1,132	533	1,288	275	1,644	411	1,189	337	719	99	401	233	6,407	1,960
Pct. Own	32.	1%	68.0	1%	82.4% 80.0%		7	7.9%	87.9%		63.2%		76.6%			
2010																
City of Elk River	106	155	1,029	396	1,544	281	1,696	251	1,079	157	619	121	405	241	6,478	1,602
Pct. Own	40.	6%	72.2	2%	84.6	5%	87.	1%	8	7.3%	83.	.6%	62.	7%	80	.2%
						Ch	ange 200	0 to 201)							
	-72	-83	103	137	-256	-6	-52	160	11	180	100	-22	-4	-8	-71	358
						Perce	entage Re	nters (20	16)							
	67.	.9%	32.0)%	17.	6%	20.	0%	2	2.1%	12	.1%	36.	.8%	23	.4%
Sources: U.S. Census	s; Maxfiel	d Researc	h & Consu	lting, LLC	:		•		•	*		•	•			





% of all Households

Change (2000-2010)

	TABLE D-5													
	HOUSEHOLD TYPE TRENDS													
	ELK RIVER													
2010 and 2016														
				Non-Fa	mily				F	amily				
			Per	sons	Ot	her	Ma	rried	Ma	rried	Other Family			
	Total Households		Living	Living Alone		(Roommates)		With Children		W/O Children		(Single Parents)		
	2010	2016	2010	2016	2010	2016	2010	2016	2010	2016	2010	2016		
Total Households	8,080	8,367	1,581	1,586	449	382	2,495	2,272	2,440	2,806	1,115	1,321		

5.6

No.

-67

4.6

Pct.

-14.9

30.9

No.

-223

27.2

Pct.

-8.9

30.2

No.

366

33.5

Pct.

15.0

13.8

No.

206

15.8

Pct.

18.5

19.0

Pct.

0.3

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

100.0

Pct.

3.6

19.6

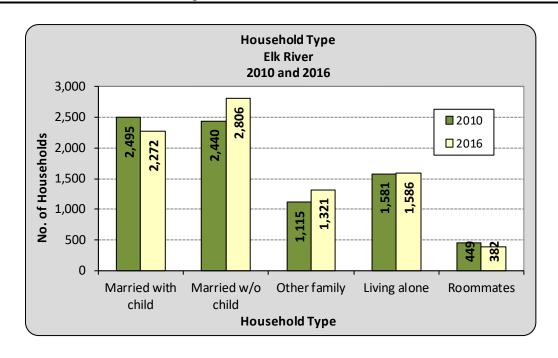
No.

5

100.0

No.

287



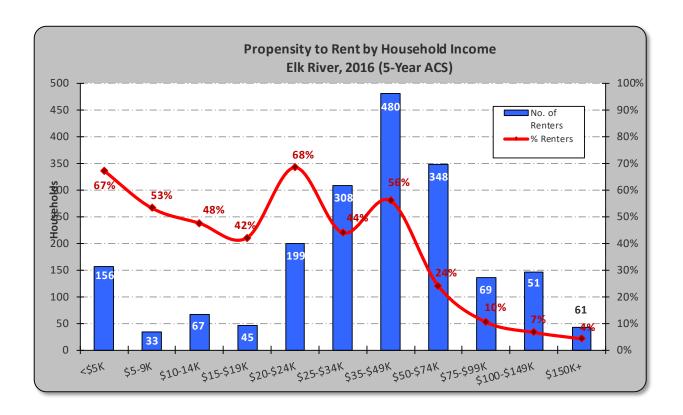
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TABLE D-6	
TENURE BY HOUSEHOLD INCOME	TI
ELK RIVER	
2010 and 2016	

		20)10*			2016*					
	Ow	'n	Ren	t	Ow	n	Rent				
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.			
Less than \$5,000	37	62.7	22	37.3	76	32.8	156	67.2			
\$5,000 to \$9,999	37	41.1	53	58.9	29	46.8	33	53.2			
\$10,000 to \$14,999	162	63.5	93	36.5	74	52.5	67	47.5			
\$15,000 to \$19,999	205	63.3	119	36.7	62	57.9	45	42.1			
\$20,000 to \$24,999	110	45.3	133	54.7	92	31.6	199	68.4			
\$25,000 to \$34,999	248	57.9	180	42.1	393	56.1	308	43.9			
\$35,000 to \$49,999	762	78.7	206	21.3	377	44.0	480	56.0			
\$50,000 to \$74,999	1,395	80.8	331	19.2	1,094	75.9	348	24.1			
\$75,000 to \$99,999	1,338	95.1	69	4.9	1,153	89.5	135	10.5			
\$100,000 to \$149,999	1,686	97.7	39	2.3	2,073	93.4	146	6.6			
\$150,000 or more	673	91.7	61	8.3	984	95.8	43	4.2			
Total	6,653	83.6	1,306	16.4	6,407	76.6	1,960	23.4			

* Data is from US Census, American Community Survey (5-Year Estimate)

Source: US Census Bureau; Maxfield Research & Consulting, LLC.



Summary of Demographic Trends

Population and Household Projections

- Between 2010 and 2017, the Elk River population and households are estimated to have increased by 6.6% (1,510 people and 537 households), while Sherburne County and Wright County's populations grew by 5.7% and 8.1%, respectively.
- Population in the City of Elk River is projected to increase by 4.4% (1,077 people) from 2017 to 2022 and forecast to grow 7.0% (1,724) through 2025. Overall, Elk River's population is forecast to gain over 3,230 people (14%) from 2010 to 2025.

Age Distribution Trends

- Between 2010 and 2025, the growth of the older age cohorts will continue in Elk River, those age 65 to 74 will experience the largest growth, growing 94% (1,118 people). All other age cohorts will experience a decline in population or experience nominal growth.
- The 65 to 74 and 75 to 84 age cohorts will experience the largest growth (19.9% and 18.4% respectively) in the PMA between 2017 and 2022. The population 18 to 24 and 45 to 54 are projected to decline from 2017 to 2022 by 5.6% and 6.7%, respectively. All other age cohorts are expected to experience moderate growth in population.

Household Income by Age of Householder

- The Department of Housing and Urban Development defines affordable housing costs as 30% of a household's adjusted gross income. For example, a household in Elk River with the median income of \$78,428 per year would be able to afford a monthly housing cost of about \$1,956.
- A generally accepted standard for affordable owner-occupied housing is that a typical household can afford to pay 3.0 to 3.5 times their annual income on a single-family home. Thus, a \$78,428 income would translate to an affordable single-family home of \$235,284 to \$273,868. The higher end of this range assumes that the person has adequate funds for down payment and closing costs, but also does not include savings or equity in an existing home which would allow them to purchase a higher priced home.
- With a household income of \$55,477, a younger household in Elk River (the median household income for the 25 and under cohort) could afford a monthly housing cost of about \$1,386 based on an allocation of 30% of income toward housing. A senior household (75+) in Elk River with an income of \$36,403 (the median household income of seniors (75+) could afford a monthly housing cost of \$1,213, based on an allocation of 40% of income toward housing.

Tenure by Household Income

- A portion of renter households are referred to as lifestyle renters, or those who are financially-able to own but choose to rent, have household incomes above \$50,000. These lifestyle renters account for approximately 34% of the renters in Elk River renters in 2016.
- Households with incomes below \$15,000 are typically a market for deep subsidy rental housing. In 2016, this was about 13% of renters in Elk River. Households with incomes ranging from roughly \$25,000 to \$50,000 are candidates for affordable rental properties and account for 40% of the renters in 2016.

Tenure by Age of Householder

- The number of owner households in Elk River is estimated to have decreased from 80.2% in 2010 to 76.6% in 2016.
- As households progress through their life cycle, housing needs change. The proportion of renter households decreases significantly as households' age out of their young-adult years. However, by the time households reach their senior years, rental housing often becomes a more viable option than homeownership, reducing the responsibility of maintenance and the financial commitment. In the City of Elk River, homeowner households reached a high of 87.9% in the 65-74 age cohort in 2016. Homeownership then begins to fall, dropping to 63.2% for those 75 and older in 2016.

Household Type

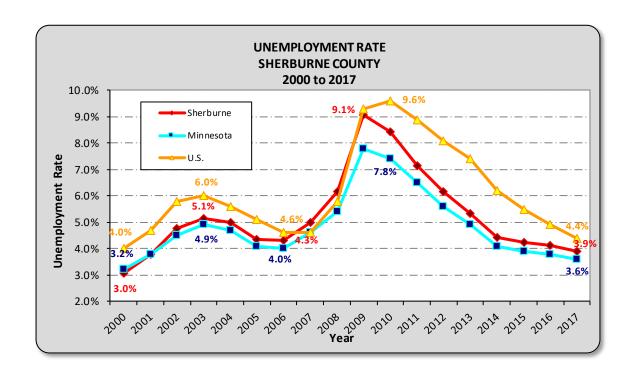
• In Elk River, married without children family households comprise the largest share of households at 33.5% of household. This is followed by married with children at 27.2% and persons living alone at 19%.

Employment Trends

TABLE E-1 RESIDENT EMPLOYMENT (ANNUAL AVERAGE) SHERBURNE COUNTY 2000 to 2017

Year	Total Labor Force	Total Employed	Total Unemployed	Unemployment Rate	Minnesota Unemployment Rate	U.S. Unemployment Rate
2000	37,904	36,748	1,156	3.0%	3.2%	4.0%
2001	39,496	38,001	1,495	3.8%	3.8%	4.7%
2002	41,524	39,552	1,972	4.7%	4.5%	5.8%
2003	43,310	41,090	2,220	5.1%	4.9%	6.0%
2004	45,025	42,780	2,245	5.0%	4.7%	5.6%
2005	46,529	44,513	2,016	4.3%	4.1%	5.1%
2006	48,064	45,991	2,073	4.3%	4.0%	4.6%
2007	48,738	46,299	2,439	5.0%	4.6%	4.6%
2008	49,592	46,531	3,061	6.2%	5.4%	5.8%
2009	49,293	44,821	4,472	9.1%	7.8%	9.3%
2010	48,990	44,867	4,123	8.4%	7.4%	9.6%
2011	48,840	45,355	3,485	7.1%	6.5%	8.9%
2012	48,756	45,754	3,002	6.2%	5.6%	8.1%
2013	48,909	46,309	2,600	5.3%	4.9%	7.4%
2014	49,186	47,001	2,185	4.4%	4.1%	6.2%
2015	49,759	47,646	2,113	4.2%	3.9%	5.5%
2016	49,647	47,592	2,055	4.1%	3.8%	4.9%
2017	50,681	48,710	1,971	3.9%	3.6%	4.4%
Change 2000-10	11,086	8,119	2,967	5.4%	4.2%	5.6%
Change 2011-17	1,841	3,355	-1,514	-3.2%	-2.9%	-3.3%

Sources: Minnesota Workforce Center; Maxfield Research & Consulting, LLC



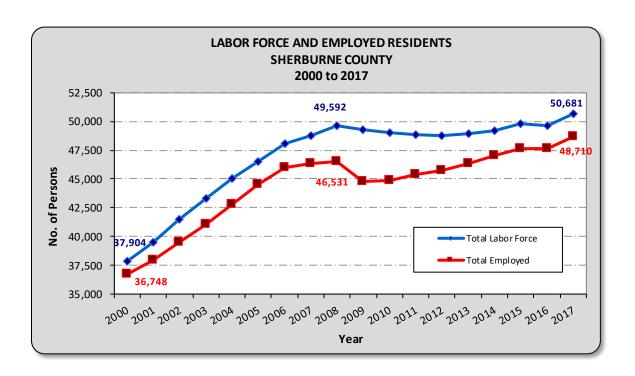


TABLE E-2 COVERED EMPLOYMENT TRENDS ELK RIVER

2000, 2005, 2010, and 2016

North American Industrial Classification System (NAICS)

					Cha	nge				
Average Numbe	2000 -	- 2014		% of	total					
<u>Industry</u>	2000	<u>2005</u>	<u>2010</u>	2016	No.	Pct.	2000	2005	2010	2014
Natural Resources & Mining	64	139	91	117	53	82.8	0.7%	1.3%	0.8%	1.0%
Construction	544	754	389	664	120	22.1	6.1%	7.3%	3.6%	5.7%
Manufacturing	1,202	1,073	1,243	1,500	298	24.8	13.6%	10.4%	11.4%	12.9%
Trade, Transportation, and Utilities	2,470	3,004	2,602	2,854	384	15.5	27.9%	29.2%	23.8%	24.6%
Information	108	63	55	66	-42	-38.9	1.2%	0.6%	0.5%	0.6%
Financial Services	373	476	394	332	-41	-11.0	4.2%	4.6%	3.6%	2.9%
Professional and Business Services	900	735	881	1,316	416	46.2	10.1%	7.1%	8.0%	11.3%
Education and Health Services	1,367	1,802	3,031	2,318	951	69.6	15.4%	17.5%	27.7%	20.0%
Leisure and Hospitality	889	1,102	842	1,055	166	18.7	10.0%	10.7%	7.7%	9.1%
Other Services	380	424	543	495	115	30.3	4.3%	4.1%	5.0%	4.3%
Public Administration	570	726	875	884	314	55.1	6.4%	7.0%	8.0%	7.6%
Totals	8,867	10,298	10,946	11,601	2,734	30.8	100%	100%	100%	100%
Source: Minnesota Workforce Center; Ma	xfield Rese	earch & Co	nsulting, L	LC						

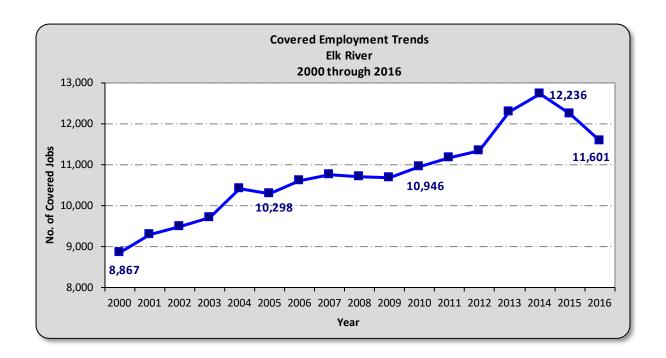


TABLE E-3 COMMUTING INFLOW/OUTFLOW CHARACTERISTICS CITY OF ELK RIVER 2015

	Outf	ow	Inflo	ow	Interior Flow		
City Total	10,454	100.0%	9,481	100.0%	2,299	100.0%	
By Age							
Workers Aged 29 or younger	2,324	22.2%	2,393	25.2%	605	26.3%	
Workers Aged 30 to 54	6,316	60.4%	5,204	54.9%	1,151	50.1%	
Workers Aged 55 or older	1,814	17.4%	1,884	19.9%	543	23.6%	
By Monthly Wage							
Workers Earning \$1,250 per month or less	2,088	20.0%	2,768	29.2%	931	40.5%	
Workers Earning \$1,251 to \$3,333 per month	2,623	25.1%	2,875	30.3%	681	29.6%	
Workers Earning More than \$3,333 per month	5,743	54.9%	3,838	40.5%	687	29.9%	
By Industry							
"Goods Producing"	2,312	22.1%	1,933	20.4%	310	13.5%	
"Trade, Transportation, and Utilities"	2,279	21.8%	1,835	19.4%	482	21.0%	
"All Other Services"	5,863	56.1%	5,713	60.3%	1,507	65.6%	

Sources: US Census Bureau Local Employment Dynamics; Maxfield Research and Consulting, LLC



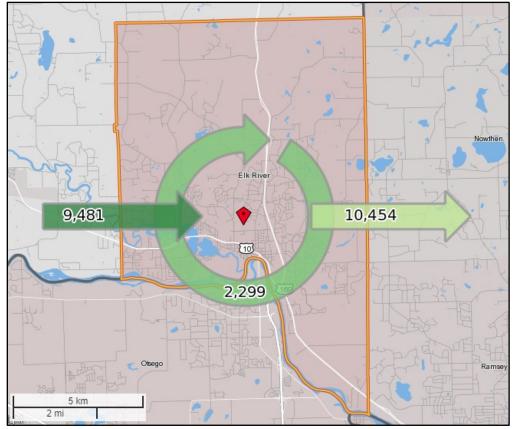


	TABLE E-4 AJOR EMPLOYERS TY OF ELK RIVER 2017	
Employer	Products/Services	Employee Count
ISD #728	Education	1,125
Sherburne County	Government	595
Cretex Companies, Inc.	Precast Concrete Products	550
Wal-Mart	Retail Store	354
Coborn's	Grocery Store	265
Great River Energy	Electric Utility	250
Elk River Nursing Home	Nursing Care	240
Guardian Angels of Elk River, Inc	Nursing Care/Housing	200
The Home Depot	Retail Store	200
Sportech, Inc	Plastics Thermoforming	185
City of Elk River	Government	183
Tescom Corporation	Pressure Control Devices	173
Menards	Retail Store	150
First National Financial Services	Financial Institution	142
Avalon Home Care	Home Health Care	110
E & O Tool and Plastics, Inc	Injection Molding	110
The Bank of Elk River	Financial Institution	107
Metal Craft Machine & Engineering	Precision Machining	105
Cub Foods	Grocery Store	100
	Tota	5,144
Sources: Sherburne County; City of Elk	River; Maxfield Research & Consu	lting, LLC

Summary of Employment Trends

Resident Labor Force

- Resident employment in Sherburne County increased by approximately 12,780 people between 2000 and 2017 (33.7%).
- The unemployment rate was in 2017 was 3.9% in Sherburne County compared to 3.6% in Minnesota and 4.4% in U.S. The unemployment rate in Elk River has been steadily declining since its high in 2009 of 9.1%.

Covered Employment by Industry

- The average number of employees rose 30.8% (2,734) between 2000 and 2016 in Elk River.
- In Elk River, Trade, Transportation, and Utilities accounted for the largest proportion of employment, making up 25% of employment by industry in 2016. Education and Health Services has the next highest concentration of employees at 20%.

EMPLOYMENT

- All but the Information and Financial Services sectors increased the number of employees since 2000. The information sector decreased by 42 employees (39%) and the Financial Services sector declined by 41 employees (11%).
- The Education and Health Services sector experienced the largest gain in employees of 951 (70%) followed by the Professional and Business Services sector growing by 416 employees (46%).

Inflow/Outflow

• Table E-3 on page 18 provides a summary of the inflow and outflow of workers in the City of Elk River. Outflow reflects the number of workers living in the City of Elk River, or the Market Area, but working in an area other than where they live, while inflow measures the number of workers that are employed in the City of Elk River, or the Market Area, but live outside those areas. Interior flow reflects the number of workers that both live and work in the City of Elk River and live and work in the Market Area.

Housing Characteristics

TABLE HC-1
RESIDENTIAL CONSTRUCTION
CITY OF ELK RIVER
ANNUAL BUILDING PERMITS ISSUED
2000 to 2017

_				
		Permit	s Issued	
	Single-Family	Townhome/	Multifamily	Total Housing
<u>-</u>	Homes	Twinhome	3+ Units	Units
2000	172	26	86	284
2001	162	18	76	256
2002	194	18	32	244
2003	285	37	228	550
2004	300	12	235	547
2005	195	4	145	344
2006	150	2	98	250
2007	104	0	12	116
2008	25	0	0	25
2009	16	0	4	20
2010	15	0	53	68
2011	11	0	0	11
2012	36	0	0	36
2013	82	0	0	82
2014	68	3	68	139
2015	62	0	0	62
2016	73	2	0	75
2017	113	0	0	113
Total '00 to 10	1,618	117	969	2,704
Total 11' to 17	445	5	68	518
Sources: City of	Elk River; Maxfield	Research & Cons	ulting, LLC	

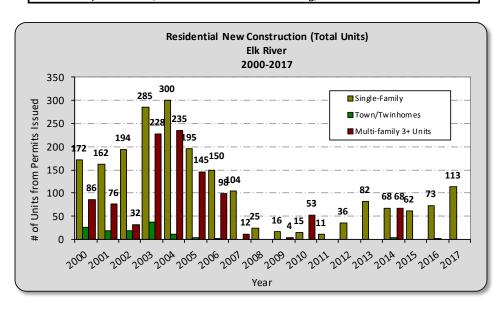
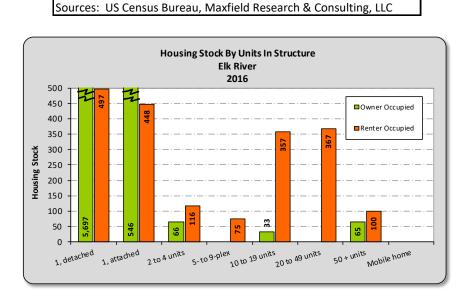


TABLE HC-2 HOUSING STOCK BY UNITS IN STRUCTURE ELK RIVER 2010 and 2016

	201	.0*	ı	201	6*
	No	Pct.		No	Pct.
Owner occupied:	6,653	100.0		6,407	100.0
1, detached	5,445	81.8		5,697	88.9
1, attached	1,115	16.8		546	8.5
2 to 4 units	45	0.7		66	1.0
5- to 9-plex	0	0.0		0	0.0
10 to 19 units	0	0.0		33	0.5
20 to 49 units	0	0.0		0	0.0
50 + units	33	0.5		65	1.0
Mobile home	15	0.2		0	0.0
Renter occupied:	1,306	100.0		1,960	100.0
1, detached	242	18.5		497	25.4
1, attached	126	9.6		448	22.9
2 to 4 units	88	6.7		116	5.9
5- to 9-plex	134	10.3		75	3.8
10 to 19 units	247	18.9		357	18.2
20 to 49 units	296	22.7		367	18.7
50 + units	160	12.3		100	5.1
Mobile home	13	1.0		0	0.0
Total occupied:	7,959	100.0		8,367	100.0
1, detached	5,687	71.5		6,194	74.0
1, attached	1,241	15.6		994	11.9
2 to 4 units	133	1.7		182	2.2
5- to 9-plex	134	1.7		75	0.9
10 to 19 units	247	3.1		390	4.7
20 to 49 units	296	3.7		367	4.4
50 + units	193	2.4		165	2.0
Mobile home	28	0.4		0	0.0
* Data is from US Census, American Con	nmunity Su	rvey (5-Yea	r Es	timate)	



Summary of Housing Characteristics

Residential Construction Trends 2000 to Present

Maxfield Research obtained data from the City of Elk River on the number of building permits issued for new housing units in Elk River from 2000 to 2017. Table HC-1 on page 20 displays permits issued for single-family and multifamily dwellings. Multifamily units usually include both for-sale (condominium, twinhomes, and townhomes) and rental projects. The following are key points about housing development since 2000.

- In 2017, the City of Elk River permitted 113 residential units, the most residential units permitted in a single year since prior to the onset of the Great Recession.
- On average, the City of Elk River permits 90 single-family units, 6.5 townhome/twinhome units, and 54 multi-family units per year since 2000.
- From 2008 to 2016, Elk River averaged only 43 single-family units, less than 1 town-home/twinhome units, and 14 multifamily units per year.
- Since 2013, there has been 398 single family units, five townhome units and 68 multifamily rental units permitted. This is an average of 80 single family units and 94 units overall over the five year period.

Housing Units by Structure and Occupancy or (Housing Stock by Structure Type)

The dominant housing type in the Market Area is the single-family detached home, representing an estimated 89% of all owner-occupied housing units and 25% of renter-occupied housing units as of 2016.

General Occupancy Rental Projects in Elk River

TABLE RMA-1 GENERAL OCCUPANCY RENTAL HOUSING CITY OF ELK RIVER January 2018

Project Name/ Address	Year Built	Total Units	Vacant	Unit Mix	Unit Size	Monthly Rent	Price Per Sq. Ft.	Comments
					М	arket Rate		
Granite Shores	2008/	67	0	13 - 1BR	737 - 1,301	\$1,229 - \$1,849	\$1.42 - \$1.67	Condominum conversion. Began leasing in May 2012. Mixture
633 Main Street	2012		0	50 - 1BR+D	817 - 1,187	\$1,349 - \$1,719	\$1.45 - \$1.65	of residents. The majority moved in from the area.
	Conversion	n	0	4 - 2BR	965 - 1,304	\$1,489 - \$1,849	\$1.42 - \$1.54	
Evans Meadows	1990/	113	0	47 - 1BR	800 - 925	\$996 - \$1,293	\$1.25 \$1.40	Three story apartments. Six total buildings along with a
325-385 Evans Avenue	2015		2	64 - 2BR	1,034 - 1,200	\$1,193 - \$1,626	\$1.15 - \$1.36	clubhouse. One building burned down in 2013 and was rebuilt.
			0	2 - 3BR	1,500	\$1,700	\$1.13	
Lion's Park	1988	62	0	1 - EFF	800	\$745	\$0.93	U-shaped three story apartment building. Renovated just before
1001 School Street			0	42 - 1BR	1,000 - 1,025	\$850 - \$889	\$0.85 - \$0.87	2015 housing study.
			0	13 - 2BR	960 - 1,400	\$889 - \$1,010	\$0.72 - \$0.93	
			0	6 - 3BR	1,100 2,200	\$1,250 - \$1,650	\$0.75 \$1.14	
Oak Crest Apartments	1987/	54	0	3 - 1BR	855	\$755	\$0.88	Three two-story buildings.
300-380 3rd Street	1988		3	51 - 2BR	1,139	\$855 - \$895	0.75 - 0.79	
Ridgewood Manor	1987	80	0	29 - 1BR	750	\$720	\$0.96	Three story apartments. Five total buildings. Rents were quoted
11931 191 ^{1/2} Avenue			0	51 - 2BR	900	\$825	\$0.92	by management as an average rent.
Tara Hills Estates	1986	26	0	5 - 1BR	n/a	\$600	n/a	Three-story apatment building.
151 5th Street			0	13 - 2BR	n/a	\$700	n/a	
			0	8 - 3BR	n/a	\$860	n/a	
Elk Park Estates	1985-87	72	4	n/a - 1BR	n/a	\$700	n/a	Three, Three-story apartment building.
1109-1115 School Street			7	n/a - 1BR/D	n/a	\$750	n/a	New owner took over ownership with new caretaker back in
			9	n/a - 2BR	n/a	\$825 - \$875	n/a	2015 and immediately had 15 evictions. Current manager states
			7	n/a - 2BR/D	n/a	\$925	n/a	many apartments without aplliances and carpet that needs to be
								replaced. Thus they cannot rent out apartments and have high
								vacancy rates.
Elk Ridge Estates	1985	18		N	OT AVAILABLE			
11755 191 1/2 Ave								
Balmoral Apartments	1979	24	0	1 - 1BR	625	\$675	\$1.08	Three story building with balconies for the upper two floors.
379 Baldwin			2	23 - 2BR	815	\$725 - \$775	\$0.89 - \$0.95	
Elk Crossings	1972	21	1	3 - 1BR	625	\$850	\$1.36	Three, three story buildings.
814 Proctor Ave			2	18 - 2BR	950	\$950	\$1.00	
School Place Apartments	1965	16	1	2 - 1BR	700	\$695	\$0.99	Two, two-story buildings.
1179 School St. NW			0	14 - 2BR	1,050	\$850	\$0.81	
						ontinued		

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TABLE RMA-1 GENERAL OCCUPANCY RENTAL HOUSING CITY OF ELK RIVER January 2018 (Continued)

					(Co	ontinued)		
Project Name/ Address	Year Built	Total Units	Vacant	Unit Mix	Unit Size	Monthly Rent	Price Per Sq. Ft.	Comments
					Market F	ate (continued)		
River Garden Apartments	1973	30	0	15 - 1BR	750	\$750	\$1.00	Three story building
337 Baldwin Ave			1	14 - 2BR	950	\$850	\$0.89	
			0	1 - 3BR	1,000	\$850	\$0.85	
Pineview Estates	1972	30	0	1 - EFF	450	\$590	\$1.31	Three story building.
7/23 3rd Street			0	7 - 1BR	750	\$745	\$0.99	
			0	22 - 2BR	950	\$845	\$0.89	
Lake Orono Estates	1967	36	0	36 - 2BR	875	\$875 - \$895	\$1.00 -\$1.02	Three story building. Over 80% are families.
18594 Gary Street								
Market Rate Total		633	39	6.2% Vacano	y Rate			
					Afforda	ble/Subsidized		
	2215						¢0.02	
Coachman Ridge 17250 Twin Lake	2015	52	0	9 - 1BR 26 - 2BR	796 1,097	\$735 \$875	\$0.92 \$0.80	Four-story development. LIHTC affordable at 60% of AMI.
(Affordable)			0	20 - 2BR 17 - 3BR	1,309 - 1,332	\$990	\$0.74 -\$0.76	Mixture of Residents.
, ,,	2011	F2			796	\$710	\$0.89	Face at an electronic transfer to the state of the state
The Depot of Elk River Station 10653 172nd Avenue NW	2011	53	0	11 - 1BR 26 - 2BR	1,097 - 1,134	\$830	\$0.89 \$0.73 - \$0.76	Four-story development. LIHTC affordable at 60% of AMI. Wide mixture of residents
(Affordable)			0	16 - 3BR	1,309 - 1,332	\$940	\$0.71 - \$0.72	mixture of residents
Jackson Place	2007	32	0		712	\$770	\$1.08	There shows by the company to the control of the co
300 Jackson Ave	2007	32	0	16 - 1BR 16 - 2BR	912	\$770 \$905	\$1.08 \$0.99	Three story building Downtown. LIHTC affordable at 60% of AMI. Majority of tenants live alone.
(Affordable)			U	10 - 2BK	912	3903	Ş0.33	Aivii. Majority of tenants live alone.
Dove Tree Apartments	1995	68	0	1 - EFF	n.a.	n.a.		Three story facilitiy. LIHTC affordable at 60% of AMI. Wide mix
1105 Lions Park Dr			0	16 - 1BR	675	\$885	\$1.31	of resident types.
(Affordable)			0	34 - 2BR	891	\$975	\$1.09	
			0	17 - 3BR	1,134	\$1,100	\$0.97	
					C	ontinued		

TABLE RMA-1 GENERAL OCCUPANCY RENTAL HOUSING CITY OF ELK RIVER January 2018 (Continued)

Project Name/ Address	Year Built	Total Units	Vacant	Unit Mix	Unit Size	Monthly Rent	Price Per Sq. Ft.	Comments
					Affordable/Si	ubsidized (continued)		
Lanesboro Heights Townhomes	1992	30	0	21 - 2BR	850	\$914	\$1.08	Two-story rowhomes. 30% of income. 5 year waiting list. Unit
11798 Highland Road			0	8 - 3BR	950	\$1,004	\$1.06	mix is mostly families and empty nesters whos kids have moved
(Section 8)						Market Rents*		out of development.
Dove Terrace Apartments	1990	51	0	3 - 1BR	683	\$885	\$1.30	Three story building. LIHTC affordable at 60% of AMI. Wide mix
1127 School Street			0	23 - 2BR	871 - 1,113	\$995	\$0.89 - \$1.14	of resident types.
(Affordable)			0	24 - 3BR	995 - 1,066	\$1,125	\$1.06 - \$1.13	7, 55
Auburn Place	1989	24	0	17 - 2BR	750	\$540 - \$748	\$0.72 -\$1.00	Three story building. Section 515 Rural Development.
631 Auburn Place			0	7 - 3BR	850	\$575 - \$783	\$0.68 - \$0.92	
(Rural Development 515)						Base - Market		
Elk Ridge Manor	1986	40	0	n.a 1BR	595	\$780	\$1.31	Two story apartments and townhomes. LIHTC affordable at 60%
847 Freeport Ave			0	n.a 2BR	795	\$830 - \$880	\$1.04 \$1.11	of AMI. Community is primarily families with children.
(Affordable)			0	n.a 3BR	1,025	\$935	\$0.91	
Affordable/subsidized Total		350	0	0.0% Vacanc	y Rate	-		
Rental Housing Total		983	39	4.0% Vacance	y Rate			

^{*} Market rents that building would charge if not subsidized.

Source: Maxfield Research & Consulting, LLC

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192nd Ave NW 96th St NE Otsego 175th Ave NW 171st Ln NW 89th St No.4mi

Elk River General Occupancy Rental Housing Locations

Maxfield Research & Consulting, LLC

Market Rate

- 1. Granite Shores
- 2. Evans Meadows
- 3. Lion's Park
- 4. Ridgewood Manor
- 5. Tara Hills Estates
- 6. Elk Park Estates
- 7. Elk Ridge Estates
- 8. Balmoral Apartments
- 9. Elk Crossings/School Street
- 10. River Garden Apartments
- 11. Pineview Estates
- 12. Lake Orono Estates
- 13. Oak Crest Apartments

Key:

Affordable

- 14. The Depot at Elk River Station
- 15. Jackson Place
- 16. Dove Tree Apartments
- 17. Dove Terrace Apartments
- 18. Elk Ridge Manor
- 19. Coachman Ridge

Section 8

- 20. Lanesboro Heights Townhomes
- 21. Auburn Place

60 + Units
40-59 Units
21-39 Units
Less than 20 Units

Senior Housing in Elk River

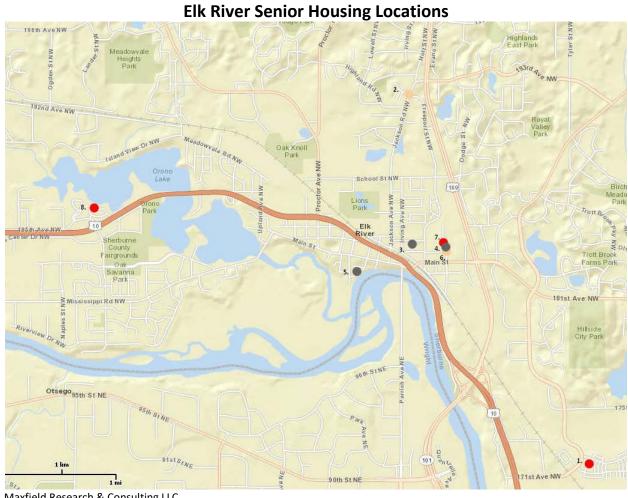
					s	TABLE SH-1 ENIOR HOUSING	
					C	ITY OF ELK RIVER	
						January 2018	
					Unit Mix/Sizes	/Rents	
	Year	No. of	No.			Monthly Rent/	
Project Name/City	Built	Units	Vacant	No. Type	Sizes	Sale Price	Comments
Adult/Few-Services Ownership							
Pullman Place	2005	65	0	14 - 1BR	798 - 920	\$693 - \$950	55+. Guardian Angels. In 2012, units were selling at 35% to 55% less than
17155 Quincey St			0	0 400.0	4.050	\$52,174 - \$72,123	scheduled share price. By the 2015 study units were selling quicker and for full
(Cooperative)			0	9 - 1BR+D	1,058	\$1,099 \$82,931	share prices. Residents typically sell due to health issues and need for higher
			0	39 - 2BR	1,110 - 1,272	\$1,143 - \$1,315	level of care, with some relocating near family. In 2012, units took longer to sell and could be up to 2+ years market time for some units. Now units sell
			Ü	33 ZBK	1,110 1,272	\$87,015 - \$99,718	immediatly and there is a lengthy waiting list. Avg. Age = 80, 23 couples.
			0	1 - 2BR+D	1,440	\$1,495	inimediatly and there is a lengthy waiting list. Avg. Age – 60, 25 couples.
						\$112,888	
			0	2 - 3BR	1,440	\$1,495	
						\$112,888	
Elk Run Village	1997/	52	0	52 - 2BR	1,400	\$160,000 - \$190,000	For sale one-level age restricted townhome community for active adults. Five
19200 Freeport Court NW	1999					Recent Sales Price	sold over last two years.
						2016 and 2017	
Ownership Subtotal		117	0	0% Vacano	cy Rate		
Adult/Few-Services Rental							
Market Rate							
Elk Terrace	1993	23	0	20 - 1BR	688	\$575 -\$688	62+. Metroplains. All utilities covered except for electric, cable/phone;
385 Holt Avenue			0	3 - 2BR	734	\$625 -\$724	
Evans Park	1985	36	1	24 - 1BR	638	\$950	55+. Guardian Angels . Grocery store and gift shop located within property.
330 Evans Avenue			0	12 - 2BR	826	\$1,180	
Riverview Apts.	1973	24	0	20 - EFF	320	\$600 - \$650	55+. Changed ownership from Guardian Angels from previous study in 2015.
925 Angel Avenue			0	4 - 1BR	380	\$700 - \$725	Electric and heat are included in rent. 2 units occuupied with Section 8 voucher.
(Market Rate & Subsidized)							No longer accept Section 8. When those tenants move out, no new Section 8 allowed. Units come with assigned parking.
Market Rate Rental Subtotal		83	1	1.2% Vacano	y Rate		
Market Rate Total		200	1	0.5% Vacano	cy Rate		
						Continued	

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TABLE SH-1							
SENIOR HOUSING							
CITY OF ELK RIVER							
January 2018							
(Continued)							

						1-	ı
	V	No of	Na		Unit Mix/Sizes	/Rents Monthly Rent/	
Project Name/City	Year Built	No. of Units	No. Vacant	No. Type	Sizes	Sale Price	Comments
	Dunt	Offics	Vacant	No. Type	31263	Jaie Frice	Comments
Affordable/Subsidized						222/ 5.1.1	
Angel Ridge	1992	53	0	52 - 1BR	540	30% of AMI	62+. Guardian Angels . HUD 202 - Section 8. Provides noon meals.
280 Evans			0	1 - 2BR	800	30% of AMi	
(Subsidized)							
Guardian Oaks	1980	62	0	60 - 1BR	540	30% of AMI	62+. Guardian Angels . HUD 202 - Section 8 subsidised. The rent per unit varies
350 Evans Avenue			0	2 - 2BR	800	30% of AMI	on case by case basis per the tenants needs. Disabled/medical demands,
(Subsidized)							modified units.
Affordable/Subsidized Subtotal		115	0	0% Vacano	y Rate		
Adult/Few Service Total		315	1	0% Vacano	y Rate		
Assisted Living							
Guardian Angels by the Lake	1998/	60	0	58 - 1BR	440 - 520	\$2,720 - \$3,095	55+. Guardian Angels . Personal Care a-la-carte and can run from \$350 to
13439 185th Lane	2012		0	2 - 2BR	650	\$3,330	roughly \$3,000. Avg= 85. Wait list.
Memory Care							
Guardian Angels by the Lake	1998/	30	0	22 - Studio	324 - 354	\$3,450 - \$3,550	55+. Guardian Angels . Three-levels of care from Level 1 - \$2,000 to Level 3 -
13439 185th Lane	2012		0	6 1BR	456	\$3,825	\$3,420. Avg Age = 85. Wait List
			0	2 2BR	745	\$4,600	7-7, 110, 62 1101
Overall Senior Housing Total		405	1	0.2%			
Source: Maxfield Research & Const	ulting, L	LC					

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Maxfield Research & Consulting LLC

Key:

Adult/Few-Services Ownership

- 1. Pullman Place
- Elk Run Village

Adult/Few-Services Rental

Market Rate

- 3. Elk Terrace
- 4. **Evans Park**
- 5. **Riverview Apartments**

Subsidized

- 5. Riverview Apartments
- 6. Angel Ridge
- **Guardian Oaks**

Assisted Living

8. Guardian Angels by the Lake

Memory Care

8. Guardian Angels by the Lake

Under Construction

- 9. Elk River Senior Housing
- 10. Guardian Angels Otsego

60 + Units
40-59 Units
21-39 Units
Less than 20 Units

			FIG	URE 1								
		20:	17 MHFA/H	UD Income	Limits							
Sherburne County												
			Inco	me Limits b	y Household	l Size						
	1 phh	2 phh	3 phh	4 phh	5phh	6phh	7phh	8phh				
30% of median	\$18,990	\$21,720	\$24,420	\$27,120	\$29,310	\$31,470	\$33,630	\$35,820				
50% of median	\$31,650	\$36,200	\$40,700	\$45,200	\$48,850	\$52,450	\$56,050	\$59,700				
60% of median	\$37,980	\$43,440	\$48,840	\$54,240	\$58,620	\$62,940	\$67,260	\$71,640				
		Maximum Gross Rents by Bedroom Size										
	0 BR	1BR	2BR	3BR								
30% of median	\$474	\$508	\$610	\$705								
50% of median	\$791	\$848	\$1,017	\$1,175								
60% of median	\$949	\$1,017	\$1,221	\$1,410								
Sources: MHFA; Ma:	xfield Resear	ch & Consu	Iting, LLC									

Summary of Elk River Competitive Multifamily Properties

Among 983 general occupancy units, 64% were market rates units, 30% were affordable units and only 6% were subsidized units. There has been no new multifamily developments constructed since the previous study in 2015.

Market Rate Rentals in Elk River

- In total there were 14 market rate apartments with 16 units or more in Elk River. Our survey indicated that the overall vacancy rate among all property types was nearly 6.2%, with 39 vacant units among 633 total units. This however includes the Elk Park Estates apartments that account for 27 of the vacant units. Excluding this property, the vacancy rate falls to 2.1%. This is well below the recommended 5.0% equilibrium to account for sufficient turnover in the market. Thus, pent-up demand exists for more market rate rental units.
- Elk Park Estates is an anomaly in the market as in the prior 2015 study had 25 vacancies. This property is the lone poorly performing larger rental development in the city.

Subsidized and Affordable Rentals in Elk River

 The overall vacancy rate among all property types was 0.0% among 350 total units. No available units in the market indicates that there is additional need for affordable and/or subsidized units in Elk River.

Senior Housing in Elk River

Maxfield Research surveyed the 405 senior housing units in Elk River. We identified one vacant unit, resulting in an overall vacancy rate of 0.2%. Generally, the equilibrium for senior housing ranges from a 5% to 7% vacancy rate. Thus, the current rate indicates pent up demand for additional senior housing at all levels.

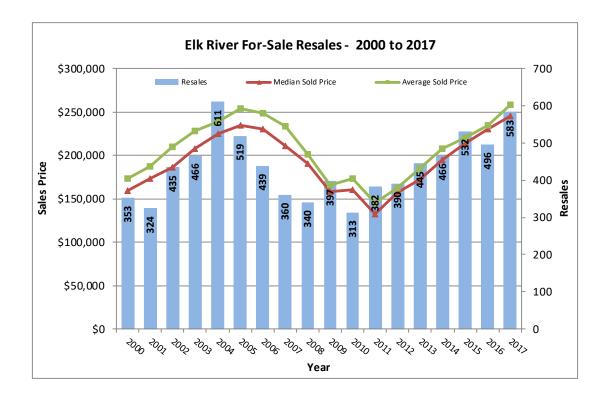
Planned or Pending G.O. and Senior Housing Developments Elk River

- Hearth Development is currently building the 100-unit Elk River Senior Living senior housing project in Elk River. The project is located at the intersection of 181st Avenue NW and Line Avenue NW. The project will include 36 congregate units (independent living with light services), 40 assisted living units, and 24 memory care units. The project is set to be completed late summer 2018.
- Guardian Angels is developing Riverview Landing in Otsego located just across the river from Elk River off of Highway 101 in the Waterfront East planned unit development area. The project which is currently under construction will include 126 assisted living units and 16 memory care units. While this development is not located in Elk River, it is located just across the border in Otsego and would be directly competitive with Elk River senior housing projects.
- There is one proposed general occupancy development in Elk River. Patrick Briggs has submitted a proposal for a 40-unit mixed income apartment building. The project would be located at 6th Street and Jackson Avenue. The current proposal shows at least eight units that would be affordable and 32 market rate units. The project would be developed under Tax Increment Financing. Because the project is recently proposed it is unclear when and if the building would be developed.

For-Sale Housing Resales

				HO CITY	ABLE FS-1 ME RESALES OF ELK RIVER 000 to 2017					
	No.	Avg. Sales	Avg. %	Med. Sales	Median %	Days o	n Market	Cumu	I. DOM ¹	% Lender
Year	Sold	Price	Change	Price	Change	Avg.	Median	Avg.	Median	Mediated ²
2000	353	\$172,769	-	\$159,000	-	49	25	-	-	-
2005	519	\$254,038	6.5%	\$234,900	4.7%	88	61	-	-	-
2010	313	\$173,153	4.2%	\$160,000	1.3%	70	49	134	77	69.9%
2011	382	\$145,781	-15.8%	\$132,000	-17.5%	88	59	147	106	70.2%
2012	390	\$162,862	11.7%	\$157,000	18.9%	81	50	114	68	56.7%
2013	445	\$184,650	13.4%	\$172,000	9.6%	56	35	82	47	33.8%
2014	466	\$207,424	12.3%	\$195,000	13.4%	60	42	78	49	17.6%
2015	532	\$220,638	6.4%	\$214,450	10.0%	51	33	74	41	10.7%
2016	496	\$234,248	6.2%	\$230,500	7.5%	42	23	61	29	7.4%
2017	583	\$258,287	10.3%	\$245,000	6.3%	41	25	51	30	4.0%
Total 00'-17'	7,268									
Summary 00' to	10'									
Change		0.2%		0.6%						
Average	428	\$210,270		\$193,977		70	48	170	124	
Summary 11' to	17'									
Change		77.2%		85.6%						
Average	471	\$201,984		\$192,279		60	38	87	53	

Sources: Regional Multiple Listing Service of Minnesota, Maxfield Research & Consulting, LLC



Lender Mediated Properties include foreclosures and short sales. MLS data for this property type began in July 2008.

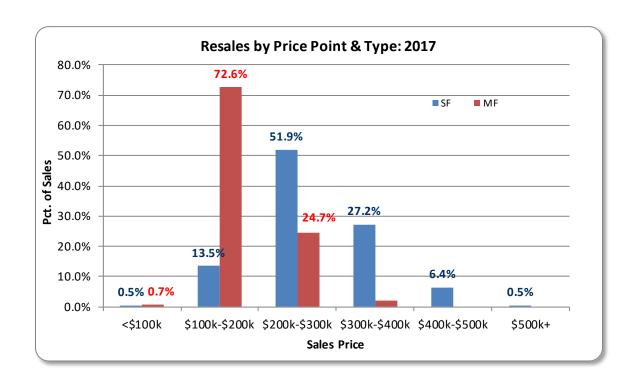
TABLE FS-2
SINGLE-FAMILY AND MULTIFAMILY RESIDENTIAL SALES
CITY OF ELK RIVER
2000 through 2017

	Number	Median Selling	%	Average Selling	%
Year	of Sales	Price	Chg.	Price	Chg.
		Single-Fa	nmily		
2000	318	\$162,400		\$175,779	
2005	411	\$251,900	5.3%	\$272,383	6.3%
2010	235	\$181,000	4.7%	\$193,931	5.8%
2011	273	\$160,000	-11.6%	\$166,955	-13.9%
2012	293	\$175,000	9.4%	\$181,439	8.7%
2013	350	\$189,450	8.3%	\$202,385	11.5%
2014	353	\$214,900	13.4%	\$225,623	11.5%
2015	404	\$237,536	10.5%	\$228,000	1.1%
2016	367	\$256,356	7.9%	\$242,396	6.3%
2017	437	\$282,550	10.2%	\$269,900	11.3%
Pct. Change					
00' - 17'	37.4%	74.0%		53.5%	
		Multifan	nily*		
2000	35	\$142,580		\$145,163	
2005	108	\$172,775	3.4%	\$184,227	2.8%
2010	78	\$107,442	7.4%	\$110,555	3.3%
2011	109	\$90,000	-16.2%	\$92,842	-16.0%
2012	97	\$105,000	16.7%	\$106,746	15.0%
2013	95	\$117,500	11.9%	\$119,313	11.8%
2014	113	\$135,000	14.9%	\$150,570	26.2%
2015	128	\$167,304	23.9%	\$152,450	1.2%
2016	129	\$172,353	3.0%	\$155,000	1.7%
2017	146	\$185,665	7.7%	\$167,500	8.1%
Pct. Change					
00' - 17'	317.1%	30.2%		15.4%	

^{*} Multifamily includes twinhomes, townhomes, and condominiums (cooperatives are typically not listed in the MLS)

Source: Regional Multiple Listing Service of MN; Maxfield Research & Consulting, LLC

TABLE FS-3 HOME RESALES BY SALES PRICE & PRODUCT TYPE CITY OF ELK RIVER 2017											
	Single-f	Single-family Multifamily				Combined					
Price Range	No.	Pct.	No.	Pct.	No.	Pct.					
Under \$100,000	2	0.5%	1	0.7%	3	0.5%					
\$100,000 to \$149,999	6	1.4%	20	13.7%	26	4.5%					
\$150,000 to \$199,999	53	12.1%	86	58.9%	139	23.8%					
\$200,000 to \$249,999	116	26.5%	20	13.7%	136	23.3%					
\$250,000 to \$299,999	111	25.4%	16	11.0%	127	21.8%					
\$300,000 to \$349,999	77	17.6%	2	1.4%	79	13.6%					
\$350,000 to \$399,999	42	9.6%	1	0.7%	43	7.4%					
\$400,000 to 499,999	28	6.4%	0	0.0%	28	4.8%					
\$500,000+	2	0.5%	0	0.0%	2	0.3%					
Total	437	100.0%	146	100.0%	583	100.0%					



	HOUSING SA	TABLE FS-4 LES PER SQUARE ELK RIVER 2005 to 2017	FOOT (PSF)	
Year	Median PSF	Avg. PSF	Existing Home Median PSF	New Const. Median PSF
2005	\$122	\$131	\$116	\$140
2006	\$117	\$126	\$114	\$127
2007	\$113	\$121	\$113	\$113
2008	\$92	\$98	\$90	\$118
2009	\$79	\$82	\$76	\$103
2010	\$82	\$85	\$79	\$107
2011	\$69	\$72	\$68	\$111
2012	\$76	\$80	\$76	\$130
2013	\$86	\$92	\$84	\$130
2014	\$94	\$98	\$91	\$136
2015	\$100	\$105	\$99	\$148
2016	\$106	\$114	\$104	\$174
2017	\$114	\$122	\$112	\$171
Source: Regional	Multiple Listing Ser	vice of MN, Maxf	field Research & Con	sulting, LLC

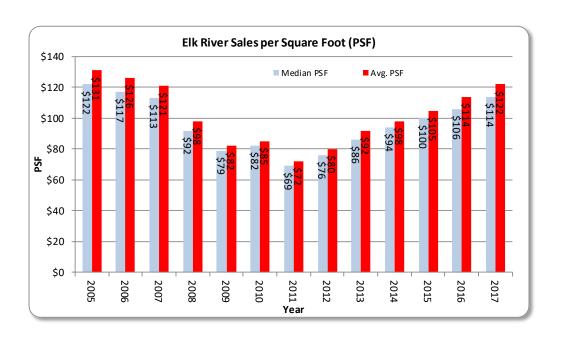


TABLE FS-5 HOMES CURRENTLY LISTED FOR-SALE CITY OF ELK RIVER February 2018

	Single-	Family	Multif	amily ¹
Price Range	No.	Pct.	No.	Pct.
< \$99,999	0	0.0%	0	0.0%
\$100,000 to \$149,999	1	2.3%	1	10.0%
\$150,000 to \$174,999	1	2.3%	1	10.0%
\$175,000 to \$199,999	3	7.0%	1	10.0%
\$200,000 to \$249,999	3	7.0%	3	30.0%
\$250,000 to \$299,999	13	30.2%	1	10.0%
\$300,000 to \$349,999	8	18.6%	3	30.0%
\$350,000 to \$399,999	6	14.0%	0	0.0%
\$400,000 and Over	8	18.6%	0	0.0%
	43	100%	10	100%
Minimum	\$109	,900	\$148,000	
Maximum	\$674	,000	\$349	,150
Median	\$305	,990	\$217	,950
Average	\$322	,646	\$237	,245

 $^{^{\}rm 1}$ Includes townhomes (attached & detached), twinhomes, and condominiums

Sources: Regional Multiple Listing Service of MN Maxfield Research & Consulting, LLC

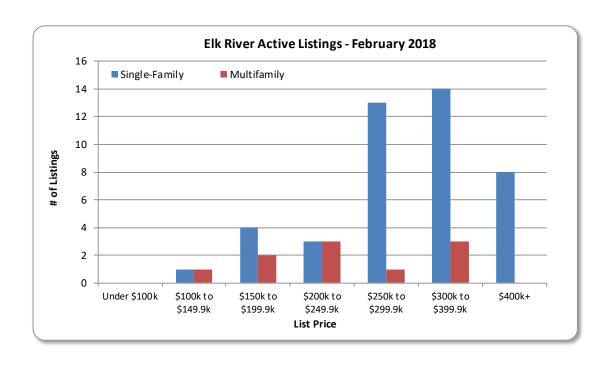


TABLE FS-6 ACTIVE LISTINGS BY HOUSING TYPE ELK RIVER February 2018

Property Type	Listings	Pct.	New Construction	Avg. List Price	Avg. Home Size Sq. Ft.	Avg. List Price Per Sq. Ft.	Avg. Age of Home
Single-Family							
One story	12	27.9%	7	\$322,564	2,043	\$165	2003
1.5-story	1	2.3%	0	\$109,900	785	\$140	1928
2-story	16	37.2%	9	\$396,977	2,943	\$143	2009
Split entry/Bi-level	6	14.0%	3	\$252,483	1,483	\$184	2000
3-level split	5	11.6%	3	\$260,120	1,910	\$143	2008
4 or more level split	3	7.0%	1	\$278,267	1,784	\$167	2002
Total	43	100.0%	23	\$325,177	2,237	\$156	2003
Townhomes/Twinhomes							
Detached Townhomes	4	40.0%	4	\$312,163	1,572	\$198	2018
Side-by-side	5	50.0%	0	\$185,160	1,713	\$112	2003
Quad	1	10.0%	0	\$200,000	1,408	\$142	1999
Total	10	100.0%	4	\$237,445	1,626	\$149	2008
Total	53		27	\$307,305	2,112	\$155	2005

Source: Regional Multiple Listing Service of MN; Maxfield Research & Consulting, LLC

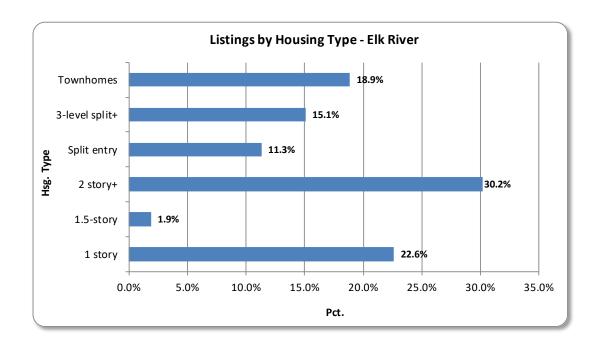




TABLE FS-7 SUBDIVISION & LOT INVENTORY - DETACHED HOUSING UNITS CITY OF ELK RIVER 4th QUARTER 2017

Elk River Detached Bir Elk River Detached Elk Elk River Detached Hil Elk River Detached Kir Elk River Detached Mi Elk River Detached Mi Elk River Detached Mi	visions spen Hills in Elk River irchview lk River Rapids illside, The Woods at ingdom Estates fiske Meadows fliske Meadows/(DTH) flississippi Oaks ark Pointe	Active 1Q03 Active 1Q08 Active 1Q06 Active 2Q00 Active 1Q06 Active 2Q17 Active 2Q17	Single Family	115' 170' 100' 115' 180'-275' 65"	\$225 \$220 \$412 \$212 \$400	\$360 \$250 \$586 \$373	2 0 0	4 0 0	71 2 7	Lot Inventory (VDL) 6 2 4		78 4 11
Elk River Detached As Elk River Detached Bir Elk River Detached Elk Elk River Detached Hil Elk River Detached Kir Elk River Detached Mi Elk River Detached Mi Elk River Detached Mi	spen Hills in Elk River irchview Ik River Rapids illside, The Woods at ingdom Estates fiske Meadows fiske Meadows/(DTH) fississippi Oaks	Active 1Q08 Active 1Q06 Active 2Q00 Active 1Q06 Active 2Q17 Active 2Q17	Single Family Single Family Single Family Single Family Single Family	170' 100' 115' 180'-275'	\$220 \$412 \$212	\$250 \$586 \$373	0 0	0	2 7	6 2 4	0 0 0	4
Elk River Detached Bir Elk River Detached Elk Elk River Detached Hil Elk River Detached Kir Elk River Detached Mi Elk River Detached Mi Elk River Detached Mi	irchview Ik River Rapids illside, The Woods at ingdom Estates fiske Meadows fiske Meadows/(DTH) fississippi Oaks	Active 1Q08 Active 1Q06 Active 2Q00 Active 1Q06 Active 2Q17 Active 2Q17	Single Family Single Family Single Family Single Family Single Family	170' 100' 115' 180'-275'	\$220 \$412 \$212	\$250 \$586 \$373	0 0	0	2 7	6 2 4	0	4
Elk River Detached Elk Elk River Detached Hil Elk River Detached Kir Elk River Detached Mi Elk River Detached Mi Elk River Detached Mi	lk River Rapids illside, The Woods at ingdom Estates fiske Meadows fiske Meadows/(DTH) fississippi Oaks	Active 1Q06 Active 2Q00 Active 1Q06 Active 2Q17 Active 2Q17	Single Family Single Family Single Family Single Family	100' 115' 180'-275'	\$412 \$212	\$586 \$373	0	0	7	2	0	
Elk River Detached Hil Elk River Detached Kir Elk River Detached Mi Elk River Detached Mi Elk River Detached Mi	illside, The Woods at ingdom Estates fiske Meadows fiske Meadows/(DTH) fississippi Oaks	Active 2Q00 Active 1Q06 Active 2Q17 Active 2Q17	Single Family Single Family Single Family	115' 180'-275'	\$212	\$373	-	-	=	4	0	11
Elk River Detached Kir Elk River Detached Mi Elk River Detached Mi Elk River Detached Mi	ingdom Estates fiske Meadows fiske Meadows/(DTH) fississippi Oaks	Active 1Q06 Active 2Q17 Active 2Q17	Single Family Single Family	180'-275'		,	3					
Elk River Detached Mi Elk River Detached Mi Elk River Detached Mi	fiske Meadows fiske Meadows/(DTH) fississippi Oaks	Active 2Q17 Active 2Q17	Single Family		\$400		-	3	57	4	0	62
Elk River Detached Mi Elk River Detached Mi	liske Meadows/(DTH) lississippi Oaks	Active 2Q17	0 ,	65"		\$800	0	0	18	2	0	20
Elk River Detached Mi	lississippi Oaks				\$250	\$400	16	1	1	51	116	183
			Detached TH	45'	\$255	\$265	7	0	0	30	0	37
Flk River Detached Pa	ark Pointe	Active 1Q97	Single Family	85'	\$200	\$425	8	5	132	7	0	144
LIK MIVEL Detactica Ta	uik i Ollite	Active 3Q02	Single Family	85'	\$183	\$290	0	0	94	1	0	95
Elk River Detached Riv	iver Park/	Active 2Q06	Single Family	75'	\$225	\$400	23	24	57	14	55	132
Elk River Detached Tro	rout Brook/Crossing (DTH)	Active 4Q04	Detached TH	37'	\$280	\$360	1	2	25	2	0	28
Elk River Detached Tw	win Lakes/(DTH)	Active 2Q05	Detached TH	40'	\$180	\$220	1	0	31	0	0	32
Elk River Detached Tw	win Lakes/Estates	Active 4Q04	Single Family	80'	\$160	\$255	2	2	144	2	0	146
Elk River Detached We	Vest Oaks of Elk River/	Active 4Q04	Single Family	80'	\$180	\$240	8	4	26	6	0	38
Elk River Detached We	Vest Oaks of Elk River/(DTH)	Active 4Q14	Detached TH	35'	\$180	\$215	20	10	17	0	0	28
Elk River Detached Wi	Vindsor Meadows	Active 3Q05	Single Family	110'	\$299	\$500	9	5	27	3	0	34
Elk River Detached Wi	Vindsor Oaks of Elk River	Active 4Q04	Single Family	100'	\$260	\$350	0	0	29	1	0	30
Elk River Detached Wi	Vindsor Park	Active 2Q00	Single Family	75'	\$253	\$348	0	1	120	1	0	121
Elk River Detached Wo	Voodland Hills	Active 4Q04	Single Family	85'-200'	\$271	\$600	7	9	46	25	51	127
Subtotal							107	70	904	161	222	1,350
Elk River Detached Co	oncept - Anborn	Future	Single Family				0	0	0	0	5	5
Elk River Detached Ea	agles Marsh	Future	Single Family	90'	\$163	\$393	0	0	17	0	21	38
Elk River Detached Hil	illside Estates in Elk River	Future	Single Family	85'	\$200	\$365	0	2	157	0	36	193
Elk River Detached Tra	race Heights	Future	Single Family	325'	\$450	\$550	0	0	0	0	18	18
	ranberry Ridge	Future	Single Family		•	•	0	0	0	0	16	16
Subtotal	, ,	-	U /				0	0	174	0	96	270

TABLE FS-8 SUBDIVISION & LOT INVENTORY - ATTACHED HOUSING UNITS CITY OF ELK RIVER 4th QUARTER 2017

TMA	Culturisian Name			Lot Range	Pricing (\$	1,000)	Annual	Annual	Currently	Vacant Developed	Future	Total
TIVIA	Subdivision Name	Status	Product Type	(Ft.)	Min	Max	Starts	Closings	Occupied	Lot Inventory (VDL)	Units (Fut)	Units (Tot)
Attached Housing Su	bdivisions											
Elk River Attached	Boulder Point (TH)	Active 1Q05	Townhouse	28'	\$120	\$180	0	0	5	4	0	9
Subtotal							0	0	5	4	0	9
Elk River Attached	Tall Pines (TH)	Future	Townhome				0	0	0	0	26	26
Subtotal							0	0	0	0	26	26
Source: Metrostudy,	Maxfield Research & Consulting,	LLC										

Summary of For Sale Market Conditions

Residential Resales

- The number of home sales reached 583 in 2017 which is the highest figure since 2004. The
 average days on market continues to decline and remains low in 2017 at 51 days and a median of 30 days.
- Since 2015, the median sales price of residential properties has risen 18%, from \$214,450 in 2013 to \$245,000 in 2017. Single-family homes during this time increased 19% from \$237,536 to \$282,550 while multifamily homes increased 11% from \$167,304 to \$185,665. Home resale prices have been rising steadily since the lowest point in 2011.
- In 2017, 69% of home sales range from \$150,000 to \$299,999 with the largest proportion of residential resales occurred in the \$150,000 to \$199,999 bracket with 24% of the sales occurring. The majority of sales (62%) in this price point were multifamily units. Homes that sold from \$200,000 to \$249,999 accounted for 23% of total sales in 2017 and consisted of 85% single-family units. Another 22% of homes were sold between \$250,000 and \$299,999 with 87% consisting of single-family units.

Active Listings

- The median list price for single family homes in Elk River was \$305,990 in February 2018 compared to \$279,900 back in August 2015. Multifamily homes listed in February 2018 had a median list price of \$217,950 which is relatively similar to that back in August 2015 at \$215,725.
- There was a total of 53 homes listed for sale in February 2018 compared to 150 homes back in August 2015. The difference can be attributed to the time of year with less homes typically listed during winter months. Single family listings accounted for 81% of the listings.
- On average, multi-family listings were slightly newer, with an average year built of 2005, compared to an average year built of 2003 for single-family homes. This indicates that a number of active listings are newly constructed homes

Lot Supply

• There are 161 lots available in active subdivisions with 81 lots available in newer subdivision active since 2017. The largest proportion of lots are in Miske Meadows subdivision with 51 vacant developable lots with homes marketing from \$250,000 to \$400,000.

FOR SALE MARKET ANALYSIS

- There is a total of 318 future single family lots planned in Elk River. 222 of lots are located in currently active subdivisions (Miske Meadows, River Park, and Woodland Hills). Another 57 lots are located in recently absorbed subdivisions (Eagles Marsh and Hillside Estates). The remaining 39 future lots are in recently platted subdivisions (Anborn, Trace Heights, and Cranberry Ridge).
- Only one multifamily townhome development is currently active (Boulder Point) with 4 vacant developable lots. Tall Pines has plans for 26 future townhome units.

Estimated Demand for For-Sale Housing

TABLE HD-1 FOR-SALE HOUSING DEMAND		
ELK RIVER		
2017 to 2025		
Demand from Projected Household Growth		
Projected HH growth under age 65 in the Market Area 2017 to 2025 ¹		415
(times) % propensity to own ²	х	76.5%
(equals) Projected demand from new HH growth	=	317
Demand from Existing Owner Households		
Number of owner households (age 64 and younger) in Market Area (2017) ³		5,287
(times) Estimated percent of owner turnover ⁴	х	30%
(equals) Total existing households projected to turnover	=	1,586
(times) Estimated percent desiring new housing	х	10.0%
(,	•	159
(equals) Total demand from HH growth and existing HHs 2017 to 2025	=	476
(times) Demand from outside Elk River Market Area		15%
(equals) Total demand potential for ownership housing, 2017 to 2025		560
(column) to the column of the		Single Multi-
		Family family*
(times) Percent desiring for-sale single-family vs. multifamily ⁵	x	85% 15%
(equals) Total demand potential for new single-family & multifamily for-sale housing	=	476 84
		161
(minus) Units marketing or approved platted lots (undeveloped and developed lots) ⁶ (equals) Excess demand for new general occupancy for-sale housing	- L	161 4 315 80
	_	
¹ Estimated household growth based on data from Table D-1 as adjusted by Maxfield Research & Consulting, LLC		
² Pct. of owner households under the age of 65 (U.S. Census American Community Survey - 2016)		
³ Estimate based on 2016 owner households under age 65 (US Census American Community Survey)		
⁴ Based on on turnover from 2010 American Community Survey for households moving over 10-year period.		
⁵ Based on preference for housing type and land availability		
⁶ Approved platted lot data does not account for the scattered lot supply which includes individual lots and lots in ol	der non	-marketing subdivisions.
* Multi-family demand includes demand for townhomes, detached townhomes, twinhomes, and condominium units.		
Source: Maxfield Research & Consulting, LLC		

Based on land available, building trends, and demographic shifts (increasing older adult population), we project 85% of the for-sale owners will prefer traditional single-family product types while the remaining 15% will prefer a maintenance-free multi-family product (i.e. twin homes, townhomes, or condominiums).

We then subtract the current identified platted lots that are under construction or approved. After subtracting the current lot supply in subdivisions (161 total single-family and four multifamily lots) we find total demand through 2025 resulting in 315 single-family lots and 80 multifamily lots.

Estimated Demand for General-Occupancy Rental Housing

TABLE HD-2 RENTAL HOUSING DEMAND ELK RIVER 2017 to 2025

			Nu	mber of Households		
		Under 25	Age 25 to 34	Age 35 to 44	Age 45 to 64	Age 65 & Over
Demand From Household Growth						
Projected Growth in Household Base by 2025		0	125	239	51	300
(times) Proportion Estimated to Be Renting Their Housing ¹	х	67.9%	32.0%	17.6%	20.9%	22.9%
(equals) Projected Demand for Rental Housing Units	=	0	40	42	11	69
Demand From Existing Households						
Number of renter households in 2017		145	330	370	604	254
(times) Estimated % of renter turnover between 2017 & 2025 ²	х	92.6%	88.1%	88.2%	85.7%	57.5%
(equals) Total Existing Renter Households Projected to Turnover	=	134	291	326	518	146
(times) Estimated % Desiring New Rental Housing ⁴	х	15%	10%	8%	5%	4%
(equals) Demand From Existing Households	=	20	29	26	26	6
Total Demand From Household Growth and Existing Households		20	69	68	37	75
<u> </u>	,				,	

(equals) Total Demand for Rental Housing	287
	4
(times) Demand from outside Elk River Market Area	15%

(equals) Total demand potential for rental housing, 2017 to 2025

	Subsidized	Affordable	Market Rate	Į
(times) Percent of rental demand by product type ³	10%	30%	60%	
(equals) Total demand for new general occupancy rental housing units	34	101	202	
(minus) Units under construction or pending*	0	8	30	
(equals) Excess demand for new general occupancy rental housing	34	93	172	

¹ Based on 2016 American Community Survey.

Source: Maxfield Research & Consulting, LLC

² Based on Turnover from 2016 American Community Survey for households moving after 2010.

³ Based on the combination of current rental product and household incomes of area renters.

⁴ Based on US Census: Desire to Move and Residential Mobility 2000-2010 from 2010 American Community Survey.

^{*} Pending/proposed competitive units at 95% occupancy.

We find demand for 34 subsidized units, 101 affordable units and 210 market rate units. After subtracting the proposed rental development (40 unit mixed income development) results in demand for 34 subsidized units, 93 affordable units and 172 market rate units in Elk River through 2025.

Estimated Demand for Independent/Few Service Senior Housing

TABLE HD-3 MARKET RATE ADULT/FEW SERVICES HOUSING DEMAND **ELK RIVER** 2017 & 2022

of Households w/ Incomes of >\$35,0001 # of Households w/ Incomes of \$24,999 to \$34,9991 (times) Homeownership Rate (equals) Total Potential Market Base

(times) Potential Capture Rate (equals) Demand Potential

Potential Demand from Market Area Residents

(plus Demand from Outside Market Area (25%)² (equals) Total Demand Potential

(times) % by Product Type (equals) Demand Potential by Product Type

(minus) Existing and Pending MR Active Adult Units³ (equals) Excess Demand for MR Active Adult Units

		2017				2022	
	Age of Householder				Age of	Househ	older
	55-64	65-74	75+		55-64	65-74	75
	1,307	741	380		1,329	849	40
+	89	83	103	+	91	89	11
х	78%	88%	63%	х	78%	88%	63
=	1,376	814	445	=	1,400	927	47
x	0.5%	5.0%	15.0%	х	0.5%	5.0%	15.0
=	.7	41	67	=	.7	46	7
	= +	38 152			= + =	41	_
	Owner-		Renter-		Owner-		Rent
	Occupied		Occupied		Occupied		Occu
х	40%	х	60%	х	40%	х	60
=	61	=	91	=	66	=	99
[- _.	111	-	77		111	_	77
=	0	=	14	=	0	=	22

²⁰²⁰ calculations define income-qualified households as all households with incomes greater than \$40,000 and homeowner households with incomes between \$30.000 and \$39.999.

Source: Maxfield Research & Consulting, LLC

Total demand for 14 renter occupied units in 2017 while demand for owner-occupied housing is being absorbed by the current supply. Adjusting for inflation, we have estimated that households with incomes of \$40,000 or more and homeowners with incomes of \$30,000 to \$39,999 would income qualify for market rate independent senior housing in 2022. It is projected demand for adult owner-occupied will continue to absorbed by existing units while demand exists for 22 adult rental units in the City of Elk River through 2022.

75+

401

115

63%

473

15.0%

71

Renter-Occupied

60%

99

77 22

Based on project manager interviews and historical trends. We estimate that roughly 40% of demand will come from outside the markt area.

Existing and pending projects are deducted at market equilibrium (95% occupancy). 2022 includes the Elk River Senior Living development currently under construction.

Estimated Demand for Affordable and Subsidized Independent Senior Housing

TABLE HD-4 AFFORDABLE INDEPENDENT SENIOR HOUSING DEMAND ELK RIVER 2017 & 2022

of Households w/ Incomes of \$30,000 to \$54,400
(times) Percent Renter Households
(equals) Total Potential Market Base
(times) Potential Capture Rate
(equals) Demand Potential

Total Market Rate Demand Potential
(plus) Demand from Outside Market Area (40%)
(equals) Total Demand Potential
(minus) Existing and Pending Aff. Independent Units¹
(equals) Total Demand Potential in Market Area

				_					
		2017				2022			
Age of Householder					Age of Householder				
	55-64	65-74	75+		55-64 65-74		75+		
"									
	284	212	254		251	222	284		
×_	22%	12%	37%	,	x 22%	12%	37%		
=	63	26	93		55	27	105		
Х	1.5%	10.0%	20.0%)	x 1.5%	10.0%	20.0%		
=	1	3	19	Ŀ	= 1	3	21		
	:	= 22	T		:	= 24	1		
		+ 15			-	+ 16			
	:	= 37			:	= 41			
		- 0				- 0			
	:	= 37			:	= 41			

¹ Includes existing and pending units at 95% occupancy, or market equilibrium. No additional units are planned through 2022.

Source: Maxfield Research & Consulting, LLC

TABLE HD-5			
SUBSIDIZED INDEPENDENT SENIOR HOUSING DEMAND			
ELK RIVER			
2017 & 2022			
	_	2017	2022
Age 65+ Households w/Incomes < \$20,000	_	292	331
(times) Percent of Income Qualified Seniors Needing/Desiring Subsidized Senior Housing	x _	30%	30%
(equals) Demand Potenital from Market Area residents	=	88	99
(plus) Demand From Ouside the Market Area (40%)	+_	58	66
(equals) Total Demand Potential for Subsidized Senior Housing in Market Area		146	166
(minus) Existing & Pending Subsidized Senior Units in Market Area*		114	114
(equals) Total Market Area Subsidized Senior Housing Demand Potential	=	32	52
* Competitive subsidized units, minus a 7% vacancy rate.			
Source: Maxfield Research & Consulting, LLC			

We estimate that the total demand potential for affordable and subsidized rentals will equal 37 and 32 units respectively in 2017. By 2022, the demand potential will increase to 41 affordable units and 52 subsidized units.

Estimated Demand for Congregate Senior Housing

TABLE HD-6 MARKET RATE CONGREGATE HOUSING DEMAND ELK RIVER 2017 & 2022

of Households w/ Incomes of >\$35,000¹ # of Households w/ Incomes of \$25,000 to \$34,999¹ (times) Homeownership Rate (equals) Potential Market

(equals) Total Potential Market Base (times) Potential Capture Rate² (equals) Demand Potential

Potential Demand from Market Area Residents (plus) Demand from Outside Market Area (25%) (equals) Total Demand Potential

(minus) Existing and Pending Congregate Units³ (equals) Excess Demand for Congregate Units

	201	L 7			20	022	
	Age of				Age of		
	Householder				House	eholder	
	65-74	75+		,	65-74	75+	
	741	380			849	401	
+	83	103		+	89	115	
х	88%	63%		х	88%	_63%_	
=	73	65		=	78	72	
=	814	445		=	927	473	
х	1.5%	13.0%		х	1.5%	13.0%	
=	12 +	58	:	=	14	+ 62	
	= 70					75	
						75 25	
	+ 23					.01	
	= 9:	•			= 1	101	
	0)				34	
	= 93	3			=	67	

¹ 2020 calculations define income-qualified households as all households with incomes greater than \$40,000 and homeowner households with incomes between \$30,000 and \$49,999.

Source: Maxfield Research & Consulting, LLC

We estimate a **total demand calculated for 93 congregate units in Elk River in 2017.** Adjusting for inflation, we estimate that households with incomes of \$40,000 or more and senior homeowners with incomes between \$35,000 and \$39,999 would qualify for congregate housing in 2025. Following the same methodology and accounting for the units under construction at the Elk River Senior Living development, **demand is calculated to decline to 67 units through 2025 in Elk River.**

² The potential capture rate is derived from data from the Summary Health Statistics for the U.S. Population: National Health Interview Survey, 2007 by the U.S. Department of Health and Human Services. The capture rate used is the percentage of seniors needing assistance with IADLs, but not ADLs (seniors needing assistance with ADLs typcially need assistance with multiple IADLs and are primary candidates for assisted living.).

³ Existing and pending are deducted at market equilibrium (95% occupancy).

Demand Estimate for Assisted Living Housing

TABLE HD-7
MARKET RATE ASSISTED LIVING DEMAND
ELK RIVER
2017 & 2022

		2017			2022	
		Percent	Number		Percent	Number
		Needing	Needing		Needing	Needing
Age group	People	Assistance ¹	Assistance ¹	People	Assistance ¹	Assistance ¹
75 - 79	432	25.5%	110	597	25.5%	152
80 - 84	296	33.6%	99	326	33.6%	110
85+	343	51.6%	177	345	51.6%	178
Total	1,071		387	1,268		440
Percent Income-Qualified ²			53%			53%
Total potential market			205			233
(times) Percent living alone			x 53%			53%
(equals) Age/income-qualified singles	needing assista	nce	= 109		-	124
(plus) Proportion of demand from co	uples (12%)³		+ 15			17
(equals) Total age/income-qualified n	narket needing a	assistance	= 123		•	140
(times) Potential penetration rate ⁴			x 40%			40%
(equals) Potential demand from PMA	residents		= 49		•	56
(plus) Proportion from outside the PN	ЛА (30%)		+ 21			24
(equals) Total potential assisted living	. ,		= 71		•	80
(minus) Existing market rate assisted	living units ⁵		56			93
(equals) Total excess market rate ass	-	nand	= 15		-	0

¹ The percentage of seniors needing assistance with ADLs, based on the 2005 panels of the Survey of Income and Program Participation (SIPP) files, conducted by the U.S. Census Bureau.

We estimate an excess demand for 15 assisted living units in Elk River in 2017. By 2022, total excess demand for market rate assisted living units in Elk River is projected to be absorbed by the units at the Elk River Senior Living development under construction.

² Includes households with incomes of \$40,000 or more (who could afford monthly rents of \$4,000+ per month) plus 40% of the estimated owner households with incomes below \$50,000 (who will spend down assets, including home-equity, in order to live in assisted living housing).

³ The 2009 Overview of Assisted Living (a collaborative project of AAHSA, ASHA, ALFA, NCAL & NIC) found that 12% of assisted living residents are couples.

⁴ We estimate that 60% of the qualified market needing assistance with ADLs could either remain in their homes or reside at less advanced senior housing with the assistance of a family member or home health care, or would need greater care provided in a skilled care facility.

⁵ Existing and pending units at 93% occupancy.

Source: Maxfield Research and Consulting, LLC.

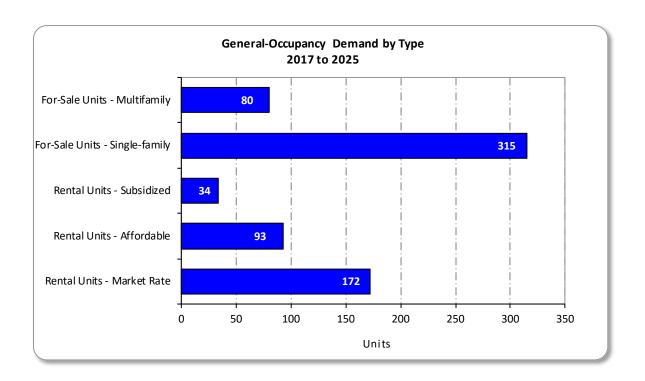
Estimated Demand for Memory Care Housing

TABLE HD-8 MEMORY CARE DEMAND		
ELK RIVER 2017 & 2022		
65 to 74 Population (times) Dementia Incidence Rate ¹ (equals) Estimated Age 65 to 74 Pop. with Dementia	2017 1,655 x 2% = 33	2022 1,984 x 2% = 40
75 to 84 Population (times) Dementia Incidence Rate ¹ (equals) Estimated Age 75 to 84 Pop. with Dementia	728 x 19% = 138	923 x 19% = 175
85+ Population (times) Dementia Incidence Rate ¹ (equals) Estimated Age 85+ Pop. with Dementia	343 x 42% = 144	345 x 42% = 145
(equals) Total Senior Population with Dementia	= 315	= 360
(times) Percent Income/Asset-Qualified² (equals) Total Income-Qualified Market Base	x 45% = 142	x 45% = 162
(times) Percent Needing Specialized Memory Care Assistance (equals) Total Need for Dementia Care	x <u>25%</u> = 35	x 25% = 40
(plus) Demand from Outside Market Area (30%) Total Demand Potential	+ <u>15</u> = 51	+ 17 58
(minus) Existing and Pending Memory Care Units ³ (equals) Excess Demand for Memory Care Units	- 28 = 23	- <u>50</u> = 8
¹ Alzheimer's Association: Alzheimer's Disease Facts & Figures (2009) ² Income-qualified households consider 3/4 of those with incomes greater than \$60,000 pluincomes below this threshold. ³ Existing memory care units less units occupied by public pay residents and a 7% vacancy residents.		ners with
Source: Maxfield Research & Consulting, LLC		

We estimate the excess demand for memory care units in Elk River to be 23 units in 2017. Following the same methodology, demand is calculated to decrease to 8 memory care units through 2022 after accounting for the units under construction at the Elk River Senior Living development.

Demand Summary/Overall Housing Recommendations

TABLE CR-1 SUMMARY OF HOUSING DEMAND CITY OF ELK RIVER February 2017					
Type of Use	2017-2025				
General-Occupancy					
Rental Units - Market Rate	172				
Rental Units - Affordable	93				
Rental Units - Subsidized	34				
For-Sale Units - Single-family	315				
For-Sale Units - Multifamily	80				
Total General Occupancy Supportable	694				
	2022				
Age-Restricted (Senior)					
Market Rate					
Adult Few Services (Active Adult)	14	22			
Ownership	0	0			
Rental	14	22			
Congregate	93	67			
Assisted Living	15	0			
Memory Care	23	8			
Total Market Rate Senior Supportable	145	97			
Affordable/Subsidized					
Active Adult - Subsidized	32	32			
Active Adult - Affordable	37	41			
Total Affordable Senior Supportable	69	73			
Source: Maxfield Research & Consulting, Ll	.C				



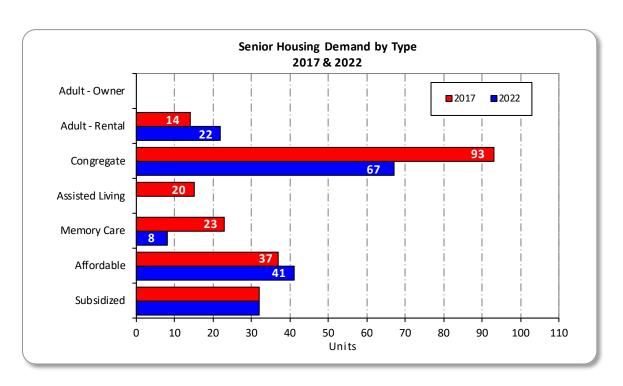


TABLE CR-2
RECOMMENDED HOUSING DEVELOPMENT
CITY OF ELK RIVER
2017 to 2025

	Purchase Price/ Monthly Rent Range ¹	No. of Units	Pct. of Total	Development Timing
Owner-Occupied Homes				
Single Family ²				
Entry-level	>\$225,000	65 - 70	24%	2018+
Move-up	\$250,000 - \$350,000	155 - 165	56%	2018+
Executive	\$350,000+	<u>55</u> - <u>60</u>	20%	2018+
Total		275 - 295	100%	
Townhomes/Detached Townhomes/Twinh	omes ²			
Entry-level	>\$200,000	30 - 35	46%	2018+
Move-up	\$200,000+ _	<u>35</u> - <u>40</u>	54%	2018+
Total		65 - 75	100%	
Total Owner-Occupied		340 - 370		
General Occupancy Rental Housing				
Market Rate Rental Housing				
Apartment-style	\$1,000/1BR - \$1,500/3BR	100 - 120	67%	2018+
Townhomes	\$1,250/2BR - \$1,600/3BR	50 - 60	33%	2018+
Total		150 - 180	100%	
Affordable Rental Housing				
Apartment-style	Moderate Income ³	60 - 60	67%	2018+
Townhomes	Moderate Income ³	25 - 35	33%	2018+
Total		85 - 95	100%	2020
Total Renter-Occupied		235 - 275		
•				
Senior Housing (i.e. Age Restricted)	3			
Active Adult Affordable Rental	Moderate Income ³	35 - 40	29%	2018+
Active Adult Market Rate Rental ⁴	\$950/1BR - \$1,200/2BR+	50 - 60	43%	2019+
Independent Living (Congregate)	\$1,750/1BR - \$1,950/2BR	<u>30</u> - <u>40</u>	27%	2020+
Total		115 - 140	100%	
Total - All Units		690 - 785		

¹ Pricing in 2015 dollars. Pricing can be adjusted to account for inflation.

Note - Recommended development does not coincide with total demand. Elk River may not be able to accommodate all recommended housing types based on a variety of factors (i.e. development constraints, land availability, etc.)

Source: Maxfield Research & Consulting, LLC

There are over 300 future single family lots planned/proposed based on Table FS-7. If all of these lots were platted, the above recommended single family lots would be absorbed. The industry recommends a three- to five-year lot supply. Based on the average lot absorbtion of 83 lots per year from the past three years (2015-2017), the City of Elk River currently falling short of a three-year lot supply and would need to add nearly 90 lots to the market. A portion of the planned future lots would be able to bring the commulty to the recommend supply.

² Recommendations include the absorption of some existing previously platted lots.

³ Affordablity subject to income guidelines per MHFA. See Table HA-1 for Sherburne County Income limits.

⁴ Alternative development concept is to combine active adult affordable and market rate active adult into mixed-income senior community

DEMAND SUMARY AND HOUSING RECOMMENDATIONS

With the development of Elk River Senior Living and Guardian Angels Riverview Landing which are both under construction and set to be completed later in 2018, demand for assited living and memory care senior housing will be absorbed. These newly developed and existing units will be adequate into the foreseeable future.