

# City of Dundas

## Section Table of Contents

	<u>Page</u>
<b>Introduction</b>	D-3
<b>Demographic Data Overview</b>	D-4
▶ Population Estimates and Trends	D-6
▶ Population Projections	D-7
▶ Population by Age	D-8
▶ Households Estimates and Trends	D-9
▶ Average Household Size	D-10
▶ Household Projections	D-11
▶ Households by Age of Householder	D-12
▶ Household Characteristics	D-13
▶ Households by Tenure	D-14
▶ Renter Households by Household Size	D-15
▶ Tenure by Age	D-16
▶ Census Bureau Income Data	D-17
▶ Estimated Income and Housing Costs - Renters	D-18
▶ Estimated Income and Housing Costs - Owners	D-19
<b>Existing Housing Inventory</b>	D-20
▶ New Housing Construction Activity	D-22
▶ Housing Condition	D-23
▶ Existing Home Sales	D-25
▶ 2011 Home Sales by Price Range	D-26
▶ Median Home Sale Price Trends	D-28
▶ Active Residential Listings	D-30
▶ Rice County Home Foreclosure Activity	D-31

	<b><u>Page</u></b>
<b>Rental Housing Summary</b>	D-33
▶ Rental Housing	D-34
<b>Summary of Findings on Growth Trends and Projections</b>	D-35
<b>Strengths and Barriers for Housing Development</b>	D-38
<b>Recommendations and Opportunities</b>	D-42
▶ Rental Housing Development	D-46
▶ Home Ownership Recommendations	D-53
▶ New Housing Construction	D-57
▶ Housing Rehabilitation	D-62
▶ Other Housing Initiatives	D-64

## **Introduction**

This Section provides the following information and data for the City of Dundas:

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

The City of Dundas is located on the Cannon River in northern Rice County, approximately one mile south of the City of Northfield. Minnesota State Highway 3 and Rice County 1 are the main routes through Dundas. Interstate 35 is only four miles west of Dundas.

Dundas' current population is 1,367, which is an increase of 820 people from 2000 to 2010. The city's number of households has increased from 213 to 514 households. From 2000 to 2011, 312 housing units were constructed in Dundas, primarily in three new subdivisions.

Dundas has also experienced strong commercial development, including Menard's and K-Mart. Also the city has invested \$5 million into public facilities improvements over the past two decades. This investment enabled College City Beverage to construct a \$10 million facility in Dundas for its distribution business. Dundas currently has four community parks, the Mill Towns State Trail runs through Dundas and the city is the home of the Dundas Dukes baseball team. The City of Dundas is served by the Northfield School District.

# **Demographic Data Overview**

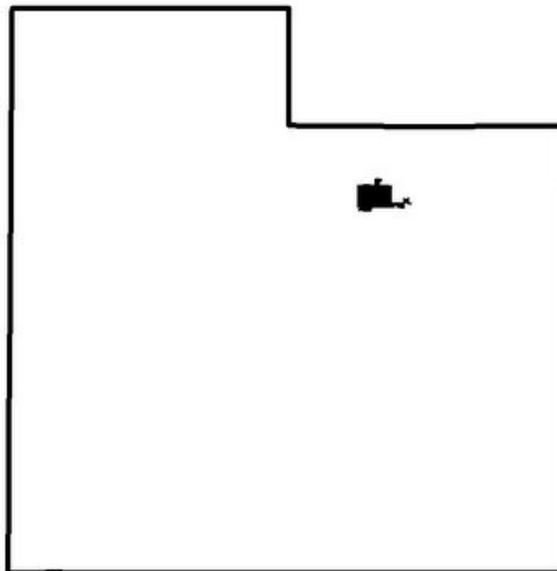
## **Demographic Data Overview**

### **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 2005 and 2009.

### **Location Within Rice County**



## Population Estimates and Trends

The following table presents the City of Dundas 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.

<b>Table 1 Population Trends - 1980 to 2010</b>						
	1980 Census	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010
Dundas	422	473	547	15.6%	1,367	149.9%
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. Dundas’ population has accelerated rapidly from 2000 to 2010. The 2010 Census reports that Dundas’ population was 1,367 in 2010. This is an 820 person increase since 2000, or 149.9%. This is significantly higher than the population growth from 1990 to 2000 when Dundas gained 74 people, an increase of 15.6%
  
- ▶ 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. During the 1990s, Rice County gained 7,482 people, an increase of 15.2%.

## Population Projections

The following table presents population level projections using three different sources. To plan for future housing needs, it is necessary to project future population changes. 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, which reflects the recession and downturn in the housing economy.

<b>Table 2 Population Projections Through 2015</b>				
	2010 Population	2015 Projection from 10-year growth trends	2015 Projection from 20-year growth trends	2015 Projection Community Partners Research, Inc.
Dundas	1,367	2,392	2,013	1,593
Rice County	64,142	68,374	69,019	66,053

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

- ▶ The projected population calculated from the 10-year growth rate for Dundas, estimates the city's population to be 2,392 in 2015, which is an increase of 1,025 people. The projection based on the 20-year growth rate estimates the population to increase by 646 people from 2010 to 2015.
- ▶ 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 Partner Research, Inc.'s population 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 Dundas population will be 1,593 in 2015, which is a gain of 226 people.

## Population by Age

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

Age	City of Dundas			Rice County		
	2000	2010	% Change	2000	2010	% Change
0-19	167	406	143.1%	17,474	18,243	4.4%
20-24	42	57	35.7%	5,775	6,174	6.9%
25-34	80	255	218.8%	6,628	7,653	15.5%
35-44	104	217	108.7%	8,894	8,019	-9.8%
45-54	68	198	191.2%	6,972	9,265	32.9%
55-64	37	121	227.0%	4,447	6,907	55.3%
65-74	34	74	117.6%	3,201	4,146	29.5%
75-84	15	31	106.7%	2,273	2,566	12.9%
85+	0	8	800%	1,001	1,169	16.8%
Total	547	1,367	149.9%	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. The largest numeric gain occurred among people age 0 to 19 years old. This age group increased by 239 people, or 143.1%. The 25 to 34 age range increased by 175 people, a 218.8% gain. All of the other age ranges also experienced population increases. The 45 to 54 age range increased by 130 people, an increase of 191.2%.
- ▶ Growth in the senior age ranges, 75 and older, were somewhat minimal in Dundas when compared to the other age ranges, with the increase of 24 people.
- ▶ Age change patterns for all of Rice County were similar to the Dundas patterns with the exception of one age cohort. Like Dundas, growth did occur in all of the age ranges, except in the 35 to 44 age range, which declined by 875 people.

## Household Estimates and Trends

The following table presents the City of Dundas 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.

<b>Table 4 Household Trends - 1980 to 2010</b>						
	1980 Census	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010
Dundas	141	173	213	23.1%	514	141.3%
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 Dundas had 514 households in 2010. The city gained 301 households between 2000 and 2010, which is a 141.3% 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, Dundas gained 40 households and Rice County gained 2,541 households.

## Average Household Size

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

<b>Table 5 Average Number of Persons Per Household 1980 to 2010</b>				
	1980 Census	1990 Census	2000 Census	2010 Census
Dundas	2.99	2.73	2.57	2.66
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.
- ▶ Unlike most Minnesota cities, the average household size in Dundas actually increased from 2000 to 2010. The average household size in 2000 was 2.57 and has increased to 2.66 persons per household in 2010. However, even with the increase from 2000 to 2010, the average household size in 2010 is less than the household size of 2.73 in 1990.
- ▶ 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 from Community Partners Research, Inc. is based on household growth and actual housing units constructed over the past five years.

<b>Table 6 Household Projections Through 2015</b>				
	2010 Households	2015 Projection from 10-year growth trends	2015 Projection from 20-year growth trends	2015 Projection Community Partners Research, Inc.
Dundas	514	877	767	599
Rice County	22,315	24,339	24,352	23,082

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

- ▶ The projections are based on the city’s 10-year and 20-year growth rates. The 10-year growth trends project the city to add 363 new households between 2010 and 2015, or an annual average of 73 households per year. Household projections based on 20-year growth rates expect the city to add 253 households, or an annual average of 51 households.
- ▶ The 10-year and 20-year growth trend projections for all of Rice County are similar and 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.
- ▶ Although past trends forecast continued strong growth in Dundas and Rice County, household growth has slowed over the past few years. Thus, Community Partners Research, Inc., is projecting that Dundas’ household growth from 2010 to 2015 based on five-year growth trends will be approximately 85 households, or 17 households per year. We are also projecting that Rice County will have 23,082 households in the year 2015, which is a gain of 767 households. These projections are based on actual housing construction and household growth over the past five years.

## Households by Age of Householder

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

<b>Table 7 Households by Age - 2000 - 2010</b>						
Age	City of Dundas			Rice County		
	2000	2010	% Change	2000	2010	% Change
15-24	10	15	50.0%	1,016	1,177	15.8%
25-34	42	122	190.5%	2,974	3,219	8.2%
35-44	65	124	90.8%	4,658	3,981	-14.5%
45-54	37	111	200.0%	3,871	4,960	28.1%
55-64	22	68	209.1%	2,524	3,944	56.3%
65-74	23	50	117.4%	1,919	2,511	30.8%
75+	14	24	71.4%	1,926	2,523	31.0%
Total	213	514	141.3%	18,888	22,315	18.1%

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

- ▶ Comparing 2000 and 2010 Census data, the City of Dundas added households over the last decade in all of the defined age ranges.
- ▶ The largest numeric increases occurred among households in the 25 to 34 year old range, which increased by 80 households, the 45 to 54 year old range, which increased by 74 households, and the 35 to 44 age range, which increased by 59 households.
- ▶ The number of senior households in the 65 to 74 year old range increased by 27 households during the decade, while there was an increase of 10 households in the 75 and older age range.
- ▶ Rice County's largest numeric gains occurred in the age ranges between 45 and 64 years old. There was a 677 household decrease in the 35 to 44 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 Dundas, 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
Dundas	29.8%	32.3%	2.7%	1.8%	4.8%	1.8%	20.0%	6.8%
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.

- ▶ Dundas had an above average percentage of families with and without children when compared with county-wide and statewide averages. The city had a below average percentage of one person households when compared with Rice County and the State of Minnesota.
- ▶ When compared to statewide averages, Rice County had a higher percentage of married couples, both with and without children. The county's percentage of one person households was below the statewide percentage.
- ▶ Dundas' percentages of single parent families were below the statewide and Rice County percentages.

## Households by Tenure

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

<b>Table 9 Households by Tenure - 2010</b>					
	Total Occupied Units	Owned Units	Percent Owned Units	Rented Units	Percent Rented Units
Dundas	514	462	89.9%	52	10.1%
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

- ▶ Dundas had a significantly below-average rate of renter occupancy at the time of the 2010 Census. The city's rental household percentage of 10.1% is substantially below the statewide percentage of 27%.

<b>Table 10 Household Changes by Tenure - 2000 to 2010</b>						
	Owned Units			Rented Units		
	Occupied Units 2000	Occupied Units 2010	Change in Owner-Occupied	Occupied Units 2000	Occupied Units 2010	Change in Renter-Occupied
Dundas	189	462	273	24	52	28
Rice County	14,710	16,897	2,187	4,178	5,418	1,240

Source: U.S. Census

- ▶ Between 2000 and 2010, Dundas added 273 owner households and 28 renter households. This decreased the percentage of renter occupancy from 11.3% in 2000 to 10.1% 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.

<b>Table 11 Renter Households by Household Size - 2000 to 2010</b>						
Renter Household Size	City of Dundas			Rice County		
	Households in 2000	Households in 2010	Numeric Change	Households in 2000	Households in 2010	Numeric Change
1 Person	6	12	6	1,921	2,540	619
2 Person	4	13	9	1,049	1,153	104
3 Person	6	13	7	521	677	156
4 Person	5	9	4	390	520	130
5 Person	3	4	1	179	293	114
6 Person	0	1	1	69	141	72
7+ Persons	0	0	0	49	94	45
Total	24	52	28	4,178	5,418	1,240

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

- ▶ Between 2000 and 2010, Dundas added six large family renter households with four or more persons.
- ▶ There was also growth in small renter households with an increase of 22 households with three or fewer persons.
- ▶ 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 Dundas and for Rice County.

<b>Table 12 Households Tenure by Age - 2010</b>				
Age of Householder	City of Dundas		Rice County	
	Owners	Renters	Owners	Renters
15 - 24	10/66.7%	5/33.3%	254/21.6%	923/78.4%
25 - 34	108/88.5%	14/11.5%	2,047/63.6%	1,172/36.4%
35 - 44	106/85.5%	18/14.5%	3,114/78.2%	867/21.8%
45 - 54	99/89.2%	12/10.8%	4,151/83.7%	809/16.3%
55 - 64	66/97.1%	2/2.9%	3,398/86.2%	546/13.8%
65 - 74	50/100%	0/0%	2,165/86.2%	346/13.8%
75-84	17/100%	0/0%	1,353/77.5%	392/22.5%
85+	6/85.7%	1/14.3%	415/53.3%	363/46.7%

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

- ▶ Household tenure by age patterns in Dundas show a preference for home ownership among households in all age ranges. Households in all ranges above age 24 had owner occupancy rates above 85%.
- ▶ Younger households, age 24 and under, had an owner occupancy rate of 66.7%.
- ▶ Tenure patterns in the county also showed a strong preference for home ownership in most age ranges. For the entire county, the rate of ownership among households age 35 to 84 years old was 77.5% or greater.

## 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 Dundas, Rice County and Minnesota.

<b>Table 13 Median Household Income - 1999 to 2010</b>			
	1999 Median	2010 Median	% Increase
Dundas	\$51,429	\$62,065	20.7%
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.

<b>Table 14 Median Family Income - 1999 to 2010</b>			
	1999 Median	2009/2010 Median	% Increase
Dundas	\$55,250	\$64,861	17.4%
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 Dundas' median household income in 2010 was \$62,065, a 20.7% increase from 1999. The city's median family income was \$64,861, a 17.4% increase from 1999.
- ▶ 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 Dundas could afford approximately \$1,552 per month for ownership or rental housing in 2010, and a median income family could afford \$1,623 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 Dundas could afford a home valued at approximately \$155,163 and a median income household in Rice County could afford approximately \$143,175.

## 2009 Income and Housing Costs - Renters

The American Community Survey collects information on housing costs in addition to income. The 2009 estimates have been used, since they are more closely matched to the actual number of renter households in the city. The following table provides the number of renter households that were paying different percentages of their gross household income for housing. For comparison, the same information has been presented from the 2000 Census.

<b>Table 15 Gross Rent as a Percentage of Income - Dundas 2009</b>		
Percentage of Household Income for Housing Costs	Number of Renter Households 2009	Percent of All Renter Households 2009
0% to 19.9%	6	12.8%
20% to 29.9%	3	6.4%
30% to 34.9%	0	0%
35% or more	31	65.9%
Not Computed	7	14.9%
Total	47	100%

Source: American Community Survey.

- ▶ The Census reported that 65.9% of renter households in Dundas were paying more than 35% of their income for rent. Households that pay more than 30% of their income for rent, based on accepted housing industry standards, have a housing cost burden.

<b>Table 16 Gross Rent as a Percentage of Income - 2000 and 2009</b>			
Percentage of Household Income for Housing Costs	Number/% of Renter Households 2000	Number/% of Renter Households 2009	Numeric Change 2000 to 2009
0% to 19.9%	15/60.0%	6/12.8%	-9
20% to 29.9%	6/24.0%	3/6.4%	-3
30% to 34.9%	0/0%	0/0%	0
35% or more	4/16.0%	31/65.9%	27
Not Computed	0/0%	7/14.9%	7
Total	25/100%	47/100%	22

Source: U.S. Census; American Community Survey

- ▶ In 2000, only four renter households were paying 35% or more of their income for housing. This increased to 31 households in 2010.

## 2010 Income and Housing Costs - Owners

The American Community Survey also provided housing cost estimates for owner-occupants. The following table provides information on the number of households that are paying different percentages of their household income for ownership housing. The same information from the 2000 Census has been provided for comparison.

Percentage of Household Income for Housing Costs	Number of Owner Households 2010	Percent of All Owner Households 2010
0% to 19.9%	113	29.2%
20% to 29.9%	116	30.0%
30% to 34.9%	34	8.8%
35% or more	124	32.0%
Not Computed	0	0%
Total	387	100%

Source: American Community Survey

- ▶ Most owner-occupants, which would include households with and without a mortgage, reported paying less than 35% of their income for housing. However, 32% of owners reported paying more than 35% of income.

Percentage of Household Income for Housing Costs	Number/% of Owner Households 2000	Number/% of Owner Households 2010	Numeric Change 2000 to 2010
0% to 19.9%	66/36.3%	113/29.2%	47
20% to 29.9%	70/38.4%	116/30.0%	46
30% to 34.9%	12/6.6%	34/8.8%	22
35% or more	32/17.6%	124/32.0%	92
Not Computed	2/1.1%	0/0%	-2
Total	182/100%	387/100%	205

Source: U.S. Census; American Community Survey

- ▶ In 2000, 17.6% of all owners reported paying 35% or more of their income for housing. By 2010, this percentage had increased to 32%. The percentage of households that paid less than 20% of income for housing costs decreased from 36.3% in 2000 to 29.2% in 2010.

# **Existing Housing Inventory**

## Existing Housing Inventory

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

<b>Table 19 Occupied Housing Units by Year Built - Owner/Renter</b>							
	1939 and Earlier	1940-1959	1960-1969	1970-1979	1980-1989	1990-1999	2000-2009
Dundas	59/13	10/3	7/0	14/28	12/0	60/3	138/0

Source: American Community Survey

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

- ▶ The owner-occupied housing stock in Dundas is average in age, according to the 2010 Census. The 2010 Census identified approximately 19% of the owner-occupied housing units as pre-1940 construction. This was very similar to the statewide average for pre-1940 housing of approximately 18%.

The following table identifies the number and type of housing units in Dundas.

<b>Table 20 Dundas Occupied Housing Units by Number of Units in Structure</b>					
	Owner Units 2010	Renter Units 2010	Total Units 2010	2011 Unit Construction	Estimated Total 2011
1 Unit Detached	337	14	351	1	352
1 Unit Attached	90	3	93	0	93
2 Units	8	31	39	0	39
3-4 Units	14	4	18	0	18
5+ Units	8	0	8	0	8
Mobile Home	4	0	4	0	4
Total	461	52	513	1	514

Source: American Community Survey; Building Permits

- ▶ From 2000 to 2011, Dundas added 178 detached single family homes and 134 attached single family housing 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 Dundas from 2000 to 2011. The data was obtained from city building permits.

<b>Table 21 Housing Unit Construction Activity - 2000 to 2011</b>				
Housing Type	Single Family Detached	Single Family Attached	Multi-Family Rental	Total
2000	10	18	0	28
2001	12	0	4	16
2002	14	10	0	24
2003	20	6	0	26
2004	18	4	0	22
2005	4	16	0	20
2006	46	51	0	97
2007	8	16	0	24
2008	10	9	0	19
2009	21	0	0	21
2010	14	0	0	14
2011	1	0	0	1
<b>TOTAL</b>	<b>178</b>	<b>130</b>	<b>4</b>	<b>312</b>

Source: Building Permits

- ▶ From 2000 through 2011, Dundas has added 178 new single family detached housing units and 130 attached single family units for owner-occupancy.
- ▶ Four multi-family rental units were constructed in Dundas from 2000 to 2011. Also, some of the single family detached and attached single family units constructed from 2000 to 2011 are currently renter-occupied although they were constructed to be owner-occupied.

## Dundas Housing Condition

In October, 2011, Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of single family/duplex houses in the City of Dundas. Houses that appeared to contain three or more residential units were excluded from the survey. The visual survey included 173 single family/duplex structures located in Dundas' older neighborhoods. The city's new subdivisions were not surveyed. A map showing the surveyed area is provided on the next page.

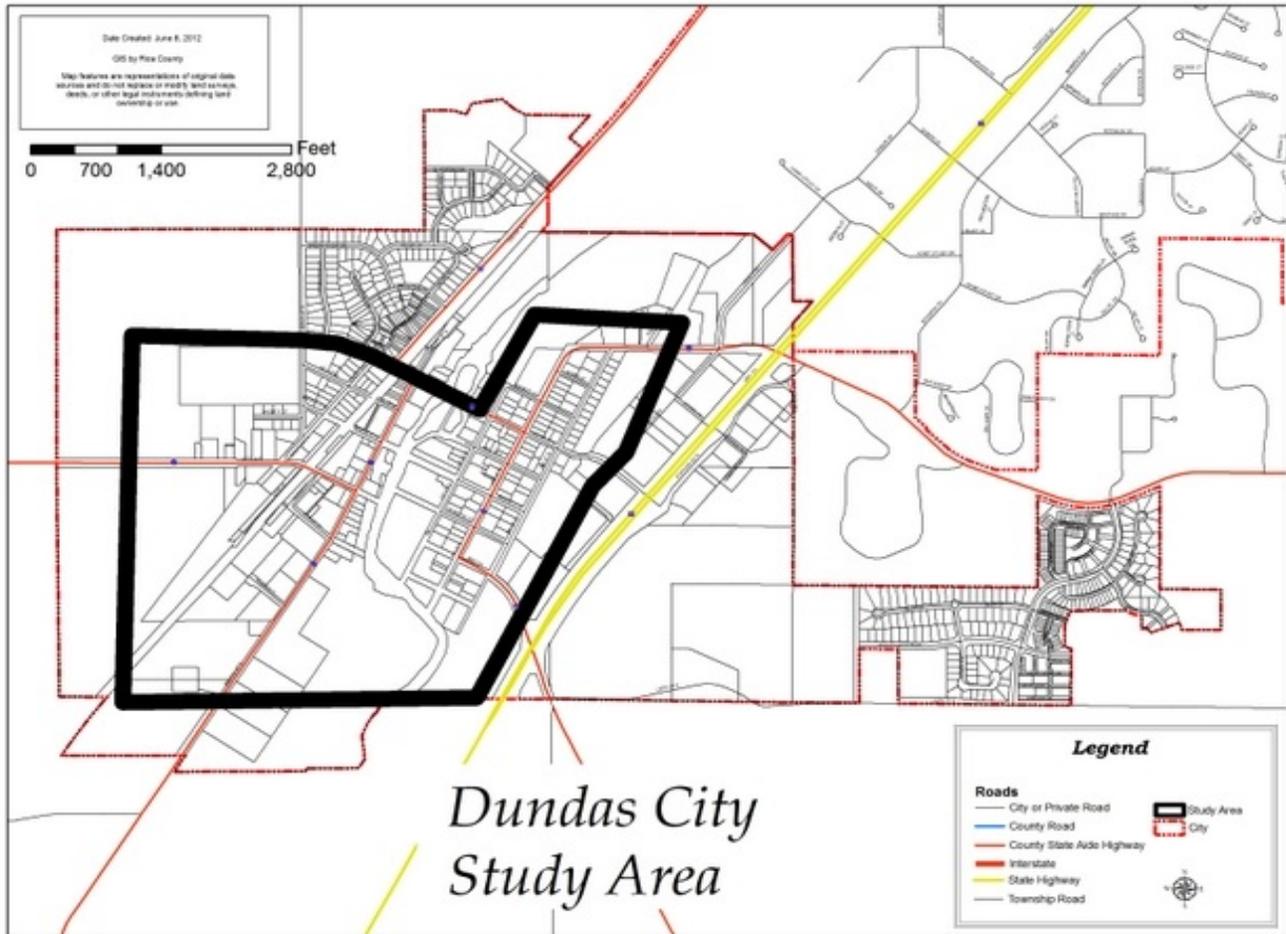
Houses were categorized in one of four levels of physical condition, Sound, Minor Repair, Major Repair, and Dilapidated as defined below. The visual survey analyzed only the physical condition of the visible exterior of each structure. Exterior condition is assumed to be a reasonable indicator of the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

	Sound	Minor Repair	Major Repair	Dilapidated	Total
Dundas	80 (46.2%)	66 (38.2%)	24 (13.9%)	3 (1.7%)	173

Source: Community Partners Research, Inc.

- ▶ The visual condition survey found that most of the houses in Dundas were generally in good repair. Approximately 85% of the houses were rated as sound, or needing only minor repairs. Given the age of the single family housing stock surveyed, units have been well maintained.
- ▶ Approximately 14% of the houses were rated as needing major repair. Three houses were considered to be 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 the city 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.

<b>Table 23 Dundas Residential Sales Activity - 2011 Sales Year</b>				
Unit by Type	Number of Good Sales	Median Sale Price	Highest Sale	Lowest Sale
Single Family Detached	12	\$175,000	\$220,000	\$127,600
Single Family Attached	6	\$90,000	\$205,000	\$84,000

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

There were 12 good sales of single family detached houses. The calculated median price for a single family "good" house sale in Dundas in 2011 was \$175,000. There were also five good sales of attached single family town house units. The median price was \$90,000.

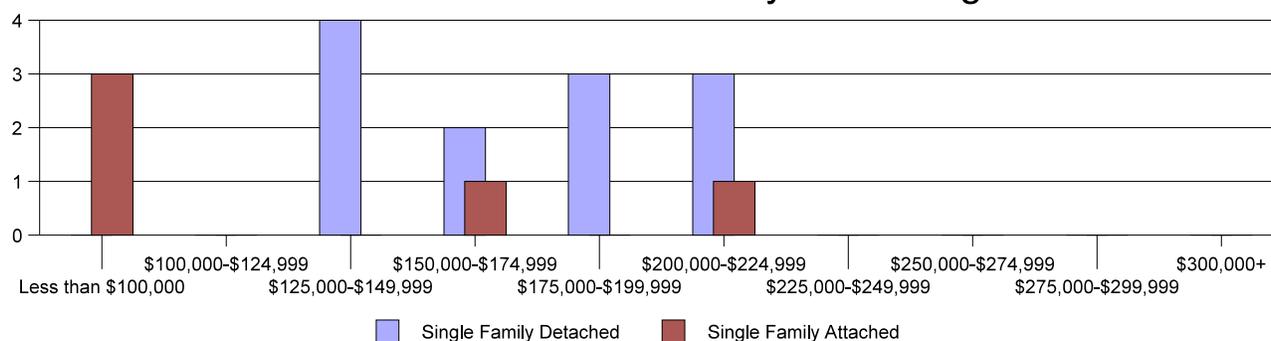
## 2011 Home Sales by Price Range

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 24 Dundas Home Sales by Price Range - 2011 Sales Year				
Sale Price	Single Family Detached		Single Family Attached	
	Number of Sales	Percent of Sales	Number of Sales	Percent of Sales
Less than \$100,000	0	0%	3	60.0%
\$100,000 - \$124,999	0	0%	0	0%
\$125,000 - \$149,999	4	33.3%	0	0%
\$150,000 - \$174,999	2	16.7%	1	20.0%
\$175,000 - \$199,999	3	25.0%	0	0%
\$200,000 - \$224,999	3	25.0%	1	20.0%
\$225,000 - \$249,999	0	0%	0	0%
\$250,000 - \$274,999	0	0%	0	0%
\$275,000 - \$299,999	0	0%	0	0%
\$300,000+	0	0%	0	0%
<b>Total</b>	<b>12</b>	<b>100%</b>	<b>5</b>	<b>100%</b>

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

### 2011 Dundas Home Sales by Price Range



All of the recent residential sales were priced below \$225,000. Three of the five attached home sales were below \$100,000.

The most recent sales year is greatly different from the peak sales periods in Dundas. In the 2006 sales year, when the median price of single family detached sales reached its highest level, 58% of all "good" sales were for \$225,000 or more, and there were two sales priced at \$300,000, or more.

### **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, Dundas appears to have had 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 19 distressed single family detached houses that transferred ownership in the 2011 sales year, compared to 12 "good" single family sales. There were seven distressed sales of town house units, compared to five good sales.

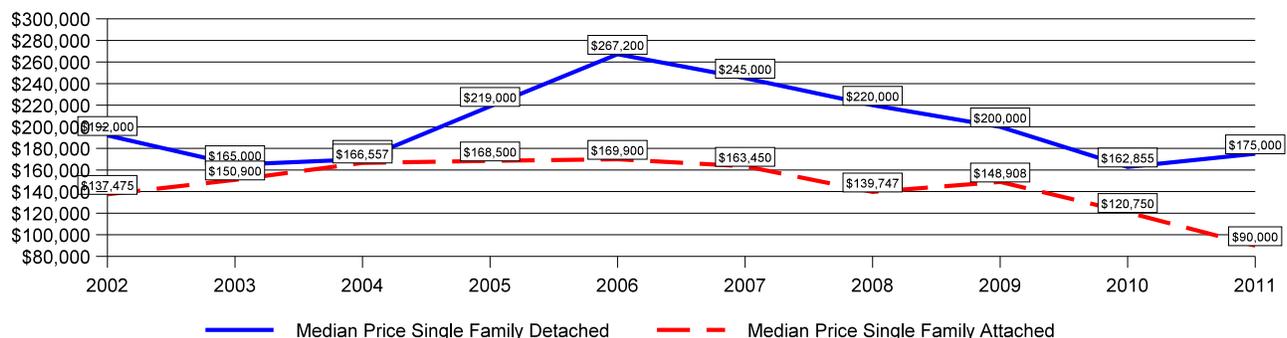
## Median Home Sale Price Trends

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 1<sup>st</sup> and ending September 30<sup>th</sup> for each year.

Table 25 Dundas Median Residential Sale Price - 2002 to 2011				
Sales Year	Single Family Detached		Single Family Attached	
	Number of Good Sales	Median Sale Price	Number of Good Sales	Median Sale Price
2011	12	\$175,000	5	\$90,000
2010	8	\$162,855	8	\$120,750
2009	11	\$200,000	9	\$148,908
2008	11	\$220,000	14	\$139,747
2007	28	\$245,000	36	\$163,450
2006	12	\$267,200	9	\$169,900
2005	15	\$219,000	10	\$168,500
2004	15	\$169,900	8	\$166,557
2003	11	\$165,000	13	\$150,900
2002	9	\$192,000	10	\$137,475

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

Median Home Sale Price in Dundas - 2002 to 2011



Rice County sales records are available for the past ten years, and show the rapid rise in home prices that occurred in the middle half of the last decade, followed by a steady decline in the median price. The volume of “good” sales

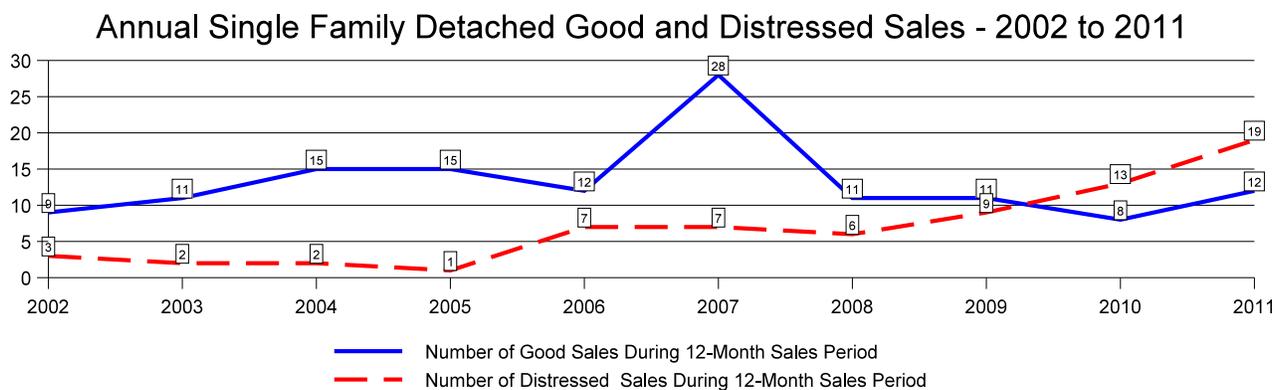
generally followed the same pattern, with the number of sales reaching a peak in 2007, the year after the median sale price reached its highest level. The same pattern also applied to attached unit sales in Dundas.

For single family detached houses, the median home sale price in Dundas dropped to \$162,855 for the 2010 sales year, the lowest point reached over the 10-year time period that was reviewed. The median price increased to \$175,000 for the most recent 12-month period, but this was still down more than \$92,000 from the peak that was reached in the 2006 sales year.

For attached single family units, the median price reached a 10-year low in 2010, at \$90,000. However, there were only a few sales in 2011, and the median may not reflect overall prices. The median sale price in 2011 was down nearly \$80,000 from the highest point in 2006.

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 Dundas 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 in 2010, the county recorded more distressed single family sales than good sales in the city.

The chart on the previous page only displays information for sales and distressed sales activity for detached houses. There has also been an increase in the number of distressed transfers of attached housing units, primarily town houses.

## 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 Dundas. On December 27, 2011, there were 17 detached and attached homes listed for sale. It is possible that some of the Dundas 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 Dundas 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.

<b>Table 26 Dundas Active MLS Listings by Price Range - 2011</b>		
Asking Price	Number of Listings	Percent of Listings
Less than \$100,000	5	29.4%
\$100,000 - \$124,999	1	5.9%
\$125,000 - \$149,999	2	11.8%
\$150,000 - \$174,999	2	11.8%
\$175,000 - \$199,999	0	0%
\$200,000 - \$224,999	3	17.6%
\$225,000 - \$249,999	4	23.5%
\$250,000 - \$274,999	0	0%
\$275,000 - \$299,999	0	0%
\$300,000+	0	0%
Total	17	100%

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

Based on the listings on Realtor.com, most of the listings in Dundas are priced below \$175,000. Overall, nearly 59% of active listings are priced at \$174,999 or less. There are no listings priced at \$300,000 or more. The analysis of “good” sales in the past year showed no houses selling for more than \$225,000, although the inclusion of “bad” sales may have lifted this total somewhat.

## **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.

<b>Table 27 Rice County Home Foreclosures - 2005 to 2011</b>							
	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 14<sup>th</sup> 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 were three bank-owned properties that were identified in Dundas. There were also five trustee-sale properties listed for auction. It is possible that some of these properties may have had a Dundas mailing address, but may be located outside of the city limits.

RealtyTrac also reports on past foreclosure activity. They report 97 home foreclosures in the Northfield zip code area (55019) between 2006 and 2011. RealtyTrac reports that 59 of the foreclosures occurred in 2011, the single largest year for volume.

The RealtyTrac information also reports activity in January 2012, with five foreclosures in the zip code area. If this monthly level is sustained, 2012 would be similar to 2011 for the annual number of foreclosures.

# **Rental Housing Summary**

## **Rental Housing**

The City of Dundas has a below-average supply of rental housing units. At the time of the 2010 Census, 52 of the occupied housing units in the city were renter-occupied. This represented 10.1% of all occupied units in the city. The Minnesota statewide average for rented housing in 2000 was 27%. Although the number of rental units in Dundas has increased by 28 units since 2000, 273 owner-occupied units were added to the housing stock. Thus, the total number of Dundas housing units that are rental units, decreased from 11.3% to 10.1% from 2000 to 2010.

Since 2000, four new rental housing units have been constructed in Dundas. Also, some owner-occupied units have converted to rental units.

### **Rental Housing Survey**

As part of this housing study, we attempted to contact the owners or managers of the multifamily buildings with more than six units in the city. 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 six units offer the best comparison.

There are no multifamily projects with more than six units in Dundas, thus, no survey was completed.

# **Dundas - Summary of Growth Trends and Projections**

## **Growth Projections**

The City of Dundas experienced strong household growth in the 1980's and 1990's. The city's household level increased by 22.7% in the 1980's and by 23.1% in the 1990's. From 2000 to 2010, the City of Dundas' population and number of households continued to increase substantially with the addition of 820 people and 301 households. This is a population increase of 149.9% and a household increase of 141.3%.

As a result of public improvements, land was made available for residential expansion and new housing construction. Several subdivisions have been developed since the utility improvements were installed and 312 new housing units have been constructed from 2000 to 2011.

There is a mixture of single family detached, twin homes and town house units in the new subdivisions. The growth in Dundas has been due in large part to its location adjacent to Northfield and near Faribault and the metro area. Dundas offers a convenient, "small town" alternative to these larger communities.

Although 10-year and 20-year growth trends estimate continued accelerated growth in Dundas, population and household growth has slowed over the past years. Thus, Community Partners Research, Inc., is projecting that Dundas' growth from 2010 to 2015 will be 213 to 239 people and 80 to 90 households.

Dundas has traditionally been a popular community for families with children. Demographic patterns show that the city has had an above average population of children and married couples with children.

With a mix of available housing types, the housing opportunities in the city will continue to appeal to families with children and to households looking for a lower maintenance ownership option. Although many of the houses will appeal to the trade-up market, which will most often be middle-aged households, many of the new home buyers are expected to be younger families with children.

Despite the strong demographic preference for home ownership, we do not want to minimize the importance of rental housing in the Dundas market. The city has a below-average percentage of rental housing available, due in part to the large number of rental options in nearby Northfield and Faribault. Just as the city has provided an alternative to Northfield and Faribault for some home owners, the city also has potential to attract renter households who may look to live outside of the larger cities. Younger households and older senior households rent with greater frequency than middle age households. To keep and to attract this segment of the population in Dundas, it will be important to offer housing opportunities appropriate to people's age and life style choices.

## 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 this 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.

# **Dundas - 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.

- ▶ **Dundas is located adjacent to Northfield, the regional center for northern Rice County** - Although Dundas does not have a large number of employment opportunities or service offerings, Dundas is located adjacent to Northfield, allowing residents to live in Dundas and commute for work, shopping and services.
- ▶ **New public facilities** - Several years ago, Dundas completed an extensive public facilities project which includes new sewer lines throughout the city and linking up with the City of Northfield's Sewage Treatment System. The project also included new streets and curb and gutter throughout the community.
- ▶ **High household income** - The City of Dundas has the highest median household income of all the cities in Rice County. A higher median income increases the city's potential to develop housing options.
- ▶ **Adequate land for development** - The city has adequate land for residential and commercial/industrial development.
- ▶ **Commercial development** - The City of Dundas has experienced substantial commercial development along State Highway 3 including a large discount retail store, a large home improvement store, auto sales and several other commercial businesses.
- ▶ **Affordable housing stock** - The city has a stock of affordable priced, existing houses. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Natural amenities/recreational opportunities** - The city is located on the Cannon River, which has been designated 'a wild and scenic' river. The city has developed a park system on the Cannon River and land is available for future recreational development.
- ▶ **Active housing involvement from developers and builders** - The city has several developers that have developed subdivisions and constructed homes in Dundas.

- ▶ **City household growth** - The city has experienced strong household growth over the past two decades.
- ▶ **Utilization of state and federal funds** - The city has utilized state and federal funds to address its needs. State and federal funds have been used for housing and commercial rehabilitation, public utilities, park development, street improvements, etc.
- ▶ **Successful housing development** - The construction of 312 housing units from 2000 to 2011 is testimony that Dundas is an attractive location for new single family housing development.

## **Barriers or Limitations to Housing Activities**

Our research also identified the following barriers, or limitations, that hinder or prevent certain housing activities in the City of Dundas.

- ▶ **Competition with Northfield** - While being adjacent to Northfield is an asset, Dundas must compete with Northfield to attract new housing development.
- ▶ **Limited housing options** - The city's housing stock is almost exclusively owner-occupied housing. There are very few rental options and no specific senior options. Dundas households looking for this type of housing are forced to move to Northfield or a neighboring community.
- ▶ **Lot Inventory** - With the slow down of the economy and new housing construction, the City of Dundas has a lot inventory in excess of current needs.
- ▶ **Existing housing programs** - Dundas households have limited access to home ownership programs, housing rehabilitation programs, etc.

# **Dundas - 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 Dundas. 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 timelines** - The city has had active community involvement on housing issues. This is a valuable resource as the city plans its future housing activities. The city should work with the community to prioritize its housing goals and should establish goals to achieve its plan.
- ▶ **Access all available resources for housing** - In addition to the local efforts, the city has other 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 Dundas has an affordable housing stock, several single family subdivisions, employment opportunities, and a downtown commercial district. These are assets that make Dundas 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 Dundas 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 Dundas has been successful with new housing construction in the past, and should continue to build on this success.

## Summary of Findings/Recommendations

The findings/recommendations for the City of Dundas have been formulated through the analysis of the information provided in the previous sections and include a total of 16 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:

<b>Findings and Recommendations for the City of Dundas</b>	
<b>Rental Housing Development</b>	
1.	Develop 12 to 16 general occupancy market rate rental units
2.	Monitor the need for moderate rent housing units
3.	Develop 8 to 10 senior-designated independent market rate rental units
4.	Monitor the need for senior with services units
5.	Develop a mixed-use downtown commercial/housing project
<b>Home Ownership</b>	
6.	Utilize and promote all programs that assist with home ownership
7.	Develop a Purchase/Rehabilitation Program
<b>New Construction</b>	
8.	Market lot availability and development opportunities
9.	Monitor the need for townhouse and twin home development
10.	Develop new construction marketing programs
<b>Housing Rehabilitation</b>	
11.	Promote owner-occupied housing rehabilitation programs

<b>Findings and Recommendations for the City of Dundas</b>
--

<b>Other Housing Initiatives</b>
----------------------------------

- |  |
|--|
| 12. Acquire and demolish dilapidated structures                    |
| 13. Create a plan and continue coordination among housing agencies |
| 14. Develop a City of Dundas New Construction Incentive Program    |
| 15. Promote commercial rehabilitation and commercial development   |
| 16. Develop strategies to address Dundas' current housing issues   |

# **Dundas - Rental Development Recommendations**

## 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.

The City of Dundas has no apartment buildings with more than four units. According to the 2010 Census, there are 52 rental units in Dundas. These units are primarily in single family homes and duplexes. Only four rental units have been constructed in Dundas since 2000.

We are projecting that the City of Dundas will gain between 80 and 90 households and all of Rice County will gain between 705 and 829 households through 2015. It is projected that approximately 20% of the new Dundas households and 30% of the new Rice County households will be renters. The Dundas forecast is based on the availability of rental housing units in the city.

The development of new rental housing in Dundas will 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

In making rental recommendations for the City of Dundas, we also analyzed the rental market in Northfield because of the close proximity of the cities. Our Dundas rental recommendations are modest in part based on the availability of rental units in Northfield.

### 1. Develop 12 to 16 general occupancy market rate rental units

**Findings:** The City of Dundas does not have a market rate general occupancy rental project. We recommended the construction of market rate rental units in the 2005 housing study. From 2000 to 2010, the City of Dundas gained 301 households and only four rental units were constructed. Also, it is projected that Dundas will gain 80 to 90 households from 2010 to 2015.

There continues to be a need for quality market rate rental units in the City of Dundas. In 2010, only 10.1% of the city's housing units were rentals.

With the lack of rental housing in the City of Dundas, we believe a general occupancy project, available to tenants of all ages, will best serve the local market.

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 should seek financial assistance including land donations and city incentives to keep rents affordable. 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 16 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.

We believe there is sufficient demand in Dundas for 12 to 16 general occupancy rental units. The City of Dundas has a very limited supply of market rate rental units. The existing rental units are primarily in single family homes and small rental buildings. 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 provide TIF funds or any other resources possible to reduce rents which will make the units affordable to a broader market. To be successful, the rent structure should be more affordable than comparable units in Northfield. Also, the City of Dundas should ensure that there are multi-family sites available for new rental construction.

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 Dundas  
Market Rate Housing Project:**

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
Two Bedroom	8-10	1,000- 1,100	\$750 - \$800
Three Bedroom	4-6	1,150 - 1,250	\$850 - \$900
Total	12-16		

**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 moderate rent housing units

**Findings:** The City of Dundas does not have any subsidized or tax credit rental projects. However, Northfield, which is adjacent to Dundas, has 16 subsidized and tax credit projects with a total of 543 rental units.

In 2005, we recommended 12 to 16 moderate rent tax credit housing units. At this time, it is not possible for a city the size of Dundas to be competitive in obtaining tax credit financing. Also, Three Rivers Community Action, Inc., submitted a tax credit application in 2011 to construct 28 rental units in Northfield. The application was not funded, but will be resubmitted.

**Recommendation:** We recommend that the City of Dundas and area housing agencies continue to monitor the need for subsidized/tax credit rental units in the future. This can be accomplished by monitoring rental vacancy rates and household growth in the Cities of Dundas and Northfield.

Also, the city and area housing agencies should monitor funding sources to determine if it is feasible for Dundas to obtain funding for moderate rent housing, if it is determined a need exists. Potential funding sources include the Minnesota Housing Finance Agency, the Greater Minnesota Housing Fund, low income tax credits and tax increment financing.

## 3. Develop eight to 10 senior designated market rate rental units

**Findings:** The City of Dundas has no senior designated market rate rental projects.

Although rental options exist for senior households in Northfield, it is our opinion that an eight to 10-unit senior designated market rate rental project would address a housing gap that currently exists in Dundas.

According to the 2010 Census, Dundas has 234 people and 142 households age 55 and over. We estimate that approximately 7% of the households age 55 and over would prefer senior designated market rate units, which is a market need of approximately 10 senior designated market rate units. We are also estimating that three to five senior households would move to Dundas if senior rental housing was available.

**Recommendation:** We recommend the construction of an eight to 10-unit market rate senior project with 'state of the art' amenities. If possible, the project should be a twin home or townhome design. There are many examples of these types of rental units in communities throughout the State of Minnesota including the Cities of Barnesville and Montevideo.

Apartment unit features should include:

- ▶ Fully equipped kitchen
- ▶ Large storage room
- ▶ Ample closet space
- ▶ Laundry hookups
- ▶ Open floor plan
- ▶ Private patio
- ▶ Individually controlled heat and AC
- ▶ Raised outlets, lever door handles, lowered kitchen cabinets
- ▶ Expansive windows

This project is intended to be senior independent living that can be supplemented as necessary with limited services and community support such as meals on wheels, home health care, etc.

We are recommending two to three one-bedroom units with rents of \$825 to \$875 and six to seven two-bedroom units with rents of \$900 to \$950. Subsidies and/or incentives such as land write down and tax increment financing should be utilized to lower rents, expand the available senior market and to make the project possible.

It is estimated that 25% of the units will be occupied when the project opens and one to two additional units will be rented each following month for an absorption period of five to six months.

For eight to 10 units, we recommend the following unit type, number of units, size and rent structure:

**Senior Market Rate Units**

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	2-3	875-975	\$825-\$875
Two Bedroom	6-7	1,000-1,100	\$900-\$950
Total	8-10		

Note: Rents are quoted in 2012 dollars and include utilities.

**4. Monitor the need for senior with services units**

**Findings:** There are no senior with services projects in the City of Dundas. However, the City of Northfield has nine senior with services projects with 263 units/beds.

According to the 2010 U.S. Census, there are only 39 senior citizens, age 75 and older, in Dundas.

**Recommendation:** We recommend the City of Dundas monitor the need for additional senior with services units. It is our opinion that currently there is not a sufficient number of seniors in Dundas to warrant a senior with services project. In the future, if the age make up of Dundas changes, there may be a demand for senior with services units.

**5. Develop a Downtown Mixed Use Commercial/Housing Project**

**Findings:** As stated in previous recommendations, the City of Dundas has a shortage of rental housing.

Additionally, with the residential development and household growth the city has experienced over the past several years, additional commercial development is needed to serve the growing population. Also, the downtown would benefit from renovation and new construction.

New mixed use projects have been developed in several Minnesota cities. Some of these projects were developed because of market demand while others were developed to enhance the downtown, to introduce a new product to the market and to serve as a catalyst for downtown redevelopment.

**Recommendation:** We recommend the development of a mixed use building in downtown Dundas. It may be necessary to acquire several parcels to create an adequate site for development.

We recommend commercial space on the first floor and 10 to 12 rental units on the 2<sup>nd</sup> floor. Prior to construction, a portion of the commercial space should be leased to an anchor tenant who would complement existing downtown businesses and attract people to downtown.

The 10-12 rental units should be market rate units and include one and two-bedroom units. Please note that these units are not in addition to the market rate and senior units recommended in this section. If a mixed-use building was constructed, the number of units recommended previously should be reduced.

Ideally, a private developer would construct and own the building, however, if this is not feasible, the city, a housing agency or an economic development agency, could be the developer and owner of the project.

# **Dundas - 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 Dundas is estimated to be approximately \$175,000 for a single family detached home and \$90,000 for a single family attached unit. With a relatively high median sales price, Dundas has only a limited market for first time home buyers and households seeking moderately priced homes.

Our analysis of Dundas' demographic trends shows household growth in the traditionally strong home ownership 35 to 44 and 55 to 74 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.

Also, Dundas has the opportunity to attract households in the 25 to 34 age range. Households in these age ranges are typically first-time home buyers. While some of these households already own their housing, those households that have not been able to achieve the goal of home ownership, may need the assistance of special programs to help them purchase their first home.

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

### **6. 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 Dundas 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 Dundas. 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 \$175,000 for a detached home and \$90,000 for an attached unit, there are still a substantial number of homes in the existing housing stock in Dundas valued under the purchase price limits 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 Dundas rental market. Some 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 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 Dundas and area housing agencies, such as the 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 Dundas 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.

## 7. Develop a Purchase/ Rehabilitation Program

**Findings:** Dundas has a limited stock of older, lower valued homes, some of which need repairs. The city also has a limited number of vacant homes. As some of the lower valued homes come up for sale, they may not be attractive options for potential home buyers because of the amount of repair work that is required. Specific programs may be required to make these homes options for home buyers.

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 Dundas, in coordination with the Rice County HRA, consider the creation of 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 available.

A purchase/rehabilitation program will achieve several goals. The program will encourage home ownership, prevent substandard homes from becoming rental properties and rehabilitate homes that are currently substandard.

# **Dundas - New Housing Construction**

## **New Housing Construction**

**Findings:** The City of Dundas has experienced strong single family housing construction since 2000. Over the past 12 years, from 2000 to 2011, 308 single family units have been constructed in Dundas, which is an average of approximately 26 housing units per year. The peak year for new construction was 2006, when 97 units were constructed. However, in 2011, only one single family home was constructed.

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 Dundas indicate demand for owner-occupied housing construction. Growth is anticipated through 2015 among households in the 35 to 44 and 55 to 74 year old age ranges. Households in these age ranges tend to be predominantly home owners, and form a market for higher priced, trade-up housing and low maintenance housing such as townhomes and twin homes. Dundas also has an opportunity to attract households in the 25 to 34 age range. Many of the households in this age range are first time home buyers.

It is our opinion that if the city, local housing agencies and developers are proactive, 12 to 14 homes can be constructed annually in Dundas over the next five years. Our projection for single family housing starts includes homes built in the three new subdivisions and on infill lots, and includes single family attached housing units, such as twin homes and town houses.

Our projection is lower than the average number of units that have been constructed over the past 12 years. The downturn in the economy has had a significant impact on new housing and housing construction.

## 8. Market Lot Availability and Development Opportunities

**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 Dundas. Currently, there are approximately 55 lots available in the city's three subdivisions.

There are also approximately nine infill lots scattered around the city. 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 12 to 14 new houses will be constructed per year, the city should have approximately 30 to 35 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 Dundas, with 55 available lots, plus in fill lots, currently has an adequate number of available lots. There does not appear to be a need to develop additional lots in Dundas over the next 2 ½ years. However, there may be a need to develop lots near the end of our five-year projection period. These lots are a great asset for the city and the opportunity they provide should be maximized. The City of Dundas and the lot owners should work with area housing agencies to market these lots. Signage, brochures, marketing on websites, financial incentives, displays at building shows, etc. all could be marketing strategies to sell the lots.

## 9. Monitor the need for townhouse and twin home development

**Findings:** Dundas has experienced significant owner-occupied attached housing development in the past. From 2000 through 2011, 130 attached owner-occupied housing units have been constructed in the City of Dundas. The attached housing constructed over the past 12 years includes 19 twin homes, seven 4-plexes, two 5-plexes, six 6-plexes, one 8-plex and one 10-plex. Many communities have seen attached housing take an increasingly large share of new construction. Twin home/townhome development in Dundas accounted for 42% 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 55 to 84 age ranges will increase by 1,057 to 1,199 households in Rice County from 2010 to 2015. It is important for the

city 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 Dundas' new single family home 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. The median sales price for attached housing units has decreased significantly and there were also seven distressed sales of attached housing in 2011. As the housing economy improves, there will 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 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.

## **10. Develop new construction marketing programs**

**Findings:** Opportunities for new housing construction are sometimes limited because of the lack of information and awareness of financing programs, lots on the market, local builders, etc. This is especially evident for new households moving into the area. The home buying/home building process can be very intimidating for first-time home buyers and builders.

**Recommendation:** We recommend the creation of additional marketing materials that describe the lots, builders and financing programs that are available in Dundas. Dundas has an asset with its inventory of available lots. Buying a lot, selecting a builder, obtaining financing and constructing or purchasing a home can be an intimidating process. Often households have not been through this process and do not know where to begin or how to proceed. A "How-To" brochure with pertinent and up-to-date information will encourage and assist households with constructing a home or finding a suitable move-up home. This can be accomplished in coordination with the City of Dundas, realtors, lenders, builders, etc.

Another possibility for promoting ownership options is to organize a Housing Fair that educates and informs the public on lots, builders, finance programs, etc. The Housing Fair should include developers, builders, lenders, realtors, public agencies, etc. Local employers should be contacted to assess their interest and possible participation in the event. The housing fair could be a regional event with several participating jurisdictions.

These marketing programs do not have to be "city" projects but could possibly be developed by a local civic organization or the private sector.

# **Dundas - Housing Rehabilitation Recommendation**

## Rehabilitation

**Findings:** The City of Dundas 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 offering 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 will be required. Without rehabilitation assistance, the affordable stock will shrink, creating an even more difficult affordability situation.

The following specific recommendation is made to address the housing rehabilitation needs.

### **11. Promote owner-occupied housing rehabilitation programs**

**Findings:** The affordability of some of the existing housing stock in Dundas will continue to be an 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 173 single family homes in Dundas' oldest neighborhoods. Our survey found that 66 homes need minor repairs and 24 homes need major repairs. Without rehabilitation assistance, there is the potential that the affordable housing stock will shrink in the City of Dundas.

In the past, the Rice County HRA has administered the SCDP and MHFA housing rehabilitation programs in the City of Dundas. Three Rivers Community Action, Inc., is currently administering the weatherization and MHFA Rehabilitation Programs in Dundas.

**Recommendation:** We recommend that the City of Dundas 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.

# **Dundas - Other Initiatives**

## Other Initiatives

### 12. Acquire and demolish dilapidated structures

**Findings:** Our housing condition survey identified three homes in Dundas that are dilapidated and too deteriorated to rehabilitate. We also identified 24 homes as needing major repair and upon further inspection several of these homes may be too dilapidated to rehabilitate.

**Recommendation:** We recommend that the City of Dundas 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. Sources of funds for acquisition/demolition include SCDP funds, MHFA and TIF funds.

### 13. Create a plan and continue coordination among housing agencies

**Findings:** The City of Dundas 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 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 Dundas 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.

#### 14. Develop a City of Dundas New Construction Incentive Program

**Findings:** Over the past two years, there has been a slowdown in new home construction in the City of Dundas. Also, according to City of Dundas records, there are 55 vacant residential lots in the city.

**Recommendation:** We recommend that the city consider a New Construction Incentive Program to promote new housing construction. The incentives could include, but are not limited to:

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

The City of Dundas has recently approved a proposal that waives water and sewer access charge fees for the first 15 single family residential permits issued prior to September 30, 2012. The cities of Grafton, ND, Langdon, ND and East Grand Forks, MN are examples of cities that have provided or are providing other types of incentive programs.

#### 15. Promote Commercial Rehabilitation and Commercial Development

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

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 Dundas 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 Dundas.

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.

## 16. Strategies to address Dundas' current housing issues

**Findings:** As with most cities in Minnesota and throughout the United States, the City of Dundas has experienced a downturn in its housing economy.

Over the past several years, the Dundas housing economy has experienced the following:

- ▶ The median home value has decreased from \$267,200 in 2006 to \$175,000 in 2011
- ▶ Significant increase in distressed existing home sales - 26 in 2011
- ▶ Excess residential lot inventory - 55 vacant residential lots in 2011
- ▶ Increase in home foreclosures - 59 foreclosures in 2011
- ▶ Increase in vacant single family homes from 11 in 2000 to 14 in 2010
- ▶ Conversion of approximately 24 homes from owner-occupied to renter-occupied from 2000 to 2010

**Recommendation:** Many of the recommendations previously stated, directly or indirectly, address the housing problems that are the result of the downturn in the housing economy. However, we are recommending several additional actions including:

- ▶ Development of a housing marketing program that promotes and markets the current lot inventory, affordable homes, the positive aspects of living in Dundas, etc.
- ▶ Schedule a housing summit that involves all stakeholders (city and county officials, developers, builders, housing agencies, financial institutions, etc.) to discuss the current status of housing in Dundas and Rice County to determine if there are additional solutions to the current housing problems.
  - \* Follow up meetings could be held among subsets of the attendees to further pursue ideas and potential solutions that are generated from the summit.
- ▶ Determine if private/public partnerships can be created to develop programs, projects, etc.
- ▶ Research the potential for developing programs and projects that utilize the current housing economy to address ongoing housing needs. Does the downturn in the housing economy provide opportunities?

- ▶ Ideally, these efforts could be undertaken with Rice County and the other cities in Rice County as all of the cities in Rice County have experienced similar problems due to the downturn in the housing economy.