

City of Morristown Section Table of Contents

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Introduction

This section provides the following information and data for the City of Morristown:

- ▶ Demographic data
- ▶ Existing housing inventory
- ▶ Rental housing inventory
- ▶ Housing findings and recommendations

The City of Morristown is located on the scenic Cannon River in southwest Rice County. Minnesota State Highway 60 is the main route through the community. Morristown's current population is 987 and the city has 388 households.

Morristown is strategically located within commuting distance of several communities including Faribault, Mankato, Owatonna and Waseca.

Morristown has several amenities including a community center, a historic mill, a park adjacent to the river and is well known for its annual 'Dam Days.' The city is served by the Morristown-Waterville-Elysian School District.

Demographic Overview

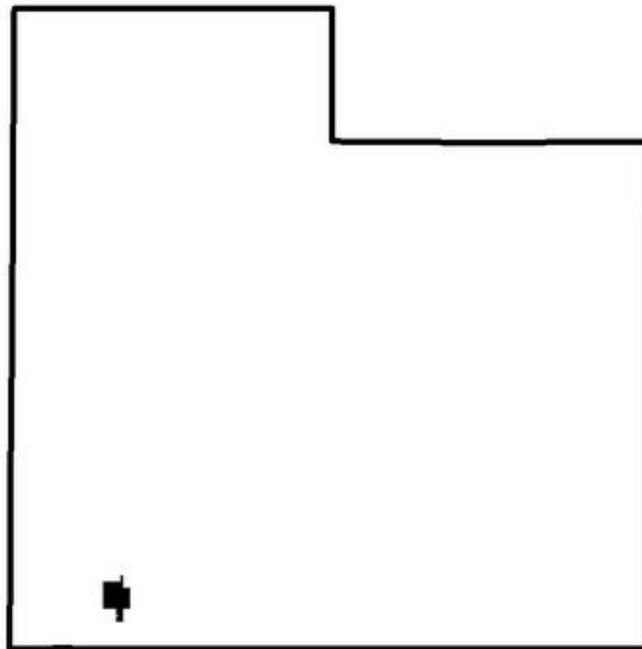
Demographic Data Overview

Sources of Data

The following pages contain demographic data obtained from a variety of local, state and national sources. At the time that research was completed for this Study, the Census Bureau had released 2010 Census information. However, the 2010 Census was more limited in scope than in the past. As a result, some of the demographic variables, such as income and housing cost information, are not available.

To supplement the decennial Census, the Census Bureau has created the American Community Survey, an annual sampling of households. The American Community Survey does provide detailed demographic characteristics. However, because the American Community Survey is an estimate based on sampling data, there is a margin of error that exists for each estimate. The following tables incorporate the 2010 Census data, when available, or the American Community Survey data. The American Community Survey estimates were derived from five-year sampling, obtained between 2006 and 2010.

Location in Rice County



Population Estimates and Trends

The following table presents the City of Morristown and Rice County’s population and population growth percentage for the decades from 1980 to 2010. The data was obtained from the U.S. Census Bureau.

Table 1 Population Trends - 1980-2010						
	1980 Census	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010
Morristown	639	784	981	25.1%	987	0.6%
Rice County	46,089	49,183	56,665	15.2%	64,142	13.2%

Source: U.S. Census

- ▶ The 2010 U.S. Census Bureau’s population data was released in March, 2011. The 2010 Census reports that Morristown’s population was 987. This is a six-person increase since 2000, which is only a 0.6% increase.

- ▶ The 2010 population for all of Rice County was 64,142. This is a gain of 7,477 people, which is a 13.2% population increase since 2000.

- ▶ Contrary to the minimum population growth from 2000 to 2010, Morristown experienced rapid growth from 1980 to 2000. Morristown’s population increased by 22.7% in the 1980's and by 25.1% in the 1990's.

- ▶ From 1990 to 2000, Rice County gained 7,482 people, a 15.2% increase.

Population Projections

The following table presents population level projections using three different sources. The 10-year growth trend is based on the rate of change between 2000 and 2010, using the 2010 Census, and projects this rate of growth forward between 2010 and 2015. The 20-year growth trend uses the same methodology, but calculates an annual growth rate from the 1990 and 2010 Census data. The third projection is from Community Partners Research, Inc., and is based on population growth and actual housing units constructed over the past five years. A projection based on the past five years is provided because of the downturn in the housing economy, thus, providing a more accurate population projection based on the population growth that has occurred since the beginning of the recession.

Table 2 Population Projections Through 2015				
	2010 Population	2015 Projection from 10-year growth trends	2015 Projection from 20-year growth trends	2015 Projection Community Partners Research, Inc.
Morristown	987	990	1,051	1,001
Rice County	64,142	68,374	69,019	66,053

Source: U.S. Census; Community Partners Research, Inc.

- ▶ Our population projection calculated from the 10-year growth rate for Morristown estimates the city’s population will be 990 in 2015, which is an increase of only three people. The projection based on the 20-year growth rate estimates the population to be 1,051 by 2015, an increase of 64 people.

- ▶ The 10-year and 20-year growth trend population projections for Rice County estimate an increase of between 4,232 and 4,877 by the year 2015.

- ▶ Community Partners Research, Inc.’s population projections based on five-year trends is more conservative than the 10-year and 20-year trend projections and reflect the downturn in the housing economy. Community Partners Research, Inc. estimates that Morristown will gain 14 people and Rice County will gain 1,911 people from 2010 to 2015.

Population by Age

The following table compares populations by age in 2000 and 2010, along with the percentage changes.

Table 3 Persons by Age - 2000 to 2010						
Age	City of Morristown			Rice County		
	2000	2010	% Change	2000	2010	% Change
0-19	318	277	-12.9%	17,474	18,243	4.4%
20-24	43	50	16.3%	5,775	6,174	6.9%
25-34	146	141	-3.4%	6,628	7,653	15.5%
35-44	170	129	-24.1%	8,894	8,019	-9.8%
45-54	99	144	45.5%	6,972	9,265	32.9%
55-64	71	94	32.4%	4,447	6,907	55.3%
65-74	68	82	20.6%	3,201	4,146	29.5%
75-84	46	43	-6.5%	2,273	2,566	12.9%
85+	20	27	35.0%	1,001	1,169	16.8%
Total	981	987	0.6%	56,665	64,142	13.2%

Source: U.S. Census; Community Partners Research, Inc.

- ▶ Over the last decade there were some significant percentage changes in the age make-up of the population in the City of Morristown. The largest numeric gain occurred among people age 45 to 54 years old. This age group increased by 45 people, or 45.5%. The 55 to 64 age range increased by 23 people, a 32.4% gain. The 20 to 24, 65 to 74 and 85 and over age ranges also experienced population increases.
- ▶ The 35 to 44 and 0 to 19 age ranges each experienced a loss of 41 people. The 24 to 34 and 75 to 84 age ranges also lost people from 2000 to 2010.
- ▶ Rice County experienced population growth in all growth ranges with the exception of the 35 to 44 age range. Strong growth occurred in the age ranges between 45 and 64 years old.

Household Estimates and Trends

The following table presents the City of Morristown and Rice County’s number of households and household growth percentage for the decades from 1980 to 2010. The data was obtained from the U.S. Census Bureau.

Table 4 Household Trends - 1980-2010						
	1980 Census	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010
Morristown	240	298	363	21.8%	388	6.9%
Rice County	14,276	16,347	18,888	15.5%	22,315	18.1%

Source: U.S. Census

- ▶ The 2010 U.S. Census Bureau household data was released in March, 2011. The Census reports that the City of Morristown had 388 households in 2010. The city gained 25 households since the 2000 Census, which is a 6.9% increase.

- ▶ Rice County had 22,315 households in 2010, an increase of 3,427 households since 2000, a gain of 18.1%.

- ▶ From 1990 to 2000, Morristown gained 65 households and Rice County gained 2,541 households.

Average Household Size

The following table provides U.S. Census Bureau information on average household size.

Table 5 Average Number of Persons Per Household 1980-2010				
	1980 Census	1990 Census	2000 Census	2010 Census
Morristown	2.66	2.63	2.65	2.49
Rice County	2.83	2.66	2.65	2.55

Source: U.S. Census

- ▶ In most Minnesota communities, average household size has decreased in recent decades. This has been due to household composition changes, such as more single parent families, more senior households due to longer life spans, fewer children per family, etc.
- ▶ The average household size in Morristown actually increased from 1990 to 2000, but between 2000 and 2010, the city’s average household size decreased. The average household size in 2000 was 2.65 and has decreased to 2.49 persons per household in 2010. The decrease in average household size is consistent with Morristown gaining only six people, but 25 households from 2000 to 2010.
- ▶ The average household size for all of Rice County has continued to decrease since 1980. However, the county’s average household size of 2.55 in 2010 is still relatively large, compared to most counties in Greater Minnesota.

Household Projections

The following table presents population level projections using three different sources. The 10-year growth trend is based on the rate of change between 2000 and 2010, using the 2010 Census, and projects this rate of growth forward between 2010 and 2015. The 20-year growth trend uses the same methodology, but calculates an annual growth rate from the 1990 and 2010 Census data and projects the growth rate forward to 2015. The third projection is from Community Partners Research, Inc., and is based on household growth and actual housing units constructed over the past five years.

Table 6 Household Projections Through 2015				
	2010 Households	2015 Projection from 10-year trends	2015 Projection from 20-year trends	2015 Projection Community Partners Research, Inc.
Morristown	388	401	417	400
Rice County	22,315	24,339	24,352	23,082

Source: U.S. Census; Community Partners Research, Inc.

- ▶ The 10-year and 20-year growth trend projections show that the City of Morristown will add between 13 and 29 households between 2010 and 2015.

- ▶ The projections for all of Rice County highlight the consistent rate of household growth over the last 20 years. These projections expect the county to add between 2,024 and 2,037 new households from 2010 to 2015. On an annual average, this would equate to 404 to 407 new households per year in Rice County.

- ▶ Community Partners Research, Inc.’s projection based on five-year trends was more conservative than the 10-year and 20-year trends and reflects the downturn in the housing economy. Community Partners Research, Inc. estimates that Morristown will gain 12 households and Rice County will gain 767 households from 2010 to 2015.

Households by Age of Householder

The following table compares households by age of householder in 2000 and 2010, along with the percentage changes.

Table 7 Households by Age - 2000 - 2010						
Age	City of Morristown			Rice County		
	2000	2010	% Change	2000	2010	% Change
15-24	14	16	14.3%	1,016	1,177	15.8%
25-34	68	66	-2.9%	2,974	3,219	8.2%
35-44	94	71	-24.5%	4,658	3,981	-14.5%
45-54	54	73	35.2%	3,871	4,960	28.1%
55-64	41	53	29.3%	2,524	3,944	56.3%
65-74	43	52	20.9%	1,919	2,511	30.8%
75+	49	57	16.3%	1,926	2,523	31.0%
Total	363	388	6.9%	18,888	22,315	18.1%

Source: U.S. Census; Community Partners Research, Inc.

- ▶ Comparing 2000 and 2010 Census data, the City of Morristown added households over the last decade in all but two of the defined age ranges. The number of households with a head of household in the 35 to 44 year old age range declined by 24.5%. The 25 to 34 age range decreased by two households or 2.9%.
- ▶ The largest numeric increases occurred among households in the 45 to 54 age range, which increased by 19 households, and the 55 to 64 age range which increased by 12 households.
- ▶ The number of senior households in the 65 to 74 year old range increased by nine households during the decade, while there was an increase of eight households in the 75 and over age range.
- ▶ Patterns for all of Rice County were very similar, with the largest numeric gains occurring in the age ranges between 45 and 64 years old, and a decrease in households in the 35 to 44 year old range. However, Rice County added households in the 25 to 34 age range and Morristown experienced a slight decrease in this age range.

Household Characteristics

The following table presents data on household characteristics from the 2010 Census. Data has been presented as percentages of the total households to allow for comparative analysis between the City of Morristown, Rice County, and the State of Minnesota.

Table 8 Households by Type - 2010								
	Married Couple Family		Male Householder No Wife Present		Female Householder No Husband Present		Non-Family Household	
	With Related Children	W/O Related Children	With Related Children	W/O Related Children	With Related Children	W/O Related Children	1 Person	Non-Family
Morristown	19.6%	29.1%	4.9%	1.6%	6.4%	4.1%	26.8%	7.5%
Rice County	22.9%	31.5%	2.9%	1.8%	6.0%	3.0%	25.9%	6.0%
Minnesota	21.2%	29.6%	2.3%	2.0%	5.9%	3.6%	28.0%	7.4%

Source: U.S. Census; Community Partners Research, Inc.

- ▶ Morristown had a below average percentage of families with children when compared with county-wide and statewide averages. The city had a higher percentage of one person households when compared with Rice County but has a lower percentage than the State of Minnesota.
- ▶ When compared to Morristown and the State of Minnesota, Rice County had a higher percentage of married couples, both with and without children.
- ▶ Morristown’s percentages of single parent families were above the statewide patterns.

Households by Tenure

The following table provides tenure data for the City of Morristown, Rice County and the State of Minnesota. The data was obtained from the 2010 U.S. Census.

Table 9 Households by Tenure - 2010					
	Total Occupied Units	Owned Units	Percent Owned Units	Rented Units	Percent Rented Units
Morristown	388	314	80.9%	74	19.1%
Rice County	22,315	16,897	75.7%	5,418	24.3%
Minnesota	2,087,227	1,523,859	73.0%	563,368	27.0%

Source: U.S. Census

- ▶ Morristown had a below-average rate of renter occupancy at the time of the 2010 Census. The city's rental household percentage of 19.1% is below the statewide average of 27%.

Table 10 Household Changes by Tenure - 2000 to 2010						
	Owned Units			Rented Units		
	Occupied Units 2000	Occupied Units 2010	Change in Owner-Occupied	Occupied Units 2000	Occupied Units 2010	Change in Renter-Occupied
Morristown	307	314	7	56	74	18
Rice County	14,710	16,897	2,187	4,178	5,418	1,240

Source: U.S. Census

- ▶ Between 2000 and 2010, Morristown added seven owner households and 18 renter households. This increased the percentage of renter occupancy from 15.4% in 2000 to 19.1% in 2010.
- ▶ Between 2000 and 2010, Rice County had net household growth of 2,187 owner-occupied households and 1,240 renter households. This increased the percentage of renter occupancy from 22.1% in 2000 to 24.3% in 2010.

Renter Households by Household Size

The following table examines renter households by household size in 2000 and 2010. Only renter households have been analyzed as part of the planning process for additional rental housing development.

Table 11 Renter Households by Household Size - 2000 to 2010						
Renter Household Size	City of Morristown			Rice County		
	Households in 2000	Households in 2010	Numeric Change	Households in 2000	Households in 2010	Numeric Change
1 Person	24	36	12	1,921	2,540	619
2 Person	11	15	4	1,049	1,153	104
3 Person	7	11	4	521	677	156
4 Person	10	5	-5	390	520	130
5 Person	4	4	0	179	293	114
6 Person	0	3	3	69	141	72
7+ Persons	0	0	0	49	94	45
Total	56	74	18	4,178	5,418	1,240

Source: U.S. Census; Community Partners Research, Inc.

- ▶ Between 2000 and 2010, Morristown added 12 one-person renter households. The city also added four 2-person households and four 3-person households.
- ▶ There was growth of three 6-person renter households, however, there was a loss of five 4-person households.
- ▶ For all of Rice County there was significant growth in all sizes of renter households, including 619 one person households.
- ▶ Rice County also had a 361 household increase in large family households, with four or more people.

Tenure by Age

The following table identifies home ownership or renter status by age of householder in the year 2010. Information is provided for the City of Morristown and for Rice County.

Table 12 Household Tenure by Age - 2010				
Age of Householder	City of Morristown		Rice County	
	Owners	Renters	Owners	Renters
15 - 24	11/68.8%	5/31.2%	254/21.6%	923/78.4%
25 - 34	42/63.6%	24/36.4%	2,047/63.6%	1,172/36.4%
35 - 44	64/90.1%	7/9.9%	3,114/78.2%	867/21.8%
45 - 54	65/89.0%	8/11.0%	4,151/83.7%	809/16.3%
55 - 64	45/84.9%	8/15.1%	3,398/86.2%	546/13.8%
65 - 74	44/84.6%	8/15.4%	2,165/86.2%	346/13.8%
75-84	31/88.6%	4/11.4%	1,353/77.5%	392/22.5%
85+	12/54.5%	10/45.5%	415/53.3%	363/46.7%

Source: U.S. Census; Community Partners Research, Inc.

- ▶ Household tenure by age patterns in Morristown show a preference for home ownership in all age categories. All age ranges from 35 to 84 have home ownership rates above 84%.
- ▶ Tenure patterns in the county also show a preference for home ownership in most age ranges. For the entire county, the rate of ownership among the 35 to 74 age ranges was 77% or greater. Younger households, age 24 and under, were predominantly renters.
- ▶ Although the rate of home ownership is high in Morristown and Rice County, the rate of home ownership is lower than it was in 2000.

2010 Income Data

Household income represents all independent households, including people living alone and unrelated individuals in a housing unit. Families are two or more related individuals living in a household. The American Community Survey has released 2010 income data for all Minnesota jurisdictions, thus, those estimates are used in the following table for Morristown, Rice County and Minnesota.

Table 13 Median Household Income - 1999 to 2010			
	1999 Median	2010 Median	% Change
Morristown	\$36,538	\$44,000	20.4%
Rice County	\$48,651	\$57,270	17.7%
Minnesota	\$47,111	\$56,456	19.8%

Source: U.S. Census; American Community Survey; Community Partners Research, Inc.

Table 14 Median Family Income - 1999 to 2010			
	1999 Median	2010 Median	% Change
Morristown	\$41,382	\$57,250	38.3%
Rice County	\$56,407	\$69,345	22.9%
Minnesota	\$56,874	\$70,658	24.2%

Source: U.S. Census; American Community Survey; Community Partners Research, Inc.

- ▶ The City of Morristown’s median household income in 2010 was \$44,000, a 20.4% increase from 1999. The city’s median family income was \$57,250, a 38.3% increase from 1999. Although Morristown experienced a median household income increase, the median income is substantially below the Rice County and State of Minnesota household median income.
- ▶ Using the commonly accepted standard that 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in Morristown could afford approximately \$1,100 per month for ownership or rental housing in 2010, and a median income family could afford \$1,431 per month in 2010.
- ▶ Using the “rule of thumb” standard that a household can afford to purchase a house that is approximately 2 ½ times annual income, a median income household in the City of Morristown could afford a home valued at approximately \$110,000 and a median income household in Rice County could afford approximately \$143,125.

2010 Estimated Income and Housing Costs - Renters

The following table provides data on the number of renter households in Morristown that were paying different percentages of their gross household income for housing costs according to the 2010 American Community Survey. For comparison, information has been presented from the 2000 Census.

Table 15 Gross Rent as a Percentage of Household Income - 2010		
Percentage of Household Income for Housing Costs	Number of Renter Households 2010	Percent of All Renter Households 2010
0% to 19.9%	19	32.2%
20% to 29.9%	21	35.6%
30% to 34.9%	5	8.5%
35% or more	9	15.2%
Not Computed	5	8.5%
Total	59	100%

Source: 2010 American Community Survey

- ▶ The American Community Survey reported that 23.7% of renter households in Morristown were paying more than 30% of their income for rent, including 15.2% that were paying more than 35% of income for housing. Households that pay more than 30% of their income for rent have a housing cost burden, based on accepted industry standards.

Table 16 Gross Rent as a Percentage of Household Income - 2000 to 2010			
Percentage of Household Income for Housing Costs	Number/% of Renter Households 2000	Number/% of Renter Households 2010	Numeric Change 2000 to 2010
0% to 19.9%	19/35.2%	19/32.2%	0
20% to 29.9%	7/13.0%	21/35.6%	14
30% to 34.9%	7/13.0%	5/8.5%	-2
35% or more	17/31.4%	9/15.2%	-8
Not Computed	4/7.4%	5/15.2%	1
Total	54/100%	59/100%	5

Source: U.S. Census, 2009 American Community Survey

- ▶ There were positive gains in rental housing affordability between 2000 and 2010. The percent of households paying more than 30% of income for housing decreased from 44.4% in 2000 to 23.7% in 2010.

2010 Estimated Income and Housing Costs - Owners

The 2010 American Community Survey also provided housing cost estimates for owners. The following table provides the number of households in the city that were paying different percentages of their gross household income for housing. For comparison, information has been presented from the 2000 Census.

Table 17 Ownership Costs as a Percentage of Income - Morristown 2010		
Percentage of Household Income for Housing Costs	Number of Owner Households 2010	Percent of All Owner Households 2010
0% to 19.9%	169	51.1%
20% to 29.9%	79	23.9%
30% to 34.9%	17	5.1%
35% or more	66	19.9%
Not Computed	0	0%
Total	331	100%

Source: 2010 American Community Survey

- ▶ Most owner-occupants, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. However, 19.9% of home owners reported that they paid more than 35% of their income for housing.

Table 18 Ownership Costs as a Percentage of Income - 2000 to 2010			
Percentage of Household Income for Housing Costs	Number/% of Owner Households 2000	Number/% of Owner Households 2009	Numeric Change 2000 to 2009
0% to 19.9%	149/69.0%	169/51.1%	20
20% to 29.9%	38/17.6%	79/23.9%	41
30% to 34.9%	7/3.2%	17/5.1%	10
35% or more	18/8.3%	66/19.9%	48
Not Computed	4/1.9%	0/0%	-4
Total	216/100%	331/100%	115

Source: U.S. Census; 2010 American Community Survey

- ▶ In 2000, 8.3% of all owners reported paying 35% or more of their income for housing. By 2010, this percentage had increased to 19.9% of all owner-occupants. At the same time, the percentage of households that paid less than 20% of income for housing costs decreased substantially.

Existing Housing Inventory

Existing Housing Inventory

The following table identifies the owner occupied and rental housing units by year built in the City of Morristown. This data was obtained from the American Community Survey and from city building permits.

Table 19 Occupied Housing Units by Year Built - Owner/Renter							
	1939 and Earlier	1940-1959	1960-1969	1970-1979	1980-1989	1990-1999	2000-2011
Morristown	104/19	21/12	26/11	45/7	24/3	37/13	27/0

Source: American Community Survey

The first number reflects owner-occupied units and the second number reflects rental units

- ▶ The owner-occupied housing stock in Morristown is older than average according to the American Community Survey (ACS). The ACS identified approximately 37% of the owner-occupied housing units in 2009 as pre-1940 construction. This was above the statewide average for pre-1940 housing of approximately 18%.

The following table identifies the type of housing units in the City of Morristown.

Table 20 Morristown Occupied Housing Units by Units in Structure					
	Owner-Occupied Units - 2009	Renter-Occupied Units - 2009	Total Units 2009	Unit Construction 2009-2011	Estimated Total 2011
1 Unit Detached	231	21	252	2	254
1 Unit Attached	7	0	7	0	7
2 Units	0	5	5	0	5
3-4 Units	0	17	17	0	17
5+ Units	0	19	19	0	19
Mobile Home	44	3	47	0	47
Total	282	65	347	2	349

Source: American Community Survey; Building Permits

- ▶ Over the past two years, Morristown has added only two owner-occupied units.
- ▶ The table above does not reflect unit demolitions that may have occurred since 2000.

New Housing Construction Activity

The following table identifies the number of housing units constructed in the City of Morristown from 2000 to 2011. The data was obtained from city building permits.

Table 21 Housing Unit Construction Activity - 2000 to 2011							
Housing Type	2000	2001	2002	2003	2004	2005-2011	TOTAL
Single Family	6	2	5	9	4	7	33
2 Unit	0	0	4	0	2	6	12
3-4 Unit	0	0	0	0	0	0	0
5+ Unit	0	0	0	0	0	0	0
TOTAL	6	2	9	9	6	13	45

Source: U.S. Census Bureau Building Permits

- ▶ From 2000 through July 2004, Morristown added 32 new single family housing units through new construction. From 2005 to 2011, 13 single family units have been constructed in Morristown. During the 1990s, the city also averaged three single family housing starts per year.

- ▶ The 45 single family housing units constructed in Morristown from 2000 to 2011 include 33 detached single family homes and six duplexes.

Housing Condition

In October, 2011, Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of single family/duplex houses in the City of Morristown. The visual survey rated the condition of 289 single family/duplex structures. Houses that appeared to contain three or more residential units were excluded from the survey. The two newer subdivisions in Morristown were not included in the survey. A map showing the area that was surveyed is provided on the next page.

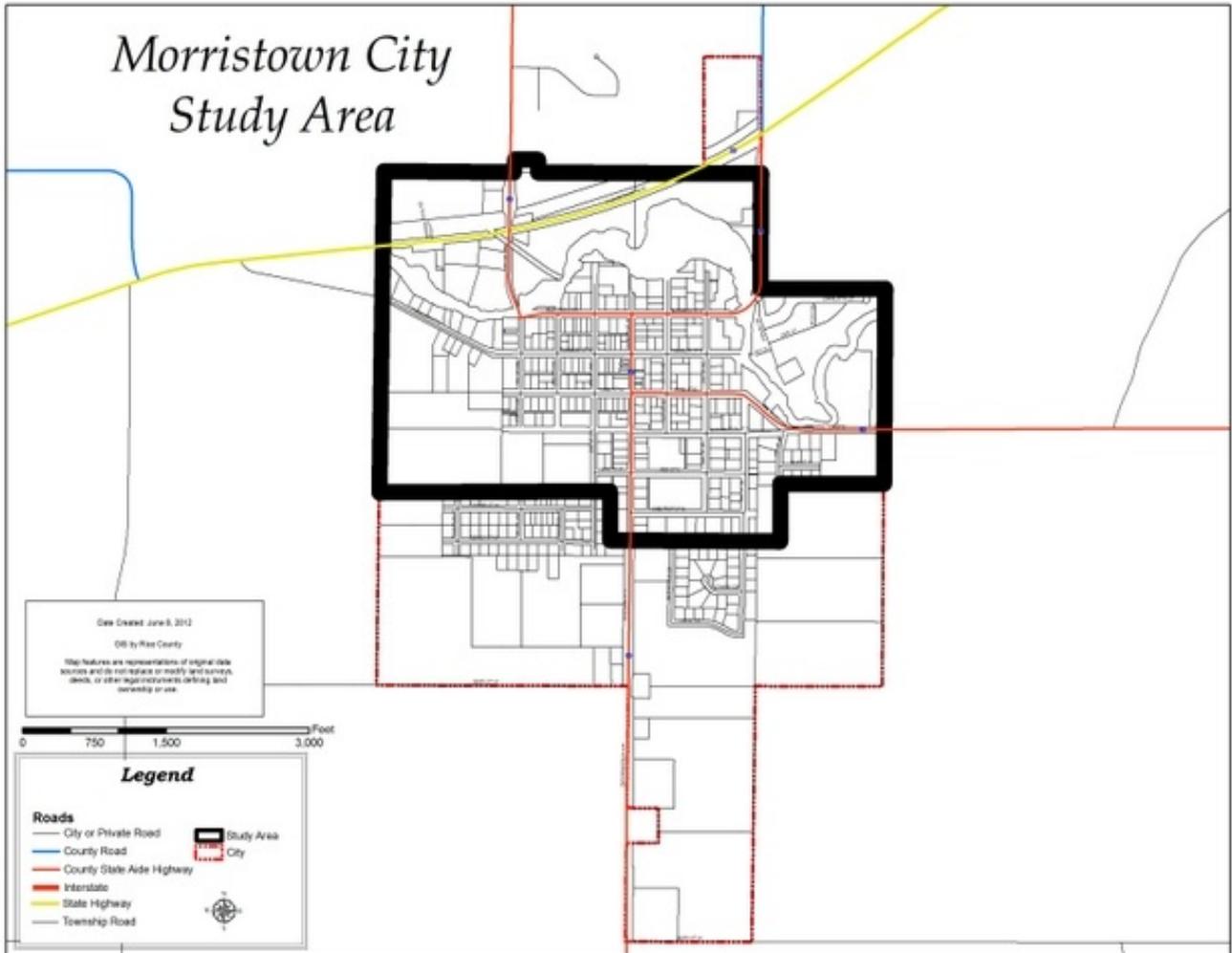
Houses were categorized in one of four levels of physical condition, Sound, Minor Repair, Major Repair, and Dilapidated as defined below. The visual survey analyzed only the physical condition of the visible exterior of each structure. Exterior condition is assumed to be a reasonable indicator of the structure's interior quality.

Dilapidated was the lowest rating used. Dilapidated houses need major renovation to become decent, safe and sanitary housing. Some dilapidated properties may be abandoned and may be candidates for demolition and clearance. Major Rehabilitation is defined as a house needing multiple major improvements such as roof, windows, sidings, structural/foundation, etc. Houses in this condition category may or may not be economically feasible to rehabilitate. Minor Repair houses are judged to be generally in good condition and require less extensive repair, such as one major improvement. Houses in this condition category will generally be good candidates for rehabilitation programs because they are in a salable price range and are economically feasible to repair. Sound houses are judged to be in good, 'move-in' condition. Sound houses may contain minor code violations and still be considered Sound.

Table 22 Windshield Survey Condition Estimate - 2011					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Morristown	127/43.9%	110/38.1%	47/16.3%	5/1.7%	289

Source: Community Partners Research, Inc.

- ▶ The existing housing stock in Morristown is in fair condition. Approximately 44% of the houses were rated as sound, while 38% of houses were rated to be in need of minor repair.
- ▶ Approximately 16% of the houses were rated as needing major repair, and five houses were considered to be dilapidated and beyond repair.
- ▶ In 2004, 12.3% of the houses in Morristown were rated as needing major repair or dilapidated. In 2011, the percentage increased to 18%.



Morristown Mobile Home Condition

In October, 2011, Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of the 71 mobile homes in Morristown's mobile home park, Riverside Mobile Home Park.

Mobile homes were rated in one of four levels of physical condition. The visual survey analyzed only the physical condition of the visible exterior of each structure. Exterior condition is assumed to be a reasonable indicator of the structure's interior quality. Dilapidated units are generally considered beyond repair. Major Repair units need multiple major improvements such as roof, windows, siding, etc. Units in this condition category may or may not be economically feasible to rehabilitate. Minor Repair units are judged to be generally in good condition and require less extensive repair, such as one major improvement. Units in this condition category will generally be good candidates for rehabilitation programs because they are economically feasible to repair. Sound units are judged to be in good, 'move-in' condition. Sound units may contain minor code violations and still be considered Sound.

Table 23 Morristown Mobile Home Condition Estimate - 2011					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Riverside Park	28 (39.4%)	25 (35.2%)	12 (16.9%)	6 (8.5%)	71

Source: Community Partners Research, Inc.

- ▶ Of the 71 mobile homes in Morristown, approximately 39% were rated as being in sound condition, and 35% require minor repair. Approximately 17% of the mobile homes need major repairs and six mobile homes were rated as dilapidated and beyond repair.

Existing Home Sales

This section examines houses that have been sold within a recent 12-month sales period. The information used was obtained from the Rice County Assessor’s Office, through the Beacon portal on the county’s website. This website provides access to county property and tax records, including information that is used for the county’s sales ratio study for the period between October 1, 2010 and September 30, 2011.

The sales information for Morristown can be sorted into different reports. For its annual sales study, the county examines “good sales”, that are fair market transactions. However, information is also collected on other sales, including “bad sales” that are rejected because they are not considered to be fair market transactions. Two rejection codes include sales of “bank-owned” properties, and “forced” sales transactions, including foreclosures. Although there are other rejection codes, this Study has examined the rejected sales in the bank-owned and forced sale groupings to better understand the significant property transfer activity that has been occurring in recent years due to the distress that has existed in the for-sale real estate market.

All of the sales are for single family units, but a designation is provided for attached housing units, such as twin homes, town houses or condominiums, separate from detached single family homes.

The county’s collection of property sales information is used to compare the fair market sales price to the estimated taxable value. As a result, the county information for good sales primarily reflects existing home sales that have an established tax value. New construction sales activity would generally not be recorded in the data that was used for this analysis, unless the house had been constructed some time ago and did have an established tax value.

Table 24 Morristown Residential Sales Activity - 2011 Sales Year				
Unit by Type	Number of Good Sales	Median Sale Price	Highest Sale	Lowest Sale
Single Family Detached	4	\$87,285	\$179,450	\$66,300

Source: Rice County Assessor; Community Partners Research, Inc.

Only four good sales were identified in the county reports. The calculated median price for a single family “good” house sale in Morristown in 2011 was \$87,285, based on the two closest sales of \$80,000 and \$84,570. However, with only four owner-occupancy, single family detached home sales during this 12-month time period, it is very possible that the small sample does not accurately reflect overall home pricing in the city.

Forced Sales Activity in 2011

There were some additional 2011 sales that were not viewed as “good” sales, representing fair market transactions. The county’s reporting system uses various subcategories for “bad” sales, including one group labeled “forced sale; legal action; auction; foreclosure” and another group labeled “bank sale (including HUD)”. For the purposes of this discussion, “bad” sales in these two classifications will be referred to as distressed sales.

For the 2011 sales year, Morristown appears to have had many more distressed sales than “good” sales. Actual analysis of the distressed sales is somewhat difficult, because a single property may be reflected multiple times within a single year, as it transfers from the original owner to a bank, and then may be possibly resold by the bank. The analysts have attempted to remove duplicate sales records for a single property in a single year. It is still possible that a single property is reflected twice, by spanning two different sales years.

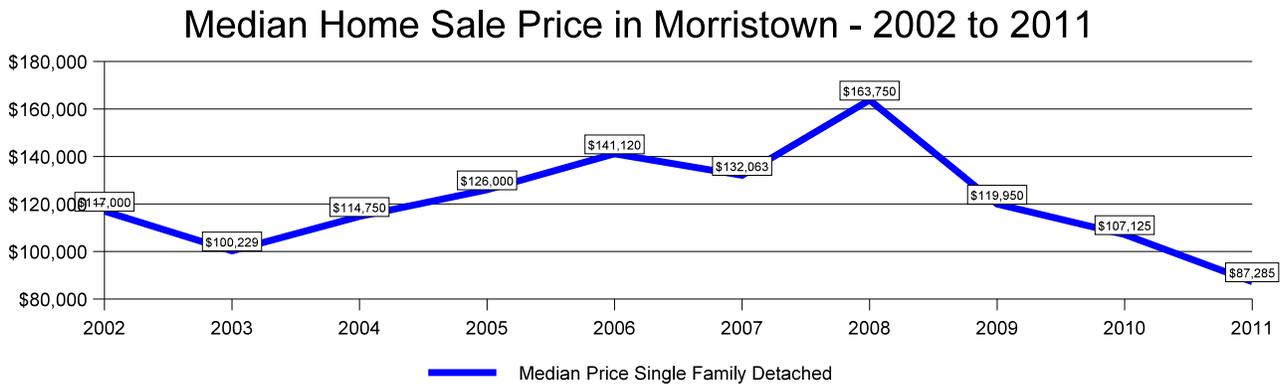
After deleting multiple transfers of a single property in a single year, there were seven single family detached houses that transferred ownership in the 2011 sales year, compared to only four “good” single family sales.

Median Home Sale Price Trends

The county’s website also allows a tracking of sales activity in previous years. The following table uses the 12-month sales period used by the county Assessor, starting October 1st and ending September 30th for each year.

Table 25 Morristown Median Residential Sale Price - 2004 to 2011		
Sales Year	Single Family Detached	
	Number of Good Sales	Median Sale Price
2011	4	\$87,285
2010	10	\$107,125
2009	6	\$119,950
2008	4	\$163,750
2007	12	\$132,063
2006	14	\$141,120
2005	14	\$126,000
2004	18	\$114,750
2003	14	\$100,229
2002	13	\$117,000

Source: Rice County Assessor; Community Partners Research, Inc.



In many years there have been only a few residential sales in Morristown, and the median reflected by annual sales may not be a good indicator of overall home prices. Additionally, in most years, there were an even number of sales, and the median was extrapolated from the two closest sales. In years with only a limited number of sales, this extrapolated median could have changed significantly with the addition or subtraction of a single sale.

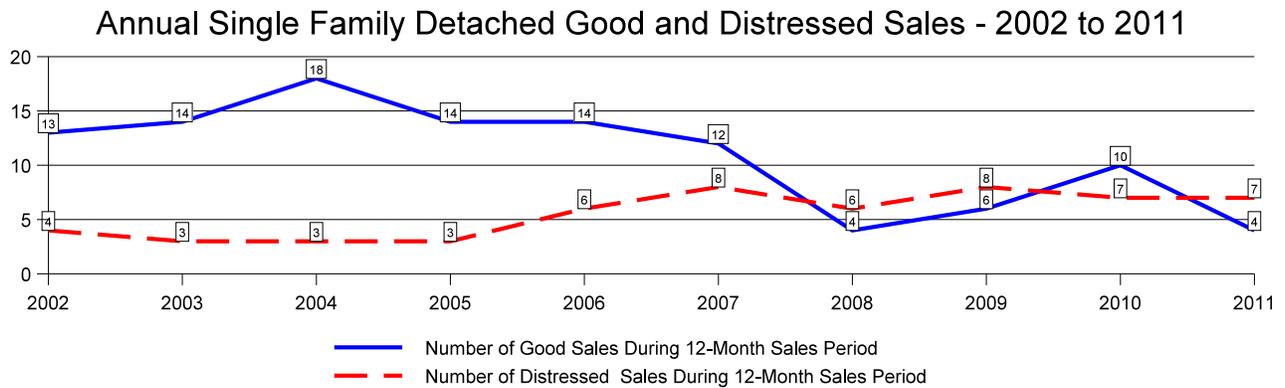
Although the sales samples were small, there was generally an upward trend in home prices in the city in the years between 2003 and 2008. After 2008, the median price started to decline.

The volume of “good” sales also was stronger between 2002 and 2007. After 2007, there has been only one year where 10 good sales occurred.

In 2008, when the median sale price reached its highest level, there were only four good sales, and all of these were above \$100,000.

Multiple reasons are cited for the drop in home values across the country in recent years, but the number of transactions that are distressed sales is a contributing cause. Houses that are sold through foreclosure, short-sales, or similar distressed means can negatively impact the voluntary sales that would otherwise occur.

The following chart looks at the number of single family detached, owner-occupancy home sales in Morristown over the past 10 years, including both good sales and distressed sales. The distressed sales include the two categories defined above, which are bank-owned sales, and forced sales.



During the earlier years of the past decade, the number of annual distressed sales was relatively small, due to limited foreclosures, bank-owned sales, and similar forced transactions. However, the volume of distressed sales began to increase in 2006, and by 2008, the county recorded more distressed single family sales than good sales in Morristown. As the number of distressed sales increased, the median price of good sales began to drop.

2011 Home Sales by Price Range

The following table looks at single family houses that sold in the past 12-month sales period that were coded as good sales by the county.

Table 26 Morristown Home Sales by Price Range - 2011 Sales Year		
	Single Family Detached	
Sale Price	Number of Sales	Percent of Sales
Less than \$100,000	3	75%
\$100,000 - \$124,999	0	0%
\$125,000 - \$149,999	0	0%
\$150,000 - \$174,999	0	0%
\$175,000 - \$199,999	1	25%
\$200,000 - \$224,999	0	0%
\$225,000 - \$249,999	0	0%
\$250,000 - \$274,999	0	0%
\$275,000 - \$299,999	0	0%
\$300,000+	0	0%
Total	4	100%

Source: Rice County Assessor; Community Partners Research, Inc.

Three of the four recent residential sales were priced less than \$100,000. The highest-priced sale was for \$179,450.

Active Residential Listings

The website Realtor.com, maintained by the National Association of Realtors, was used to collect information on active residential real estate listings in Morristown. On December 23, 2011, there were four homes listed for sale. It is possible that some of the Morristown listings are actually located outside the city limits.

It is important to note that the active properties are those included in the Multiple Listing Service (MLS) and would generally be offered through a real estate agent. There are other properties that are posted for sale in Morristown that would not be part of the MLS, and therefore are not included in this analysis, such as most homes being offered "for sale by owner".

The following table examines the MLS listings by listing price. It includes all types of homes as posted on Realtor.com.

Table 27 Morristown Active MLS Listings by Price Range - 2011		
Asking Price	Number of Listings	Percent of Listings
Less than \$100,000	1	25%
\$100,000 - \$124,999	1	25%
\$125,000 - \$149,999	0	0%
\$150,000 - \$174,999	0	0%
\$175,000 - \$199,999	1	25%
\$200,000 - \$224,999	1	25%
\$225,000 - \$249,999	0	0%
\$250,000 - \$274,999	0	0%
\$275,000 - \$299,999	0	0%
\$300,000+	0	0%
Total	4	100%

Source: Realtor.com; Community Partners Research, Inc.

There were only four houses listed on Realtor.com in late December. Two of these houses were priced below \$125,000 and two were above \$175,000.

Rice County Home Foreclosure Activity

Starting in 2006, many national reports began to surface about the growing number of home foreclosures. Initially linked to the popularity of adjustable rate mortgages and the expansion of sub-prime mortgage lending, as many housing markets cooled and the national economy moved into a period of recession, the foreclosure crisis spread to broader segments of the housing market.

While tracking current foreclosures is relatively easy, predicting future foreclosure activity is difficult. Delinquent borrowers have a number of different procedural steps that must be met before actual foreclosure occurs. Our research examines information about past activity, but does not include a future prediction.

HousingLink and the Greater Minnesota Housing Fund have been tracking mortgage foreclosure activity across the state for the past few years. They have produced annual foreclosure reports since 2007. Their reports provide details on foreclosure activity at the county level, as well as a comparison with other counties in the state.

In addition to collecting information on the number of foreclosures, using Sheriff’s Sale data, HousingLink has also attempted to calculate a rate of foreclosure, by comparing the annual total to the number of residential parcels in each county. While this rate calculation does not yield a perfect number, it does allow for a standardized comparison measure among all of the counties in the state. The following table presents the actual number of foreclosures, followed by the calculated rate of foreclosure, as calculated by HousingLink.

Table 28 Rice County Home Foreclosures - 2005 to 2011							
	2005	2006	2007	2008	2009	2010	2011
Number of foreclosures	79	147	237	298	299	349	268
Rate of foreclosures	0.44%	0.80%	1.25%	1.56%	1.55%	1.80%	1.38%

Source: HousingLink; Community Partners Research

HousingLink reported a rapid rise in the countywide home foreclosure volume since 2005 in Rice County. After stabilizing in 2008 and 2009, the number of foreclosures increased again in 2010. However, the number of foreclosures in 2011 dropped, compared to 2010, and was below the 2008 level.

HousingLink's methodology for calculating the rate of foreclosure may have changed somewhat in the past few years. In the early years, the rate appears to have been compared to the estimated number of households, while the past few years have compared foreclosures to the number of residential parcels.

For comparative purposes, Rice County had the 14th highest rate of foreclosure among Minnesota's 87 counties in 2011.

RealtyTrac Listings

Another source of information that is often cited for national stories on home foreclosures is RealtyTrac, Inc., a private company that has been tracking and reporting on foreclosure activity and bank-owned real estate across the country.

In December 2011, Community Partners Research viewed the RealtyTrac website. There was one bank-owned property that was identified in Morristown. There was also one trustee-sale property listed for auction. It is possible that these properties may have had a Morristown mailing address, but may be located outside of the city limits.

RealtyTrac also reports on past foreclosure activity. They report 34 home foreclosures in the Morristown zip code area (55042) between 2006 and 2011. RealtyTrac reports that 10 of the foreclosures occurred in 2009, the single largest year for volume. After dropping to only four foreclosures in 2010, the number of reported foreclosures in 2011 increased to nine, nearly equally the 2009 level.

The RealtyTrac information also reports activity in January 2012, with four foreclosures in the zip code area. If this monthly level is sustained, 2012 would surpass 2009 for the highest annual number of foreclosures.

Rental Housing Inventory

Rental Housing

The City of Morristown has a below-average supply of rental housing units. At the time of the 2010 Census, 74 of the occupied housing units in the city were renter-occupied. This represented 19.1% of all occupied units in Morristown. The Minnesota statewide average for rented housing in 2010 was 27%.

Rental Housing Survey

As part of this housing study, a telephone survey was conducted of multifamily buildings in the city. The survey attempted to contact owners or managers of rental buildings with more than four units. For purposes of new unit construction, it was assumed that most future development would be oriented toward larger buildings and developments, and properties with more than five units offer the best comparison. We also surveyed several single family homes.

Table 29 Morristown Multifamily Rental Housing Inventory					
Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Strobel Five-plex	1 - 1 Bedroom 4 - 2 Bedroom 5 Total Units	\$575-\$600	1 vacant two-bedroom	Mix of tenants	Five-plex with four 2-bedroom and one 1-bedroom unit. Owner reports one current vacancy.
Five single family homes	2 & 3 Bedroom	Range from \$450-\$725	No vacancies	Mix of tenants	Tenants pay utilities. Currently, homes are fully occupied.
Subsidized					
Sunshine Apartments	6 - 1 Bedroom 4 - 2 Bedroom 4 - 3 Bedroom 14 Total Units	30% of income	1 vacancy	Senior and general occupancy	USDA Rural Development subsidized apartments built in 1990. Project has two seven-unit buildings, one senior and one general occupancy. Tenant households pay rent based on 30% of income with base and maximum rents. Manager reported one vacant unit.
Country View Apartments	8 - 1 Bedroom 8 Total Units	30% of income	No vacancies	General occupancy	USDA Rural Development subsidized apartments. No vacancies at time of survey. Project was senior occupancy, but is now open to all tenants who meet income guidelines. Project has been fully occupied for past two years. Tenants pay 30% of income, but there are base and maximum rents.
Senior Housing with Services					
Plum House	10 beds	Based on level of care	2 vacancies	Seniors	Board and lodging facility open since 2004. Currently two vacancies, have been fully occupied in the past. Tenants come from Morristown and surrounding communities.
Housing with Services - Special Needs					
Morristown Manor	10 beds	Based on level of service	1 vacant bed	Adults	Board and care facility for adults with special needs such as chemical dependence or mental illness. Currently, one vacant bed.

Source: Community Partners Research, Inc.

Morristown - Summary of Growth Trends and Projections

Findings on Growth Trends

According to the 2010 U.S. Census, the City of Morristown's population increased from 981 people in 2000 to 987 people in 2010. This is a gain of only six people, which is a 0.6% increase. Morristown gained 25 households from 2000 to 2010, a 6.9% increase. Rice County gained 7,477 people and 3,427 households from 2000 to 2010.

Community Partners Research, Inc., is projecting that the City of Morristown will gain 10 to 18 people and 10 to 14 households from 2010 to 2015. These projections are based on actual housing construction and estimated household growth over the past five years.

This projected population and household growth is based primarily on population growth from 2005 to 2010. Population and household growth slowed significantly over the last four years of the decade. The majority of the growth was in the first six years of the decade.

Rice County is projected to gain 1,798 to 2,023 people and 705 to 829 households from 2010 to 2015.

Rice County Growth Projections by Age Group

In addition to forecasts on overall household growth, there is projection information available on the changes expected by age of households in Rice County. As part of the research for this Study, we have examined information on age patterns and population data from the 2010 U.S. Census. With this data, Community Partners Research, Inc. has calculated age-based projections from 2010 to 2015.

The following projections are for all of Rice County as the information is not available for the smaller cities in Rice County:

<u>Age Range</u>	<u>Projected Change in Households 2010 to 2015</u>
15 to 24	-36 to -41
25 to 34	-71 to -86
35 to 44	119 to 138
45 to 54	-437 to -457
55 to 64	437 to 456
65 to 74	551 to 565
75 to 84	169 to 178
85 and Older	<u>33 to 37</u>
Total	725 to 830

Source: U.S. Census, Community Partners Research, Inc.

Morristown - Strengths and Barriers for Housing Development

Strengths for Housing Development

The following strengths of the community were identified through statistical data, local interviews, previous research and on-site review of the local housing stock. These strengths are consistent with the strengths that were identified in the 2005 Study.

- ▶ **Active housing involvement from the community leaders and residents** - Morristown has had active community leadership on housing issues.
- ▶ **Land availability** - The city has two subdivisions with available lots for new housing and there is land for future land development.
- ▶ **School facilities** - Morristown is part of the Morristown - Waterville - Elysian School District. The school facilities within the City of Morristown include an elementary school and middle school.
- ▶ **Natural amenities** - Morristown is located on the Sakatah Trail and the Cannon River and there are several lakes in the area, all of which contribute significantly to the community's recreational opportunities.
- ▶ **Proximity to regional centers** - Morristown is located within commuting distance of Faribault, Owatonna, Waseca, and Mankato. All of these cities are regional centers with significant employment, medical, service and recreational opportunities.
- ▶ **Affordable housing stock** - Morristown's housing stock includes a high percentage of moderately priced homes. These homes provide affordable options for low and moderate income home buyers and first-time buyers.
- ▶ **Household growth** - From 2000 to 2010, Morristown has added 25 households. Morristown has experienced household growth and has growth potential.
- ▶ **Public facilities** - The City of Morristown has water and sewer systems that will support residential, commercial and industrial growth.
- ▶ **Utilization of funding sources** - The city has been successful in utilizing state and federal funds for water improvements, housing, commercial development, park development, bridge and road improvements, mill renovation, and housing rehabilitation. This experience and track record will continue to provide opportunities.
- ▶ **Government/Community Center** - In 2003 the city constructed a Government/Community Center, which is a focal point for the community.

Barriers or Limitations to Housing Activities

These barriers that hinder or prevent certain housing activities, are consistent with the barriers identified in the 2005 Study.

- ▶ **Competition with the regional centers** - Being in close proximity to several regional centers was identified as a strength but it can also be a barrier. Regional centers are a draw because of their many amenities and employment opportunities. Morristown competes with surrounding regional centers for population and household growth.
- ▶ **Lower incomes limit housing choices** - Morristown has the lowest median household income of all the cities in Rice County. Lower incomes limit housing choices and opportunities especially for new housing construction. Household growth in Morristown will be primarily dependent on the production of new housing units, which generally have higher costs.
- ▶ **Limited rental housing availability** - Rental housing is in short supply. The city has a limited supply of rental housing and the rental housing that does exist has a low vacancy rate.
- ▶ **Lack of lot sales** - With the downturn in the economy, lot sales over the past several years have been very limited. This has resulted in financial problems for the developer of one of the subdivisions and his remaining lots were taken over by the financial institution that financed the lots.

Morristown - Recommendations and Opportunities

Recommendations, Strategies and Housing Market Opportunities

Based on the research contained in this study, and the housing strengths and barriers identified above, we believe that the following recommendations are realistic options for the City of Morristown. They are based on the following strategies:

- ▶ **Be realistic in expectations for housing development** - The scale of activities proposed for the future should be compatible with the city's potential for growth.
- ▶ **Develop a realistic action plan with goals and time lines** - The city has had active community volunteer involvement on city issues. This is a valuable resource as the city plans its future housing activities. The city should work with community volunteers to prioritize its housing goals and should establish goals to achieve its plan.
- ▶ **Access all available resources for housing** - In addition to the local volunteer efforts, the city has other local resources to draw on including the Rice County HRA and Three Rivers Community Action, Inc. These resources should be accessed as needed to assist with housing activities.
- ▶ **Protect the city's existing assets and resources** - The City of Morristown has an affordable housing stock, two single family subdivisions with available lots, employment opportunities, and a downtown commercial district. These are assets that make Morristown a desirable community to live in, and are key components for the city's long term success and viability. These assets must be protected and improved.
- ▶ **Protect the city's existing housing stock** - The future of Morristown will be partially dependent on the city's appeal as a residential location. The condition of the existing housing stock is a major factor in determining the city's long-term viability. The existing housing stock is the city's major asset, however, continued rehabilitation efforts are needed to preserve the housing stock.
- ▶ **Building on past successes** - The City of Morristown has been successful with new housing construction and with the implementation of the Small Cities Development Program.

Summary of Findings/Recommendations

The findings/recommendations for the City of Morristown have been formulated through the analysis of the information provided in the previous sections and include a total of 14 recommendations divided into the following five categories:

- ▶ **Rental Housing Development**
- ▶ **Home Ownership**
- ▶ **Single Family New Construction**
- ▶ **Housing Rehabilitation**
- ▶ **Other Housing Initiatives**

The findings/recommendations for each category are as follows:

Findings and Recommendations for the City of Morristown	
Rental Housing Development	
1.	Develop 12 to 14 general occupancy market rate rental units
2.	Monitor the need for additional subsidized rental units
3.	Monitor the need for senior with services units
Home Ownership	
4.	Utilize and promote all programs that assist with home ownership
5.	Develop a purchase/rehabilitation program
New Construction	
6.	Lot availability and development
7.	Monitor the need for townhouse and twin home development
Housing Rehabilitation	
8.	Promote rental housing rehabilitation programs
9.	Promote owner-occupied housing rehabilitation programs
Other Housing Initiatives	
10.	Acquire and demolish dilapidated structures
11.	Create a plan and continue coordination among housing agencies
12.	Develop City of Morristown Housing Incentive Programs
13.	Continue the Time of Sale Mobile Home Program
14.	Promote commercial rehabilitation

Morristown - Rental Housing Development

Rental Housing Development

Findings: It is difficult to produce new affordable rental units. A number of factors including federal tax policy, state property tax rates, high construction costs and low rental rates have all contributed to making rental housing production difficult to achieve, especially in small cities.

In the past 25 years, only two rental projects have been constructed in Morristown, both by USDA Rural Development. Sunshine Apartments and Country View Apartments, were both constructed more than 20 years ago. Sunshine Apartments is a 14-unit project with a seven-unit senior building and a seven-unit general occupancy building. Country View Apartments is an eight-unit project that was a senior project, but has been converted to a general occupancy project. There are no market rate projects with more than five units in Morristown.

As part of this study a rental survey was conducted. A total of 37 rental units in four multifamily buildings and five units in single family homes were contacted. We also surveyed a board and care facility for adults with special needs, however, we did not include this facility in our vacancy calculations. The survey showed that four of the market rate, subsidized and senior units surveyed were vacant, which is a 10.8% vacancy rate. This is above the range of 3% to 5% which is considered a healthy market to allow for unit choice and availability and to also assure the viability and profitability of the rental project. One vacancy was in the market rate units. The subsidized and senior projects had three vacancies.

The City of Morristown is projected to gain between 10 and 14 households and all of Rice County is projected to gain between 704 and 829 households through 2015. It is projected that approximately 20% of the new Morristown households and 30% of the new Rice County households will be renters. With the projected household gains in Morristown and Rice County, we are recommending several strategies to continue a healthy rental market in the City of Morristown. These strategies include:

- ▶ **Increase the city's population** - The city and all stakeholders should continue to implement all strategies possible to increase the city's population including job creation, marketing the community, assuring a healthy housing stock, etc. These efforts will continue to make the city of Morristown an attractive and viable city.
- ▶ **Rehabilitate rental housing** - Most of Morristown's rental housing stock is more than 25 years old. Some of this rental housing stock needs

rehabilitation. Rental rehabilitation programs should be created to rehabilitate the rental projects, when it is economically feasible.

- ▶ **Demolish dilapidated rental housing** - Rental housing that is substandard and no longer feasible for renovation, should be demolished and eliminated from the rental housing stock.
- ▶ **Develop new rental housing** - New rental housing can achieve several goals which include:
 - ▶ Addressing pent-up demand for certain housing types
 - ▶ Upgrading the overall quality of the rental stock
 - ▶ Increasing the city's rent structure
 - ▶ Addressing gaps in the city's rental stock
 - ▶ Attracting new households to the city

1. Develop 12 to 14 general occupancy market rate rental units

Findings: The City of Morristown does not have a market rate general occupancy rental project. We recommended the construction of market rate rental units in both the 2000 and 2005 housing studies. From 2000 to 2010, the City of Morristown gained 25 households and no new rental units were constructed.

There continues to be a need for quality market rate rental units in the City of Morristown.

Although we are recommending a general occupancy project, we believe that a majority of the prospective tenants will be seniors. Morristown has a significant population of seniors, both in the city and in the surrounding area. As some of these residents age, and wish to avoid the high maintenance of home ownership, they may look for attractive, no maintenance housing option in the area. Also, there are farmers in the area who would like to retire in the city. The project's design should consider incorporating features appropriate for senior tenants.

However, given the size of Morristown and the lack of other high quality market rate rental units in the market, we believe it is appropriate to make the project available to tenants of all ages, to better serve all of the local market. There are currently 22 subsidized general occupancy rental units in the city. Because these units are income-restricted we do not feel the new proposed project will compete with the existing subsidized housing.

The first option to developing market rate rental housing would be to encourage a private developer to undertake the project. The developer of the project could seek financial assistance to keep rents affordable including land donations and city incentives. If a private developer does not come forward, an area housing agency could construct the market rate units.

Recommendation: We recommend the development of 12 to 14 market rate rental housing units. A twinhome or townhome style unit would be the preferred style, to cater to active renter households. However, another option is to construct a high quality apartment project that includes state of the art amenities.

The City of Morristown has a limited supply of market rate rental units. The existing rental units are primarily in single family homes and small rental buildings, and a traditional market rate apartment complex does not exist in the city.

The city should strive to achieve a balance between new owner-occupied single family homes and rental units as some households moving into the community would prefer to rent, or are unable to buy a house due to financial considerations.

We encourage the city and Rice County HRA to use TIF funds or any other resources possible to reduce rents which will make the units affordable to a broader market.

We recommend that the development of town house style units and the unit mix and rents should be as follows:

Recommended unit mix, sizes and rents for the Morristown Market Rate Housing Project:

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
Two Bedroom	10-11	1,000- 1,100	\$750 - \$800
Three Bedroom	2-3	1,150 - 1,250	\$850 - \$900
Total	12-14		

Note: The recommended rents are quoted in 2012 dollars, but exclude electricity and garage. We recommend garage rent of \$30 to \$35 per month.

2. Monitor the need for additional subsidized rental housing units

Findings: The City of Morristown has two subsidized projects, Sunshine Apartments and Country View Apartments.

Country View Apartments is an eight-unit general occupancy Rural Development project. The manager reported no vacancies. The project has experienced excellent occupancy rates for the past two years. Country View Apartments was originally senior occupancy only, but has been converted to general occupancy. All eight units are one-bedroom units.

Sunshine Apartments is a 14-unit general occupancy and senior Rural Development project. The project has a seven-unit senior building and a seven-unit general occupancy building. The project includes six 1-bedroom, four 2-bedroom and four 3-bedroom units. At the time of the survey, there was one vacancy.

Currently, the rent structure for market rate rental units is affordable for most Morristown households. Also, qualified low income Rice County households have access to the Housing Voucher Program, which subsidizes their rent.

Recommendation: Although there are high occupancy rates in the subsidized projects, we are not recommending additional subsidized units at this time. The current projects are addressing the local need for affordable rental housing.

We do recommend that the City of Morristown and area housing agencies continue to monitor the need for additional subsidized rental units.

3. Monitor the need for senior with services units

Findings: There is one senior with services project in the City of Morristown, the Plum House.

The Plum House is a 10-bed board and lodging facility for seniors. The facility opened in 2004. There were two vacant beds at the time of the survey.

According to the 2010 U.S. Census, there are 70 senior citizens, age 75 and older, in Morristown.

Recommendation: We recommend the City of Morristown monitor the need for additional senior with services units. It is our opinion that Plum House, and senior with services projects in surrounding communities, are currently addressing the need for senior with services units.

In addition to the Plum House, there are senior with services facilities in communities surrounding Morristown including more than 250 units/beds in Faribault.

The 10 beds in Plum House require a 14.3% penetration rate among the seniors 75 and over in Morristown. In most market areas, a 5% to 6% penetration rate for seniors with services is feasible. However, the owner of Plum House reported that they have tenants from the surrounding area and several surrounding communities.

The occupancy rate at Plum House should continue to be monitored as the expansion of this facility may be feasible in the future.

Morristown - Home Ownership Recommendations

Home Ownership Recommendations

Findings: Expanding home ownership opportunities is one of the primary goals for most cities. High rates of home ownership promote stable communities and strengthen the local tax base.

The median owner-occupied home value in Morristown is estimated to be \$87,285. With approximately 50% of the homes in Morristown valued less than \$87,285, Morristown has a good market for first time home buyers and households seeking moderately priced homes. The affordable price of Morristown homes, is attractive when compared to prices in some of the larger cities within commuting distance of Morristown.

Our analysis of Rice County demographic trends shows population growth in the 45 to 74 age ranges, which are traditionally strong home ownership age ranges. While most households in these age ranges already own their housing, this group represents a strong potential market for 'trade-up' housing. Increasingly, the older age ranges within this group look for lower maintenance housing options, such as twin homes or town house developments. Some older households may eventually move out of Morristown to move into other housing options in larger communities, if these options don't exist in Morristown.

Also, first-time home buyers may need the assistance of special programs to help them purchase their first home and will be seeking affordable homes such as the homes in Morristown.

To assist in promoting the goal of home ownership, the following activities are recommended.

4. Utilize and promote all programs that assist with home ownership

Findings: Home ownership is generally the preferred housing option for most households and most communities. As discussed previously, the demographic make-up of Morristown is conducive to the promotion of home ownership opportunities. There are a number of strategies and programs that can be used to promote home ownership in Morristown. The area's housing agencies and financial institutions can assist with this effort.

First time home buyer assistance, down payment assistance, low interest loans, gap financing and home ownership training programs help to address affordable housing issues. With the city's median home value at \$87,285, most of the homes in the existing housing stock in Morristown are valued under the purchase price limit established by the Minnesota Housing Finance Agency for first-time home buyer assistance programs, which is currently \$237,031. Also, there are several single family homes in the Morristown rental market. Many of these homes could be converted to owner-occupied homes. Conversely, home ownership programs may prevent owner-occupied homes from being converted to rentals. There are also approximately 14 vacant homes in the City of Morristown that may be available to households for home ownership.

Home ownership counseling and training programs can also play a significant role in helping marginal buyers achieve home ownership. To become homeowners and/or to remain homeowners, many households need financial counseling to improve their credit score, to save for a down payment and to properly budget household income.

While these individual home ownership assistance programs may not generate a large volume of new ownership activity, the combination of below-market mortgage money, home ownership training, credit counseling, and down payment assistance may be the mix of incentives that moves a potential home buyer into home ownership.

Recommendation: The City of Morristown and area housing agencies, such as Three Rivers Community Action, Inc., and the Rice County Housing and Redevelopment Authority, should utilize all available home ownership assistance programs to promote home ownership.

The city, in coordination with other Rice County cities, should also explore the possibility of obtaining specific program set-asides for home ownership programs from the Minnesota Housing Finance Agency. Specific set-asides will offer multiple advantages, including a dedicated pool of funds, the opportunity for higher participation limits for income and purchase price, and the flexibility

for more local design and control. Mortgage programs should also be developed that include all households and not just first time home buyers to encourage trade-up housing activity. Currently, the Rice County HRA is accessing the Minnesota Cities Participation Program, which provides low interest mortgage loans to Rice County households.

The city could work with the area's housing agencies to develop programs that provide financial assistance for households to purchase a home and to assure the City of Morristown is receiving its share of resources that are available in the region. The local financial institutions should also continue to have a significant role in assisting households with purchasing a home. Rural Development works with local financial institutions to provide first time home buyer assistance.

Funding sources for home ownership programs include Rural Development, the Minnesota Housing Finance Agency, Fannie Mae, the Federal Home Loan Bank and the Greater Minnesota Housing Fund.

5. Develop a Purchase/ Rehabilitation Program

Findings: Morristown has a stock of older, lower valued homes, some of which need repairs. The city also has approximately 14 vacant homes, which is 4.9% of Morristown's single family housing stock. The median estimated market value for homes in Morristown is \$87,285. As some of the homes below the median price come up for sale, they may not be attractive options for potential home buyers because of the amount of repair work that is required.

Several Minnesota cities have developed and implemented a Purchase/Rehabilitation Program, including the Cities of Faribault, Northfield and Bemidji. Under the program, an area housing agency purchases an existing home that needs rehabilitation, rehabilitates the home, sells the home to a low income family and provides a mortgage and a monthly payment that are affordable for the family.

In many cases, the cost of acquisition and rehab will exceed the house's after-rehab value. Although a public subsidy may be involved, the cost to rehab and sell an existing housing unit is generally lower than the subsidy required to provide an equally affordable unit through new construction.

A program could also be developed to provide mortgage funds directly to households for the purchase and rehabilitation of substandard existing homes.

Recommendation: We recommend that the City of Morristown work with an area housing agency to develop and implement a rehab/purchase program for existing houses. Area housing agencies and financial institutions could assist by offering some rehabilitation assistance in conjunction with first-time buyer programs to make the city's older housing a more attractive option for potential home buyers. Other potential funding sources include Rural Development, the Minnesota Housing Finance Agency, the Minnesota Small Cities Development Program, Federal Home Loan Bank funds and the Department of Housing and Urban Development.

Attitudinal surveys that we have conducted in other cities have found that purchase/rehabilitation programs are appealing to people who are currently renting their housing. In some similar sized communities, more than 80% of survey respondents who were renters indicated an interest in buying a home in need of repair if rehabilitation assistance was also available.

A purchase/rehabilitation program will achieve several goals. The program will:

- ▶ Encourage home ownership
- ▶ Prevent substandard homes from becoming rental properties
- ▶ Rehabilitate homes that are currently substandard.

Morristown - New Housing Construction

New Housing Construction

Findings: The City of Morristown has experienced limited single family housing construction in recent years. Over the past 12 years, from 2000 to 2011, 45 single family units have been constructed in Morristown, which is an average of approximately four housing units per year. The peak years for new construction were 2002 when 13 units were constructed and 2003 when nine units were constructed. From 2005 through 2011, seven single family homes and three duplexes were constructed.

As the housing economy strengthens, the attractiveness of the community, the city's proximity to larger surrounding communities and the availability of lots, should result in the continued construction of new homes annually.

Overall household projections for Morristown and Rice County indicate some demand for owner-occupied housing construction. Growth is anticipated through 2015 among households in the 55 to 74 age ranges. Households in these age ranges tend to be predominantly home owners, and form a market for both higher priced, trade-up housing and low maintenance housing such as town homes and twin homes. The number of households in the 35 to 44 year old range is also expected to grow in Rice County through 2015. Many of the households in these age ranges are first-time home buyers or are moving up into a higher priced home.

Also, six lots have been donated to Habitat for Humanity and one Habitat home is under construction in the City of Morristown. Habitat for Humanity may construct new homes on the remaining five lots in the future.

It is our opinion that if the city, local housing agencies and developers are proactive, one to two homes can be constructed annually in Morristown over the next five years. Our projection for single family housing starts includes homes built in the two new subdivisions and on infill lots, and includes single family attached housing units, such as twin homes and town houses.

6. Lot Availability and Development

Findings: As part of this study, we attempted to identify the inventory of available residential lots for single family housing construction in the City of Morristown. Currently, there are approximately 26 lots available in the city's two newer subdivisions.

There are also several miscellaneous infill lots scattered around the city that we did not attempt to count. We do not know the availability of some of these infill lots.

Recommendation: We use a standard that a 2 ½ year supply of lots should be available in the marketplace, based on annual lot usage. Using our projections that one to two new houses will be constructed per year, the city should have approximately three to five residential lots available to meet the expected demand. The available inventory could include lots that are currently buildable, as well as lots in the advanced planning stages that could be available for the next construction season.

Using this standard, the City of Morristown, with 26 available lots, plus infill lots, currently has an adequate number of available lots. These lots are a great asset for the city and the opportunity they provide should be maximized. There is not a need to develop additional lots in Morristown over the next five years. The City of Morristown and the lot owners should work with area housing agencies to market these lots. Signage, brochures, marketing on websites, displays at building shows, etc., all could be marketing strategies to sell the lots.

7. Monitor the need for townhouse and twin home development

Findings: Morristown has experienced some owner-occupied attached housing development in the past. From 2000 to the present, 12 attached owner-occupied housing units in six twin homes have been constructed in the City of Morristown. Many communities have seen attached housing take an increasingly large share of new construction. Twin home/townhome development in Morristown accounted for 27% of the new home construction over the past 12 years.

Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, thus, making homes available for families. It is estimated that the number of Rice County households in the 55 to 74 age ranges will increase by 988 to 1,021 households from 2010 to 2015.

It is important for the City of Morristown to offer a range of life-cycle housing options as many of these households will be seeking to downsize into low maintenance housing options.

Recommendation: In a good economy, it is our projection that approximately 30% of the City of Morristown's new single family construction would be twin home/town home construction over the next five years.

However, with the downturn in the economy, we are not recommending the construction of twin homes and townhomes at this time. The exception would be if a builder pre-sold the units prior to construction. As the economy improves, there may be a need for twin homes/townhomes later in our five-year projection period.

We recommend that future twin home/townhome development consider the following:

- ▶ Senior friendly home designs
- ▶ Maintenance, lawn care, snow removal, etc. all covered by an Association
- ▶ Cluster development of a number of homes which provides security
- ▶ Homes are at a price that is acceptable to the market

The public sector's role in any owner-occupancy attached housing development may be limited, as the private sector can often meet this housing need if a demand exists. The city should assure that adequate land is available for development and that zoning allows for attached housing development.

In some cities, such as Arlington, MN, a group of contractors and investors have developed a corporation and have constructed twin homes.

Morristown - Housing Rehabilitation Recommendations

Housing Rehabilitation

Findings: The City of Morristown has an asset in its existing housing stock. Existing units, both now and into the future, will represent the large majority of the affordable housing opportunities. Existing units generally sell at a discount to their replacement value. Units that are not maintained and improved may slip into disrepair and be lost from the housing stock. Efforts and investment in housing rehabilitation activities will be critical to continuing to offer affordable housing opportunities.

Housing options for households will largely be met by the existing, more affordable housing stock. As this existing stock ages, more maintenance and repair are required. Without rehabilitation assistance, the affordable stock will shrink, creating an even more difficult affordability situation.

The following specific recommendations are made to address the housing rehabilitation needs.

8. Promote rental housing rehabilitation programs

Findings: Based on 2010 Census data, the city has approximately 80 rental units. These rental units are in multi-family projects, small rental buildings, duplexes, single family homes and mobile homes. Many of these rental structures could benefit from rehabilitation as a majority of the rental structures are more than 30 years old and some rental units are in poor condition.

The rehabilitation of older rental units can be one of the most effective ways to produce decent, safe and sanitary affordable housing. However, it is often difficult for rental property owners to rehabilitate and maintain their rental properties while keeping the rents affordable for the tenants.

Recommendation: The City of Morristown and area housing agencies should seek funds to rehabilitate rental units. The funds should allow for program design flexibility, which will make rental rehabilitation workable. Potential funding sources include Minnesota Small Cities Development Program funds, the Federal Home Loan Bank, the Minnesota Housing Finance Agency, Rural Development and local funds.

The Minnesota Housing Finance Agency has recently initiated the Rental Rehabilitation Deferred Loan Program. The Southwest Minnesota Housing Partnership is administering this new program in Rice County. This program provides a maximum 0% deferred loan of \$25,000/unit and \$300,000/project. The project must meet applicable income, rent and rehabilitation requirements.

9. Promote owner-occupied housing rehabilitation programs

Findings: The affordability of the existing housing stock in Morristown will continue to be the major attraction for families that are seeking housing in the area. Investment in owner-occupied housing rehabilitation activities will be critical to offering affordable housing opportunities.

Our 2011 housing condition survey rated 289 single family homes in the city. Our survey found that 110 homes need minor repairs and 47 homes need major repairs. Without rehabilitation assistance, there is the potential that the affordable housing stock will shrink in the City of Morristown.

In the past, the City of Faribault Community Development staff and the Rice County HRA have administered the housing rehabilitation programs in the City of Morristown. Currently, the Faribault Community Development staff is rehabilitating several homes in Morristown with Small Cities Development Program funds. Three Rivers Community Action, Inc., is currently administering the weatherization and MHFA rehabilitation program in Morristown.

Recommendation: We recommend that the City of Morristown and area housing agencies continue to identify and apply for funds to develop an ongoing housing rehabilitation program. Rural Development, the Minnesota Housing Finance Agency, the Federal Home Loan Bank and the Minnesota Small Cities Development Program are all potential funding sources.

Morristown - Other Housing Initiatives

Other Housing Initiatives

10. Acquire and demolish dilapidated structures

Findings: Our housing condition survey identified five homes in Morristown that are dilapidated and too deteriorated to rehabilitate. We also identified 47 homes as needing major repair and several of these homes may be too dilapidated to rehabilitate.

Recommendation: We recommend that the City of Morristown demolish severely dilapidated structures. The city is enhanced when blighted and dilapidated structures are removed. Also, some of the cleared lots can possibly be utilized for the construction of new affordable housing units. Additionally, the demolition of dilapidated rental structures will upgrade the city's rental housing stock.

11. Create a plan and continue coordination among housing agencies

Findings: The City of Morristown needs staff resources in addition to existing city staff to plan and implement many of the housing recommendations advanced in this Study. The city has access to the Morristown Economic Development Authority, the Rice County Housing and Redevelopment Authority, and Three Rivers Community Action, Inc. The city also has access to the Minnesota Housing Finance Agency and the USDA Rural Development Office. These agencies all have experience with housing and community development programs.

Recommendation: The City of Morristown is fortunate to have access to several agencies that can address housing needs. It is our recommendation that the city work with the housing agencies to prioritize the recommendations of this Study and to develop a plan to address the city's housing needs. The Plan should include strategies, time lines and the responsibilities of each agency. While there has traditionally been a degree of staff interaction between these agencies, it will be important that a coordinated approach be used to prioritize and assign responsibility for housing programs.

It will also be important for the city to look for opportunities to work cooperatively with other Rice County cities to address housing issues. With the number of small cities in the county, and limited staff capacity at both the city and county level, cooperative efforts may be the only way to accomplish certain projects. Cooperative efforts will not only make housing projects more practical, but they will often be more cost-effective and competitive.

12. Develop City of Morristown Housing Incentive Programs

Findings: With the slowdown in new home construction in the City of Morristown, and the significant number of existing homes that need rehabilitation, we recommend that the city consider Incentive Programs for the following:

- ▶ Purchasing an existing home
- ▶ Remodeling an existing home
- ▶ Construction of a new home

Recommendation: The Incentives could include:

- ▶ Free water and sewer for a period of time
- ▶ Real estate tax abatement
- ▶ Permit and hoop up fees waived
- ▶ Discounts at area businesses
- ▶ Reduced lot prices

13. Continue the Time of Sale Mobile Home Program

Findings: The City of Morristown is implementing a 'Time of Sale Mobile Home Program.' Prior to the sale of a mobile home in the Riverside Mobile Home Park, the mobile home must be inspected to assure it meets codes. If there are code violations, repairs must be made prior to the sale.

Recommendation: We recommend the City of Morristown continue the 'Time of Sale Mobile Home Program' as it eliminates code violations and assures safe and sanitary homes in the Mobile Home Park.

Additionally, based on our mobile home condition survey, there are still 18 homes in the Riverside Mobile Home Park that need major repairs or are dilapidated.

14. Promote Commercial Rehabilitation

Findings: There are several substandard commercial buildings in the City of Morristown.

When households are selecting a city to purchase a home in, they often determine if the city's commercial sector is sufficient to serve their daily needs. A viable commercial district is an important factor in their decision making process.

Recommendation: We recommend that the City of Morristown and the Morristown EDA coordinate with the Rice County Economic Development Department and HRA to work with commercial property and business owners to rehabilitate their buildings. Also, new businesses should also be encouraged to locate in Morristown.

The Rice County HRA should be encouraged to apply for SCDP funds and seek other funding sources to rehabilitate commercial buildings. A goal of one commercial rehab project every two years would be a realistic goal.

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