



REDWOOD COUNTY HOUSING STUDY

September 2024



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Executive Summary

Housing in Redwood County: Then and Now

Housing in Redwood County: Then and Now

Since 1990, Redwood County has experienced significant demographic and economic changes that have impacted housing needs and availability. Over the past few decades, the county has seen an 11% decrease in population. However, the number of households has only decreased by 4%, primarily due to a decline in average household size, which now stands at 2.4 people per household. This shift has created a mismatch between the available housing stock and the needs of current residents.

Aging Population: The median age in Redwood County is now 43.6 years, with 23% of the population over the age of 60. This aging demographic indicates a growing need for senior housing options, such as smaller, more manageable homes, assisted living facilities, and senior communities. The significant number of residents between the ages of 50 and 60 suggests that the demand for senior housing will continue to rise in the coming years.

Younger Population: At the same time, 23% of the population is under the age of 18. This younger demographic influences housing needs as families with children typically require larger homes with more bedrooms and outdoor space. Ensuring adequate housing options for families is crucial for retaining and attracting young residents.

Racial Diversity: The county is becoming more racially diverse, with non-white residents having lower rates of homeownership compared to white residents. According to the 2020 Census, the percentage of non-white residents has increased, highlighting the need for more accessible and inclusive housing options that cater to all demographics. Addressing these disparities is essential for fostering a more equitable community.¹

Economic Landscape: The economic conditions in Redwood County also significantly shape housing needs. The average per capita income is \$34,474, while the average household income is \$68,209. These figures support a housing market where affordability is a key concern. Ensuring that housing remains affordable for all income levels is vital for the county's economic stability.

Housing Market Dynamics: The combination of an aging population, a significant number of young residents, increasing racial diversity, and economic factors underscores the importance of offering various housing options. This includes affordable rental units, single-family homes, senior housing, and accessible housing for non-white residents. By addressing these diverse needs, Redwood County can create a balanced and inclusive housing market that supports the well-being of all its residents.

¹ <https://usafacts.org/data/topics/people-society/population-and-demographics/our-changing-population/state/minnesota/county/redwood-county/>

Trends Over Time: Since 1990, Redwood County has seen various population changes. The county experienced a slight population increase of 1.6% between 2019 and 2020¹, but overall trends show a gradual decline. The racial diversity index has increased, indicating a more diverse population than in previous decades. These changes further emphasize the need for adaptable housing policies that accommodate shifting demographics and economic conditions.

In summary, the housing landscape in Redwood County has evolved significantly since 1990. Adapting to these changes through thoughtful housing policies and development strategies will be crucial for meeting the needs of both current and future residents, ensuring the county's growth and sustainability.

The housing market in Redwood County is currently affected by demographic shifts, such as an aging population's delayed transition to senior housing and the increasing diversity and growth of the population of those under age 18. The economic landscape features median incomes that make owning a home financially straining.

Policy considerations for county leaders

In addressing housing challenges throughout Redwood County, leaders should consider policy and programmatic solutions that cater to existing and future residents. Some key points of consideration can be grouped thematically into five categories and include:

1) Affordability and Variety

- **Affordability:** Implement policies to keep housing affordable for all income levels.
- **Variety of Housing:** Encourage the development of different housing types to meet diverse needs.

2) Policy and Incentives

- **Zoning Updates:** Update zoning laws to allow higher density and mixed-use developments.
- **Developer Incentives:** Offer incentives to developers for building affordable and diverse housing.

3) Community and Support

- **Community Input:** Regularly engage with residents to understand their needs and preferences.
- **Support Services:** Integrate essential services like transportation, healthcare, and education with housing.

4) Maintenance and Fairness

- **Maintain Existing Housing:** Implement programs to maintain and upgrade existing homes.
- **Fair Access:** Ensure housing policies promote fairness and inclusion for all residents.

5) Economic and Environmental

- **Economic Growth:** Align housing strategies with economic development plans.
- **Environmental Responsibility:** Encourage environmentally friendly housing development.

¹ <https://www.census.gov/quickfacts/fact/table/redwoodcountyminnesota>

Equity in housing and different housing needs

Equity in housing is crucial for Redwood County as it ensures that all residents, regardless of their background, have access to safe, affordable, and suitable housing. Understanding and addressing these diverse needs is essential for creating a balanced and inclusive housing market that supports the well-being of all residents in Redwood County. This is important for several reasons:

Economic Stability: Equitable housing supports economic stability by allowing all residents to live in homes they can afford, reducing financial stress and increasing disposable income for other necessities¹.

Community Health: Access to quality housing improves overall health outcomes, reduces the burden on healthcare systems, and enhances the well-being of the community¹.

Social Inclusion: Ensuring diverse housing options fosters social inclusion, allowing people from different racial, ethnic, and economic backgrounds to live and thrive together².

Property Values: Equitable housing policies can help maintain and increase property values by ensuring that neighborhoods are well-maintained and desirable³.

Future Growth: Addressing housing inequities can attract new residents and businesses, contributing to the county's long-term growth and development¹.

Different Housing Needs for Different Households: Different households have varying housing needs due to several factors:

Age: Younger families often need larger homes with more bedrooms and outdoor space, while older adults may prefer smaller, more manageable homes or senior living communities⁴.

Income: Lower-income households may require affordable rental options, whereas higher-income households might seek homeownership opportunities in desirable neighborhoods⁵.

Family Size: Larger families need more space, including additional bedrooms and bathrooms, while single individuals or couples might prefer smaller, more efficient living spaces.

Lifestyle: Some households may prioritize proximity to work, schools, or public transportation, while others might value quiet, suburban settings or access to recreational amenities.

Special Needs: Households with members with disabilities or special needs require accessible housing features, such as ramps, wider doorways, and single-story layouts.

¹ <https://redwoodcountyeda.com/community-development/housing/>

² <https://mhponline.org/race-equity-and-housing/>

³ <https://www.minneapolisfed.org/article/2021/systemic-racism-haunts-homeownership-rates-in-minnesota>

⁴ <https://www.pewresearch.org/short-reads/2022/03/23/key-facts-about-housing-affordability-in-the-u-s/>

⁵ <https://www.brookings.edu/articles/trend-2-americas-demographics-are-transforming-but-our-housing-supply-is-not/>

Overview of engagement

The engagement process for Redwood County’s housing and development project prioritized public input to understand residents’ experiences and perspectives. This comprehensive approach included multiple strategies:

Online Engagement: During the initial phase, a project website, social media, EDA email list, press releases, and an online survey were used to share information and gather feedback. These tools helped disseminate project details and collect data on existing conditions from the community.

In-Person Engagement: Materials for a “meeting-in-a-box” were provided to County Board members, staff, and steering committee members to facilitate discussions within their networks. The steering committee met twice in person, and an open house was held to gather public input on the prioritization of recommendations. An interactive board was also shared with major employers to collect additional insights.

Steering Committee: The steering committee, comprising diverse community members, met twice to review the project, provide feedback, and finalize the draft plan. Email updates were sent between meetings to keep the committee informed and engaged.

Housing Expert Interviews: In May 2024, interviews were conducted with 11 local housing stakeholders, including realtors, landlords, bankers, and EDA representatives. These interviews provided valuable insights into the challenges and needs related to housing development in Redwood County.

Public Survey Data Analysis: An online survey received 142 responses, highlighting key issues such as high housing costs, insufficient rental housing, outdated units, and poorly maintained properties. The majority of respondents emphasized the need for more housing options and maintenance incentives.

Open House: After drafting recommendations, an open house was held virtually at the Redwood Falls Community Center, allowing the public to provide input on the recommendations. The housing needs input board was also shared with major employers to gather additional feedback.

Key findings from the engagement process included:

The engagement process used a three-pronged approach to reach stakeholders and citizens. Utilizing an online survey to produce a baseline understanding of the public perception of the local housing stock, the respondents generally expressed the following opinions:

1. The costs are too high
2. Not enough rental housing
3. Units/homes are too old or outdated
4. Existing properties are poorly maintained

To better grasp the views of key stakeholders in the housing market, including employers, property managers, bankers, and government officials, a series of interviews was conducted to determine their observations of the housing market and supply in practice.

- Current policy restrictions for manufactured/modular housing prevent a partnership with Schult Homes.
- Costs are recognized as a barrier throughout the interviews.
- Desires for support around what types of new housing development to target.
- Many sensed developing senior housing would improve the overall need for housing.

The open house and subsequent posting of materials at various businesses allowed the public to submit further input on the priority of housing recommendations in this study. With the highest support being for the recommendation to prioritize “Quality Improvement and maintenance of existing housing stock”

Housing Demand Context

Potential Market Reach - Commuters

Current Commuting Patterns

Redwood County, MN, attracts commuters from neighboring counties such as Brown, Renville, and Lyon. These commuting patterns suggest a potential market for housing within Redwood County, as many of these workers might prefer to live closer to their workplaces if suitable housing options were available.

Potential Market Reach

To estimate the potential market reach, let’s consider the following:

1. **Number of Commuters:** Approximately 2,607 people commute into Redwood County daily for work.
2. **Capture Rate:** If Redwood County aims to attract 1% of these commuters to move into the county, this would mean 26 new residents in the first year.
3. **Annual Growth:** Assuming the county continues to attract 1% of new commuters each year, the population could grow steadily.

Using a simple growth model:

- **Year 1:** 26 new residents (1% of 2,607 commuters)
- **Year 2:** Another 26 new residents, assuming the number of commuters remains constant
- **Year 3:** An additional 26 new residents, and so on.

This strategy could result in an additional 130 residents over five years, assuming a steady capture rate and commuter base.

Factors to Consider

- **Housing Availability:** Ensuring sufficient housing to accommodate new residents is crucial. This might involve developing new housing projects or renovating existing properties.
- **Infrastructure and Services:** To support the growing population, enhancements in infrastructure, such as roads, schools, healthcare facilities, and other services, would be necessary.
- **Economic Incentives:** Offering incentives such as tax breaks, housing subsidies, or other benefits could make Redwood County more attractive to potential residents.

Impact on Population Increase

Focusing on attracting even a small percentage of commuters to become residents could still positively impact the population of Redwood County. This increase would enhance the local economy and contribute to community development and vibrancy.

Description of scenarios

This study presents three distinct scenarios to forecast various potential market futures. These scenarios reflect different potential futures based on varying assumptions about population trends, population growth rates, and migration patterns:

Scenario 1: Assuming no change in the current population decline rate of -0.28% annually, the population would decrease from 15,000 in 2024 to 14,790 by 2029. No new housing would be needed unless the existing housing stock is demolished and needs replacement. However, existing housing would need to be adapted to meet the needs of an aging and diversifying population. This scenario would also not create a proactive environment for business attraction or expansion.

Scenario 2: If the population growth matches Minnesota's annual growth rate of 0.6%, the population would increase to 15,456 by 2029. This scenario would require 254 new housing units, 203 of which would be owned and 51 of which would be rented, to accommodate the influx of households seeking a higher quality of life in Redwood County.

Scenario 3: The most aggressive growth scenario assumes attracting 1% of the commuting population and an additional 1% annual growth, leading to a population of 16,561 by 2029. This would necessitate 339 new housing units, with 271 for ownership and 68 for rental, to support the significant population increase.

Final Recommendations and Strategies Pursued

The following recommendations were established after input was gathered from a variety of community leaders, stakeholders, and residents, coupled with data analysis to tailor strategies to the unique needs of Redwood County.

As guided by the Steering Committee, Recommendations 1 and 2 should be the central strategies to pursue, while Recommendations 3-5 support the pursuit of those central strategies. These recommendations were developed within the scope of local solutions that can be led by the Redwood County EDA as part of their recently identified priorities.

Recommendation 1: Quality Improvement and maintenance of existing housing stock

Financial incentives, such as grants, low-interest loans, and tax benefits, can encourage property owners to make necessary repairs. Collaborative efforts with non-profits and private developers can support rehabilitation programs and housing upgrades. Residents can benefit from homeowner assistance, renter resources, housing navigation, and rental assistance. Modernization efforts should focus on revitalizing distressed areas and promoting energy efficiency. Finally, capacity building through training programs for local contractors and builders will ensure ongoing maintenance and improvement of housing stock.

Recommendation 2: Attract the best-fit development

Several strategies can be implemented to create a diverse and attainable housing market in Redwood County. For starter homes, offering tax incentives, grants, or low-interest loans to developers, modifying zoning laws for higher density, streamlining the permitting process, and collaborating with private developers can encourage the construction of affordable homes.

For senior housing, age-friendly zoning, maintenance packages, accessibility standards, and community amenities can enhance living conditions. Financial assistance through subsidies, grants, and tax breaks for those moving to more suitable housing can support older adults.

For workforce housing, establishing housing trust funds, repurposing vacant land, adopting inclusionary zoning policies, and ensuring proximity to public transportation can increase the availability and accessibility of multifamily rentals.

Recommendation 3: Adaptive reuse and innovative building construction

Start with building inventory and assessment to help rural communities repurpose existing structures for new uses and meet current trends. Design multi-use spaces that serve various functions, such as community centers and housing, and use sustainable materials and practices. Financial support through rural development grants and low-interest loans can aid adaptive reuse projects. Employ advanced construction techniques such as prefabrication and modular methods to cut costs and time while preserving local craftsmanship. Advocate for flexible zoning regulations, require a portion of multi-family developments to be affordable, and adopt the latest building codes. Finally, training programs for local builders and developers on innovative construction techniques should be provided to ensure successful implementation.

Recommendation 4: Create supportive programs and regulations

Start by developing comprehensive programs, including educational workshops, apprenticeship programs, training sessions, and seminars to build construction skills and knowledge. Establish mentorship and support networks with local education organizations and construction groups and prepare local labor for emerging technologies through coding academy programs. Provide financial assistance such as grants, scholarships, or subsidies to those interested in building housing. Promote financial assistance for first-time and repeat homebuyers that entities such as Minnesota Housing have established programs for. Regularly review and assess the effectiveness of these programs and regulations, and implement systems for collecting feedback from participants and home seekers to identify areas for improvement.

Recommendation 5: Establish and maintain strong public and private partnerships

Communities can attract investment through tax incentives and grants by leveraging local assets and tapping into funding programs. Clear agreements, such as MOUs and reimbursement policies, ensure transparency and accountability. Securing diverse funding sources and creating a fundraising group can provide ongoing support. Zoning reforms and promoting co-housing, accessory dwelling units (ADUs)¹, and campus housing can address various housing needs, making living spaces more manageable and adaptable for all community members.

¹ As defined in the American Planning Association Dictionary, an accessory dwelling unit is a separate, complete dwelling unit with a separate entrance, kitchen, sleeping area, and full bathroom facilities, which is an attached or detached extension to an existing single-family structure.

BACKGROUND & DEMOGRAPHICS



Background and Demographics

Historical Origins and Relevance to Housing

Founding

Redwood County was established in 1862, a decade after steamboat travel reached the area by traveling on the Minnesota River, the County's northeast border. As one of the larger counties in southern Minnesota, it is home to 26 townships, 15 cities, and one tribal nation within its 874 square miles.

The railroad reached the County in the 1870s and developed there through the turn of the century. Richard Sears was the first railroad depot agent at the North Redwood Depot. Mr. Sears began his long business career by selling watches in North Redwood.

Redwood County, Minnesota, has a rich history of Native American presence, particularly from the Dakota people. The area is home to the Lower Sioux Indian Community, also known as the Mdewakanton Tribal Reservation¹. This reservation was established under the Treaty of Traverse des Sioux in 1851 and originally extended about 70 miles along the Minnesota River.

The Dakota people, including the Mdewakanton and Wahpekute bands, have lived in this region for centuries, relying on the land and river for sustenance and cultural practices. Archaeological evidence, such as the Jeffers Petroglyphs, indicates that Native American presence in the broader region dates back between 2,500 and 5,000 years.

Today, the land in Redwood County is used for various purposes. Agriculture remains a significant part of the local economy, with numerous farms dedicated to livestock and crop production. The Lower Sioux Indian Community maintains a strong connection to the land, utilizing it for cultural, educational, and economic activities. This includes initiatives to preserve natural resources, promote sustainable farming practices, and support community development.

After its establishment, Redwood County experienced substantial population growth into the early 1900s. However, the population has seen moderate increases and decreases over the past several decades, leading to a plateau. For example, between 2010 and 2022, the county's population fluctuated slightly but generally remained stable, with an average annual change of -0.4%^{1 2}.

¹ <https://usafacts.org/data/topics/people-society/population-and-demographics/our-changing-population/state/minnesota/county/redwood-county/>

² <https://worldpopulationreview.com/us-counties/minnesota/redwood-county>

The table shows the construction of housing units in Redwood County, MN, over the last ten years. These units were constructed within the County’s jurisdiction and do not account for the housing units built in cities throughout the county.

Year	Number of Housing Units Constructed
2014	10
2015	12
2016	14
2017	16
2018	13
2019	15
2020	12
2021	18
2022	20
2023	22

Housing Units Construction¹ Table

“Middle” History

As an agriculture-based community, the towns and cities throughout Redwood County have long served as vital centers for commerce, education, healthcare, and other essential services. The growth and development in and around these urban areas have played a crucial role in preserving the prime farmland abundant throughout the county.

From the 1960s to the 1990s, Redwood County experienced various economic and social changes. The 1980s were marked by the farm crisis, which profoundly impacted the local agricultural community. Many farmers faced severe financial difficulties during this period². This led to numerous farm foreclosures and bankruptcies, significantly affecting the local economy and community morale³.

Despite these challenges, the community's resilience helped it recover over time. By the 1990s, there was cautious optimism as farmers adapted to new technologies and improved their financial management practices³. The growth and development in and around the cities during this time also contributed to stabilizing the local economy and preserving the county's agricultural heritage.

Present-Day Trends

Key points:

Population Stability: Redwood County has experienced stable population numbers over the past few decades. While there have been slight fluctuations, the overall population has remained fairly consistent, with a slight decline from 15,435 in 2021 to 15,428 in 2022.

¹ <https://mhponline.org/images/stories/images/research/coprofs/2021/Redwood.pdf>

² <https://www.mnopedia.org/event/farm-crisis-1979-1987>

³ <https://www.farmprogress.com/marketing/taking-a-look-back-at-the-1980s-farm-crisis-and-it-s-impacts>

Economic Growth: The median household income in Redwood County has seen significant growth. Between 2021 and 2022, it increased 10%. This indicates a positive trend in economic stability and growth for the residents.

Healthcare and Community Services: Redwood County has been focusing on improving healthcare and community services. The county has invested in expanding healthcare facilities and services to better meet the needs of its residents. This includes enhancing access to mental health services, senior care, and general medical care, ensuring the community remains healthy and well-supported.

Current Demographics

Population and Households

Since 1990, Redwood County has experienced an approximate 11 percent decrease in population. Despite this decrease in overall population, there has only been a four percent decrease in the number of households in the county because of the decrease in average household size, which currently trends in line with the state average of 2.4 people per household (PPH).

While the County is experiencing a declining population, the demographics of the population living in Redwood County are changing, and the housing needs for these populations are creating a mismatch of available housing with the housing needs of the current residents.

This impacts more than just housing availability. The core of the County's revenue is funded through property taxes, and as the number of households decreases, the tax burden falls on fewer people and constrains the County's budget.

Housing market assessment requires consideration of the Redwood County population's average household size (AHS) and demographic trends. While AHS has been decreasing over time, there was a slight increase from 2019 (2.31 AHS) to 2021 and 2022 (2.40 AHS). This trend should be closely monitored, as the average household size hasn't been this high since 2002. It supports the availability of housing to meet future residents' changing needs.

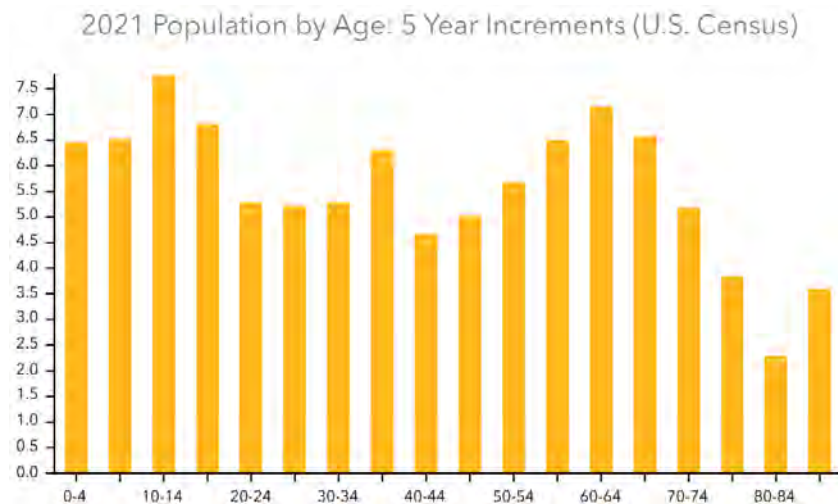


Source: This infographic contains data provided by the U.S. Census (2000, 2010, 2020), Esri (2023, 2028), and ACS (2017-2021). © 2023 Esri

Age

In addition to overall population and household trends, the county's age profile is key when assessing housing needs. Compared to the State of Minnesota, Redwood County is slightly older, with a median age of 43.6. County residents over the age of 60 make up 23 percent of the population. Notably, 23 percent of its population is also under the age of 18.

There is a significant population currently between the ages of 50 and 60. This indicates that there will continue to be a need for senior housing in the foreseeable future. The population between 20 and 50 is currently the smallest portion of the population and should be monitored closely.



Source: This infographic contains data provided by the U.S. Census (2000, 2010, 2020), Esri (2023, 2028), and ACS (2017-2021).
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Racial Diversity

Redwood County residents are predominately white. However, despite the current decreasing population trends, there is an increasing racial diversity index. This means that an increasingly higher percentage of the population identifies as a person of color – and this trend is expected to continue for the foreseeable future.



Source: This infographic contains data provided by the U.S. Census (2000, 2010, 2020), Esri (2023, 2028), and ACS (2017-2021).
© 2023 Esri

While Redwood County has consistently seen 80% of households be owner-occupied and 20% renter-occupied, this is not true for all racial demographics. All non-white races have a proportionately lower rate of owner-occupancy:

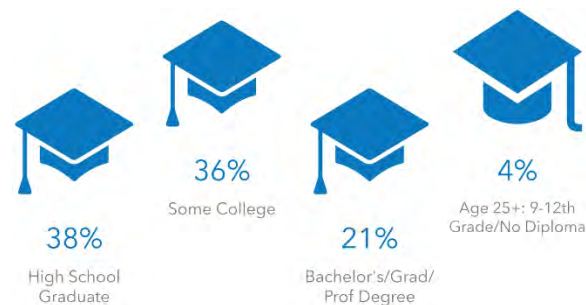
- Black/African American: 26.3 percent owner-occupied units
- American Indian/Alaska Native: 64.8 percent owner-occupied units
- Asian Alone: 58.4 percent owner-occupied units
- Pacific Islander Alone: 0 percent owner-occupied units

- Other Race Alone: 56.1 percent owner-occupied units
- Two or More Races: 64.5 percent owner-occupied units

Ensuring attainable housing for all demographics of county residents is crucial to accommodating their changing needs.

Education

In Redwood County, 21 percent of residents have obtained a bachelor's degree or higher. Only 4 percent of residents over the age of 25 have not completed high school. The majority of residents (nearly 75 percent) have completed high school or have completed high school and some college.



Source: This infographic contains data provided by the U.S. Census (2000, 2010, 2020), Esri (2023, 2028), and ACS (2017-2021). © 2023 Esri

Income and Wealth

The average per capita income is \$34,474 annually in Redwood County. An individual at this income, assuming 30% of their income is spent on housing, could afford a rent of \$861 monthly or a mortgage of \$861 with a home sale purchase of \$180,000 maximum. The average household income in Redwood County is \$68,209 annually. At this income, the average household can afford to pay **\$1,705** in rent or purchase a **\$360,000** home. This exceeds the median rent of \$589 and the median home value of \$190,945¹.

¹ Assuming a 30-year fixed-rate mortgage with an interest rate of 4%. This is a rough estimate and actual affordability can vary based on specific loan terms and additional costs like property taxes and insurance.

Scenario-Based Population Projections

As Redwood County's population changes, so do its housing needs. Below are several scenarios based on different population growth rates, leading to various outcomes.

Scenario 1

The first scenario assumes no change in the current population growth of -0.28 percent annually over the next five years.

Year	Population	Ownership	Rental	Total Units
2024	15,000			
2025	14,958	0	0	0
2026	14,916	0	0	0
2027	14,874	0	0	0
2028	14,832	0	0	0
2029	14,790	0	0	0
	Cumulative:	0	0	0

Scenario 1 Table

This projection is based on the current population of 15,000 and an annual decline rate of 0.28%. In this scenario, no new housing would be needed unless substantial demolition of existing housing stock necessitated replacing this loss. Notably, because of the community's changing demographics, existing housing stock in this scenario would need to be transitioned to meet the needs of the aging, diversifying residents.

Scenario 2

The second scenario assumes that the community sees a change in the current population trends and that population growth matches the State of Minnesota's growth rate from 2020-2023 of 0.6% annually over the next five years. The county has been experiencing a rise in households moving to the area from out-of-state metropolitan locations looking for a slower pace of living and a higher quality of life, and living in Redwood County provides the opportunity for that desired lifestyle.

Year	Population	Ownership	Rental	Total Units
2024	15,000			
2025	15,090	40	10	50
2026	15,181	40	10	50
2027	15,272	41	10	51
2028	15,364	41	10	51

2029	15,456	41	11	52
	Cumulative:	203	51	254

Scenario 2 Table

Scenario 3

The third scenario is the most aggressive growth scenario, which assumes the county successfully attracts one percent of the population that currently commutes into the county for employment daily and grows at an additional one percent over the next five years.

This chart shows Redwood County, MN's projected population under the most aggressive growth scenario over the next five years. This scenario assumes the county attracts 1% of the population that commutes into the county for employment daily and grows at an additional 1% annually. This projection is based on the current population of 15,000 and an annual growth rate of 2% (1% from commuters and 1% additional growth).

Year	Population	Ownership	Rental	Total Units
2024	15,000			
2025	15,300	54	13	67
2026	15,606	54	13	67
2027	15,918	54	14	68
2028	16,236	54	14	68
2029	16,561	55	14	69
	Cumulative:	271	68	339

Scenario 3 Table

Current Employment Trends and Conditions

Service Jobs

The service industry typically pays their average employee higher wages than blue-collar jobs. In Redwood County, 17 percent of those employed work in service positions, with an average wage of \$26.63 per hour. Service jobs, such as food preparation, are expected to continue to be in demand both in the County and the Southwest Minnesota region. Accommodation and food service jobs had the highest growth from 2022-2023 (7.2 percent) and are expected to have the greatest demand for employees between 2020 and 2030 due to industry growth and exit openings.¹

Blue Collar Jobs

Blue-collar jobs tend to compensate employees with lower average wages than the service industry. In Redwood County, blue-collar jobs make up 29.5 percent of those employed, with an average wage of \$20 per hour. Manufacturing jobs comprise a large portion of these blue-collar positions in Redwood County, representing over 20 percent of the total jobs in the county. However, there were modest decreases in the total number of manufacturing jobs from 2022-2023. In the Southwest Minnesota region, blue-collar jobs are expected to grow modestly between 2020 and 2030².

White Collar Jobs

White-collar jobs include positions from teachers to high-end management, and compensation can vary greatly. In Redwood County, the average wage for a teacher is \$59,819 per year, while the average wage for a manager is \$26.63 per hour. White-collar jobs make up 53.5 percent of those employed in Redwood County. Professional services and public administration saw growth from 2022-2023, which is anticipated to continue throughout this decade in the Southwest Region.³⁴

Summary

- **Service Jobs:** 17% of employment, \$26.63/hour, high demand growth.
- **Blue Collar Jobs:** 29.5% of employment, \$20/hour, modest growth.
- **White Collar Jobs:** 53.5% of employment, varied wages, continued growth.

Affordability by Occupation

The data indicates that while higher-paying jobs such as those of registered nurses, electricians, and elementary school teachers can afford both the average home value and rent in Redwood County, lower-paying jobs like cashiers and farm equipment mechanics face challenges affording homeownership. This highlights the need for affordable housing solutions to cater to the diverse

¹ <https://www.ziprecruiter.com/Jobs/Redwood-County/-in-Minnesota>

² <https://www.salaryexpert.com/salary/job/blue-collar-worker/united-states/minnesota>

³ <https://www.salary.com/research/salary/benchmark/public-school-teacher-salary/mn>

⁴ https://mn.gov/deed/assets/060624_redwood_tcm1045-407670.pdf

income levels of the county's workforce. Ensuring a range of housing options can help meet the needs of all residents, promoting economic stability and community growth.

Occupation	Median Income Hourly/ Annual	Home Value Employee Can Afford	Can Employees Afford the Average Home Value of \$190,945?	Monthly Rent Employee Can Afford	Can Employees Afford an Average Rent of \$589?
Cashier	\$13.99 / \$29,092	\$95,000 or a monthly mortgage of \$679	X	\$727	✓
Farm Equipment Mechanic & Service Tech	\$24.85 / \$51,684	\$169,000 or a monthly mortgage of \$1,206	X	\$1,292	✓
Elementary School Teacher	\$30.48/ \$63,391	\$207,000 or a monthly mortgage of \$1,479	✓	\$1,585	✓
Electrician	\$30.48 / \$63,396	\$207,000 or a monthly mortgage of \$1,479	✓	\$207,000 or a monthly mortgage of \$1,479	✓
Registered Nurse	\$38.80 / \$80,694	\$265,000 or a monthly mortgage of \$1,883	✓	\$2,018	✓

Affordability by Occupation Table

Cashier

Cashiers in Redwood County earn a median income of \$13.99 per hour or \$29,092 annually. With this income, they can afford a home valued at approximately \$95,000 or a monthly mortgage of \$679. Unfortunately, this is significantly below the average home value of \$190,945 in the county, making homeownership challenging. However, cashiers can afford the average monthly rent of \$589, as they can manage up to \$727 in rent, making renting a more feasible option.

Farm Equipment Mechanic & Service Technician

Farm equipment mechanics and service technicians earn a median income of \$24.85 per hour or \$51,684 annually. This income allows them to afford a home valued at around \$169,000 or a monthly mortgage of \$1,206. While this is still below the average home value in Redwood County,

it is closer to the mark. They can comfortably afford the average rent of \$589, as they can manage up to \$1,292 in monthly rent, making renting a viable option.

Elementary School Teacher

Elementary school teachers in Redwood County earn a median income of \$30.48 per hour or \$63,391 annually. With this income, they can afford a home valued at approximately \$207,000 or a monthly mortgage of \$1,479, above the average home value of \$190,945. This makes homeownership accessible for them. Additionally, they can afford up to \$1,585 in monthly rent, well above the average rent of \$589, making renting and homeownership viable options.

Electrician

Electricians earn a median income of \$30.48 per hour or \$63,396 annually. This income allows them to afford a home valued at around \$207,000 or a monthly mortgage of \$1,479, above the average home value in Redwood County. They can also afford up to \$1,479 monthly rent, making renting and homeownership accessible.

Registered Nurse

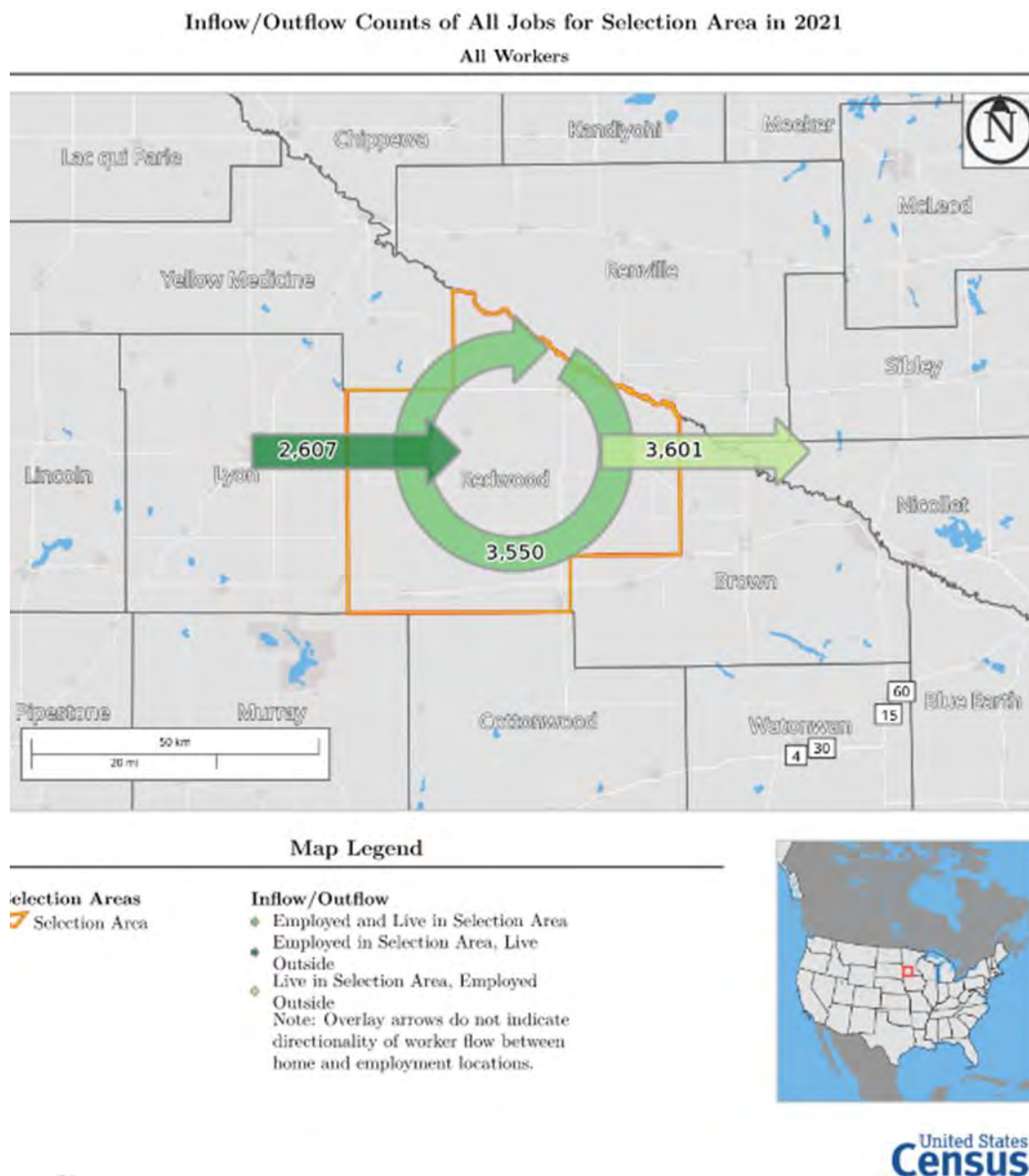
Registered nurses in Redwood County earn a median income of \$38.80 per hour or \$80,694 annually. With this income, they can afford a home valued at approximately \$265,000 or a monthly mortgage of \$1,883, well above the average home value of \$190,945. They can also afford up to \$2,018 in monthly rent, making both renting and homeownership highly accessible for them.

These narratives highlight the varying degrees of housing affordability across different occupations in Redwood County, emphasizing the need for various housing options to meet the workforce's diverse needs.

Commuting Patterns

The majority of Redwood County residents (65.4 percent) have commute times of less than 20 minutes. This is quite low and contributes to current and future residents' overall quality of life.

Approximately 2,607 people are employed in Redwood County but do not live there. Of the residents in Redwood County, approximately 3,550 also work within the County, and an additional 3,601 people living there are employed outside the county.



Daily Commuting Migration US Census 6/2024 Figure

Economic Development

The Redwood County Economic Development Authority was established in 2005 and became an internal department of the County in 2017. The EDA's mission is to be a trusted community partner to support and accelerate business and economic growth throughout the county. The EDA (Economic Development Authority) envisions a future in which Redwood County is a premier place for businesses, communities, and residents to thrive.

Through a recent strategic planning effort, the EDA set several strategic priorities to guide its work in creating its vision: workforce, Housing, Broadband, and Child Care.

Their goal for housing is to actively support Redwood County's ability to meet housing needs and reduce housing cost burdens through funding programs. The desired outcome is that employers no longer identify housing as a primary barrier in attracting and retaining talent. They have three main strategies for reaching this goal:

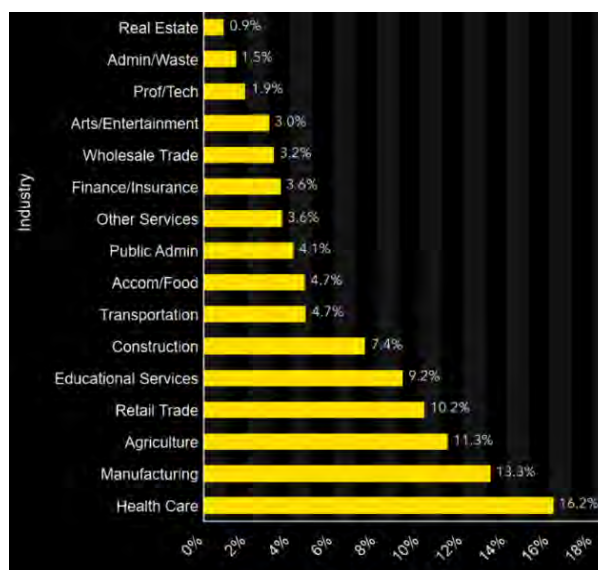
1. Establish a Housing Committee to explore housing needs/opportunities, encourage collaboration, and enhance awareness.
2. Research existing housing rehabilitation programs and explore new opportunities to address financial gaps to rehabilitate existing housing stock within the county.
3. Research methods and costs to conduct a comprehensive county-wide housing study, collaborate, and promote the use of the study with stakeholders.

The EDA, along with board members and community stakeholders, understands that housing is a key component of meeting the needs of both businesses and residents in Redwood County and furthering the county's and region's economic development. There are approximately 837 businesses in Redwood County that employ approximately 8,037 people. The top industries by the labor force include health care (16.2 percent), manufacturing (13.3 percent), agriculture (11.3 percent), retail trade (10.2 percent), and educational services (9.2 percent).

Job Growth Projections

The job growth rate in Redwood County from 2019-2023 was 0.6 percent. However, there has been a loss in the overall labor force over the past decade. The county has not been able to recover the labor force lost during the Covid-19 pandemic. While the unemployment rate stays lower than the state average (1.3 percent), it speaks to the extremely tight labor market that employers are experiencing. Notably, the labor force participation rate in Redwood County (62.1 percent) is also lower than the state average (68.7 percent).

This trend of decreasing labor force availability is currently anticipated to continue. However, there is a substantial need for employees in the



Source: This infographic contains data provided by the U.S. Census (2000, 2010, 2020), Esri (2023, 2028), and ACS (2017-2021). © 2023 Esri

region – 9,546 job vacancies were posted by employers in the Southwest planning region in 2023. This indicates a substantial opportunity not just for residents but for the opportunity to attract people looking for the quality of life that Redwood County provides while also having job availability for those new residents. An adequate housing supply for existing and future residents is key to business retention, expansion, and attraction.

Wage Analysis

Analysis of existing wages creates a clear picture of housing costs that people can afford. The average income for an individual in the county is \$34,474. Various jobs pay this approximate wage: healthcare support, building, grounds cleaning and maintenance, preschool teachers, etc. Unfortunately, many of these positions earn less than the annual median income, even though these jobs are in demand.

Housing Market Inventory

Occupancy Rate and Home Sales: The occupancy rate in Redwood County remains high, indicating a strong demand for housing. In December 2023, the median listing home price was \$225,000, trending 15.4% year-over-year. The median home sold price was \$157,500, with a sale-to-list price ratio of 94.87%¹

Market Activity and Time on the Market: Homes in Redwood County tend to sell relatively quickly, reflecting a competitive market. The average time a home stays on the market has decreased, suggesting buyers are eager and ready to purchase.

Scarcity of Housing Supply: The county has a notable shortage of housing. This shortage has been exacerbated by limited new construction and the aging housing stock, making it challenging for new residents to find suitable homes.

Market Implications: The combination of high demand, quick sales, and limited supply has increased home prices, making affordability a significant concern for many residents. Addressing these challenges requires strategic planning and investment in new housing developments to meet the community's needs.

County Sales Analysis and Trends²

In analyzing the county sales data since October 1, 2021, emerging trends are identified that signal key market trends in the following way:

1. **Overall Sales Volume:**

- There has been a noticeable fluctuation in sales transactions over the past three years. This can be attributed to various factors such as market conditions, economic factors, and seasonal variations.

2. **Property Types:**

¹ https://www.realtor.com/realestateandhomes-search/Redwood-County_MN/overview

² 2023 County Sales Data from ESRI

- **Residential Properties:** The sales of residential properties (less than four units) have steadily increased, indicating a growing demand for smaller residential units.
 - **Agricultural Land:** Sales of agricultural land (AG 2A BARE LAND) have also been significant, reflecting the importance of agriculture in the region.
3. **Price Trends:**
- **Residential Properties:** The average sale price for residential properties has gradually increased, suggesting a rise in property values.
 - **Agricultural Land:** The prices for agricultural land have remained relatively stable, with some fluctuations depending on the specific characteristics of the land.
4. **Sales by Category:**
- **Good Sales:** The majority of transactions are categorized as “Good Sales,” indicating standard market transactions without any unusual conditions.
 - **Relative Sales:** There are also several “Relative Sales,” which involve transactions between related parties. These sales often have different pricing dynamics compared to open-market sales.
5. **Geographical Distribution:**
- The sales data covers a wide geographical area, with transactions spread across various regions. This distribution helps in understanding the regional demand and supply dynamics.

Detailed Analysis

- **Residential Sales:**
 - The data shows a consistent increase in residential sales, with a notable rise in the average sale price. This trend suggests a healthy demand for residential properties, possibly driven by population growth or economic factors.
- **Agricultural Land Sales:**
 - Agricultural land sales have been a significant part of the market, with stable prices indicating a steady demand. The data also highlights the importance of agriculture in the region’s economy.
- **Market Conditions:**
 - The overall market conditions appear favorable, with a mix of good and relative sales. Relative sales indicate a strong community with transactions happening within families or related parties.

Conclusion

The sales data from the past three years shows a positive trend in residential and agricultural property markets. The steady increase in residential property prices and stable agricultural land prices reflect a balanced market with healthy demand. Understanding these trends can help make informed decisions regarding property investments and market strategies.

Implications

The following five categories highlight the interconnectedness of commuting patterns, economic development, job growth, wages, and housing market dynamics in shaping the future of Redwood County and provide key implications that should be considered in any action as it may influence housing.

1. Commuting Patterns

- **Quality of Life:** The majority of residents have a commute time of less than 20 minutes, enhancing their quality of life.
- **Employment Dynamics:** A significant number of people commute into and out of the county for work, indicating a dynamic employment landscape.

2. Economic Development

- **Strategic Priorities:** The EDA and/or HRA could focus on workforce, housing, broadband, and child care to support economic growth.
- **Housing Initiatives:** Efforts to address housing needs and reduce cost burdens are crucial for attracting and retaining talent.
- **Business Environment:** With 837 businesses employing around 8,037 people, key industries include healthcare, manufacturing, agriculture, retail trade, and educational services.

3. Job Growth Projections

- **Labor Force Trends:** Despite a job growth rate of 0.6%, the county faces a tight labor market and a decreasing labor force participation rate.
- **Employment Opportunities:** There are substantial job vacancies in the County and the Southwest Minnesota region, highlighting opportunities for attracting new residents to Redwood County.

4. Wage Analysis

- **Income Levels:** The average income is \$34,474, with many jobs paying less than the median income, affecting housing affordability.

5. Housing Market Inventory

- **Occupancy and Sales:** High occupancy rates and quick home sales indicate strong demand.
- **Supply Challenges:** Limited new construction and aging housing stock contribute to housing scarcity, increasing prices and affecting affordability.

HOUSING ANALYSIS

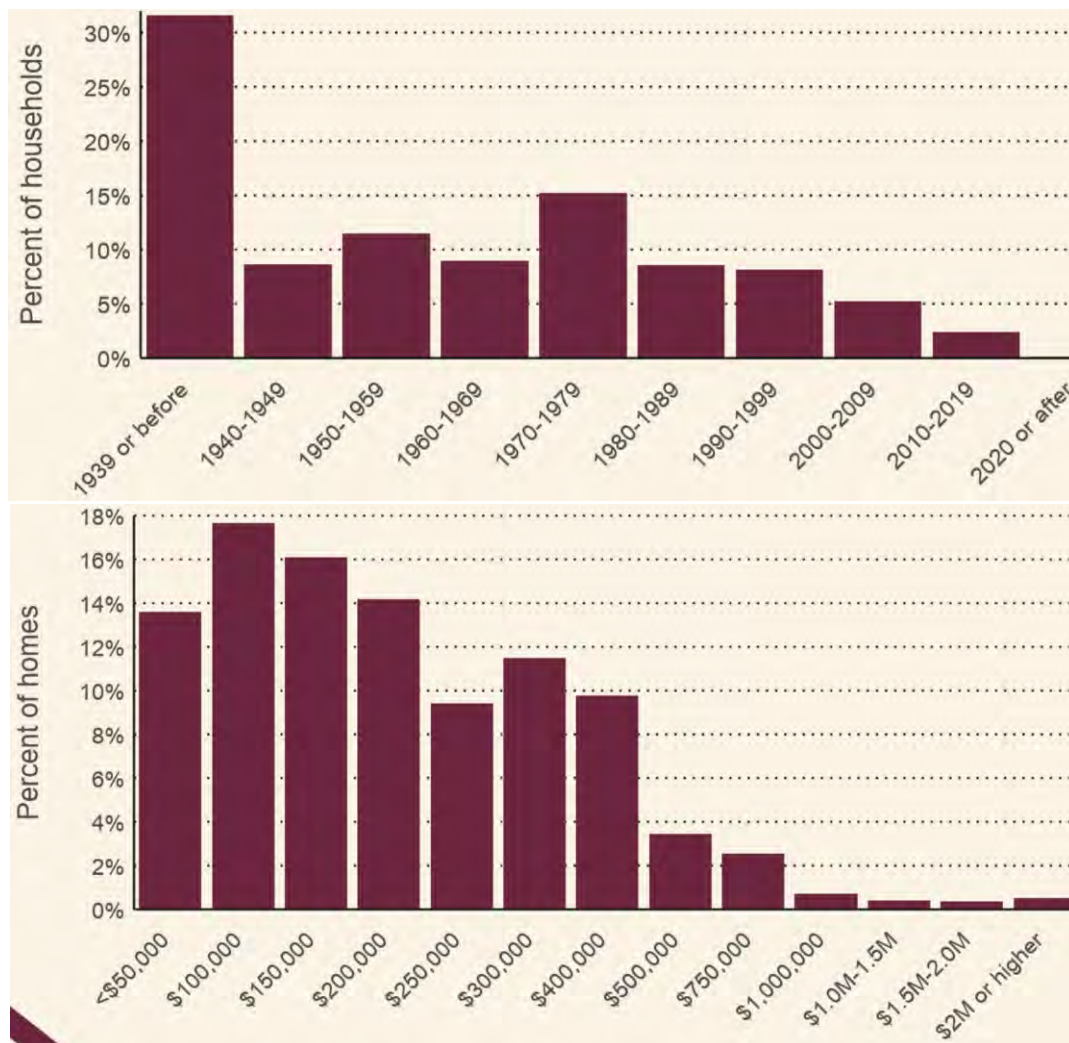


Housing Analysis

Existing Housing Stock

The average apartment size in Redwood County is 577 square feet, and the average contract rent was \$624¹. Notably, 85.2 percent of renters pay extra for one or more utilities. In Redwood County, approximately 58% of rental units were built before 1970¹.

The average home size in Redwood County is 2,536 square feet, and the average home value is \$207,908. In Redwood County, a significant portion of the housing stock is older. Approximately 65% of homes were built before 1970².



Age and value of housing stock - Source: This infographic contains data provided by U.S. Census (2000, 2010, 2020), Esri (2023, 2028), and ACS (2017-2021). © 2023 Esri

¹ https://www.realtor.com/realestateandhomes-search/Redwood-County_MN/overview

² <https://mlhponline.org/images/stories/images/research/coprofs/2021/Redwood.pdf>

For-Sale Housing Market Analysis

Compared to neighboring counties, Redwood County's median income for individuals is generally in line with that of neighboring counties. For example, Lyon County tends to have a higher median household income due to its larger urban centers like Marshall.

The number of properties and empty lots on the market in Redwood County (54 properties and six empty lots) is relatively typical for the region. Neighboring counties such as Brown and Renville also show similar trends in property availability.

When considering median incomes, homes in Redwood County are similarly affordable to those in neighboring counties. However, property values are higher in counties with larger urban areas or stronger economic activities, making housing affordability a more significant concern.

Redwood County has experienced a slight population decline since 2010, a trend seen in several neighboring counties. This decline can impact the housing market and economic conditions, influencing median incomes and property availability.

Over the last three years, parcel data from the County Assessor's office¹ indicates key trends:

- 1. Property Values:**

- There has been a general increase in property values across most parcels. This trend indicates a rising real estate market in Redwood County.

- 2. Assessment Changes:**

- The number of properties with assessment changes has increased. This could be due to new constructions, renovations, or market adjustments.

- 3. Tax Rates:**

- Tax rates have remained relatively stable, with minor fluctuations. This stability helps in predicting future tax liabilities for property owners.

- 4. Property Types:**

- Residential properties have shown a more significant increase in value compared to commercial properties. This might reflect a higher demand for residential real estate.

- 5. Geographical Trends:**

- Certain areas within Redwood County have experienced higher growth rates in property values. These areas might see more development or become more desirable locations.

Based on an average median income for individuals of \$33,175, an individual can afford the following price points, assuming a 20% downpayment and a 7.0% interest rate:

- 50-80 percent AMI (Annual Median Income): \$66,350 - \$106,120
- 80-120 percent AMI: \$106,120 - \$159,180

¹ Assessor report dated 08-23-2024

- 120+ percent AMI: \$159,180+

As of August 2024, 54 properties are on the market in Redwood County, and six empty lots are formally listed. Twenty homes on the market would be attainable for anyone making less than \$66,350.

Based on an average median income for households of \$68,029, a household can afford the following price points, assuming a 20% downpayment and a 7.0% interest rate:

- 50-80 percent AMI: \$136,058 - \$217,684
- 80-120 percent AMI: \$217,684 - \$326,526
- 120+ percent AMI: \$326,526+

Of the 54 properties on the market in August 2024, 15 homes would be attainable for households making less than \$136,058. Vacant lots range from \$20,000 to \$50,000, allowing households making more than 80 percent AMI to build homes that cost under \$100,000 - \$250,000.

Rental Housing Market Analysis

Redwood County's rental market is relatively stable, with a vacancy rate of 6.7%. This is based on 1,347 occupied units, 98 units available for rent, and 14 units rented but not yet occupied. When compared to neighboring counties, Redwood's rental market is quite typical.

Regarding affordability, Redwood County's median incomes for individuals (\$33,175) and households (\$68,029) allow for a range of rental price points. Depending on their income bracket, individuals can afford rent between \$828 and \$1,986 per month, while households can afford between \$1,701 and \$4,083 per month.

Neighboring counties like Lyon and Brown show some differences:

Lyon County: With higher median incomes due to the urban center of Marshall, rental prices are generally higher, making affordability a more significant issue.

Brown County: Brown County is similar to Redwood in terms of vacancy rates and rental affordability, with slightly fewer rental units available.

Renville County: Comparable to Redwood in both median incomes and rental affordability.

Overall, while Redwood County's rental market and affordability align with its neighbors, urban centers in counties like Lyon can drive up rental prices, impacting affordability more significantly.

The current inventory of rental properties consists of approximately 1,347 occupied units. As of August 2024, there are 98 units for rent, and 14 additional units are rented but not occupied. The vacancy rate is around 6.7%, indicating a relatively stable rental market. Anecdotally, we know that local realtors are fielding a substantial number of inquiries about available properties for rent.

Based on an average median income for individuals of \$33,175, an individual can afford the following price points for rent:

- 50-80 percent AMI: \$828 - \$1,324 per month

- 80-120 percent AMI: \$1,324 - \$1,986 per month
- 120+ percent AMI: \$1,986+ per month

Based on an average median income for households of \$68,029, a household can afford the following price points for rent:

- 50-80 percent AMI: \$1,701 - \$2,722 per month
- 80-120 percent AMI: \$2,722 - \$4,083 per month
- 120+ percent AMI: \$4,083+ per month

Senior Housing Market Analysis

Senior housing options range from age-restricted units tailored to those 55 and older with no assistance services to nursing homes with full medical services. In all cases, affordability and availability remain critical considerations for both residents and communities wanting to provide attainable housing for all residents.

Approximately 37.1 percent of Redwood County's residents are over 55 years old, totaling 5,671 people in 2023. This is an increase from 2020, when only 35.2 percent of the population, or 5,430 people, were over the age of 55. This trend of an aging population over the age of 55 is anticipated to continue, with a projected 38.2 percent of the population over 55 by 2028, or 5,779 people.

These residents have changing housing needs as they age that may or may not currently be met by their home. Nationally, the number of people over the age of 65 is expected to grow by 45% between 2022 and 2050 (a 1.4% annual growth rate).

A senior housing market analysis for Lamberton was completed in November 2022 by Viewpoint Consulting Group, Inc. It found a significant demand for senior housing in the area, particularly for independent living, assisted living, and memory care units. The analysis indicated that approximately 80% of potential residents would come from the primary market area, which includes Lamberton and nearby communities such as Sanborn and Revere. The study highlighted the need for new senior housing developments to meet this demand and support the aging population in the region.

Target Markets

Demographic Segmentation and Consumer Preferences

Demographic segmentation helps to understand the different groups of people living in Redwood County and their specific needs. Here's a breakdown of the three primary consumer segments *and their consumer preferences*:

Prairie Living (51%):

Characteristics: Largest segment, prefers rural or small-town living, values space, affordability, and a close-knit community.

Housing Needs: Single-family homes with larger lots.

Consumer Behavior: Dominated by self-employed farming households, most own single-family homes built before 1980 and several vehicles. The labor force participation rate is higher than average, and the median household income is similar to the average. It is concentrated in the Midwest, with Redwood County being a primary area.

Heartland Communities (19.7%):

Characteristics: Residents usually live in small towns or suburban areas and value community involvement and stability.

Housing Needs: The mix of single-family homes and townhouses focuses on affordability and family-friendly environments.

Consumer Behavior: Older single-family homeowners are semi-retired and have largely paid off their mortgages. Many are retired from white-collar jobs, with a higher proportion of singles than average. They are “empty nesters” but don’t intend to move from their current home.

Midlife Constants (15.4%):

Characteristics: Older adults who have lived in the same area for a long time value stability and familiarity.

Housing Needs: Downsizing options like smaller homes or senior living communities.

Consumer Behavior: Older adults at or approaching retirement prefer smaller communities close to larger regional cities. Primarily married couples occupying single-family homes with largely paid-off mortgages. Low labor force participation rate, especially post-pandemic, living on fixed incomes from retirement or Social Security. Spread throughout the country, with stronger concentrations in suburban areas.

Implications for Housing Market

These primary consumer segments show Redwood County's aging population. Being prepared with a resilient housing stock to meet the needs of current residents is crucial, as the need for senior housing will only grow over the next several years.

As these primary populations transition out of their largely single-family homes, the County must also be mindful of this large base of single-family homes that will slowly become available for future residents.

Population Growth and Housing Demand

Redwood County has experienced a slight population decline over the past decade. The population decreased from 16,079 in 2010 to an estimated 15,218 in 2024, reflecting a growth rate of -0.46% in the past year.¹ This trend indicates a gradual decline, which impacts housing demand and economic conditions.

¹ <https://redwoodcounty-mn.us/departments/environmental-office/>

Demand Analysis

Despite the population decline, there is still a demand for housing, particularly for senior living and affordable housing options. The aging population and the need for downsizing options contribute to this demand. Additionally, there is a need for rental properties to accommodate transient workers and younger families who may not be ready to purchase homes. The substantial job availability also speaks to the need for more housing so employers can fill the job vacancies they currently have in the County and the Southwest Minnesota region.

In addition to the existing market forces, the County can proactively market itself as a housing location to attract more residents and build its tax base.

Residential Building Permit Analysis

In recent years, Redwood County has seen moderate residential construction activity. In 2019, 18 single-family units and four multi-family units were permitted. The majority of the housing stock is older, with 58% of rental units built before 1970¹. This indicates new construction needs to replace aging infrastructure and meet current housing standards.

While the population decline poses challenges, there is still a clear demand for diverse housing options to support the community's needs. The county's efforts to manage land use and zoning effectively will be crucial in addressing these housing demands.

Zoning Analysis

Redwood County has land use jurisdiction in the unincorporated areas throughout the county- this does not include the cities and the 2-mile extraterritorial jurisdiction around the City of Redwood Falls.

Redwood County's zoning ordinance is designed to manage land use effectively, ensuring that development aligns with community needs and environmental standards. The ordinance categorizes land into different zones, each with specific regulations on the types of buildings and activities permitted².

Residential Zoning

The county's residential zoning includes several categories:

R-1 (Single-Family Residential): This zone is primarily for single-family homes, promoting low-density residential development. It supports the Prairie Living segment's preference for larger lots and rural living.

R-2 (Multi-Family Residential): This zone allows for higher-density housing, including duplexes, townhouses, and apartment buildings. It caters to the Heartland Communities segment, which values community involvement and stability.

¹ <https://redwoodcounty-mn.us/departments/environmental-office/>

² <https://redwoodcounty-mn.us/wp-content/uploads/2017/03/Redwood-County-Comprehensive-Plan.pdf>

R-3 (Mixed Residential): This zone supports a mix of single-family and multi-family housing, providing flexibility to meet diverse housing needs, including those of the Midlife Constants segment looking for downsizing options.

The zoning regulations in Redwood County are designed to address the housing demand identified in recent studies. Key points include:

- **Senior Housing:** The need for senior housing, such as independent living and assisted living facilities, is recognized. Zoning adjustments may be necessary to accommodate these developments.
- **Affordable Housing:** The county is focused on increasing the supply of affordable housing. It supports initiatives to develop affordable rental units and single-family homes within the R-2 and R-3 zones.
- **New Construction:** Encouraging new residential construction to replace aging housing stock and meet current standards is a priority. This includes both single-family and multi-family developments.
- **Economic Development:** Balancing residential development with economic growth is crucial. Zoning regulations support mixed-use developments that combine residential and commercial spaces, fostering vibrant communities.

Infrastructure Analysis¹

Transportation

Redwood County has a well-maintained transportation network that includes:

- **Highways:** Major highways such as U.S. Highway 71 and Minnesota State Highways 14, 19, and 67 provide crucial connectivity within the county and neighboring regions.
- **Roads:** The county maintains an extensive network of county roads and bridges, ensuring accessibility to rural areas and supporting agricultural activities.
- **Public Transit:** Public transportation options are limited, but services like Prairie Five RIDES offer transit solutions for residents, particularly seniors and those with disabilities.

Utilities

- **Electricity:** Provided by multiple utility companies, including Redwood Electric Cooperative and Xcel Energy, ensuring reliable power supply to residential, commercial, and agricultural sectors.
- **Water and Sewer:** Municipal water and sewer services are available in towns like Redwood Falls and Lamberton. Rural areas rely on private wells and septic systems.
- **Broadband Internet:** Efforts are ongoing to improve broadband access, with several initiatives to expand high-speed internet coverage to underserved rural areas.

Community Facilities

- **Healthcare:** Facilities like Carris Health—Redwood Hospital serve Redwood County, providing essential healthcare services to residents.

¹ <https://redwoodcounty-mn.us/wp-content/uploads/2017/03/Redwood-County-Comprehensive-Plan.pdf>

- **Education:** The county has several public schools, offering comprehensive educational programs from elementary through high school. Public school districts include Cedar Mountain, Milroy, Red Rock Central, Redwood Area, Springfield, Tracy Area, Wabasso, Westbrook Walnut Grove, and Yellow Medicine East.
- **Recreation:** Numerous parks, trails, and recreational facilities support outdoor activities and community events, enhancing residents' quality of life.

Economic Development

- **Industrial Parks:** The county supports economic growth through industrial parks and business development zones, which attract new businesses and create job opportunities.
- **Agriculture:** As a predominantly agricultural region, infrastructure supporting farming activities, such as grain elevators and processing facilities, is vital to the local economy.

Challenges and Opportunities

- **Aging Infrastructure:** Many roads, bridges, and public facilities require maintenance and upgrades to meet current standards and future demands.
- **Funding:** Securing funding for infrastructure projects is a continuous challenge, necessitating strategic planning and collaboration with state and federal agencies.
- **Sustainability:** There is a growing focus on sustainable practices, including renewable energy projects and environmentally friendly infrastructure improvements.

ENGAGEMENT



Engagement

Public input was a priority for Redwood County. Understanding the experiences and perspectives of Redwood County residences was an important part of shaping the region's future of housing and development through active engagement during this project.

Summary of Engagement Strategies

Online Engagement

Online engagement included a project website, social media, an EDA (Economic Development Authority) email list, press releases, and an online survey. During phase one, these tools were utilized to share more information about the project and gather current information and existing conditions from community members.

In-Person Engagement

In-person engagement included providing materials for a “meeting-in-a-box” to County Board members, staff, and steering committee members so they could share about the project with their constituents and networks. The steering committee met twice in person throughout the project, and an open house was held as part of phase two to gather insight on prioritizing recommendations. After the open house, the interactive board asked people to prioritize recommendations, and it was also shared with major employers in the area to gather additional insight.

Steering Committee

The steering committee met twice throughout the project. The committee included a diverse range of members who have connections to a variety of communities throughout the county:

- Alex Johnson – Integrity Bank (Walnut Grove)
- Rich Arkell – Highwater Ethanol (Lamberton)
- Stacey Heiling – CentraCare (Redwood County EDA Board)
- Pat Eichten – Kibble Equipment (Wabasso)
- Keith Muetzel – City of Redwood Falls (Redwood Falls)
- Valerie Halter – City of Lamberton (Lamberton)
- Lower Sioux Indian Community Representative

During phase one, they met on May 20, 2024. The purpose of this meeting was to provide more information about the project, review the engagement plan, provide data analysis insights, and gather feedback from the committee about their experiences with housing throughout the county.

The second steering committee meeting took place on September 5, 2024. The purpose of the meeting was to review the draft plan and gather feedback from the committee to finalize the document.

Between these meetings, email updates were sent to the group, occasionally asking for their help, sharing messages, and providing feedback.

Housing Expert Interviews

In May 2024, 11 local housing stakeholders were contacted to provide insight on housing in Redwood County. Realtors, landlords, bankers, County EDA representatives, and home manufacturers were stakeholders targeted for this engagement. The following stakeholders were interviewed:

- Scott Thomas - Schult Homes (Redwood Falls)
- Eric Dosch - E and K Rentals (Belview)
- Brandon Baune - City of Wabasso, Administrator and EDA Director (Wabasso)
- Alex Johnson - Integrity Bank, Walnut Grove EDA (Walnut Grove)
- Tom Quackenbush - Daktronics, City of Redwood Falls Mayor (Redwood Falls)

During these interviews, we asked nine questions:

1. What is your role or connection to housing in Redwood County?
2. What are your overall thoughts on how easy or difficult it is to develop housing in Redwood County?
3. Have you encountered any specific challenges or limitations imposed by the existing city/county environment, regulations, or procedures or approvals when undertaking housing development projects?
4. In your experience, how would you modernize the current development standards or approvals to better attract housing development in Redwood County?
5. What kind of support would you need to help support housing development in Redwood County?
6. What is your opinion on the types of housing units needed and preferred locations?
7. What types of housing projects would you like to see yourself developing in Redwood County?
8. From your perspective, what are the top three issues related to housing in Redwood County? How would you like to be informed/engaged moving forward?

Key findings from these stakeholders include:

- The county hosts a large manufactured/modular home business yet there are significant barriers to the development of this type of housing in the county. Which is frustrating to some stakeholders as this presents a low-cost and fast way to provide housing units.
- Building and developing is not easy in every community, contributing to difficulties in development.
- Developers and policymakers are not exactly sure what kind of housing is needed to meet the community's needs or improve the market.
- Costs of housing is a general issue that stakeholders which is also compounded by difficulties with financing development in the county.
- There is a need for single family homes and multi-family housing as well as senior housing but the rental supply that is in the market needs to be upgraded or repaired.

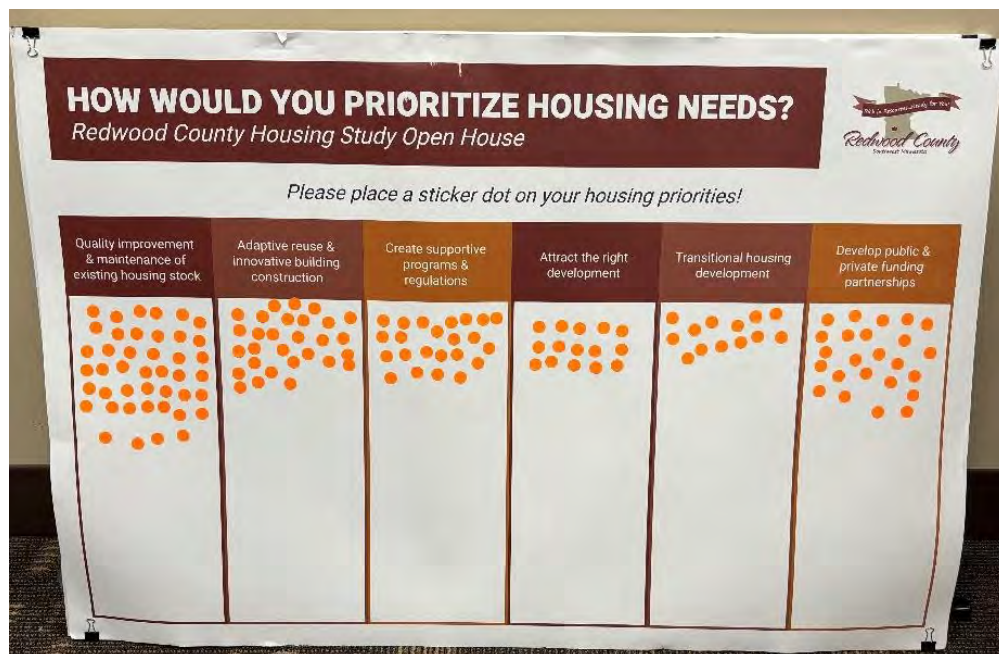
Public Survey Data Analysis

During the project's first phase, insight was sought from the public through an online survey that was promoted through various online and in-person materials. In total, 142 participants responded to the survey, and 89.4 percent of respondents currently live in Redwood County. The survey responses provided us with the following insights:

- The top issues related to housing in Redwood County are:
 1. The costs are too high
 2. Not enough rental housing
 3. Units/homes are too old or outdated
 4. Existing properties are poorly maintained
- Respondents strongly disagree that there is an adequate supply of quality housing choices for people.
- Most respondents agree that there is a need for all types of housing (single-family, rental, senior, townhomes, etc.), and they overwhelmingly agree that there needs to be more incentives or resources to maintain existing housing.
- Many respondents (46.48 percent) report struggling to balance their income with their housing costs

Open House

Once recommendations were drafted, we went back out to the public during an open house at the Redwood Falls Community Center on July 16 and virtually on July 17. Approximately 20 people attended these sessions. After receiving attendees' input on the recommendations, the housing needs input board was also brought to major employers in the area to provide an opportunity for additional input.





RECOMMENDATIONS & STRATEGIES



Recommendations and Strategies

Housing was identified as a top priority by the Redwood County EDA as part of its most recent strategic planning efforts. The first step in working on this priority area was to conduct a housing study to help identify where the County could be most effective in addressing the need for housing at the local government level. The County is encouraged to partner with additional entities or support others who might be better equipped to lead activities, where appropriate.

The recommendations and strategies below were developed based on the data analysis first conducted, coupled with input from the community, stakeholder interviews, and advisory committee. As guided by the advisory committee, the first two recommendations – quality improvement and maintenance of existing housing stock and attracting the right development – should be considered the county's central priorities. The other three recommendations should further support these central priorities – adaptive reuse and innovative building construction, create supportive programs and regulations, and develop public and private partnerships.

Recommendation 1: Quality Improvement and maintenance of existing housing stock

Strategies

Implementing these strategies can help rural communities rehabilitate and upgrade existing structures and improve the overall quality of the housing stock.

a) Regular Inspections and Code Enforcement:

- **Routine Checks:** Conduct regular inspections to catch and fix issues early.
- **Community Engagement:** Empower local groups to help identify and report problems.
- **Supportive Measures:** Focus on assisting property owners in resolving issues rather than just penalizing them.

b) Incentives for Property Owners:

- **Financial Aid:** Provide grants and low-interest loans for repairs, especially if owners keep rents affordable.
- **Tax Benefits:** Offer tax incentives for property improvements.

c) Collaborative Efforts:

- **Rehabilitation Programs:** Work with non-profits and housing organizations to establish and maintain repair and rehab programs.
- **Public-Private Partnerships:** Partner with private developers to invest in housing maintenance and upgrades.
- **Public Partnerships:** Maintain relationships with cities throughout the county that are pursuing housing stock maintenance. Ensure their residents can access rehabilitation programs to repair and rehab housing. Consult city staff to ensure programs created are practical and accessible for their intended audiences.

d) Support for Residents:

- **Homeowner Assistance:** Offer financial and technical help to low-income homeowners for necessary repairs.
- **Renter Resources:** Provide support and resources to ensure renters live in safe, well-maintained homes.
- **Housing Navigation:** Assist residents in finding and securing permanent housing.
- **Rental Assistance:** Provide financial assistance for rent and move-in costs.

e) Modernization and Redevelopment:

- **Revitalize Areas:** Focus on redeveloping distressed housing to improve living conditions.
- **Energy Efficiency:** Promote upgrades that enhance energy efficiency, reduce costs, and improve quality.

f) Capacity Building:

- **Training and Support:** Provide training programs for local contractors and builders to improve their skills in maintaining and upgrading housing stock.

Timeline: short term - 1 year

Recommendation 2: Attract the best-fit development

Strategies

These strategies can help create a diverse and attainable housing market that meets the unique needs of different segments of the Redwood County population.

a) Starter Homes (Smaller, More Affordable):

- **Incentives for Developers:** Offer tax incentives, grants, or low-interest loans to developers who build smaller, affordable homes.
- **Zoning Adjustments:** Modify zoning laws to allow for higher density and smaller lot sizes, making it easier to build affordable starter homes.
- **Streamlined Permitting:** Simplify and expedite the permitting process for affordable housing projects to reduce costs and encourage development.
- **Public-Private Partnerships:** Collaborate with private developers to create mixed-income communities with affordable starter homes.
- **Public Partnerships:** Partner with cities throughout the county to assist in funding site-readiness assessments for starter home sites. Provide support for funding applications submitted by cities.

b) Senior Housing (Single Level with Common Maintenance):

- **Age-Friendly Zoning:** Implement zoning regulations that encourage the development of single-level homes and senior-friendly communities.
- **Maintenance Services:** Partner with local service providers to offer maintenance packages for senior housing, ensuring that common areas and individual units are well-maintained.
- **Accessibility Standards:** New senior housing developments must meet accessibility standards, such as wider doorways, no-step entries, and bathroom grab bars.

- **Community Amenities:** Encourage the inclusion of community amenities like clubhouses, fitness centers, and social spaces to enhance the quality of life for seniors.
- **Subsidies and Grants:** Provide financial assistance to older adults to help cover the costs of moving to assisted living or other suitable housing options.
- **Tax Incentives:** Offer tax breaks or deductions for those who move to more appropriate housing or families who support their elderly relatives in the transition.

c) Workforce Housing (Multifamily Rentals):

- **Housing Trust Funds:** Establish or expand housing trust funds to provide financial support for workforce housing development.
- **Repurpose Vacant Land:** Identify and repurpose vacant or underutilized land for multifamily rental developments. Partner with cities to assess site-readiness and support funding applications to develop vacant land.
- **Inclusionary Zoning:** Adopt inclusionary zoning policies that require a percentage of new multifamily developments to be affordable for low- to moderate-income workers.
- **Public Transportation Access:** Ensure workforce housing is near public transportation to provide easy access to employment centers.

Timeline: mid-term- 2+ years

Recommendation 3: Adaptive reuse and innovative building construction

Strategies

Implementing these strategies can help rural communities repurpose existing structures for new in-demand uses and meet current and emerging trends.

a) Comprehensive Assessment and Planning:

- **Local Needs Assessment:** Conduct thorough assessments to understand the specific needs and potential of existing obsolete structures.

b) Innovative Design Approaches:

- **Multi-Use Spaces:** Design buildings that serve multiple functions, such as community centers, healthcare facilities, and housing.
- **Sustainable Practices:** To reduce environmental impact, use locally sourced, sustainable materials and incorporate features like solar panels and rainwater harvesting.

c) Financial Mechanisms and Incentives:

- **Rural Development Grants:** Apply for grants for rural development and revitalization.
- **Low-Interest Loans:** Offer low-interest loans to local property owners for adaptive reuse projects.

d) Advanced Construction Techniques:

- **Prefabrication and Modular Construction:** Utilize prefabricated and modular construction methods to reduce costs and construction time.

- **Local Craftsmanship:** Leverage local craftsmanship and traditional building techniques to preserve local construction capacity and skills.
- e) **Policy and Regulatory Support:**
- **Zoning Flexibility:** Advocate for flexible zoning regulations that support adaptive reuse and innovative construction in rural areas.
 - **Inclusionary Zoning:** Require a percentage of every multi-family development to provide housing units lower than the market rate (e.g., 80% of AMI).
 - Adopt the latest state-required building codes.
- f) **Capacity Building:**
- **Training and Support:** Provide training programs for local builders and developers on innovative construction techniques.

Timeline: mid-term 2+ years

Recommendation 4: Create supportive programs and regulations

Strategies

Creating supportive programs and regulations can significantly enhance the likelihood of building homes.

a) Develop Comprehensive Programs:

- **Educational Programs:** Offer workshops, apprenticeship programs, training sessions, and seminars to build skills and knowledge related to construction.
- **Mentorship and Support Networks:** Create mentorship programs with local education organizations and construction groups to foster housing interest and skills.
- **Coding Academy Programs:** Prepare local labor for emerging computer-aided construction machinery.

b) Provide Resources and Support:

- **Financial Assistance:** Offer grants, scholarships, or subsidies to those interested in building housing.
- **Promote Assistance:** Communicate about funding opportunities for first-time and repeat home buyers that existing entities maintain, such as Minnesota Housing's "Start Up" and "Step Up" programs.

c) Monitor and Evaluate:

- **Regular Reviews:** Continuously assess the effectiveness of the programs and regulations and adjust as needed. Implement systems for collecting feedback from participants and home seekers to identify areas for improvement.

Timeline: midterm 3+ years

Recommendation 5: Establish and maintain strong public and private partnerships

Strategies

Implementing these strategies can help rural communities develop and sustain public-private funding partnerships, driving growth and leveraging resources to promote housing construction.

a) Leverage Existing Resources:

- **Build Strong Relationships:** Establish and maintain strong working relationships with cities throughout the County that are also working on addressing housing needs. Support funding for site-readiness activities (analysis and infrastructure). Provide technical assistance and letters of support when applying for various grant programs and funding sources.
- **Utilize Local Assets:** Identify and leverage existing local assets, such as land, buildings, and expertise, to offer for development.
- **Public Funding Programs:** Tap into federal, state, and local funding programs to support rural development.

b) Create Incentives:

- **Tax Incentives:** Offer tax breaks or incentives to private partners who invest in community projects.
- **Grant Opportunities:** Provide information and assistance in applying for grants to fund joint projects.
- **Land Trust:** Offer tax breaks for donations of land that can be used to lower the cost of development and attract builders.

c) Develop Clear Agreements:

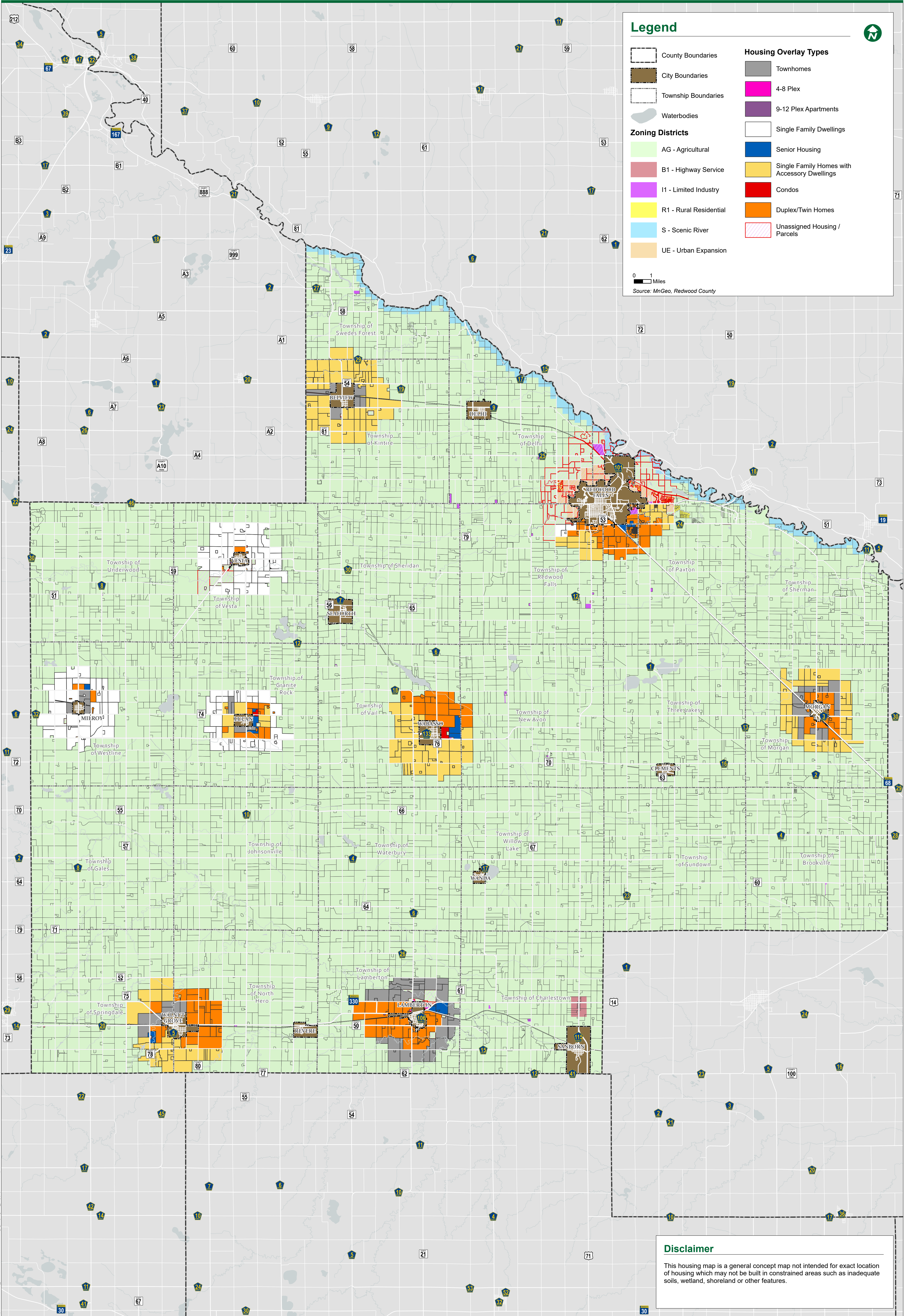
- **Memorandums of Understanding (MOUs):** Draft clear MOUs or agreements that outline each partner's roles, responsibilities, and expectations.
- **Reimbursement Agreements:** If developers invest in infrastructure beyond their parcel, offer to reimburse them when others connect to that infrastructure.
- **Policies:** Create policies incentivizing older adults to downsize, such as offering priority access to desirable smaller units or financial benefits for selling larger homes.
- **Secure Funding:** Obtain funding from various sources, including government grants, private donations, and community fundraising.
- **Fundraising Group:** Create a fundraising group to fund housing initiatives.
- **Implement Reforms:** Implement zoning reforms that make building diverse types of housing easier.
- **Co-Housing and Shared Living:** Promote co-housing or shared living arrangements where older adults can live together and share resources.
- **Accessory Dwelling Units (ADUs):** Encourage the development of ADUs, which can provide a more manageable living space for older adults while freeing up larger homes for younger families.
- **Invest in Campus Housing:** Invest in campus housing that offers various housing types, from independent living to assisted living options similar to the Western Communities model.

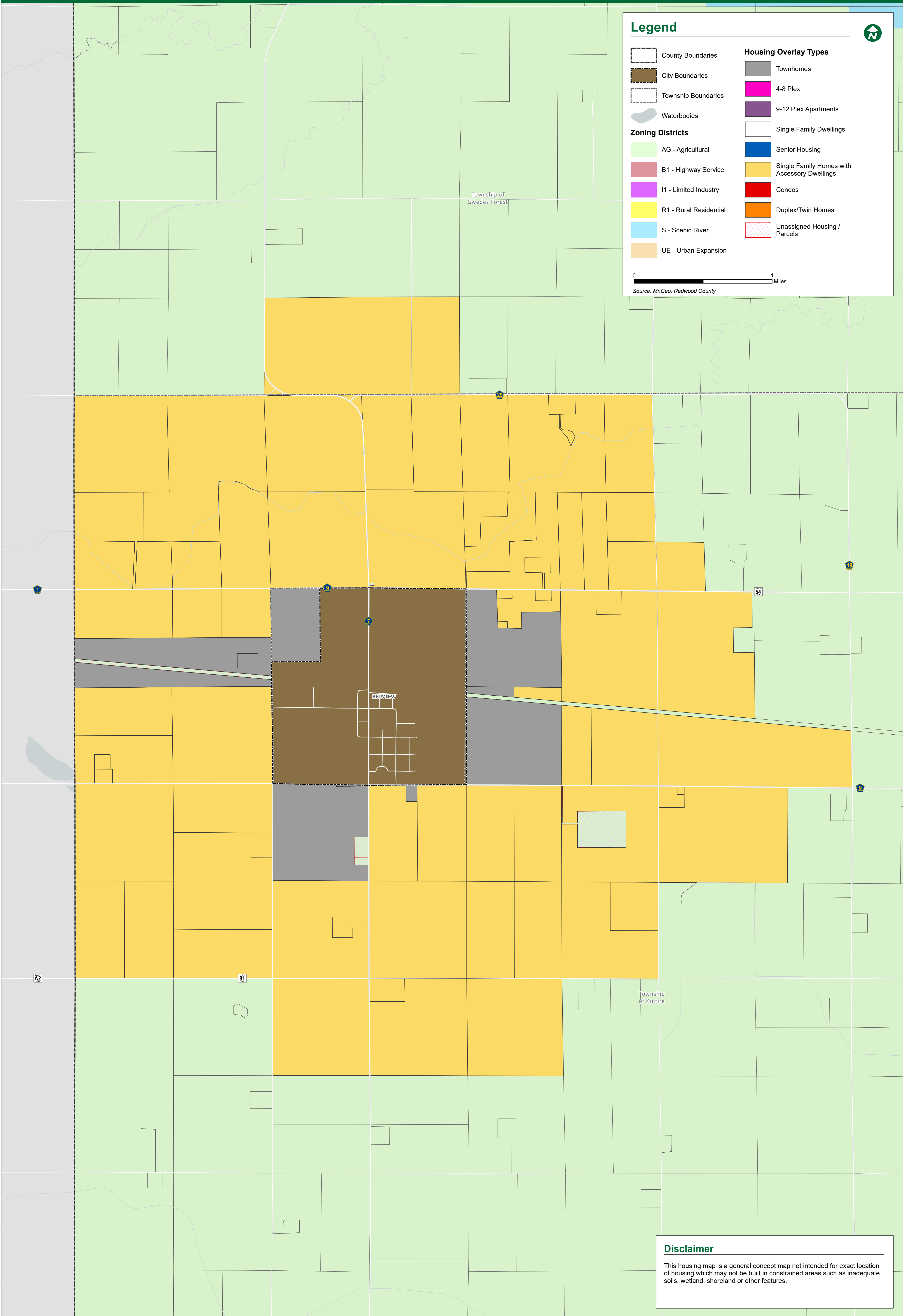
Timeline: short & long term: 3-5 years

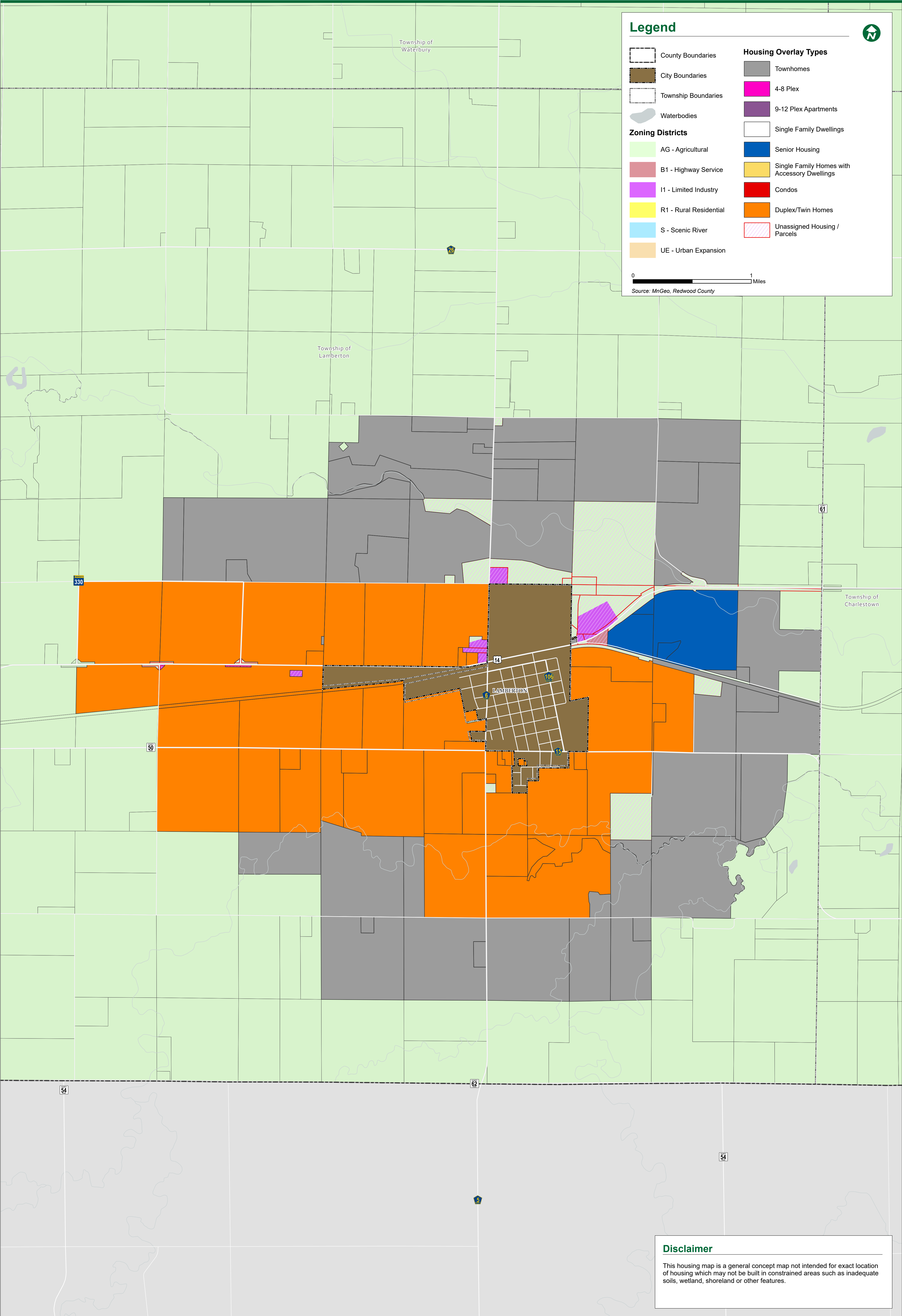
Housing Maps

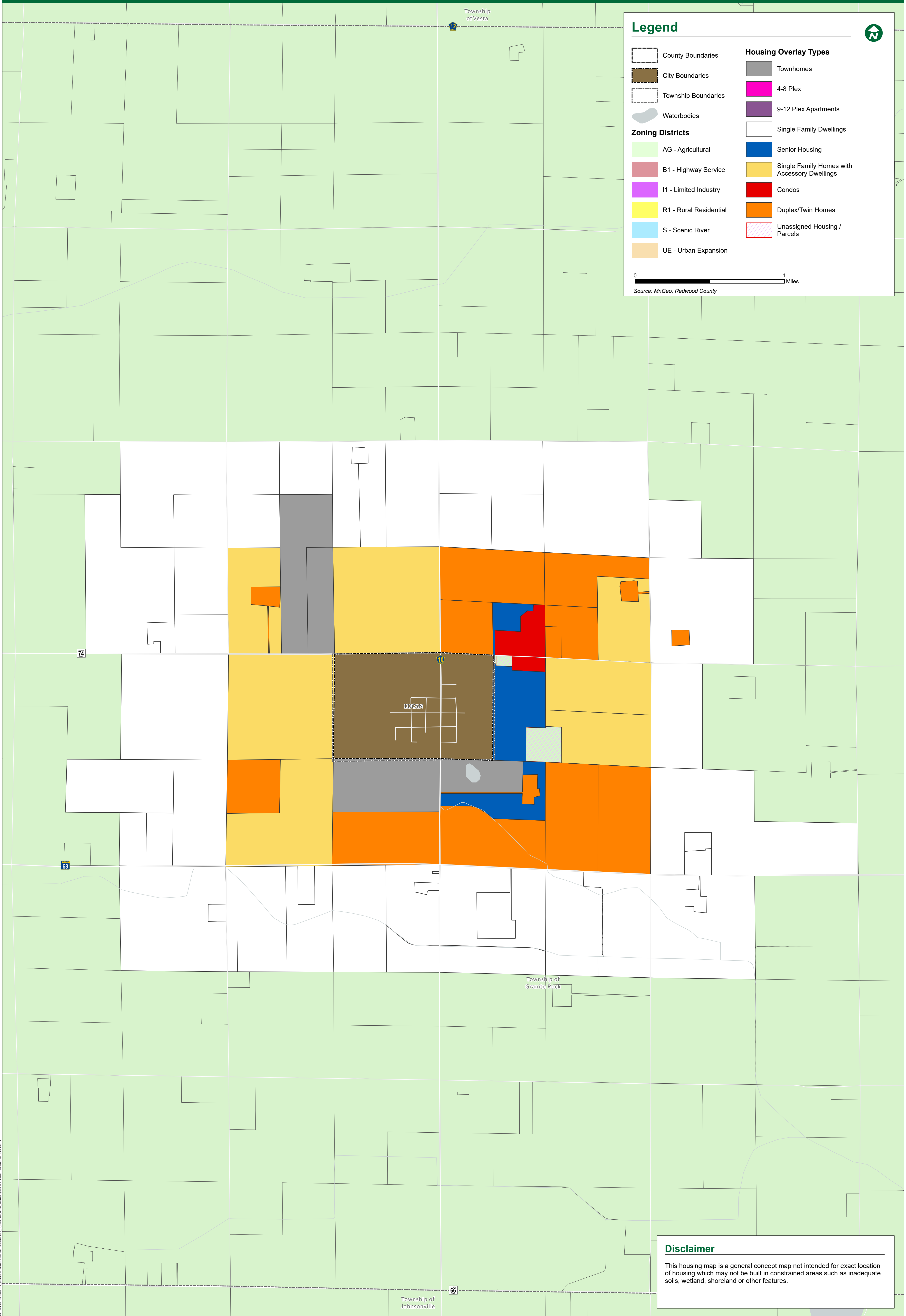
A housing map with enlarged area maps for areas prioritized for housing growth was developed based on data analysis, stakeholder and public input, and current zoning regulations. Areas that were increased in density were located around existing cities with infrastructure and services available to support more residents.

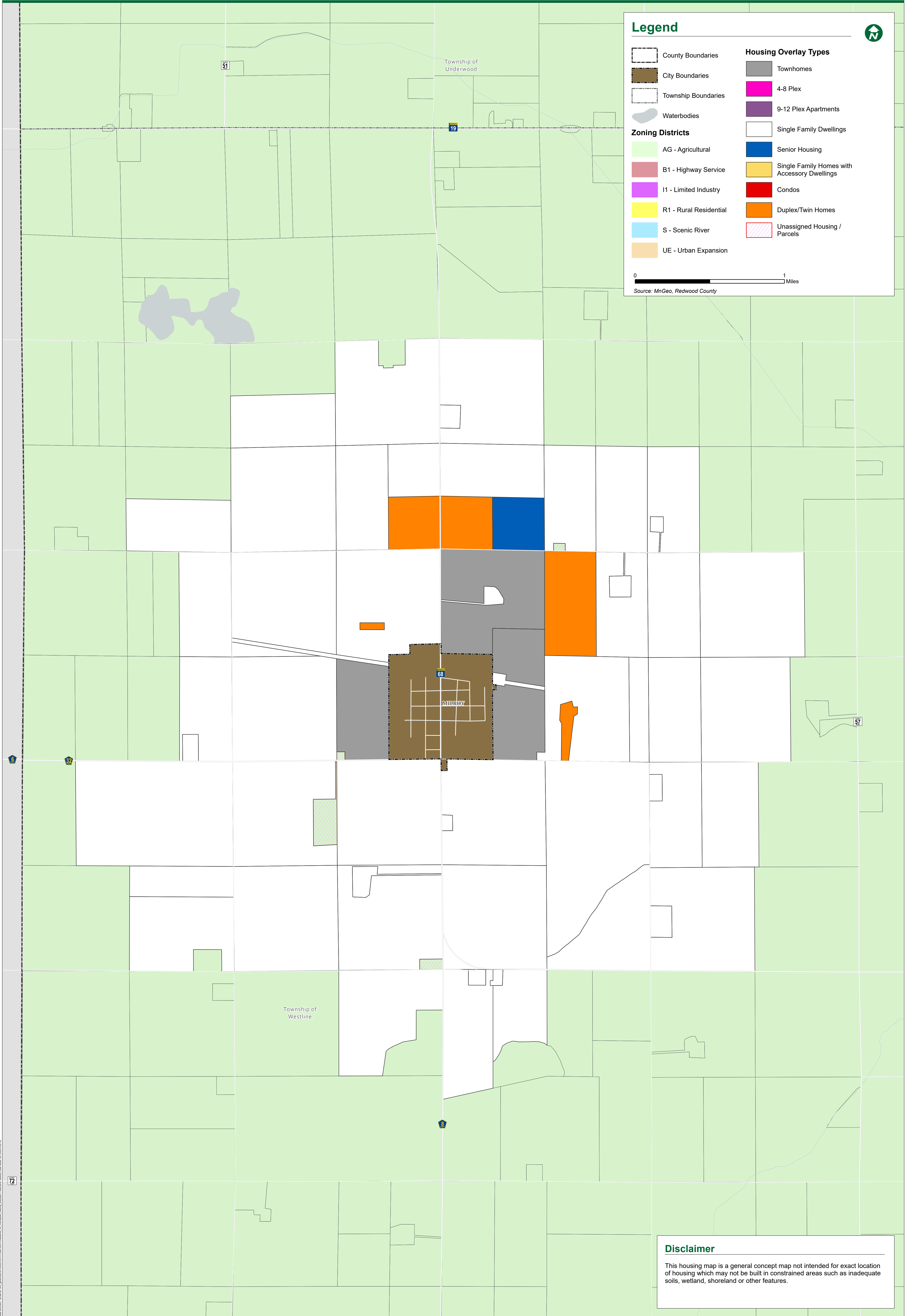
These maps identify areas within the County where different types of housing should be targeted. Please note that these are not technical maps but rather general concept maps not intended to specify exact housing locations. Housing may not be constructed in constrained areas such as those with inadequate soils, wetlands, shorelands, or other sensitive areas. These maps do not override any adopted codes and requirements.

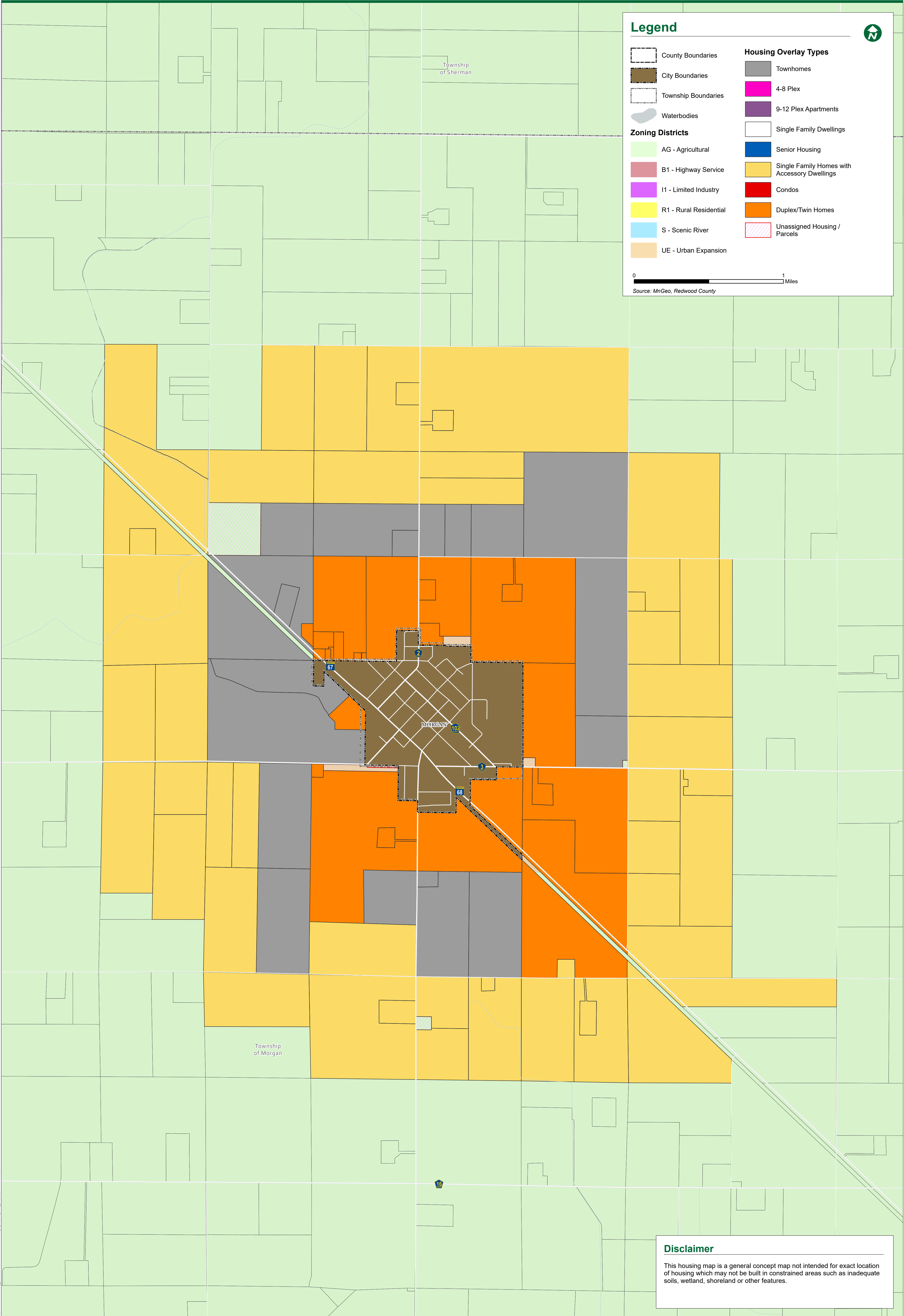


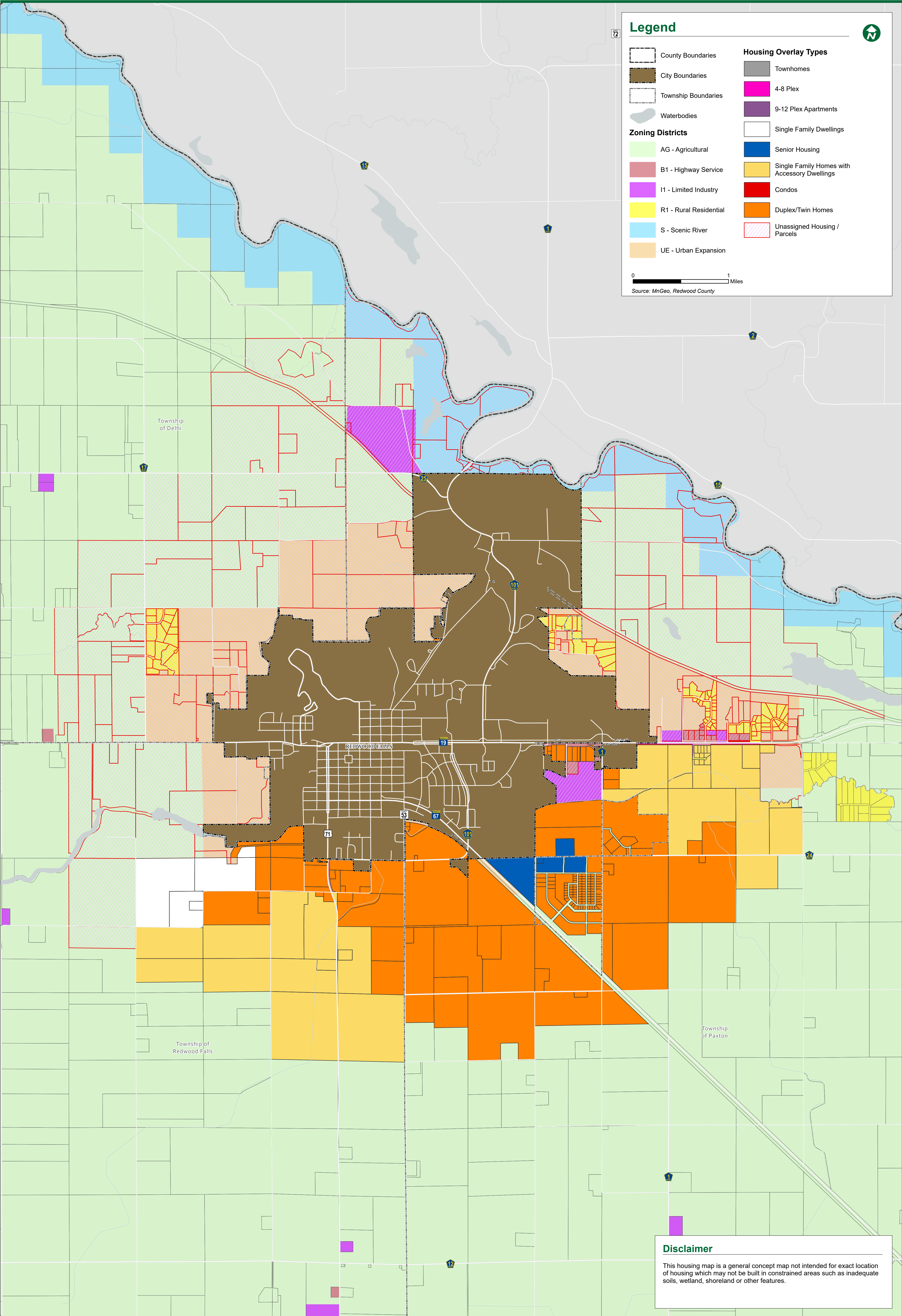


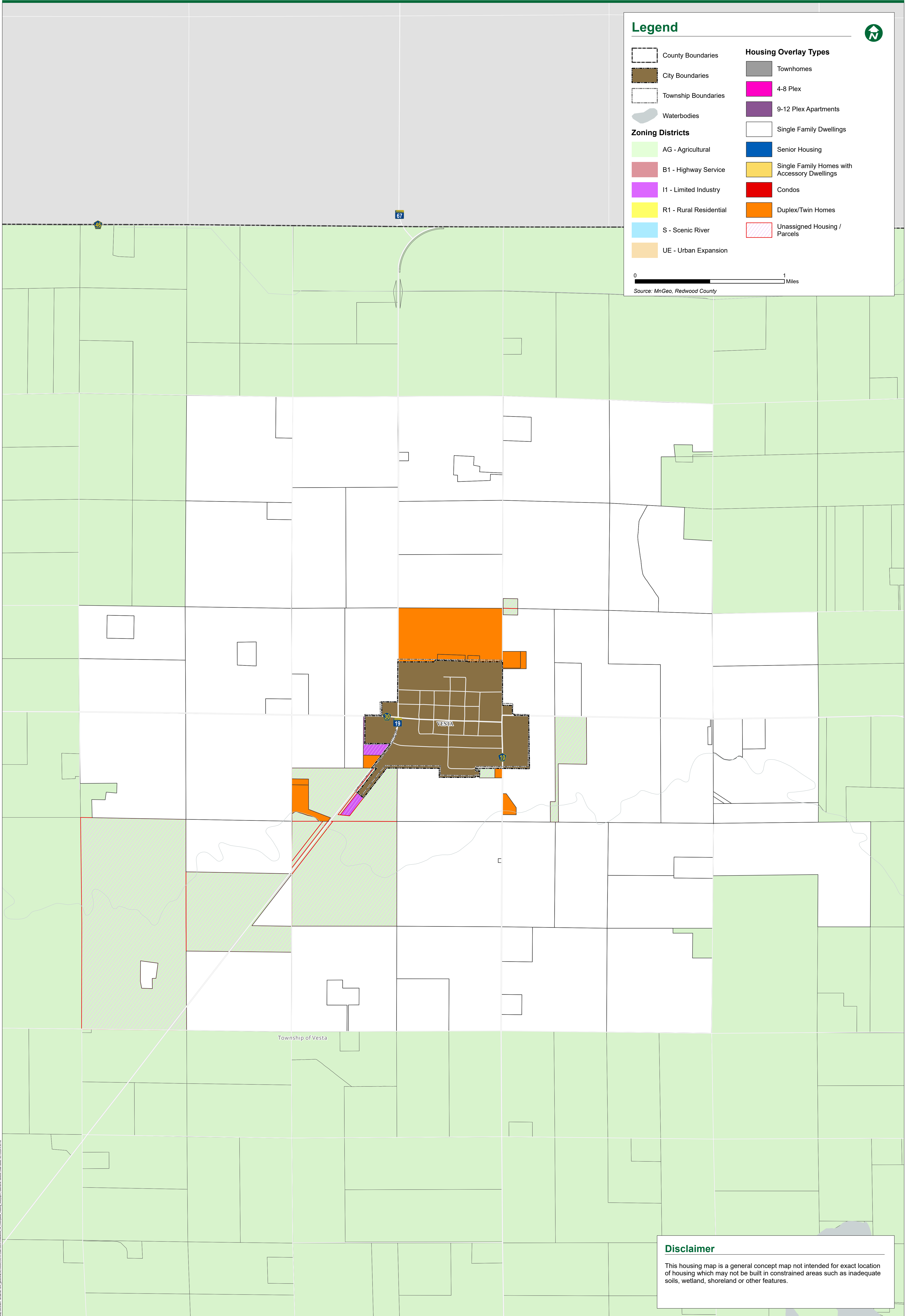


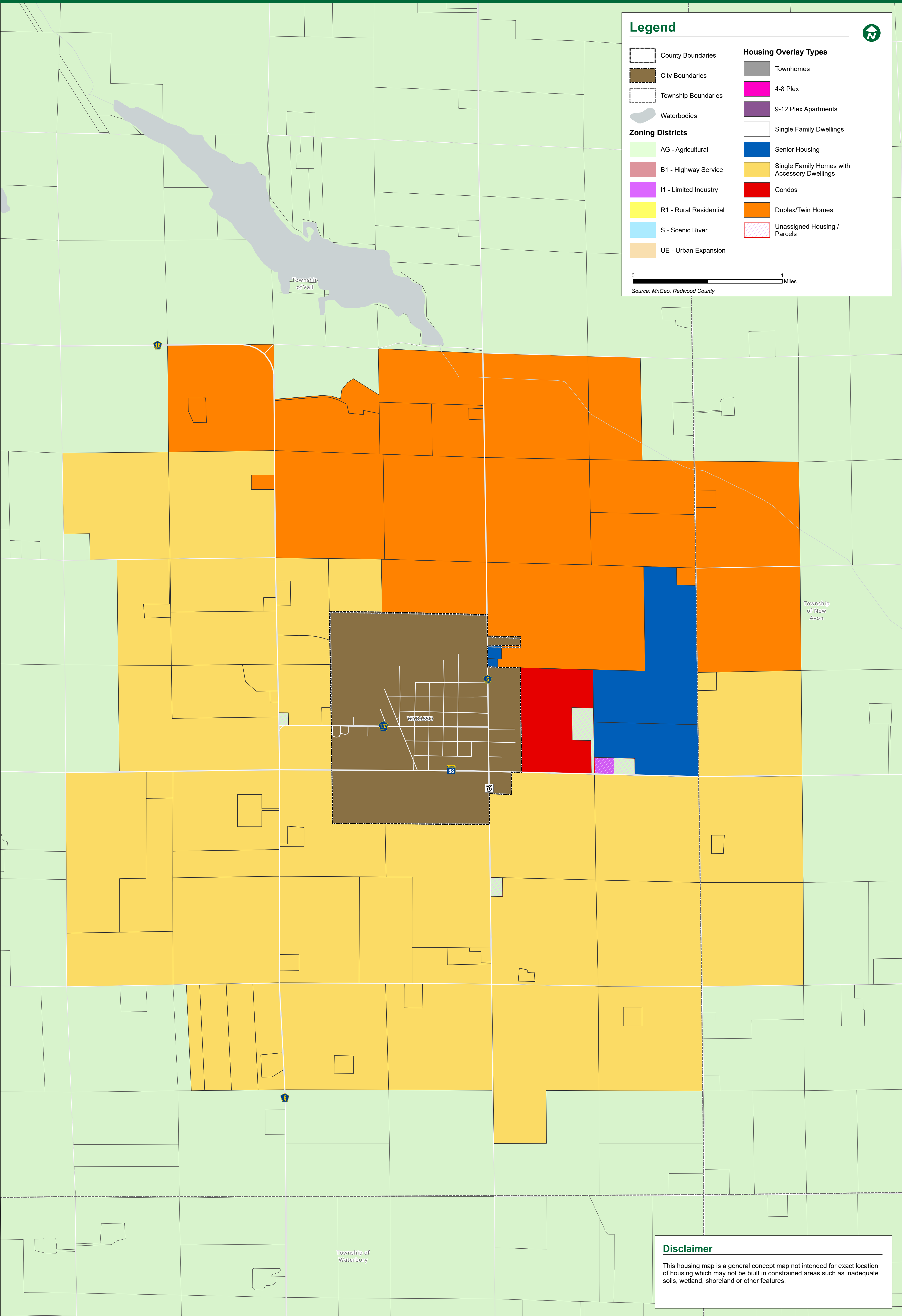






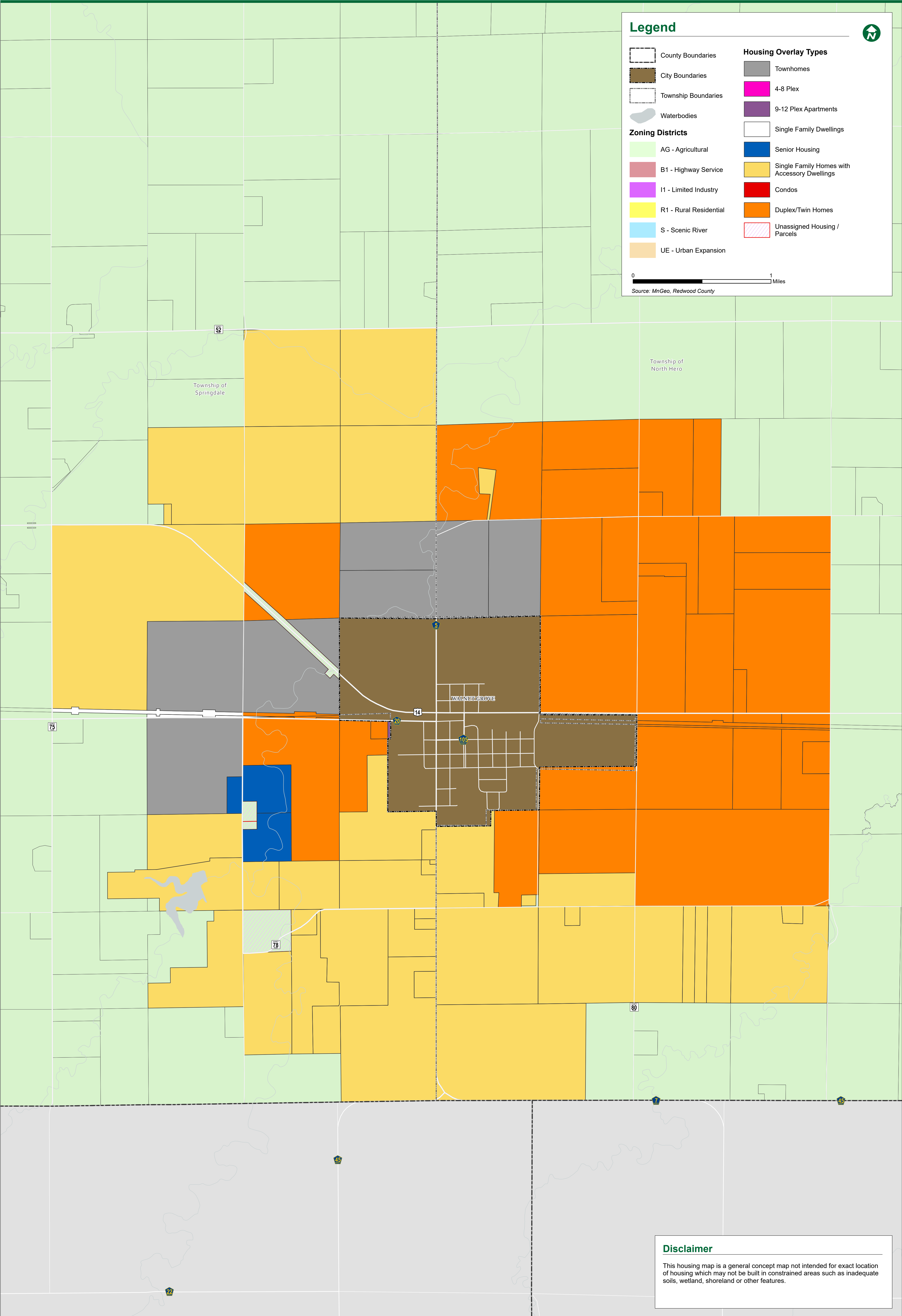






Disclaimer

This housing map is a general concept map not intended for exact location of housing which may not be built in constrained areas such as inadequate soils, wetland, shoreland or other features.



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Resources

Based on the recommendations in this Housing Study and the direction provided by the Steering Committee, Redwood County may achieve these objectives to address housing needs by pursuing grant funding. The County should work collaboratively with other public and private partners to apply for state and federal grants to assist in projects that benefit the public and further the County's goals to address housing needs.

The grant information is based on details available when this report was written in September 2024. Here is a table summarizing current grants and resources available to execute the five recommendations for housing in Redwood County:

Recommendation	Grants and Resources
Recommendation #1: Quality Improvement and Maintenance of Existing Housing Stock	<p><u>HUD Title 1 Property Improvement Loan Program</u>: Provides property repairs and improvements loans.</p> <p><u>203(k) Rehabilitation Mortgage Insurance Program</u>: Allows homeowners to finance home repairs through their mortgage.</p> <p><u>Older Adults Home Modification Program (OAHMP)</u>: Grants for home modifications to help seniors age in place.</p> <p><u>USDA Single Family Housing Repair Loans and Grants</u>: Offers loans and grants for home repairs in rural areas.</p> <p><u>Minnesota Workforce Housing Development Program</u>: Grants for Greater Minnesota with rental workforce housing needs.</p> <p>Local Housing Trust Fund: Establishing a local housing trust fund would provide a dedicated fund for the County to pursue housing projects. Minnesota Housing has also established a <u>local housing trust fund grant program</u>.</p>
Recommendation #2: Attract the Best-Fit Development	<p>HUD Community Development Block Grants (CDBG): Provides funding for community development projects, including housing.</p>

	<p><u>Section 108 Loan Guarantee Program:</u> Provides low-cost, flexible financing for economic development, housing, public facility, and infrastructure projects.</p> <p><u>Affordable Housing Program (AHP):</u> Grants for affordable housing development.</p> <p><u>Minnesota Workforce Housing Development Program:</u> Grants for Greater Minnesota with rental workforce housing needs.</p> <p>Local Housing Trust Fund: Establishing a local housing trust fund would provide a dedicated fund for the County to pursue housing projects. Minnesota Housing has also established a <u>local housing trust fund grant program.</u></p>
<p>Recommendation #3: Adaptive Reuse and Innovative Building Construction</p>	<p><u>Minnesota Department of Employment and Economic Development Contamination Cleanup and Investigation Grants:</u> Funding for site assessment and cleanup for contaminated sites (public or private).</p> <p><u>EPA Brownfields Program:</u> Grants for cleaning up and reusing contaminated properties.</p> <p><u>Minnesota Workforce Housing Development Program:</u> Grants for Greater Minnesota with rental workforce housing needs.</p>
<p>Recommendation #4: Create Supportive Programs and Regulations</p>	<p>HUD Community Development Block Grants (CDBG): Funding for community development and housing programs.</p> <p><u>Grants.gov:</u> A portal for finding and applying for federal grants.</p> <p><u>Buy a Home & Refinance:</u> Promote Minnesota Housing funding for first-time and repeat homebuyers.</p> <p><u>Small Cities Development Program:</u> Funding for housing, public infrastructure, and</p>

	commercial rehabilitation that could create local supportive grant programming.
Recommendation #5: Establish and Maintain Strong Public and Private Partnerships	<p>Public-Private Partnership (PPP) Grants: Funding to support collaborations between public and private sectors.</p> <p><u>FEMA Building Private-Public Partnerships Guide</u>: Resources for establishing and maintaining partnerships.</p> <p><u>CDC Foundation Grants</u>: Support for partnerships between public health agencies and community organizations.</p>

These grants and resources can help Redwood County implement the recommended strategies to improve housing quality, attract development, repurpose existing structures, create supportive programs, and establish strong partnerships.

In addition to the above grants, Minnesota Housing is developing several noteworthy programs specifically for local governments. Updated details and program scopes can be found on [their website](#). Notable for Redwood County's goals, these programs include the Greater Minnesota Housing Infrastructure, Lead Safe Homes Grants, and Greater Minnesota Tier II Cities Grants. At the time of this report, these programs have not yet been launched. Staying in communication with Minnesota Housing staff will provide Redwood County and its cities the opportunity to proactively pursue these emerging opportunities.