Red Wing Housing and Redevelopment Authority
Equal Opportunity Housing/Equal Opportunity Employment

Our Mission

To provide quality, affordable, sustainable housing and community redevelopment programs utilizing resources that develop public and private partnerships.

Statement of Intent

We gather today in this room as one people to discuss and attend to the matters of Red Wing. Together, as a government body and as community members, we agree to treat everyone with courtesy, dignity, and respect. We will listen to all sides of an issue, encourage participation, support each other, act with honor and accountability, and inspire pride in our community. This we commit as we open this meeting.

Meeting Announcement and Agenda
Housing & Redevelopment Authority Board Regular Meeting
City Council Chambers, 315 West 4th Street, Red Wing, MN & Virtually
Tuesday, May 13, 2025, at 3:30 PM

This meeting will be held in the City Hall Council Chambers and virtually via Webex at the same time. Members of the public can join this meeting either in person at City Hall or virtually. To join this meeting via Webex, click this link. To join via telephone, please dial (415) 655-0001. Enter access code 2555 573 2565 and password 2025 when prompted.

1. **Call to Order**
2. **Pledge of Allegiance**
3. **Roll Call**
4. **Approval of Agenda**
5. **Public Comment**
   We now invite anyone to share their thoughts on a topic that is not on the agenda. We welcome all opinions and ideas. We appreciate you stating your name at the lectern, and please remember that personal attacks may be ruled out of order. You will have up to three minutes to comment, and we appreciate your time in coming tonight.
6. **Consent Agenda (Roll Call Required *)**
   The Consent Agenda consists of items that often don't require Council discussion. These items are usually routine business, non-controversial, or have been discussed publicly in the past. These items can be approved by the Council all at once unless a Council member acknowledges they would like to comment or have a discussion on any of these items at this meeting. If no Council member has a concern or comment on any of the consent agenda items, the Council will approve them all at the same time.
   6.A. Motion to Approve April 8, 2025 Regular Meeting Minutes.
   6.B. Motion to Approve Bills (Checks 52253 - 52298, totaling $254,701.04).
   Public Housing: $41,299.02
   Housing Choice Voucher: $2,830.99

Jordan Tower II: $22,762.30
Redevelopment: $142,808.73
Small Cities: $0
TIF: $0
AHTF: $45,000.00

7. Motions & General Business

7.A. 2024 Audit

7.B. SCLF Commercial Rehab Loan TAJ, LLC

7.C. Approving Architect and Engineering Services for CDS 2024 - Hill Street Triplex

7.D. Introduction to the Administrative Plan (Admin Plan) for Housing Choice Voucher

8. Communication Items

8.A. Director's Report

8.B. Finance Report

8.C. Housing Report

8.D. Community Redevelopment Report

8.E. Resident Council Report

8.F. Hope Coalition Liaison Report

8.G. City Council Liaison Report

8.H. Announcements
The next HRA regular Board Meeting will be June 10, 2025, at 3:30 p.m. in the City Council Chambers

9. Adjournment

Accommodations for signing interpreter, Braille, large print, etc. can be made. Call City Hall at 385.3600 seven days prior to the need. Hearing assistance devices are available during meetings.

Red Wing Housing and Redevelopment Authority
HRA Board Regular Meeting
Tuesday, April 8, 2025, at 3:30 PM

Board Members Present: Board Chair, Jason Jech; Commissioners: Abby Villaran, Nic Abney, Liz Magill, Jackie Luikart, and Kristi Reuter.
Others Present: Kurt Keena, Executive Director; Corrine Kulseth, Finance Director; Jennifer Jacobson, Housing Director; and Beth Snyder, City Council Liaison

A. Call to Order
The meeting was called to order at 3:30 p.m. by Board Chair Jason Jech.

B. Pledge of Allegiance

C. Roll Call
Roll Call was taken with all members present except Hoffman.

D. Approval of Agenda
A motion to approve the agenda was made by Villaran and seconded by Abney. Motion carried.

E. Public Comment
There were no public comments.

F. Consent Agenda (Roll Call Required*)

A. Motion to Approve March 11, 2025, Regular Meeting Minutes

B. Motion to Approve Bills (Checks 52166-52252, totaling $246,116.08)

a. Public Housing: $83,870.06
b. Housing Choice Voucher: $2,713.48
c. Jordan Tower II: $114,717.95
d. Redevelopment: $44,814.59
e. Small Cities: $0
f. TIF: $0
g. AHTF: $0

A motion to accept the Consent Agenda was made by Luikart and seconded by Abney. Roll call was taken and all board members were in favor.

G. Motions and General Business

A. Motion to Approve the Position Classification and Compensation System RFP

Red Wing HRA received responses from both NAHRO and DDA Human Resources. NAHRO's response is lowest in price, but they do not offer the full scope of services that were requested. DDA-HR is the most responsive provider of the full scope of services being sought, but at a higher cost. After discussion, a motion to accept the Position Classification and Compensation System RFP from DDA Human Resources was made by Reuter and seconded by Luikart. Roll call was taken and motion passed with five Ayes and one Nay.

H. Communication Items

A. Executive Director Report

Keena updated Board regarding Federal, State and Local funding. At the Federal level, there will be no Congressionally Directed Spending funds available for 2025. Red Wing HRA has submitted applications for three different funding opportunities at the State level. They should learn what funds, if any, will be awarded later this summer or fall. The Owner-Occupied Housing Rehab program with Habitat for Humanity agreement has been approved by all partners, and an initial meeting was held to discuss getting the word out about the program. Due to a staff oversight, it appears the Red Wing HRA missed the opportunity to renew the HUD ROSS grant for 2025. Inquiries are being made with HUD to see if there is any recourse or if they have to wait and apply again next year.

B. Finance Report

Kulseth discussed the financials for December, January and February and there were no drastic changes. Kulseth also went through year-end financials. The 2024 audit was completed last week, April 1-3, 2025, and presentation of the draft audit should be completed in May or June at the HRA Board meeting.

C. Housing Report
   Jacobson presented waitlist, move out and Voucher program numbers ending March 2025. Red Wing HRA is working with the Red Wing Police Department to provide a reserve officer a few evenings a week around Jordan Tower I & Jordan Tower II again this year. The Hill Street Triplex project was awarded $175,000 from 2024 Congressionally Directed Spending. Haven of Hope has applied for CDS 2026 funds to complete major renovations to the interior of the building. Information continues to be gathered for the scope of work that needs to be completed at Jordan Tower I from POHP 2024 funds. Red Wing HRA is working on the POHP 2025 application. Approximately $4 million is being requested and will be applying for projects that were not funded in the 2024 POHP round of funding.

D. Community Development Report
   Red Wing HRA has one application for a Small Cities Loan pending at this time. Red Wing HRA will be funding the Owner-Occupied Housing Rehab Program for 2025 for $45,000 in April. A draft of the Housing Study commissioned with the city is available for review. Once the report is in final form Red Wing HRA plan to do a joint workshop with the City Council to receive the report and hear from the author. No new news on either Jefferson school or Bay View property at this time.

E. Resident Council Report
   Residents enjoyed a St. Patrick's Day party in March with music and food. There are no big plans for April, but they will be ordering food for the residents to enjoy. The Resident Council is doing a great job keeping residents busy. They have started a dart night and other activities, which are going over well.

F. Hope Coalition Report
   Salsalicious had a good turnout and was a success. Hope Coalition is looking for federal funding from the Federal Congressional Fund to build a new shelter and campus. Sara Kern testified at the State Senate for Domestic Violence victims. Hope Coalition is trying to promote who they are and what they are all about to the Public.

G. City Council Liaison Report
   City Council is looking to improve the TIF district in Downtown for the developments going on there. There is a workshop coming up to look at the Water Treatment plant. It is currently functioning properly, but it was built in 1960 and has been updated only once in 1980. The Council is also working with the county on the Law Enforcement Center. They are trying to see if they can keep services combined.

G. Announcements
   a. The next HRA Board Meeting will be on May 13, 2025, at 3:30 p.m. in the City Council Chambers.

H. **<u>Adjourn</u>**
   The meeting was adjourned at 4:55 p.m. by Board Chair Jason Jech.

Respectfully Submitted By,
Dawn Gielau

Board Chair

Red wing Housing & Redevelopment
Checks Written Report
April 1, 2025 thru April 30, 2025

Payment Date	Payment Number	Payment Amount	Payee Name
4/3/2025	1682	$50.00	NICHOLAS ABNEY
4/3/2025	1683	$295.95	ESI HOSTED SERVICES
4/3/2025	1684	$243.00	FILEVISION USA
4/3/2025	1685	$198.73	HUEBSCH LAUNDRY CO
4/3/2025	1686	$346.06	INNOVATIVE OFFICE SOLUTIONS LLC
4/3/2025	1687	$50.00	JASON JECH
4/3/2025	1688	$160.00	RENEE LAVIGNE
4/3/2025	1689	$200.00	BARRY PREBLE
4/3/2025	1690	$50.00	KRISTI REUTER
4/3/2025	1691	$50.00	ABBY VILLARAN
4/10/2025	1692	$172.00	MAIDS IN MINNESOTA
4/10/2025	1693	$118,036.44	MINNESOTA HOUSING FINANCE AGENCY
4/10/2025	1694	$94.00	MRI SOFTWARE LLC
4/15/2025	1695	$198.73	CINTAS CORPORATION
4/15/2025	1696	$450.00	CSC SERVICEWORKS INC
4/24/2025	1697	$14.99	CARAHSOFT TECHNOLOGY CORPORATION
4/24/2025	1698	$282.08	INNOVATIVE OFFICE SOLUTIONS LLC
4/24/2025	1699	$2,418.44	STEVE JUNGE INSTALLATIONS INC
4/24/2025	1700	$302.95	THEIPGUYS NET LLC ONENET GLOBAL
4/24/2025	1701	$2,000.00	STEEL IN THE AIR INC
4/3/2025	52253	$9.18	ACE HARDWARE
4/3/2025	52254	$0.00	Void / CITY OF RED WING WATER & SEWER
4/3/2025	52255	$0.00	Void / CITY OF RED WING WATER & SEWER
4/3/2025	52256	$13,399.88	CITY OF RED WING WATER & SEWER
4/3/2025	52257	$862.87	CULLIGAN WATER CONDITIONING
4/3/2025	52258	$17,538.61	FINN DANIELS ARCHITECTS
4/3/2025	52259	$200.00	CANDIS FLECK
4/3/2025	52260	$50.00	SARA HOFFMAN
4/3/2025	52261	$150.00	JACKIE LUIKART
4/3/2025	52262	$50.00	ELIZABETH MAGILL
4/3/2025	52263	$121.33	MENARDS RED WING
4/3/2025	52264	$50.00	Samantha Short
4/3/2025	52265	$203.57	Lois Johnson
4/3/2025	52266	$5,500.00	SMITH SCHAFER & ASSOCIATES
4/3/2025	52267	$240.00	STARTECH COMPUTING INC
4/3/2025	52268	$41.25	VICKIS FOOT AND NAIL CARE PLLC
4/3/2025	52269	$1,511.13	VISA
4/10/2025	52270	$15.00	SHARON CHAMBERS
4/10/2025	52271	$514.16	CITY OF RED WING OTHER UTILITIES
4/10/2025	52272	$4,513.00	HAWKINS ASH CPAS LLP
4/10/2025	52273	$45,000.00	GOODHUE COUNTY HABITAT FOR HUMANITY
4/10/2025	52274	$379.12	HIAWATHA BROADBAND

4/10/2025	52275	$30.84	HD SUPPLY FACILITIES MAINTENANCE
4/10/2025	52276	$80.00	LANDRUM DOBBINS LLC
4/10/2025	52277	$271.42	MENARDS RED WING
4/10/2025	52278	$575.00	PLUNKETTS PEST CONTROL INC
4/10/2025	52279	$2,920.50	RED WING PLUMBING & HEATING
4/10/2025	52280	$1,337.98	SCHUMACHER ELEVATOR COMPANY
4/10/2025	52281	$540.00	STARTECH COMPUTING INC
4/10/2025	52282	$403.46	XCEL ENERGY
4/15/2025	52283	$15.00	PATRICIA COLLINS
4/15/2025	52284	$103.02	HD SUPPLY FACILITIES MAINTENANCE
4/15/2025	52285	$111.00	MARCO TECHNOLOGIES LLC
4/15/2025	52286	$1,665.05	Barbara Von Haaren
4/15/2025	52287	$3,830.05	XCEL ENERGY
4/24/2025	52288	$12,017.90	CITY OF RED WING COMMUNITY DEVELOPMENT
4/24/2025	52289	$158.00	CITY OF RED WING OTHER UTILITIES
4/24/2025	52290	$294.92	CULLIGAN WATER CONDITIONING
4/24/2025	52291	$2,856.56	DIRECT TV
4/24/2025	52292	$607.45	HD SUPPLY FACILITIES MAINTENANCE
4/24/2025	52293	$55.50	MARCO TECHNOLOGIES LLC
4/24/2025	52294	$965.05	MENARDS RED WING
4/24/2025	52295	$658.00	NAN MCKAY & ASSOCIATES INC
4/24/2025	52296	$268.80	CORRINE KULSETH
4/24/2025	52297	$47.28	JOYCE THOMPSON
4/24/2025	52298	$8,925.79	XCEL ENERGY
		$254,701.04	

Red Wing Housing & Redevelopment Authority

428 West Fifth Street
Red Wing, MN 55066
TDD/TTY 7-1-1

Telephone (651) 385-7571
FAX (651) 385-0551
www.redwinghra.org

May 13, 2025

To: **Red Wing HRA Board of Commissioners**

From: Corrine Kulseth, Finance Director

Subject: 2024 Annual Audit

Background:
It is required of the Red Wing HRA to have an annual audit performed by an independent auditor. We have a contract with Smith Schafer & Associates, LTD of Red Wing, Minnesota to perform our audits.

Analysis:
Smith Schafer & Associates, LTD has conducted an audit of our 2024 financial statements and will present their findings at the May Board Meeting as well as here today. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Steve Salveson from Smith Schafer will be at the meeting to present the audit and answer questions.

Recommendation:
Staff and Finance Committee give a favorable recommendation to the Red Wing HRA Board of Commissioners to accept the 2024 Annual Audit.

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May 13, 2025

To: Red Wing HRA Board of Commissioners

From: Corrine Kulseth, Finance Director
Mitch Massman, CEDA

Re: SCLF loan TAJ, LLC – Perry Knudsen

Background:
Perry Knudsen is the owner of Par 4, LLC and TAJ, LLC. Mr. Knudsen applied under Par 4, LLC, but TAJ, LLC is the owner of the real estate located at 1504-1508 Old West Main St, Red Wing. While Mr. Knudsen owns both entities, only TAJ LLC is included in the loan analysis due to it being the owner of the property. TAJ LLC has been registered with the State of Minnesota since September 7, 2016.

Mr. Knudsen has been operating TAJ LLC as a real estate investment property since 2016. The business model is to own the building which has three business suites consisting of the License Center, Bryan Guitar Center and Red Wing Repair Center. The leases are responsible for all utility expenses. This means that the only expenses TAJ LLC is responsible for is property taxes and insurance. Additionally, there is no mortgage on the property so the Red Wing HRA, if approval for the loan is given, will be in the first lien position. After analyzing the expenses and revenue, there is sufficient income to make all necessary payments.

The application submitted by Perry Knudsen, if approved, will allow him to make necessary improvements to the electrical, roofing and HVAC of the building. This project will ensure that the building is up to code and more efficient for electrical and HVAC as well as make improvements to the roof to ensure longevity of the building.

The total project cost for the project is $55,907.55. **TAJ LLC is requesting $50,000 in Commercial Rehabilitation funds** from the HRA. The remaining costs will be covered by TAJ LLC.

Sources and Uses of Funds

Use of Funds		Source of Funds	
Electrical	$7,048.55	Small Cities- Loan Small Cities Deferred	$25,000 $25,000
Roofing	$34,956	TAJ LLC	$5,907.55
HVAC	$13,903		
Total	**$55,907.55**	**Total**	**$55,907.55**

Development Team

Team member	
Roofing	American Eagle Roofing and Coating
Electrical	Tom Parker Electric
HVAC	Smith Heating, Inc.

Analysis
This project will continue improving the efficiency and longevity of commercial properties in the Downtown and Old West Main St areas of Red Wing. The current value of the building according to the Goodhue County Assessor is $309,600.

Upon approval for the commercial rehabilitation loan request, TAJ LLC will have a total lien position of $50,000 from the HRA as the building has no liens from traditional lenders. The total lien position will be approximately 16% loan to value of the current assessed value. This loan to value is in an acceptable range for an HRA commercial rehabilitation loan.

While examining the financial statements, we see that TAJ LLC has expected revenues that will greatly exceed its total expenses. While we predict expenses to grow at 3% annually, there is a possibility that they increase at a faster rate. If that were to occur, there is sufficient revenue to pay for the added expenses. We project their debt servicing coverage ratio of 5.4 or greater for the duration of the loan terms. This is adequate DSC.

Recommendation
Staff and Finance Committee recommend approval for the TAJ, LLC and Perry Knudsen for $50,000. The term of this loan is recommended to follow program precedent of $25,000 payable annually over 10 years at 0% interest, and $25,000 forgiven after 10 years. Collateral is recommended as a lien on their mortgage. The Board should consider a personal guaranty as well.

Cash Flow

			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Revenue													
Commercial Rent			16,733	25,100	25,602	26,114	26,636	27,169	27,712	28,267	28,832	29,409	29,997
Total Revenue	-	-	**16,733**	**25,100**	**25,602**	**26,114**	**26,636**	**27,169**	**27,712**	**28,267**	**28,832**	**29,409**	**29,997**
Expenses													
Taxes			7,608	7,836	7,993	8,153	8,316	8,482	8,652	8,825	9,001	9,181	9,365
Insurance			3,552	3,659	3,768	3,881	3,998	4,118	4,241	4,369	4,500	4,635	4,774
Total Expenses			**11,160**	**11,495**	**11,761**	**12,034**	**12,314**	**12,600**	**12,893**	**13,193**	**13,501**	**13,816**	**14,139**
Available for Debt Servicing			**5,573**	**13,605**	**13,841**	**14,080**	**14,323**	**14,569**	**14,819**	**15,073**	**15,331**	**15,593**	**15,858**
First Mortgage			-	-	-	-	-	-	-	-	-	-	-
Grant Payback			-	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Debt Service			**-**	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**
Debt Servicing Coverage Ratio			**#DIV/0!**	**5.4**	**5.5**	**5.6**	**5.7**	**5.8**	**5.9**	**6.0**	**6.1**	**6.2**	**6.3**
Cash			**5,573**	**11,105**	**11,341**	**11,580**	**11,823**	**12,069**	**12,319**	**12,573**	**12,831**	**13,093**	**13,358**
Cumulative cash			**5,573**	**16,678**	**28,019**	**39,599**	**51,421**	**63,491**	**75,810**	**88,383**	**101,214**	**114,307**	**127,665**

Assumptions

Revenue Growth to occur at roughly 2% per annum.

Expenses Assuming a 3% annum increase on all expenses. Property taxes may increase at a faster rate.
There is no mortgage on this property and therefore very limited expenses.

Please see attached addendum for further explanation

Addendum to TAJ LLC Proforma
Description of Income

TAJ LLC owns the property located at 1504-1508 Old West Main Street. If approved for the HRA loan, the funds will give TAJ LLC the ability to complete necessary repairs, code, and energy efficiency improvements to the electrical, HVAC, and roof.

TAJ LLC is the property owner which leases the property to the License Center, Bryan Guitar Repair, and Red Wing Repair Center. The revenues for TAJ LLC are generated from rental agreements with the aforementioned entities. These revenues are used to pay the property taxes and insurance with all other bills such as utilities being the responsibility of the tenants.

Staff projects that any increases in taxes and insurance will be covered by rent generated.

There is no current mortgage on the property that is owned by TAJ LLC's current which leads to significantly higher debt service coverage than other project. After expenses are paid there is substantial cash flow for an additional payment for the HRA loan of $2,500 per year.

The HRA loan will provide them with the necessary funds for improvements that will increase the efficiency, code, and longevity of the building.

Project Sources and Uses of Funds

Uses of Funds		Sources of Funds					
Use	Amount	Lender	Term	Rate	Collateral	Amount	Annual D/S
Electrical	$ 7,048.55	Red Wing HRA	10	0.00%		$ 25,000	$ 2,500
Roofing	$ 34,956	Red Wing HRA - deferred	10	0.00%		$ 25,000	
HVAC	$ 13,903	Par 4 LLC Equity				$ 5,907.55	$ -
							$ -
Total Uses of Funds	$55,907.55	**Total Sources of Funds**				$ 55,907.55	$ 2,500

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May 13, 2025

To: Red Wing HRA Board of Directors
From: Jennifer Jacobson, Housing Director
Re: Approving Architect and Engineering Services for CDS 2024- Hill Street Triplex

Background

Congress awarded the Red Wing HRA grant funds from the 2024 Community Project Funding/Congressionally Directed Spending for $175,000. The funds will be used to make improvements at the Hill Street Triplex such as replace concrete/asphalt, significant structural repairs, and replace the windows.

Red Wing HRA staff have been working with HUD staff on the next steps of the paperwork and requirements to access the funding. One of the steps is to secure a contract with an Architectural and Engineering (A&E) firm. Since there are no original plans for the building for the architect to work from, a lot of time will be spent on the drawings and scope of work. Having the accurate information ensures the project is bid and completed correctly. Additionally, due to the age, location and number of additions /modifications to the building, structural engineering is a large component of the contract.

Proposal

Staff is requesting approval of the architectural and engineering services proposal received by Finn Daniels Architects for the rehabilitation construction in Hill Street Triplex. The contract amount for Finn Daniels Architects is minimum of $24,500 and a maximum of $26,500.

Attachments

Architectural Services Proposal

Recommendation:

Staff and Finance Committee recommend the HRA Board of Commissioners to approve: 1) accept the bid of $24,500 from Finn Daniels Architects; 2) award a contract to Finn Daniels Architects; and 3) authorize the Executive Director to execute all necessary documents.

ARCHITECTURAL SERVICES PROPOSAL – REDUCED SCOPE

FINN DANIELS ARCHITECTS

CONTACT: **Jennifer Jacobson**
Housing Director
Red Wing HRA
428 West 5th Street
Red Wing, MN 55066

DATE: **April 30, 2025**

PROJECT: **Red Wing HRA**
Hill Street Triplex
Various Improvements Project

PROJECT #: **TBD**

LOCATIONS: **420, 422, 422 ½ Hill Street**
Red Wing, MN 55066

SCOPE OF SERVICES:

SERVICES INCLUDE THE FOLLOWING PHASES

Including reduced scope Architectural tasks necessary for the project scope developed under HUD 5370 General Conditions for Construction Contracts – Public Housing Programs; and also as may be required under HUD 51915 Model Form of Agreement between Owner and Design Professional.

It is understood that this project is a "Reduced Scope" project and will go out via an "Invite to Bid" to a select list of contractors with a closed bid opening rather than a "General Open – Public Bid" with a public opening.

It is also understood that this project would be funded through the Owner's own internal funding sources with no use of a Lender.

The Project goals are understood to include:

- Replacement of exterior concrete walkways and entry stoops with new concrete walkways and entry stoops.
- Replacement of asphalt drive way with new asphalt driveway including new subbase.

- Replacement of all existing windows and all associated components, including interior and exterior trim.
- Structural repairs including:
    - Repairs to first floor framing including: corrections to previous modifications and reinforcing, alterations to existing joists (notching and cutting), and support of second level bearing walls on first floor framing.
    - Repairs for damaged CMU basement walls.
    - Footings, foundation, and/or other structural reinforcement of exterior concrete walkways and stoops replacement.

The anticipated Project Delivery would be as follows:

Design Development Phase

- Site survey of existing conditions.
- Planning meeting as necessary with Owner, Governmental Authorities Having Jurisdiction, etc.
- Preliminary sketches (if necessary) such that a scope of work may be determined.
- Correspondence with Owner in regards to options, time frames, and bidding requirements.

Construction & Contract Documents Phase

- Complete construction documents based on decisions made during the Design Development Phase.
- Complete construction drawings (plans) with input from Owner on preferred materials and methods.
- Complete project manual (specifications) complying with HUD's requirements with input from Owner on bidding and construction administration requirements.
- It is anticipated that the project will include structural engineering in which pricing has been included in this proposal.
- It is anticipated that the project will not include Civil, Mechanical, Electrical, or Plumbing engineering services.
- Coordination of submittals to Owner.

Bid & Award Phase

- Assist the Owner in developing an Invite to Bid document.
- Assist the Owner in determining a list of bidding contractors.
- Conduct a mandatory or non-mandatory pre-bid meeting and walkthrough with the bidding contractors.
- Assist Owner in answer any questions during the bidding period.
- Review bids with Owner.

Construction Phase

- Conduct an on-site pre-construction meeting.
- Review of Contractor's submittals.
- Three on-site observation visits including written reports with photos to document the progress and compliance with the bid documents.
    - Additional on-site visits as requested by the Owner or as may be necessary due to project scheduling are available as additional services.
- Assist Owner in reviewing RFIs and Change Orders as required.
- Conduct a construction completion punch list walkthrough and provide written punch list so Contractor may complete work and minimize impact on tenants.
- Conduct 12-month Warranty Inspection of the project. This would be done around month 11 – post construction.

PROFESSIONAL COMPENSATION:	**Total Time Fees: $24,500.00**
REIMBURSABLE EXPENSES:	**Reimbursable expenses not to exceed the following unless approved by Owner: $2,000.00**
INITIAL RETAINER PAYMENT:	**$0.00**
FEE PAYMENTS:	Billable monthly based on percentage completed of each phase

OUT-OF-SCOPE SERVICES:

Historical designation work, or working in conformance with any historical committee.

Compliance with any enhanced sustainability program beyond the State of Minnesota Building Codes (such as LEED or MN Green Communities).

Abatement design services other than coordinating with the entity responsible for this (if applicable).

Construction Cost Estimating

Surveys related to site conditions: Boundary / ALTA / Topo

Geotechnical Surveying and Engineering

Environmental Engineering

Construction Staking

Special Inspections and Testing

Structural Engineering Bidding and Construction Administration Site Visits. Each site visit, if determined to be necessary, to be billed for a fixed fee of $1,400 ea., subject to prior approval of the Owner.

Documentation or administration of a Work Scope beyond that listed above including:

1. Additions or changes can be handled as a fixed fee quote or time and materials based on the hourly rates below.
2. Contractors extending the construction period by more than 115% that results in additional site visits being required beyond those budgeted ((3) construction observation visits) will result in a request for additional service fees (extra service fees due to contractor's lack of performance can be back charged to contractor).

OWNER PROVIDED:

Access to site to verify existing conditions along with any existing plans that may exist.

HOURLY FEE RATES:

Principal: **$165.00**

Sr. Associate:	**$150.00**
Project Manager:	**$115.00**
Drafter:	**$85.00**
Clerical:	**$75.00**

PROPOSED TIME FRAME:

The Architect can start the job approximately 30 days after the execution of a signed contract (The Architect will draft the HUD 51915 Agreement between Owner and Design Professional for execution immediately upon Owner approval of this proposal). Construction would likely be in fall 2025.

This Architectural Services Proposal is valid for (60) calendar days from the date posted on this Proposal.

We greatly appreciate the opportunity to continue to be of service to the Red Wing HRA and do not hesitate to contact us with any questions or comments regarding this project.

4-30-25

(signature) (date)

Mike Hegna, Sr. Associate

(printed name and title)

Red Wing Housing & Redevelopment Authority

West Fifth Street | Telephone (651) 388-7571
Wing, MN 55066 | FAX (651) 385-0551
DD/TTY 7-1-1 | www.redwinghra.org

May 13, 2025

To: Red Wing Board of Commissioners
From: Jennifer Jacobson, Housing Director
Re: Introduction to the Administrative Plan (Admin Plan) for Housing Choice Voucher

Background

Each PHA must adopt a written Administrative Plan (Admin Plan) for the Housing Choice Voucher (HCV) Program. The U.S. Department of Housing and Urban Development's (HUD) final rules are published in the Federal Register which are mandatory to be implemented by Public Housing Authorities (PHAs), Owners and Management Agents

Nan McKay publishes a model Admin Plan for the Housing Choice Voucher program and provides, as needed, revisions to the policy as HUD regulations change. The Red Wing HRA purchases a subscription to their model policies and updates. Over the last several months, staff have gone through the entire policy to ensure that our policy is accurate and up to date.

For many HUD regulations, the PHA does not have a choice on how it will implement the policy, but for some regulations, the PHA has a choice for what they would like their policy to be as long as it is within HUD guidelines. Nan McKay provides a guide along with the model plan that, in most cases, gives a "safe harbor" choice or says option two, PHA's own policy.

Summary of Admin Plan Updates

The Housing Opportunity Through Modernization Act (HOTMA) of 2016 amended several regulations that will bring substantial changes to federal housing programs. Some changes are not in effect due to a delay in software compatibility with the HUD system for reporting. Due to waiting for a new compliance date, some chapters are split into two sections; one for pre-HOTMA compliance date and one for post-HOTMA compliance date. Overall, there were edits to the formatting, punctuation and language clarification.

Pre-HOTMA Significant Changes:

- Better clarification of language for Violence Against Women Act (VAWA)
- There is an asset limitation of $100,000 for all new participants
- Acceptable documentation timeline increased from 60 to 120 days

Post-HOTMA Significant Changes:

- An appendix to outline which chapters are effected by HOTMA compliance date
- Elderly/disabled deduction increase from $400 to $525
- Asset limit to use imputed income increased from $5,000 to $50,000+ inflation
- Updates to list of federally mandated income exclusions
- Clarifications regarding health and medical care expenses

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Inspections Chapter

- National Standards for the Physical Inspection of Real Estate (NSPIRE) implementation has been postponed so HRA is still using Housing Quality Standards (HQS)
- This chapter is split into two separate for when the implementation date is announced

Steps for Admin Plan Approval

A copy of the draft Admin Plan is available for review at the Red Wing HRA main office. HRA staff have a hard copy of the plan for each Board Member.

The PHA Board of Commissioners must formally adopt an Admin Plan. Additionally, current HCV tenants must be given a sixty-day notice, which includes a thirty-day comment period. Notice of the revised policy was sent to current tenants on April 8, 2025.

A public hearing is scheduled for June 10, 2025 during the Red Wing Housing and Redevelopment Authority Board meeting at 3:30pm in City Council chambers. At that time, any comments on the Admin Plan will be considered. After the public hearing, the Board of Commissioners will be asked to consider approval of the revised Admin Plan.

Recommendation

No action by the Board of Commissioners is required at this meeting. Staff will bring any comments received on the Admin Plan to the Board at the June 10, 2025 scheduled Board meeting and seek approval of the Admin Plan at that time.

RED WING HOUSING & REDEVELOPMENT AUTHORITY

428 WEST FIFTH STREET, RED WING, MN 55066
TELEPHONE (651) 388-7571 FAX (651) 385-0551
TDD/TTY 711 WWW.REDWINGHRA.ORG

May 13, 2025

To: Red Wing HRA Board of Commissioners

From: Kurt Keena, Executive Director

Re: Executive Director's Report

Federal, State & Local Funding

At the State level we have been in dialogue with MHFA about their NOAH grant program which we hope to apply for funds to make capital improvements at our Bluff View property. The program guide came out earlier this spring and our review of that encouraged us about the program and its fit for our intended purpose. The draft application materials were recently released and our review of those gave us pause. In these materials it seemed to indicate that a property directly owned by a public entity was not eligible. After much back and forth with MHFA we have learned that under the current ownership structure Bluff View is indeed not eligible. If we want to apply for this funding we would have to alter the ownership structure by creating an LLC controlled by the HRA to own the property. I am currently investigating the time and expense to create an LLC and what implications it may have for the property. I hope to have more information by the time we meet so we can discuss this more decide how to proceed.

At the Federal level the President has released a FY26 budget proposal that drastically cuts HUD funding by over $26B and combines many of the mainstream programs into a block grant given to the states. The President's budget proposal is only the opening round in what is sure to be a contentious budget setting process. Congress ultimately decides funding levels so we will have to wait to see what the House and Senate propose before we will know what the future may hold for our core programs. I have attached a brief summary of the proposed budget as produced by NAHRO for your information.

Cellular Site Lease Negotiations

The original 20-year lease we have with Verizon for a cellular site on top of Jordan Tower II is expiring at the end of this year. Verizon wishes to extend the lease and has offered us a lower monthly lease amount. We have engaged the services of a company that assists land and property owners understand the value of their site and negotiate the most favorable lease terms. We will keep you posted on the progress and outcome of these negotiations.

We have two other companies with sites also on Jordan Tower II so information we learn through this negotiation process will assist us when it is time to renew those leases as well.

Benchmark Entities for Compensation Study

We have worked with DDA Human Resources to develop a list of comparable entities for use in the compensation study and would like to get Board concurrence on the chosen entities. A memo from Dr. Tessia Melvin is attached to this report with information about the comparables chosen and a timeline for the process of completing the study.

Board Property Tour

I'd like to get some feedback from Board members about the best time to conduct a property tour so that we can get something scheduled and make arrangements for transportation.

DDA
Human Resources, Inc.
a David Drown Associates Company

TO: RED WING HRA BOARD

FROM: DR. TESSIA MELVIN, DDA MANAGEMENT CONSULTANT

CC: KURT KEENA

SUBJECT: BENCHMARK COMPARABLE COMMUNITIES

BACKGROUND

The Red Wing HRA Board has hired David Drown Associates Human Resources to complete a full Classification and Compensation study. As the Board enters this project, a benchmark list should be considered. Typically benchmark communities are those that surround the organization, act like, have similar services and similar indicators (tax capacity, number of building permits, property tax, estimated growth potential, city services, population, etc.)

DDA would recommend the following entities:

Benchmark Communities	Spotlights
City of Red Wing City of Northfield (HRA staff are city employees) Goodhue County Red Wing Schools SEMMCHRA Dakota County CDA Austin HRA Albert Lea HRA Washington County CDA Clay County HRA Olmstead County HRA (HRA staff are county employees) Winona HRA St. Louis Park HRA	

Spotlight Communities

Spotlight communities are cities or counties that, while you want to know what they are paying their employees, are not necessarily a good match for salary purposes because they are usually much larger. Including the data as a spotlight community allows the client to be aware of what some other cities or counties are paying without distorting the market data from similar communities to their own.

NEXT STEPS

An approved benchmark list is needed to begin work on classification and compensation. Once this list is completed DDA will begin work. See project scope below, along with an estimated timeline:

Key Milestones	Completion Week of
Introduction and Project Orientation; collect organizational information (roster, org charts, policies, etc.)	4/17/2025
Discuss compensation philosophy	4/17/2025
Creation of communication strategy	4/17/2025
Develop list of comparable organizations	4/17/2025
Finalize list of comparable organizations	5/1/2025
Kickoff Presentation to Staff	5/8/2025
Collection and verification of data	5/15/2025
Competitive analysis performed	5/15/2025
Initial Review of market data	5/22/2025
Finalization of market data	6/12/2025
Begin discussion of existing job evaluation method and alternative options	4/17/2025
In depth review of options for job evaluation methods	5/1/2025
Selection of appropriate job evaluation method for the Organization	5/15/2025
DDA evaluates jobs using structured job evaluation tool	5/29/2025
Finalization of job evaluation with review from organization	6/26/2025
Development of new structure of grades and ranges	7/10/2025
Transition options and next steps/costs outlined	7/17/2025
Finalization of new structure	8/14/2025

System testing for equity and fairness	8/21/2025
Presentation to staff and Board	9/4/2025
System Adoption/Presentation to Full Council	9/11/2025

to communities across the country. Eliminating these programs would make it more difficult for communities to provide needed services and increase the supply of affordable housing. Further, the budget would consolidate the Continuum of Care (CoC) program and Housing Opportunities for Persons with AIDS (HOPWA) into a more targeted Emergency Solutions Grant (ESG) program. Funding for individuals would be capped at two years.

Public Housing Agencies (PHAs) are vital to communities nationwide, effectively managing resources to support vulnerable residents and uphold local accountability. They reduce homelessness, stabilize families, create jobs, and lead community development that enhances neighborhood safety and livability. By providing direct rental assistance, PHAs enable low- to middle-income families to afford housing near their workplaces, driving positive economic outcomes in communities of all sizes. The proposals in the President's budget would have devasting impacts on communities across the country.

Proposed Cuts to Programs:

- **Tenant-Based Rental Assistance, Public Housing, Project-Based Rental Assistance, Housing for the Elderly, and Housing for Persons with Disabilities:** -$26.718 billion, a 43% cut (remainder of funds to combined and block granted to states with a two-year cap on assistance for able bodied adults). The budget does include $25 million specifically allocated in housing grants for youth aging out of foster care.
- **CDBG:** - $3.3 billion, eliminating the program.
- **HOME Investment Partnerships Program:** -$1.25 billion, eliminating the program.
- **Homeless Assistance Program Consolidations:** -$532 million, a 12% cut (ESG, HOPWA, and CoC grants would be combined into one program).
- **Self-Sufficiency Programs:** -$196 million, eliminating FSS, Jobs Plus, and ROSS.

Call to Action!

Congress ultimately decides Fiscal Year 2026 funding – the budget proposal is just the beginning of a long appropriations process. Now is the time to contact your members of Congress and share how these harmful cuts would impact your community. Visit our Action Alert Center to send a letter urging support for affordable housing and community development programs, and to showcase the vital work of PHAs and community development organizations.

Kurt Keena

From: NAHRO Direct News <nahro@nahro.org>
Sent: Friday, May 2, 2025 12:28 PM
To: Kurt Keena
Subject: Breaking News: FY 2026 Budget Proposes Devastating Cuts

Use NAHRO's talking point to call Congress support vital housing and community development programs!

NAHRO Direct News

FY 2026 Budget Proposes Devastating Cuts to Housing and Community Development, Block Granting Rental-Assistance to States

Today, the Trump Administration released their **FY 2026 skinny budget proposal**. Although the president's budget is a political document and does not have the force of law, it does propose devastating cuts to housing and community development programs. The budget proposes the creation of a State Rental Assistance Block Grant, which would block grant funding for Public Housing, Section 8 Tenant-Based and Project-Based Rental Assistance, Housing for the Elderly, and Housing for Persons with Disabilities to the states – and cut these programs by an overall $26.718 billion. The budget would also institute a two-year cap on rental assistance for able bodied adults. NAHRO firmly opposes the scope of these cuts and block granting rental assistance to states. These cuts would have a devastating impact on millions of families across the country and block granting funding would make it easier for Congress to cut rental-assistance in the future.

The budget also proposes eliminating the HOME Investment Partnerships (HOME) and Community Development Block Grant (CDBG) programs, which provide critical resources

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May 13, 2025

To: **Red Wing HRA Board of Commissioners**
From: Corrine Kulseth, Finance Director
Re: Finance Report

Reserves Adjusted

Program	February 2025	March 2025
Public Housing	$523,316	$466,080
Housing Choice Vouchers (FSS and restricted included)	$52,242	$56,341
Redevelopment	$947,403	$901,148
AHTF	$290,480	$290,754
Bridges	$0	-$17,692
Small Cities Program	$433,020	$449,705
Jordan Tower II	$1,517,009	$1,465,928
Total	**$3,763,471**	**$3,612,264**

Operating Budget Update

Category	YTD 2025 (March)	Budgeted	Variance
Revenues	$978,859	$1,394,227	-30%
Expenses	$1,063,479	$1,287,062	-17%
Net Income	**-$84,620**		

Notes to Financial Statements

- Public Housing decrease is due to payments for 2024 POHP project work, Commercial/Liability Insurance, and Xcel Energy
- Negative balance shown for Bridges program is due to not receiving HAP for two months in a row
- Redevelopment decrease is Commercial/Liability Insurance and computer software renewals
- Increase in Small Cities is from early payoff of loan.
- Jordan Tower II decrease is due to Commercial/Liability insurance and Xcel Energy
- Revenue and Expenses will still reflect negative variances due to timing of paying annual contracts, not receiving tax levy, and payments made toward 2024 POHP before reimbursement

Other Business

- Started process of Compensation Study
- MN NAHRO Spring Symposium May 28-30

Committee Reports

Finance Committee summary attached to my report

RED WING HRA RESERVE ACCOUNTS
March 31, 2025 Month End

Program	Fund Account		28-Feb-2025	31-Mar-2025	31-Mar-2024
Jordan Tower I & Family Units	Unrestricted - CDs	$	45,542	45,542	44,573
	Unrestricted	$	448,551	370,282	302,401
	Restricted - Sec Dep	$	50,257	50,257	49,831
	Total	**$**	**544,349**	**466,080**	**396,805**
	Due to/from Redevelopment		21,032.60	0.00	66,629.92
Sec 8 Voucher	Unrestricted Cash	$	384	-53	14,368
	FSS Escrow	$	0	0	0
	HAP Reserve Acct	$	52,309	56,394	11,280
	Total	**$**	**52,693**	**56,341**	**25,648**
	Due to/from Redevelopment		-451.40	0.00	13,455.76
Redevelopment	MURL Investments	$	117,866	118,036	116,680
	Transitional Housing	$	0	0	0
	Bluff View	$	90,343	91,743	74,943
	Twin Homes	$	12,368	12,368	13,984
	Hill Street	$	15,883	13,089	12,268
	Restricted - Sec Dep	$	11,361	11,461	14,062
	Restricted - CDG	$	31,000	31,000	36,000
	ILSP	$	833	833	-1,154
	Unrestricted	$	596,189	599,705	456,544
	Total	**$**	**875,843**	**878,236**	**723,327**
Bridges	Unrestricted		32,080	5,220	10,568
	Front Funded HAP	$	0	0	0
	Total	**$**	**32,080**	**5,220**	**10,568**
	Due to/from Redevelopment		32,080.39	22,912.39	10,568.39
AHTF	Unrestricted AHTF	$	290,480	290,754	478,240
	Program Income		0	0	0
	Total	**$**	**290,480**	**290,754**	**478,240**
	Due to/from Redevelopment		0.00	0.00	0.00
Small Cities	Small Cities Program	$	433,020	449,705	359,984
	Program Income		0	0	0
	Total	**$**	**433,020**	**449,705**	**359,984**
	Due to/from Redevelopment		0.00	0.00	0.00
Jordan II Tower	Unrestricted	$	1,497,031	1,426,813	1,164,798
	Restricted - Sec Dep	$	37,973	39,115	40,427
	City Bond Debt Escrow	$	0	0	0
	Total	**$**	**1,535,004**	**1,465,928**	**1,205,225**
	Due to/from Redevelopment		17,994.52	0.00	219.53
Total Cash Reserves			3,763,471	3,612,264	3,199,797

Financial Institution	Funds	Funds	Funds
Associated Bank	2,927,088	2,854,122	2,518,760
Edward D Jones	108,541	108,660	107,813
First Minnesota	154,380	154,380	151,997
Merchant's Bank	573,461	495,102	421,227
	$3,763,470	$3,612,264	$3,199,797

Red Wing Housing and Redevelopment Authority
Income and Expense Report
3/31/2025

	Public Housing			Housing Choice Voucher			Jordan Tower II			Redevelopment			Bridges			All Programs		
	YTD	YTD		YTD	YTD		YTD	YTD		YTD	YTD		YTD	YTD		Total	Total	
REVENUES	Balance	Budget	Variance	Balance	Budget	Variance	Balance	Budget	Variance	Balance	Budget	Variance	Balance	Budget	Variance	Balance	Budget	Variance
Rental Income	$169,326	$172,375	-2%				$127,313	$132,500	-4%	$42,629	$46,081	-7%				$339,269	$350,956	-3%
Subsidy	$17,709	$50,469	-65%	$275,252	$275,000	0%	$155,806	$153,750	1%				$34,931	$21,250	64%	$483,698	$500,469	-3%
Other Income-Tenants	$1,060	$7,000	-85%													$1,060	$7,000	-85%
Interest Income	$2,235	$1,750	28%	$184	$100	84%	$4,460	$4,250	5%	$1,921	$2,400	-20%				$8,801	$8,500	4%
Other Income	$0	$70,250	-100%				$12,407	$12,500	-1%	$23,629	$65,000	-64%				$36,035	$147,750	-76%
Grants/Admin Fees	$6,327	$20,488	-69%	$29,578	$30,025	-1%	$18,396	$22,209	-17%				$2,496	$2,250	11%	$56,797	$74,972	-24%
Tax Levy										$3,611	$128,768	-97%				$3,611	$128,768	-97%
DirecTV										$24,320	$24,750	-2%				$24,320	$24,750	-2%
Office Rent										$5,250	$5,250	0%				$5,250	$5,250	0%
TIF Tax Increment										$0	$122,500	-100%				$0	$122,500	-100%
Operating Transfer In				$13,113	$20,188	-35%							$6,906	$3,125	121%	$20,018	$23,313	-14%
Total Receipts	$196,657	$322,331	-39%	$318,127	$325,313	-2%	$318,382	$325,209	-2%	$101,360	$394,749	-74%	$44,333	$26,625	67%	$978,859	$1,394,227	-30%
EXPENSES																		
Administrative																		
Salaries	$45,773	$45,000	2%	$26,212	$27,500	-5%	$38,161	$38,750	-2%	$37,296	$36,813	1%	$6,443	$3,750	72%	$153,883	$151,813	1%
Employee Benefits	$17,047	$14,500	18%	$11,592	$12,500	-7%	$13,450	$12,500	8%	$19,352	$15,938	21%	$2,959	$1,250	137%	$64,400	$56,688	14%
Advertising & Marketing	$1,182	$1,125	5%				$1,158	$1,125	3%	$0	$175	-100%				$2,339	$2,425	-4%
Memberships/Publications										$3,480	$500	596%				$3,480	$500	596%
Legal	$0	$250	-100%							$0	$250	-100%				$0	$500	-100%
Travel	$75	$250	-70%	$0	$125	-100%	$71	$375	-81%	$410	$1,000	-59%				$556	$1,750	-68%
Training	$265	$1,250	-79%	$265	$750	-65%	$265	$1,250	-79%	$1,245	$3,100	-60%				$2,040	$6,350	-68%
Accounting	$1,643	$2,500	-34%	$1,181	$1,625	-27%	$1,415	$2,000	-29%	$2,095	$3,750	-44%				$6,333	$9,875	-36%
Audit	$0	$1,250	-100%	$0	$1,250	-100%	$0	$1,250	-100%	$0	$1,250	-100%				$0	$5,000	-100%
Office Rent	$2,625	$2,625	0%	$0	$188	-100%	$2,625	$2,625	0%							$5,250	$5,438	-3%
Office Supplies/Paper	$1,198	$2,000	-40%	$1,097	$1,875	-41%	$1,198	$2,500	-52%	$2,113	$5,000	-58%				$5,605	$11,375	-51%
Sundry	$4,200	$3,750	12%	$523	$1,250	-58%	$4,845	$4,270	13%	$4,802	$4,700	2%	$0	$375	-100%	$14,370	$14,345	0%
Telephone	$394	$500	-21%	$394	$500	-21%	$394	$438	-10%	$394	$500	-21%				$1,578	$1,938	-19%
Total Admin Expenses	$74,400	$75,000	-1%	$41,264	$47,563	-13%	$63,581	$67,083	-5%	$71,187	$72,975	-2%	$9,402	$5,375	75%	$259,834	$267,995	-3%
Tenant Services																		
Social Service Coordinator	$12,998	$20,488	-37%				$18,396	$22,209	-17%							$31,394	$42,697	-26%
Resident Activities	$1,131	$1,731	-35%				$0									$1,131	$1,731	-35%
Total Tenant Service Exp.	$14,128	$22,219	-36%				$18,396	$22,209	-17%							$32,524	$44,428	-27%
Utilities																		
Water & Sewer	$12,086	$16,250	-26%				$7,183	$10,000	-28%	$3,197	$4,000	-20%				$22,471	$30,250	-26%
Electricity	$9,837	$8,750	12%				$9,816	$8,000	23%	$2,002	$1,188	69%				$21,654	$17,938	21%
Gas	$16,659	$8,750	90%				$18,020	$7,500	140%	$3,603	$2,000	80%				$38,282	$18,250	110%
Rubbish/Recycling	$3,760	$6,000	-37%				$1,966	$3,250	-39%	$1,001	$1,281	-22%				$6,727	$10,531	-36%
Total Utilities Exp.	$42,341	$39,750	7%				$36,991	$28,750	29%	$9,803	$8,469	16%				$89,135	$76,969	16%
Maintenance Expenses																		
Salaries	$33,608	$37,500	-10%				$28,597	$25,000	14%	$1,225	$3,375	-64%				$63,430	$65,875	-4%
Benefits	$13,668	$16,250	-16%				$10,827	$9,750	11%	$306	$550	-44%				$24,802	$26,550	-7%
Materials	$4,301	$7,500	-43%				$3,645	$6,250	-42%	$1,587	$3,200	-50%				$9,532	$16,950	-44%
Uniforms	$45	$150	-70%				$45	$150	-70%							$90	$300	-70%
Elevator Contract	$2,207	$2,125	4%				$2,207	$2,125	4%							$4,414	$4,250	4%
Exterminating	$30	$250	-88%				$150	$500	-70%							$180	$750	-76%
Heating/Cooling Contracts	$0	$250	-100%				$0	$5,000	-100%	$682	$175	290%				$682	$5,425	-87%
Plumbing Contracts	$585	$1,500	-61%				$3,031	$1,125	169%	$0	$175	-100%				$3,616	$2,800	29%
Unit Turnaround	$519	$8,750	-94%				$5,979	$3,750	59%	$0	$875	-100%				$6,498	$13,375	-51%
Contract Costs	$7,481	$7,500	0%				$6,808	$12,500	-46%	$1,105	$10,300	-89%				$15,394	$30,300	-49%
Capital Improvements	$27,053	$30,000	-10%							$12,940	$63,000	-79%				$39,992	$93,000	-57%
Total Maintenance Exp.	$89,498	$111,775	-20%				$61,288	$66,150	-7%	$17,845	$81,650	-78%				$168,630	$259,575	-35%
General Expenses																		
Property Insurance	$16,324	$17,000	-4%				$13,978	$14,000	0%	$4,937	$4,675	6%				$35,239	$35,675	-1%
Liability Insurance	$2,594	$2,500	4%				$2,208	$2,500	-12%	$717	$1,075	-33%				$5,519	$6,075	-9%
Work Comp Insurance	$8,381	$2,250	272%				$8,381	$2,250	272%	$8,226	$2,250	266%				$24,988	$6,750	270%
Misc Insurance	$0	$1,000	-100%				$0	$1,000	-100%	$0	$400	-100%				$0	$2,400	-100%
PILOT	$12,699	$12,000	6%				$9,032	$11,250	-20%	$2,937	$3,646	-19%				$24,668	$26,896	-8%
Software Maintenance	$4,328	$1,250	246%	$3,702	$750	394%	$4,328	$1,250	246%	$9,167	$5,000	83%				$21,524	$8,250	161%
Collections/Losses	$0	-$1,825	-100%													$0	-$1,825	-100%
Other General Expense	$0	$3,500	-100%	$1,681	$2,000	-16%	$0	$2,688	-100%	$0	$3,750	-100%				$1,681	$11,938	-86%
HAP Expense				$258,840	$275,000	-6%							$34,931	$21,250	64%	$293,771	$296,250	-1%
DirecTV										$15,252	$12,750	20%				$15,252	$12,750	20%
ILSP										$579	$2,500	-77%				$579	$2,500	-77%
HOME loan repayment							$13,875	$7,000	98%									
PARIF interest							$30,809	$31,500	-2%									
PARIF principle							$25,433	$25,000	2%							$25,433	$25,000	2%
Operating Transfer out										$20,018	$23,188	-14%				$20,018	$23,188	-14%
TIF payment										$0	$93,750	-100%				$0	$93,750	-100%
Transfer to AHTF										$0	$50,000	-100%				$0	$50,000	-100%
Total General Expenses	$44,325	$37,675	18%	$264,223	$277,750	-5%	$108,042	$98,438	10%	$61,834	$202,983	-70%	$34,931	$21,250	64%	$513,355	$638,096	-20%
TOTAL EXPENSES	$264,693	$286,419	-8%	$305,487	$325,313	-6%	$288,298	$282,629	2%	$160,668	$366,077	-56%	$44,333	$26,625	67%	$1,063,479	$1,287,062	-17%
NET INCOME/LOSS	-$68,035	$35,912	-289%	$12,640	$0	#DIV/0!	$30,084	$42,580	-29%	-$59,303	$28,672	-307%	$0	$0	#DIV/0!	-$84,620	$107,164	-179%

Red Wing Housing & Redevelopment Authority
428 West Fifth Street
Red Wing, MN 55066
Telephone & TDD (651) 388-7571
FAX (651) 385-0551
Website: www.redwinghra.org

SUMMARY

Finance Committee Meeting
HRA Office Conference Room
Tuesday, May 6, 2025 at 3:30pm
Agenda

In attendance: Liz Magill, Abby Villaran, Steve Salveson, Kurt Keena, Corrine Kulseth, Jennifer Jacobson

3:30 pm	Approval of Agenda	3:34pm
	2024 Annual Audit Recommend to Board of Commissioners SCLF Commercial Rehab Loan TAJ, LLC Recommend to Board of Commissioners A & E Contract for Hill Street Project Recommend to Board of Commissioners	
4:30 pm	Adjourn	4:07pm

Next Finance Committee Meeting; **Tuesday, June 3, 2025** at 3:30 p.m.

Red Wing Housing & Redevelopment Authority

428 West Fifth Street
Wing, MN 55066
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May 13, 2025

To: Red Wing HRA Board of Directors
From: Jennifer Jacobson, Housing Director
Re: Housing Board Report for month ending April 2025

HRA Owned Properties

	Jordan Tower I	Jordan Tower II	Family Public Housing Units	Market Rate Units (13)
Waiting List Numbers	133	64	59	n/a
Move-outs	1	1	0	0
Move-ins/Offline*	6*	1	0*	0
Lease Terminations or Evictions this month	0	0	0	0
Occupancy Rate	100%*	99%	100%*	100%

Voucher Programs

Housing Choice Voucher

Waiting List Numbers	344	Monthly HAP Received	$96,755
Allocated Vouchers	169	Monthly HAP Paid	$89,028
Funded Vouchers	129	HAP Reserves	$74,188
Leased Vouchers	119	Per Unit Cost	$748
Utilization Rate for Vouchers	92%	Utilization Rate for Monthly Funding	92%
Move-ins	2	Shopping (includes PO)	0
Move-outs	4	Processing Applications	17

Bridges Rental Assistance

Grant Years	2023-2025	Total Grant Awarded	$225,792
Awarded Vouchers	12	Available Balance	$38,714
Vouchers Leased	14	Grant Months remaining	2
Utilization of Vouchers	117%	Grant Funds Utilization	83%
Move-ins	1	Shopping	0
Move-outs	1	Processing Applications	5

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Program/Project Updates

- City of Red Wing Landlord and Tenant Meetings
  - Staff presented information about the HRA programs April 17 & 29, 2025.

- MN NAHRO Spring Symposium
  - May 28-30, 2025 in Alexandria

- Bridges Rental Assistance Program
  - The Red Wing HRA began administering a Bridges program in 2017. Bridges programs provide temporary rental assistance until the participating household is able to obtain either a Housing Choice Voucher or some other rental subsidy. To be eligible a household must be very low-income and the head of the household must have a serious mental illness diagnosis.
  - The current grant period is set to expire June 30, 2025. Staff applied for the next round of funding. Our request was recommended to the Minnesota Housing board for approval. We are awaiting official notification of the award.
  - There will be a board report for next meeting to approve entering into the grant agreement.

- Deer Run and Featherstone Concrete Project
  - The HRA was awarded $121,192 from Housing Authority Insurance (HAI) Company from the 2022 Loss Prevention Fund. This fund is a competitive annual reimbursement program for projects that help prevent losses in operations, improve the safety of the residents, and enhance risk management programs.
  - The project was started at the end of 2024 and a few items had to be put on hold for the winter.
  - Featherstone corner replacement work has been started and should be completed mid-May.

- POHP 2024 Updates
  - Staff are continuing to work on due diligence items.
  - Mike Hegna and other staff from Finn Daniels Architects are continuing to gather information for the scope of work to be able to go out for bids.

RED WING HOUSING & REDEVELOPMENT AUTHORITY
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TDD/TTY 711 WWW.REDWINGHRA.ORG

May 13, 2025

To: Red Wing HRA Board of Commissioners

From: Kurt Keena, Executive Director

Re: Community Redevelopment Report

Small Cities Program Income Notes Receivable and Cash Reserves

Category	March 2025
Notes Receivable	$1,299,955
Forgivable	$636,405
Reserves	$449,705

Small Cities Loan Servicing and Activities

Approval of one new loan was an earlier agenda item for this meeting. We have one application pending at this time.

Our funds may be able to be combined with the recent DEED grant that Downtown Mainstreet received and I have discussed this opportunity with them. They will be directing applicants to us for more information about this possibility.

Affordable Housing Trust Fund Activities and Reserves

No pending applications at this time. We have funded the Owner-Occupied Housing Rehab Program for 2025 in the amount of $45,000.

We have submitted our application to MHFA for $225,000 in matching funds and are now waiting to learn the outcome.

March reserves for AHTF are $290,754.

Housing TIF District No. 8

Certification of the final phase is not yet complete. The developer needs to complete some tree planting and other minor landscaping items before they can get a final Certificate of Occupancy from the City. Once they have that we can issue the TIF note for this phase.

Once that is complete we will shift to ongoing compliance monitoring of the agreement for the next 20+ years. We are seeking proposals from third party compliance entities to work with us and the developer's management agent to insure compliance with the terms of the agreements. TIF funds that the HRA receives for the administration of the district would be available for this purpose.

Red Wing Housing Study

A final version of the Housing Study we commissioned with the City is now complete and attached to this report. We will also provide you with a hard copy of the report if you would like one. I am working with City staff to coordinate and schedule a time for the HRA and City Council to receive the report and hear from the author. This will be a time for us to ask questions and discuss areas of focus for both the HRA and the City.

Housing & Redevelopment Related Update

We are not aware of any new developments with either the Jefferson school site or the former Bayview Care Center site at this time.

A Redevelopment TIF district for several properties in the downtown area has been preliminarily approved by the City Council. The HRA has funds in three of the properties within the district. TIF proceeds from this district will help the developer complete the projects and bring on-line the housing units we have partially funded.

Our agreement with Community Economic Development Associates (CEDA) for underwriting and other services associated with our AHTF and Small Cities loans is up for renewal later this fall. We will be working with them to refine the scope of work and negotiate an appropriate fee for their services.

The City continues the process necessary to complete the demolition of the former Central Research building on the property at the intersection of Hwy 19 & 61. They received a loan from DEED for the work and it is hoped that with a cleared site it may help with the redevelopment of the site.

A Comprehensive Housing Needs Analysis for the City of Red Wing, Minnesota

Prepared for:

City of Red Wing
Red Wing, MN

March 2025

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Research & Consulting
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www.maxfieldresearch.com

Maxfield
Research & Consulting
Breaking Ground since 1983

March 12, 2025

Ms. Brandy Howe
Community and Economic Development Facilitator
City of Red Wing
315 West 4th Street
Red Wing, MN 55066

Ms. Howe:

Attached is the analysis titled, "A Comprehensive Housing Needs Analysis for the City of Red Wing, Minnesota." The Housing Needs Analysis examines current housing market conditions and determines the market potential for developing different types of owned and rented housing in the community to 2035.

The scope of this study includes an analysis of the demographic and economic characteristics of the City of Red Wing and surrounding area, a review of existing housing stock characteristics, and market analyses covering the for-sale, rental, and senior housing markets. Additionally, the study includes an assessment of housing affordability in the community. Detailed demand calculations and development concept recommendations are provided for Red Wing, and the study concludes with an evaluation of key opportunities and challenges associated with housing development in the community.

Please contact us if you have questions or require additional information.

Sincerely,

MAXFIELD RESEARCH AND CONSULTING

Joe Hollman
Director of Research

Attachment

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Purpose and Scope of Study

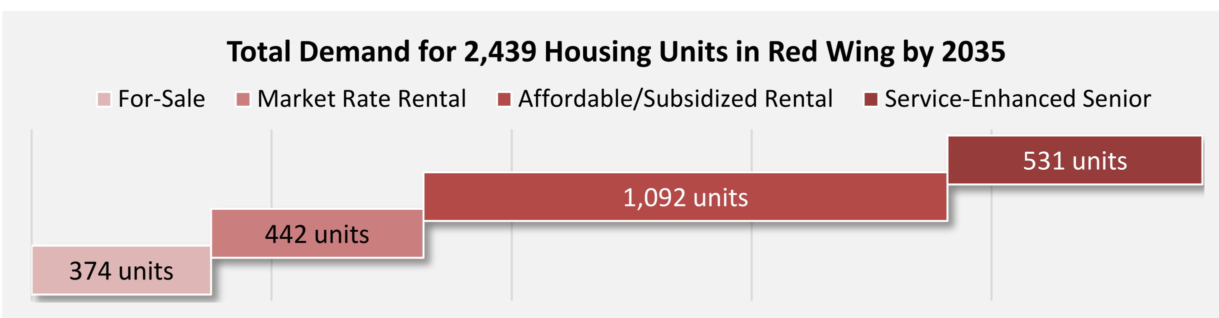
Maxfield Research and Consulting was engaged by the City of Red Wing to prepare a Comprehensive Housing Needs Analysis for the City. The analysis provides recommendations on the amount and types of housing that may be developed to meet the needs of current and future households in the community.

The scope of this study includes an analysis of the demographic and economic characteristics of Red Wing and the surrounding Primary Market Area (PMA), a review of existing housing stock characteristics, and market analyses covering the for-sale, rental, and senior housing markets. Additionally, the study includes an assessment of housing affordability in the area. Detailed housing demand calculations to 2035 and development concept recommendations are provided for the community. The study concludes with an evaluation of challenges and opportunities associated with housing development in Red Wing.

Key Findings

- There are needs across the housing continuum, but feedback from area stakeholders suggests that moderately priced housing, both ownership and rental, targeted to the area's workforce and housing alternatives targeted to older adults and seniors (townhomes, twin homes) are two of the most pressing needs in Red Wing. Demand is also strong for affordable and subsidized housing, especially for seniors.

- Nearly half (45%) of the projected demand will be for affordable and subsidized rental housing (general occupancy and senior), while 22% will be for service-enhanced housing (independent living, assisted living, memory care). Another 18% will be for market rate rental housing (general occupancy and active adult), and 15% of the demand is for owned housing units (all ages).



- It's important to note that much of this projected demand may not be satisfied, particularly senior housing as many seniors prefer to age in place instead of moving into alternative housing. Additionally, funding availability for affordable and subsidized housing is limited, which will make it difficult to develop enough new housing to meet the projected demand.

Demographic Analysis

- As of the 2020 Census, Red Wing contained 16,547 people and 7,194 households. Between 2010 and 2020, Red Wing's population increased 0.5%, adding 88 people, while the household base expanded 2.5% (177 households). We estimate that Red Wing experienced solid growth since the COVID-19 pandemic, adding 427 people (2.6% growth) and 208 households (2.8% growth) between 2020 and 2025.

- Red Wing's population is projected to increase 1.7%, adding 281 people between 2025 and 2030, while the household base expands 2.8% (206). Red Wing is expected to add another 234 people (1.4% growth) and 131 households (1.7% growth) between 2030 and 2035.

- Achieving any population and household growth in Red Wing will be highly dependent on the availability of suitable housing options in the community catering to a variety of household types, age groups, and income levels. Growth will also be impacted by increased, or decreased, hiring at area employers.

- In 2025, the largest adult cohorts by age in Red Wing are 55 to 64 and 65 to 74, totaling an estimated 2,206 people (13.0% of the population) and 2,260 people (13.3%), respectively. Age 75 and older is projected to become the largest age group in Red Wing by 2035, representing 14.2% of the total population.

- Notable population shifts projected for Red Wing between 2025 and 2035, include solid growth among the 35 to 44, 45 to 54, and 75 and older age groups and contraction for the age 55 to 64 and 65 to 74 cohorts.

- In 2025, Red Wing's median household income is estimated to be $73,042, roughly -14% lower than Southeast Minnesota ($85,362). The projected average annual median household income growth of 3.0% in Red Wing between 2025 and 2030 will exceed the historic annual inflation rate of 2.7% over the past ten years.

- In Red Wing, 68.1% of all households own in 2025, giving it a homeownership rate that is lower than Southeast Minnesota (74.0%). The total number of renter households residing in Red Wing grew by an estimated 138 households between 2010 and 2025 (6% increase) while owner households expanded 5% (246).

- In Red Wing, households living alone are estimated to be the most common household type (38% of all households) in 2025, followed by married couple households without children (27%).

- Between 2010 and 2025, family households experienced modes contraction in Red Wing, declining by an estimated -150 households (-3.5%). The number of non-family households increased 20%, adding 535 households, including 25% growth among households living alone (572 households).

Employment Analysis

- Red Wing and Goodhue County have historically maintained annual unemployment rates that have tracked consistently with Southeast Minnesota and below equilibrium (generally considered to be 5.0% vacancy). The 2023 average annual unemployment rates of 2.5% in Red Wing, 2.6% in Goodhue County, and 2.5% in the Region were well-below equilibrium and lower than Minnesota (2.8%).

- The Market Area experienced a solid recovery of jobs post-COVID, and the area is expected to sustain modest employment growth over the next several years. Goodhue County is projected to add 946 jobs between 2024 and 2035 (4.4% growth), including 3.5% growth in Red Wing (410 jobs), compared to 5.1% growth in the Region. Labor availability will greatly impact the ability of Red Wing to sustain employment levels and achieve the projected job growth. New housing will be needed to support economic development in the area.

- Approximately 6,582 workers commute into Red Wing for employment daily (inflow), while 3,956 resident workers leave the community (outflow). An estimated 3,537 people both live and work in the City (interior flow).

- Overall, Red Wing is an importer of workers as a higher number of nonresidents commute into the City for employment than resident workers commute out. With 6,582 workers commuting into the City for employment daily, many commuting more than 50 miles away, there is an opportunity to provide housing options for a portion of this workforce.

- A household earning the average weekly wage in Red Wing ($1,207) would be able to afford an apartment renting for approximately $1,569 per month to not exceed 30% of its monthly income on housing costs, higher than the average rent for market rate rental housing units in the community ($1,268).

- Assuming that a potential home buyer has good credit and makes a 10% down payment, a household would need a minimum annual income of $89,642 to be able to afford a single-family home sold at the 2024 median resale price of $276,500 in Red Wing. The average weekly wage in Red Wing equates to an annual income of roughly $62,764.

- This data indicates that rental housing in Red Wing is relatively affordable proportionate to wages, but much of the for-sale housing would not be affordable for many workers.

Housing Characteristics

- There are an estimated 7,869 housing units in Red Wing, roughly 94% of which are occupied (7,402). By comparison, an estimated 93% of the housing units in Southeast Minnesota are occupied.

- Compared to the Region, Red Wing has notably higher proportions of units in multifamily structures with 20 to 49 units and 50 or more units, as well as mobile homes. The proportion of detached single-unit structures in Red Wing (56% of all occupied units) is substantially lower than the Region (72%).

- Roughly 23% of the housing units in Red Wing were built prior to 1940, higher than the Region (19%). The 1970s and 1980s were the most active decades in Red Wing for housing unit production. An estimated 16% of Red Wing's housing stock was built from 1970 to 1979 (1,231 units) and 12% of the housing units were constructed from 1980 to 1989 (920 units).

- From 2015 through 2024, 537 new housing units were permitted in the City of Red Wing for an average of 53.7 new units per year, including 10.8 new detached single-family units, 14.2 townhomes, and 28.7 multifamily units per year.

- The pace of new detached single-family home construction increased from 10.4 units per year from 2015 through 2019 to 11.2 units per year from 2020 through 2024, while townhome development activity accelerated from 10.2 units per year (2015 to 2019) to 18.2 units per year (2020 to 2024). Multifamily unit production slowed from 33.8 units per year (2015 to 2019) to 23.6 units per year since 2020.

For-Sale Housing Market Analysis

- Increased competition for homes (as indicated by the decreasing supply of available housing and shortened marketing times) caused strong price appreciation in recent years.

- In Red Wing the median price for detached single-family homes increased 50%, climbing from $185,000 in 2018 to $276,500 in 2024, averaging 7.2% increases annually. Median multifamily (townhomes, twin homes, condominiums) resale prices jumped 130% from $138,500 in 2018 to $318,500 in 2024 (16.8% average annual increases).

- Detached single-family homes comprised 85% of all closed resales in Red Wing since 2018, and the remaining 15% were multifamily (townhome, twin home, condominium) units.

- New construction detached single-family homes have a median price of $399,900 in Red Wing (45% higher than the median resale price) and $371,175 throughout Goodhue County. New construction multifamily units have a median price of $433,614 in Red Wing (36% higher than the median resale price) and $313,950 in the County.

- Based on the supply of available for-sale housing in Red Wing as of February 2025, there is a 1.6-month supply of homes available for sale on the market.

  - Equilibrium in the for-sale housing market is generally considered to be a six-month supply, indicating that there is pent-up demand for homes in Red Wing.

- As of February 2025, there were 28 residential lots listed for sale on the MLS in the PMA, including 16 lots in Red Wing and 12 lots in the Remainder of the PMA.

- Actively-marketing lots in Red Wing have a median list price of $4.06 psf ($177,593 per acre) based on the median list price of $47,950 and a median lot size of 11,805 square feet (0.27-acre). Lot prices in Red Wing range from $13,900 for the 8,712 square-foot lot in the Boxruds Addition ($1.60 psf) to $144,000 for a 7.7-acre lot in Hubbards Addition ($0.43 psf).

Rental Housing Market Analysis

- Nationally, the equilibrium vacancy rate for market rate rental housing is considered to be 7.0% which allows for normal turnover and an adequate supply of alternatives for prospective renters.

  - Based on our February 2025 survey of general occupancy apartment buildings in Red Wing, we found that the existing market rate rental properties are 4.7% vacant, while the affordable and subsidized facilities are 1.0% vacant (four vacancies), many with wait lists. This data indicates that there is pent-up demand for rental housing in Red Wing.

- Additionally, according to American Community Survey (ACS) estimates, rental housing vacancy rates in Red Wing have tracked well-below equilibrium, averaging 1.4% vacancy over the past five ACS survey periods.

- We identified 233 units pending in seven separate projects, including 165 market rate units and 68 affordable units. Among these pending projects, 26 units are under construction and 207 units have been proposed but not yet fully approved.

- The average monthly rental rate across all market rate general occupancy properties is $1,268 ($1.21 per square foot). There is a notable difference in rents between older and newer properties, as the four newest properties (opened in the past ten years) have an average rent of $1,544, 49% higher than the average rent of $1,035 among older properties.

Senior Housing Market Analysis

- Strong growth is occurring among seniors in the PMA. Aging of baby boomers led to 70% growth in the 65 to 74 population between 2010 and 2025 (1,477 people). As this group ages, the 75 and older age group is expected expand 34% by 2035, adding 938 people.

- Maxfield Research identified a total of 11 senior housing facilities in the PMA, totaling 586 units, including ten in the City of Red Wing (566 units) and one 20-unit facility in Welch. In total, there are 178 market rate active adult rental units, 44 active adult owned cooperative units, 118 affordable and subsidized rental units, and 246 service-enhanced units. Among the service-enhanced facilities, an estimated 50 units are independent living, 126 are assisted living units, and 62 are memory care units.

- The affordable and subsidized rental properties were 4.2% vacant at the time of our survey, with five vacant units, while the stabilized market rate active adult property was fully occupied. Many of these facilities are maintaining lengthy wait lists. The below-equilibrium vacancy, coupled with extensive wait lists, suggests that there is pent-up demand for affordable/subsidized and market rate active adult senior rental housing in Red Wing.

- The service-enhanced facilities were approximately 98% occupied (2.1% vacancy rate), which is well below equilibrium (considered to be 7.0% vacancy for assisted living and memory care). Because the existing assisted living and memory care facilities are near full occupancy, there appears to be pent-up demand for additional service-enhanced senior housing in the area.

- Maxfield Research finds that many assisted living facilities in Minnesota, and the Midwest, have experienced elevated vacancy rates since the COVID-19 pandemic. However, vacancy rates in Red Wing are tight, despite impacts of the pandemic, suggesting strong demand for assisted living and memory care senior housing in the community.

<u>Housing Affordability</u>

- As of February 2025, the Red Wing Housing and Redevelopment Authority (HRA) has 124 active Housing Choice Vouchers under lease with 309 applicants on a wait list.

- An estimated 31% of all households in Red Wing are considered cost-burdened (paying more than 30% of their income for housing costs), including 21% of owner households and 51% of renter households. By comparison, 17% of owner households and 44% of renter households are cost burdened in Southeast Minnesota.

- An estimated 12.9% of all households in Red Wing are severely cost-burdened (paying 50% or more of their income toward housing), higher than 10.2% in Southeast Minnesota. In Red Wing, 7.9% of owner households and 23.6% of renter households are severely cost-burdened.

- Based on current home prices, roughly 57% of owner households in the PMA could afford to purchase an entry-level detached single-family home priced at $250,000. The proportion drops to 31% that could afford a new construction move-up detached single-family home priced at $400,000.

- Roughly 48% of renter householders could afford to rent a studio or one-bedroom unit at older market rate rental properties in the community at the average rent of $960 per month. However, the income-qualified percentage drops to 28% that could afford monthly rents for a new construction one-bedroom unit priced at $1,300 per month.

Housing Demand Analysis

- As summarized in the following figure, we find demand for 1,060 general occupancy (not age-restricted) housing units in Red Wing between 2025 and 2035, including 287 for-sale units and 773 rental housing units.

- We also estimate that there is excess demand for 1,115 housing units targeting older adults and seniors in Red Wing in 2025, increasing to 1,379 units in 2035.

- There are a total of 173 existing vacant lots among 28 active subdivisions in Red Wing with 16 lots listed for sale on the MLS as of February 2025. Based on the for-sale housing demand calculations, there is just a 0.6-year supply of actively-marketing lots in Red Wing, increasing to 6.0-year supply when all vacant lots are included, although many may or may not be available for future development. Additional lots will need to be platted to meet long-term demand for new ownership housing in the community.

Summary of Housing Demand in Red Wing
2025 to 2035

General Occupancy Housing Demand 2025 to 2035	
For-Sale Units	**287**
Detached Single-Family Units	158
Other/Multifamily Units*	129
General Occupancy Rental Units	**773**
Market Rate	295
Affordable^	239
Subsidized^	239
Total General Occupancy Housing Units	**1,060**

Excess Senior Housing Demand	2025	2030	2035
Market Rate Active Adult	**160**	**212**	**234**
Ownership Units	65	81	87
Rental Units	95	131	147
Affordable & Subsidized Senior Housing^	**574**	**594**	**614**
Subsidized Units	203	212	221
Affordable Units	371	382	393
Service-Enhanced Senior Housing	**381**	**497**	**531**
Independent Living (IL)	205	255	269
Assisted Living (AL)	82	128	145
Memory Care (MC)	94	114	117
Total Senior Housing Units	**1,115**	**1,303**	**1,379**

*Includes twin homes, townhomes, condominiums
^Subsidized = affordable to households at 30% AMI or less
^Affordable = affordable to households at 30% to 60% AMI

Recommendations

- Based on findings from this analysis, we recommend for-sale and rental housing development concepts in Red Wing. These proposed concepts are intended to act as a development guide to meet the housing needs of existing and future households in the community to 2035.

- The following figures summarize recommended development concepts and price points for various housing product types in Red Wing. Detailed findings are described in the *Conclusions & Recommendations* section of this report.

- The following table summarizes a potential pricing breakdown for new construction for-sale housing units in Red Wing, including "entry-level", "move-up", and "executive" housing.

New Construction For-Sale Housing Pricing Recommendations

	Purchase Price*	Pct.	Units
Detached Single-Family			
Entry-level	Less than $300,000	25%	40
Move-up	$350,000 to $450,000	65%	103
Executive/Luxury	$600,000+	10%	16
Detached Single-Family Total:		**100%**	**158**
Townhome/Twin Home			
Entry-level	Less than $280,000	40%	52
Move-up	$300,000 to $400,000	60%	77
Townhome/Twin Home Total:		**100%**	**129**

*Pricing is in 2025 dollars and can be adjusted to account for inflation.

- Based on anecdotal feedback from area real estate professionals, we consider new construction detached single-family homes priced below $300,000 to be entry-level housing, while move-up new construction detached single-family homes would likely be priced in the $350,000 to $450,000 range. Pricing for a move-up townhome or twin home unit would likely begin at roughly $300,000.

- We anticipate that 65% of the new detached single-family units (103 units) will target move-up buyers and recommend that 25% (40) be priced for less than $300,000 to target moderate income buyers (entry-level). A limited number (10%) are expected to be priced for the executive/luxury market.

  - A household would need to have a minimum income of $97,261 to afford a home purchased at $300,000, which falls within the upper range considered to be "moderate-income" (i.e. $85,400 at 100% AMI to $102,480 at 120% AMI for a two-person household).

- We anticipate that 60% of the new construction townhome/twin home units (77) will target move-up buyers and/or empty nesters and recommend that 40% (52 units) should be priced below $280,000 to target moderate income buyers.

- The development of any new for-sale housing products in Red Wing priced to target moderate income buyers will likely require a public-private partnership or alternative development concept (i.e. community land trust, affordable housing cooperative).

- Entry-level home demand will primarily be satisfied through turnover of the existing supply of older single-family homes in Red Wing by increasing the supply of move-up housing or with the increased development of townhome and twin home products.

- In addition to demand for owned housing products, we find strong demand for additional general occupancy rental housing options in Red Wing.

- Below-equilibrium vacancies at the existing market rate, affordable and subsidized rental properties suggest pent-up demand for new rental housing in the community.

- The following figure provides a summary of the recommended rental housing by product type, including monthly rent ranges, development timing, and target markets.

General Occupancy Rental Housing Recommendations

	Monthly Rent Range[1]	No. of Units	Development Timing
Market Rate & Workforce Rental			
Apartments	Studio $1,100 - $1,440 2BR	46 - 52	2025+
Townhomes	2BR $1,600 - $1,850 3BR	12 - 16	2025+
Target Markets:	An apartment building would likely attract younger workforce renters, lifestyle renters, older adults, and seniors. Rental townhomes would target young family households, empty-nesters, and seniors.		
Affordable Rental[2]			
Apartments	Studio $930 - $1,200 2BR	46 - 52	2025+
Townhomes	2BR $1,400 - $1,600 3BR	12 - 16	2025+
Target Markets:	We recommend projects targeting households at 40% to 60% AMI which would likely be comprised of singles, single-parent households, older adults and seniors.		

[1] Pricing in 2025 dollars and can be adjusted to account for inflation.

[2] Affordablity subject to income guidelines; recommended rent ranges based on max rents at 50% and 60% AMI

Note - Recommended development concepts do not equate to total demand.

- We recommend modestly sized projects (i.e. 46- to 52-unit apartment buildings, 12- to 16-unit rental townhome projects). We also recommend a phased approach to rental housing development in the community, beginning with a new market rate project priced to target the community's workforce.

- Feeback from area employers indicates that many workers that need moderately priced housing (i.e. young teachers, manufacturing workers) earn roughly $21.00 to $25.00 per hour, which equates to approximately $44,000 to $52,000 per year. We recommend a market rate workforce rental housing project with rent limits set to target households earning between 60% and 120% AMI ($44,820 to $89,640 for a one-person household).

- The growing older adult and senior population will support long-term demand for senior housing units in Red Wing through 2035. Demand exists for a variety of senior housing products, and we recommend the development of additional senior housing units to provide housing options for these residents as they age.

- The development of new senior housing will satisfy housing needs in Red Wing by increasing the number of options for older adult and senior residents that want to relocate into new age-restricted housing. Additionally, the development of housing alternatives for seniors will stimulate the turnover of existing homes and rental units occupied by seniors, creating more opportunities for general occupancy buyers and renters.

- The following table summarizes a recommended mix of senior housing units by service level including product type, pricing, project size, and development timing.

Recommended Senior Housing Development Concepts

	Pricing Range[1]	No. of Units	Development Timing
Age Restriced Senior Housing			
Active Adult Rental Housing			
Market Rate[2]	$1,200/1BR - $1,600/2BR	26 - 30	2025+
Affordable[2,3]	$859/1BR - $1,031/2BR	36 - 42	2025+
Market Rate Service-Enhanced Senior Housing			
Independent Living	$1,800/1BR - $2,800/2BR	30 - 34	2025+
Assisted Living	$3,200/Studio - $5,000/2BR	16 - 20	2027+
Memory Care[4]	$4,500/Studio - $6,000/1BR	12 - 16	2025+

[1] Pricing in 2025 dollars. Pricing can be adjusted to account for inflation.
[2] Alternative concept is to combine affordable and market rate active adult into mixed-income building.
[3] Affordablity subject to income guidelines; rates based on max rents at 50% AMI
[4] Memory care housing could be a component of an assisted-living or service-intensive building.

Note - Unit amounts reflect recommended size of property that for a single project, but do not equal total calculated long-term demand

Purpose and Scope of Study

Maxfield Research and Consulting was engaged by the City of Red Wing to prepare a Comprehensive Housing Needs Analysis for the community. The analysis provides recommendations on the amount and types of housing that may be developed to meet the needs of current and future households in the community.

The scope of this study includes an analysis of the demographic and economic characteristics of Red Wing and the surrounding area, a review of existing housing stock characteristics, and market analyses covering the for-sale, rental, and senior housing markets. Additionally, the study includes an assessment of housing affordability in the area.

Detailed housing demand calculations to 2035 and development concept recommendations are provided for the community. The study concludes with an evaluation of challenges and opportunities associated with housing development in Red Wing.

Methodology

This report includes both primary and secondary research. Primary research includes personal interviews, data on existing rental properties, and information on pending developments. Secondary research, which is credited to the source when used, is always used as a basis for analysis and is carefully considered along with other factors that may impact projections. Secondary data resources include:

- City of Red Wing and the Red Wing Housing and Redevelopment Authority (HRA)
- ESRI
- Goodhue County parcel data
- Minneapolis Area Realtors
- Minnesota Department of Employment and Economic Development (DEED)
- Minnesota Department of Health
- Minnesota Housing
- Minnesota Realtors
- Minnesota State Demographic Center
- Realtor.com
- United States Census Bureau Decennial Census, American Community Survey, and Local Employment Dynamics
- United States Department of Housing and Urban Development (HUD)

Demographic Review

Introduction

Demographic characteristics and trends are important factors when evaluating housing needs in any given market. This section of the report reviews the demographic and economic characteristics of Red Wing and the surrounding area to provide insight into demand for various housing product types. The following topics are evaluated.

- Population and household growth trends and projections
- Age distribution of the population
- Household income distribution by age group
- Household tenure by income and age group
- Average household sizes
- Household types
- Race and ethnicity
- Household mobility

Data sources utilized for this analysis include ESRI, a nationally recognized demographic services firm, the Minnesota State Demographic Center, the U.S Census Bureau Decennial Census, and the U.S. Census Bureau American Community Survey ("ACS").

The ACS is an ongoing statistical survey that gathers data previously contained only in the long form of the Decennial Census to provide an ongoing portrait of demographic, economic, social, and household characteristics every year, not just every ten years. Maxfield Research and Consulting utilizes five-year data estimates, which provide a larger sample size and have a longer data collection period than the one-year data estimates. At the time this analysis was prepared, the 2019-2023 ACS was the most recent five-year data available.

For reference, a household is an occupied housing unit, while a householder refers to the person in whose name the housing unit is owned or rented. Housing unit is defined as a house, an apartment, a group of rooms, or a single room occupied or intended for occupancy as separate living quarters.

Market Area Definition

Maxfield Research determined the draw area for housing in Red Wing, Minnesota based on geographic and man-made barriers, commuting patterns, community orientation, places of employment, proximity to other communities, and our general knowledge of housing draw areas. Red Wing Public School District boundaries were also taken into consideration.

Based on these factors, we delineated a Primary Market Area (PMA) consisting of the City of Red Wing along with six townships in Goodhue County, Minnesota and four county subdivisions across the Mississippi River in Pierce County, Wisconsin as summarized below.

Primary Market Area

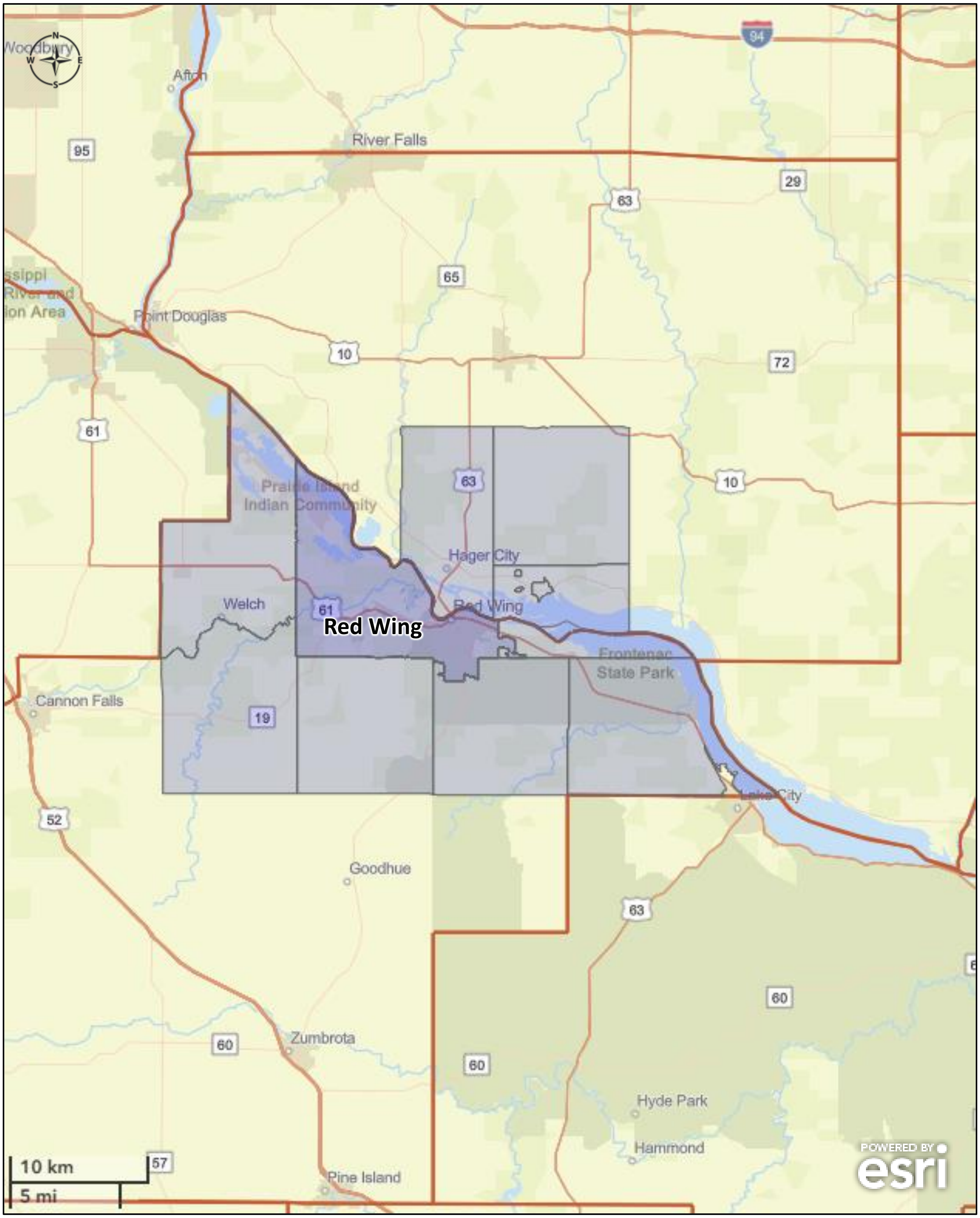
Goodhue County, Minnesota	Pierce County, Wisconsin
City of Red Wing	Bay City village
Featherstone township	Hartland town
Florence township	Isabelle town
Hay Creek township	Trenton town
Vasa township	
Wacouta township	
Welch township	

Housing demand in Red Wing will be driven primarily by household growth and turnover of existing households in the PMA. A portion of the demand, however, will be generated from outside the area, so select demographic and economic comparisons are made to Goodhue County, the 11-County Southeast Minnesota Planning Area as defined by the Minnesota Department of Employment and Economic Development (DEED), and the State of Minnesota.

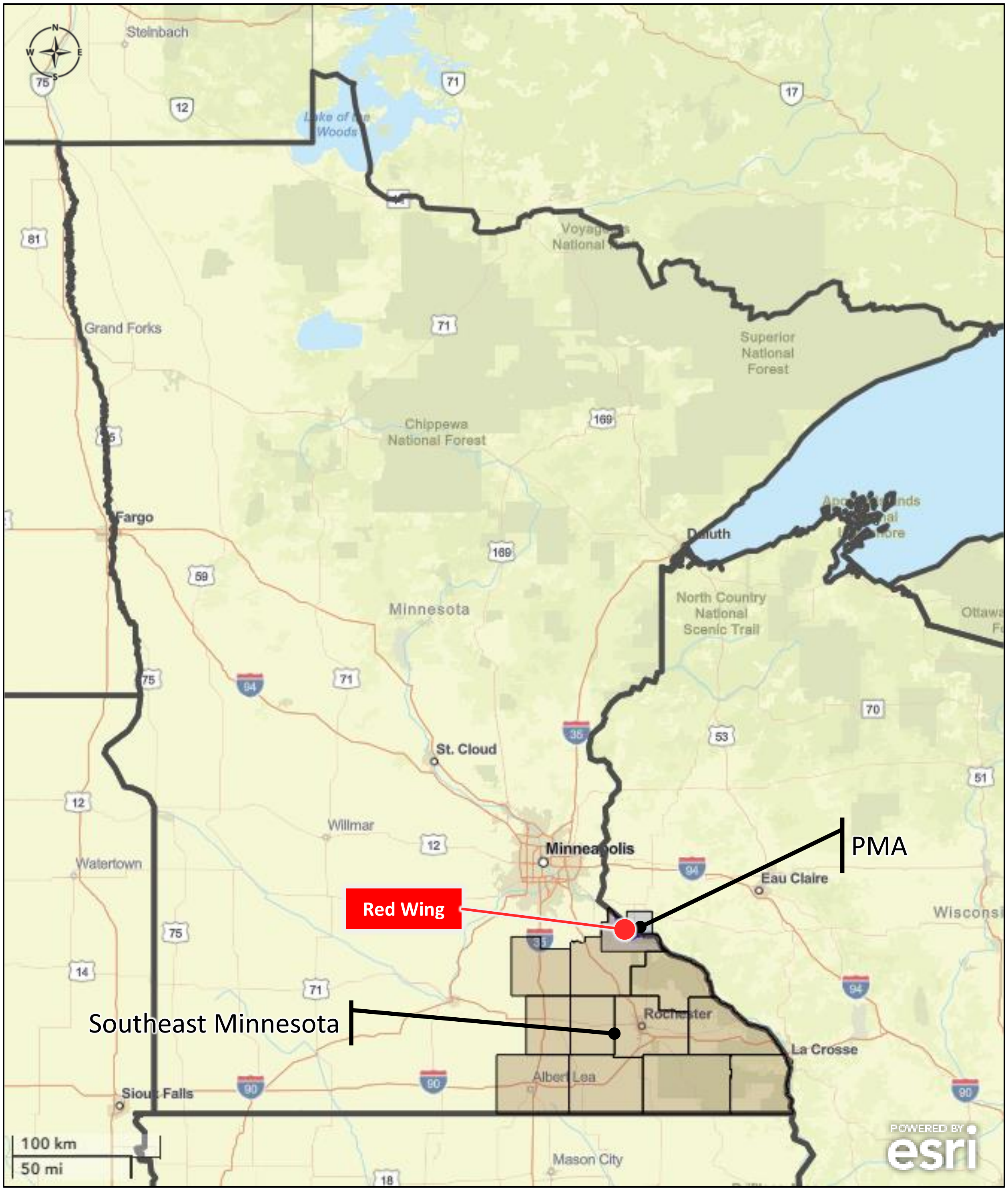
We estimate that 70% to 75% of the demand for housing units in Red Wing will be generated from the PMA, depending on product type. The remaining portion of demand (25% to 30%) will come from outside the defined PMA.

The following maps illustrate the location of Red Wing within the PMA along with its regional location in Goodhue County, Southeast Minnesota, and the State of Minnesota.

Primary Market Area



Regional Location

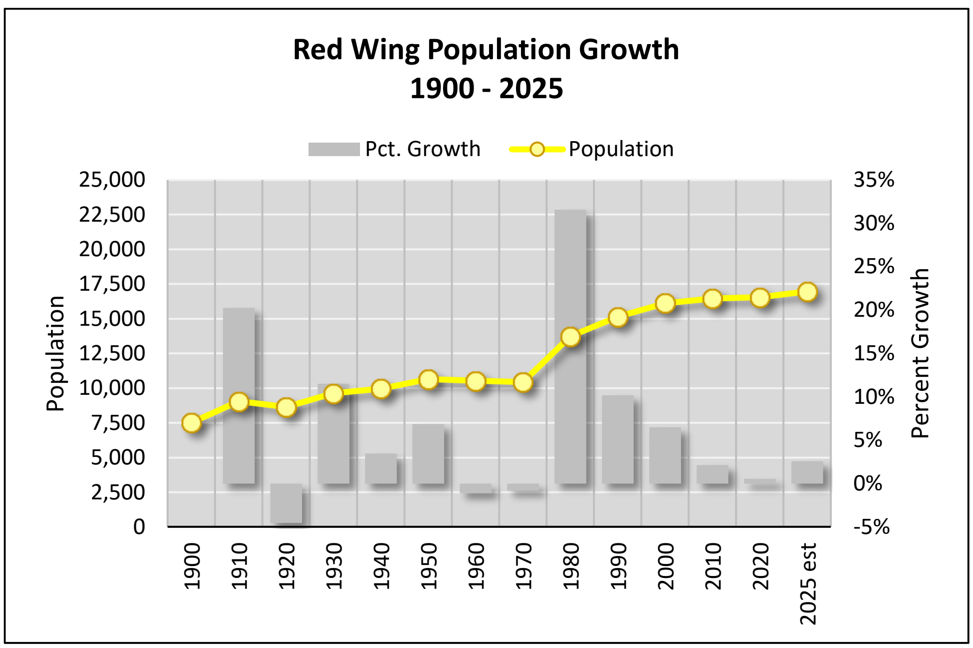


Population and Household Growth Trends

The table on the following page presents population and household growth trends in the Market Area from 2010 to 2035. The 2010 and 2020 figures are from the United States Census. Estimates for 2025 are based on a review of population and household estimates provided by State Demographic Centers, the U.S. Census, and ESRI, with adjustments made by Maxfield Research based on recent building permit trends to reflect current year data.

Population projections for 2030 and 2035 are based on forecasts published by the Minnesota State Demographic Center and ESRI. Maxfield Research applied the projected annual rate of growth to the 2025 estimate to arrive at the projections for Southeast Minnesota. We then made projections for the PMA and the City of Red Wing based on a review of the Minnesota State Demographer's forecast for Goodhue County, ESRI's projections, household size trends, and changes to the proportion of the Region's growth that occurred in each area since 2010. Housing projects in the development pipeline were also taken into consideration.

- The following graph depicts historical population growth trends in Red Wing from 1900 to 2025. As shown, Red Wing's population declined in the 1950s and 1960s before jumping 32% during the 1970s. Red Wing's population continued to increase from 1990 to 2020, but the pace of growth slowed.



- Historically, Red Wing has averaged 0.7% population growth on an annual basis, although the rate of growth decelerated to 0.1% growth annually from 2000 to 2020. The estimated pace of growth has accelerated in recent years, averaging 0.5% growth on an annual basis since 2020.

TABLE 1

POPULATION AND HOUSEHOLD GROWTH TRENDS AND PROJECTIONS
RED WING MARKET AREA
2010 to 2035

Population	Red Wing		PMA		Remainder of PMA		Southeast MN	
2010 Census	16,459		25,191		8,732		494,684	
2020 Census	16,547		25,325		8,778		517,852	
2025 Estimate	16,974		25,883		8,909		532,885	
2030 Forecast	17,255		26,272		9,016		543,928	
2035 Forecast	17,490		26,580		9,090		552,595	
Change	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
2010 - 2020	88	0.5%	134	0.5%	46	0.5%	23,168	4.7%
2020 - 2025	427	2.6%	558	2.2%	131	1.5%	15,033	2.9%
2025 - 2030	281	1.7%	389	1.5%	108	1.2%	11,044	2.1%
2030 - 2035	234	1.4%	308	1.2%	74	0.8%	8,667	1.6%

Households	Red Wing		PMA		Remainder of PMA		Southeast MN	
2010 Census	7,017		10,415		3,398		193,690	
2020 Census	7,194		10,704		3,510		205,311	
2025 Estimate	7,402		10,969		3,567		213,154	
2030 Forecast	7,608		11,208		3,600		219,326	
2035 Forecast	7,739		11,369		3,630		223,723	
Change	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
2010 - 2020	177	2.5%	289	2.8%	112	3.3%	11,621	6.0%
2020 - 2025	208	2.9%	265	2.5%	57	1.6%	7,843	3.8%
2025 - 2030	206	2.8%	239	2.2%	33	0.9%	6,172	2.9%
2030 - 2035	131	1.7%	161	1.4%	30	0.8%	4,397	2.0%

Sources: US Census; ESRI; MN & WI State Demographic Centers; Maxfield Research & Consulting

- As of 2020, Red Wing contained 16,547 people and 7,194 households, while there were 8,778 people and 3,510 households in the Remainder of the PMA.

- Between 2010 and 2020, Red Wing's population increased 0.5%, adding 88 people, while the household base expanded 2.5% (177 households).

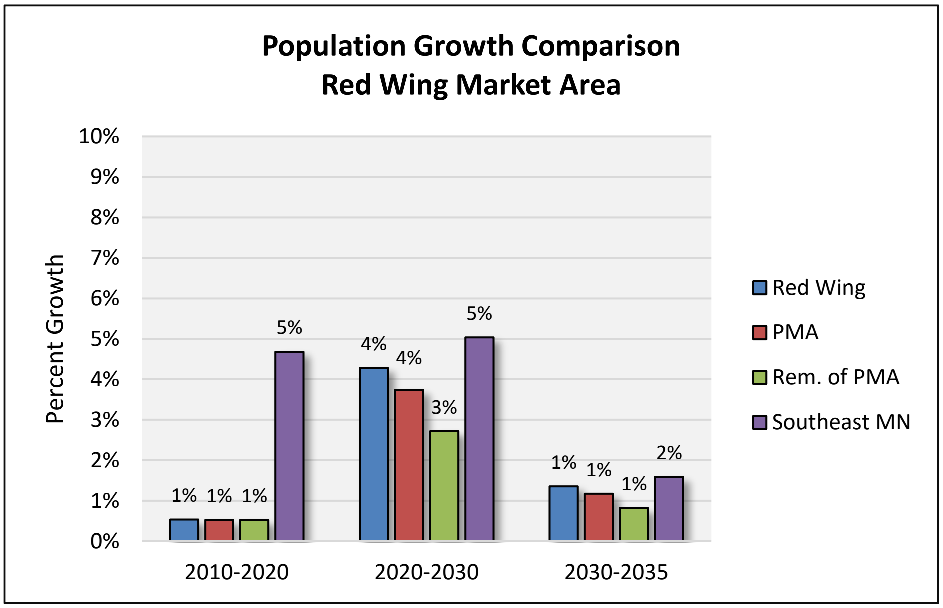
  - The population in the Remainder of the PMA expanded 0.5% (46 people) during the decade against a 3.3% increase in households (112 households).

- We estimate that the Market Area experienced solid growth since the COVID-19 pandemic, with Red Wing adding 427 people (2.6% growth) and 208 households (2.8% growth) between 2020 and 2025, while the Remainder of the PMA gained 131 people (1.5%) and 57 households (1.6%).

- By comparison, Southeast Minnesota experienced 4.7% population growth and 6.0% household growth from 2010 to 2020. Between 2020 and 2025, the Region's population expanded an estimated 2.9% while the household base increased 3.8%.

- Between 2025 and 2030, the Minnesota State Demographer projects that Southeast Minnesota's population will increase 2.1% against household growth of 2.9%. The Region's population is projected to expand another 1.6% between 2030 and 2035 while the household base increases 2.0%.

- The PMA is expected to add 389 people (1.5% growth) and 239 households (2.2%) between 2025 and 2030, including 1.7% population growth (281 people) and 2.8% household growth (206 households) in Red Wing.



- Between 2030 and 2035, the PMA is projected to experience 1.2% population growth (308) against 1.4% household growth (161). Red Wing is expected to add 234 people (1.4% growth) and 131 households (1.7% growth) between 2030 and 2035.

  - The pace of growth in Red Wing is projected to exceed growth in the Remainder of the PMA, which is expected to increase by 182 people (2.0%) and 63 households (1.8%) between 2025 and 2035.

- Achieving any population and household growth in Red Wing will be highly dependent on the availability of suitable housing options in the community catering to a variety of household types, age groups, and income levels.

  - Increased, or decreased, hiring at area employers will also impact growth.

Population Age Distribution

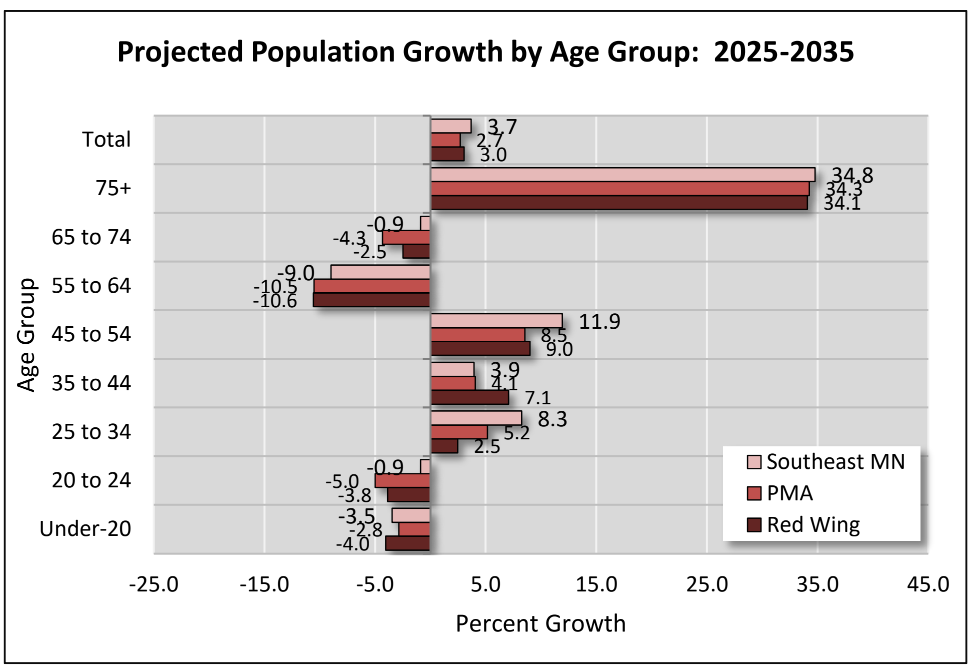
The age distribution of a community's population helps evaluate the type(s) of housing needed. For example, younger and older people are more attracted to higher-density housing located near services and entertainment while middle-aged people (particularly those with children) traditionally prefer lower-density single-family homes.

The table on the following page presents the age distribution of the Market Area population from 2010 to 2035. Information from 2010 and 2020 is sourced from the U.S. Census. Age distribution data for 2025 and 2030 was provided by ESRI, with adjustments made by Maxfield Research to reflect the most current population estimates and forecasts. Age distribution projections for 2035 are based on data provided by the Minnesota State Demographic Center, adjusted by Maxfield Research.

- Generation Z (under the age of 22) represents the largest share of the population in Red Wing (25%), followed by Baby Boomers (age 57 to 74) at 24%. Millennials (age 23 to 40) and Generation X (age 41 to 56) represent 22% and 18% of the population, respectively. The Silent Generation (age 75+) represents 11% of Red Wing's population in 2025.

- In 2025, the largest adult cohorts by age in Red Wing are 55 to 64 and 65 to 74, totaling an estimated 2,206 people (13.0% of the population) and 2,260 people (13.3%), respectively.

- Age 55 to 64 is the largest cohort in the PMA with 3,597 people (13.9% of the population), followed closely by the 65 to 74 age cohort with 3,584 people (13.8%). In Southeast Minnesota, age 35 to 44 is the largest cohort with 13.0% of the total population.



- Age 75 and older is projected to become the largest age group in Red Wing and the PMA by 2035, representing 14.2% and 13.8% of the total population, respectively. Age 35 to 44 is expected to remain the largest age cohort in Southeast Minnesota (13.0% of the population) by 2035.

TABLE 2

POPULATION AGE DISTRIBUTION
RED WING MARKET AREA
2010 - 2035

	Census		Estimate	Projection		Change 2010-2025		Change 2025-2035	
Age	2010	2020	2025	2030	2035	No.	Pct.	No.	Pct.
Red Wing									
Under-20	4,076	3,885	3,851	3,687	3,696	-226	-5.5	-155	-4.0
20 to 24	902	795	870	861	836	-32	-3.6	-33	-3.8
25 to 34	2,006	2,060	2,020	2,040	2,070	13	0.7	50	2.5
35 to 44	1,920	1,901	2,090	2,169	2,238	170	8.8	148	7.1
45 to 54	2,404	1,825	1,827	1,875	1,992	-577	-24.0	165	9.0
55 to 64	2,161	2,339	2,206	2,009	1,973	45	2.1	-233	-10.6
65 to 74	1,381	2,049	2,260	2,421	2,204	879	63.6	-56	-2.5
75+	1,607	1,693	1,850	2,193	2,481	243	15.1	631	34.1
Total	**16,459**	**16,547**	**16,974**	**17,255**	**17,490**	**515**	**3.1**	**516**	**3.0**
Primary Market Area									
Under-20	6,244	5,846	5,819	5,645	5,653	-425	-6.8	-166	-2.8
20 to 24	1,246	1,165	1,265	1,240	1,202	19	1.6	-63	-5.0
25 to 34	2,837	2,799	2,845	2,952	2,992	8	0.3	147	5.2
35 to 44	3,032	2,917	3,163	3,193	3,291	131	4.3	129	4.1
45 to 54	4,063	2,968	2,874	2,939	3,119	-1,189	-29.3	245	8.5
55 to 64	3,620	4,005	3,597	3,281	3,218	-23	-0.6	-378	-10.5
65 to 74	2,107	3,271	3,584	3,771	3,430	1,477	70.1	-155	-4.3
75+	2,042	2,354	2,737	3,251	3,674	695	34.0	938	34.3
Total	**25,191**	**25,325**	**25,883**	**26,272**	**26,580**	**692**	**2.7**	**697**	**2.7**
Southeast Minnesota									
Under-20	134,359	133,923	134,224	130,464	129,564	-135	-0.1	-4,660	-3.5
20 to 24	33,152	33,056	36,229	36,329	35,904	3,077	9.3	-325	-0.9
25 to 34	62,251	63,662	64,686	66,726	70,024	2,435	3.9	5,338	8.3
35 to 44	59,412	64,156	69,314	70,036	72,048	9,902	16.7	2,734	3.9
45 to 54	74,315	58,012	58,889	63,209	65,916	-15,426	-20.8	7,027	11.9
55 to 64	58,840	70,718	65,643	59,737	59,745	6,803	11.6	-5,898	-9.0
65 to 74	36,088	52,976	57,859	62,501	57,339	21,771	60.3	-520	-0.9
75+	36,267	41,349	46,041	54,925	62,054	9,774	26.9	16,014	34.8
Total	**494,684**	**517,852**	**532,885**	**543,928**	**552,595**	**38,201**	**7.7**	**19,710**	**3.7**

Sources: US Census; ESRI; Minnesota State Demographic Center; Maxfield Research & Consulting

- The fastest population growth in the Market Area is projected to occur among the 75 and older age group, as aging of baby boomers led to a substantial increase in the 65 to 74 age group between 2010 and 2025, increasing 64% in Red Wing, 70% in the PMA, and 60% in Southeast Minnesota.

  - As this group ages, the 75 and older age group is expected to increase 34% in Red Wing, 34% in the PMA, and 35% in the Region between 2025 and 2035.

  - The 55 to 64 and 65 to 74 age groups are projected to contract -11% and -3%, respectively, in Red Wing between 2025 and 2035. By comparison, the 55 to 64 and 65 to 74 age groups are expected to decline -9% and -1%, respectively, in the Region.

- The 45 to 54 age group is expected to expand 9% in Red Wing, adding 165 people, between 2025 and 2035, as the “echo boom” (Millennial) generation moves into this age cohort. The age 45 to 54 cohort is projected to increase 9% in the PMA and 12% in the Region during that time period.

- Red Wing is also expected to experience solid growth among people age 35 to 44, adding 148 people between 2025 and 2035 (7% growth).

  - The 35 to 44 age cohort is projected to increase 4% in the PMA (129 people) and 4% in Southeast Minnesota during that time period.

- Typical housing products sought by households in various age groups include:

  - Rental housing targeting the young adult (20 to 24 and 25 to 34) age groups
  - Maintenance-free, single-level housing (ownership or rental) targeting the empty nester population (55 to 74 age group)
  - Entry-level ownership housing for first-time home buyers (age 25 to 34)
  - Move-up ownership housing for family households (age 35 to 54), and,
  - Age-restricted active adult or service-enhanced (i.e. assisted living) senior housing for people age 65 and older.

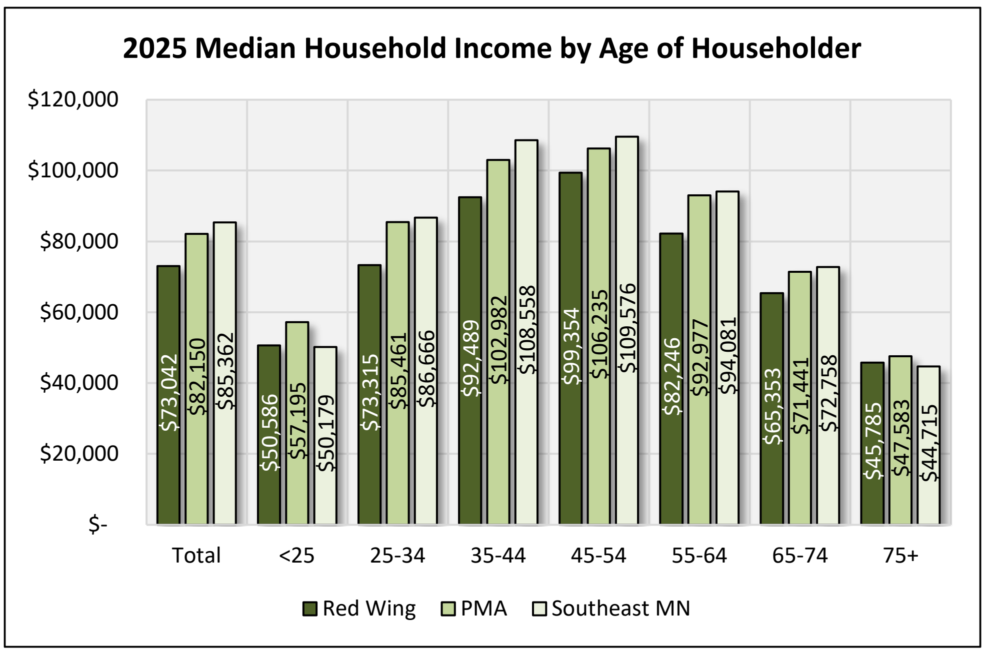
- Based on age distribution projections for Red Wing and the PMA, housing demand growth is expected to be strongest for units catering to the senior population, move-up ownership housing, as well as entry-level housing and rental housing for the younger age groups.

Household Income

Household income data helps ascertain the demand for different types of housing based on the size of the market at specific cost levels. In general, housing costs of up to 30% of income are considered affordable by the U.S. Department of Housing and Urban Development (HUD). The tables on the following pages present data on household income by age of householder for Red Wing and the PMA in 2025 and 2030. The data is estimated by ESRI with adjustments made by Maxfield Research to reflect current household estimates and projections.

- In 2025, Red Wing's median household income is estimated to be $73,042, roughly -11% lower than the PMA ($82,150) and -14% lower than Southeast Minnesota ($85,362).

- As households age through the lifecycle, incomes tend to peak in their 40s to early 50s. As illustrated in the following chart, this trend is evident in the Market Area, as the 45 to 54 age group has the highest estimated incomes at $99,354 in Red Wing and $106,235 in the PMA, and $109,576 in the Region.



- By 2030, the median household income is expected to increase 15% to $83,935 in Red Wing. The average annual increase (3.0%) will exceed the historic annual inflation rate of 2.9% in 2024 and 2.7% over the past ten years.

  - By comparison, the median household income is projected to increase 3.1% annually between 2025 and 2030 in the PMA as well as the Region.

- Household growth is projected to be strongest among the highest income brackets, as the total number of households with incomes of $100,000 or higher increases 23% (581 households) in Red Wing and 20% in the PMA (859 households).

TABLE 3

HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER
CITY OF RED WING
2025 & 2030

		Age of Householder						
	Total	**<25**	**25-34**	**35-44**	**45-54**	**55-64**	**65 -74**	**75+**
2025								
Less than $15,000	780	37	78	67	70	125	167	237
$15,000 to $24,999	461	19	46	44	30	71	110	142
$25,000 to $34,999	434	19	66	37	42	52	85	134
$35,000 to $49,999	751	25	98	96	70	115	166	182
$50,000 to $74,999	1,447	49	214	234	169	252	313	215
$75,000 to $99,999	1,008	21	129	191	132	202	216	117
$100,000 to $149,999	1,243	23	161	234	233	255	214	123
$150,000 to $199,999	790	7	104	186	147	156	110	81
$200,000 or more	489	2	56	120	107	98	64	43
Total	**7,402**	**201**	**950**	**1,210**	**998**	**1,325**	**1,444**	**1,273**
Median Income	**$73,042**	**$50,586**	**$73,315**	**$92,489**	**$99,354**	**$82,246**	**$65,353**	**$45,785**
2030								
Less than $15,000	681	40	62	54	55	90	134	246
$15,000 to $24,999	387	16	35	34	24	45	93	140
$25,000 to $34,999	381	17	54	36	33	34	71	136
$35,000 to $49,999	685	21	90	85	58	88	152	191
$50,000 to $74,999	1,342	43	185	201	146	203	314	251
$75,000 to $99,999	1,030	23	128	185	126	179	234	156
$100,000 to $149,999	1,429	26	193	258	256	252	267	178
$150,000 to $199,999	1,104	10	145	251	190	198	174	137
$200,000 or more	569	1	68	132	128	102	78	60
Total	**7,608**	**197**	**959**	**1,235**	**1,015**	**1,190**	**1,516**	**1,494**
Median Income	**$83,935**	**$51,991**	**$87,016**	**$105,905**	**$111,381**	**$95,509**	**$77,024**	**$54,391**
Change 2025 - 2030								
Less than $15,000	-99	3	-16	-13	-15	-35	-33	9
$15,000 to $24,999	-74	-3	-11	-10	-6	-26	-17	-2
$25,000 to $34,999	-53	-2	-12	-1	-9	-18	-14	2
$35,000 to $49,999	-66	-4	-8	-11	-12	-27	-14	8
$50,000 to $74,999	-105	-6	-29	-33	-23	-49	1	35
$75,000 to $99,999	22	2	-1	-7	-6	-24	17	39
$100,000 to $149,999	186	3	32	24	23	-3	52	55
$150,000 to $199,999	315	3	41	64	43	42	64	56
$200,000 or more	80	-1	12	12	21	4	14	17
Total	**206**	**-5**	**9**	**26**	**17**	**-135**	**72**	**221**
Median Income	**$10,892**	**$1,406**	**$13,701**	**$13,415**	**$12,026**	**$13,263**	**$11,672**	**$8,606**

Sources: ESRI; US Census Bureau; Maxfield Research & Consulting

TABLE 4

HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER PRIMARY MARKET AREA 2025 & 2030								
		Age of Householder						
	Total	<25	25-34	35-44	45-54	55-64	65 -74	75+
2025								
Less than $15,000	928	43	86	72	79	152	203	292
$15,000 to $24,999	639	26	53	49	39	99	160	213
$25,000 to $34,999	592	24	72	48	55	67	127	199
$35,000 to $49,999	1,027	36	119	113	94	159	249	256
$50,000 to $74,999	1,949	61	252	301	244	350	446	294
$75,000 to $99,999	1,487	44	181	275	210	304	313	159
$100,000 to $149,999	2,174	46	286	404	418	465	376	178
$150,000 to $199,999	1,266	14	151	284	227	245	212	132
$200,000 or more	907	5	94	200	191	220	124	73
Total	**10,969**	**299**	**1,295**	**1,747**	**1,558**	**2,062**	**2,211**	**1,797**
Median Income	**$82,150**	**$57,195**	**$85,461**	**$102,982**	**$106,235**	**$92,977**	**$71,441**	**$47,583**
2030								
Less than $15,000	801	42	68	58	62	101	166	303
$15,000 to $24,999	509	20	40	36	29	62	123	199
$25,000 to $34,999	492	21	61	40	44	45	102	179
$35,000 to $49,999	917	31	102	96	78	118	219	272
$50,000 to $74,999	1,765	51	218	251	200	276	427	343
$75,000 to $99,999	1,516	43	188	267	198	266	335	221
$100,000 to $149,999	2,413	56	321	414	445	460	452	264
$150,000 to $199,999	1,729	17	215	358	296	306	302	236
$200,000 or more	1,065	2	115	220	223	233	163	109
Total	**11,208**	**284**	**1,328**	**1,740**	**1,574**	**1,867**	**2,291**	**2,124**
Median Income	**$94,923**	**$62,160**	**$101,425**	**$112,335**	**$116,311**	**$107,880**	**$84,439**	**$58,779**
Change 2025 - 2030								
Less than $15,000	-126	-1	-18	-14	-17	-51	-37	11
$15,000 to $24,999	-130	-6	-13	-13	-10	-37	-37	-15
$25,000 to $34,999	-100	-3	-11	-8	-11	-22	-25	-21
$35,000 to $49,999	-110	-5	-17	-17	-16	-41	-31	16
$50,000 to $74,999	-184	-10	-35	-50	-45	-74	-19	49
$75,000 to $99,999	30	-1	6	-8	-13	-38	22	62
$100,000 to $149,999	239	10	35	10	27	-5	76	86
$150,000 to $199,999	463	3	64	74	69	61	90	104
$200,000 or more	158	-3	21	20	32	13	39	36
Total	**239**	**-15**	**33**	**-7**	**17**	**-195**	**79**	**327**
Median Income	**$12,772**	**$4,965**	**$15,964**	**$9,353**	**$10,077**	**$14,903**	**$12,997**	**$11,195**
Sources: ESRI; US Census Bureau; Maxfield Research & Consulting								

- The United States Department of Housing and Urban Development (HUD) defines affordable housing cost as less than 30% of a household’s adjusted gross income. Generally, housing that is income-restricted to households earning at or below 80% of Area Median Income (AMI) is considered affordable.

- Based on the 2025 median household income in the PMA ($82,150), a household could afford an apartment unit renting for $2,054 per month.

- The following figure illustrates affordable monthly rents by age group (based on 30% of median household income).

Rent Affordability by Age Group in PMA Based on Median Household Income		
Age Group	Household Income	Affordable Rent
Total	$82,150	$2,054
<25	$57,195	$1,430
25-34	$85,461	$2,137
35-44	$102,982	$2,575
45-54	$106,235	$2,656
55-64	$92,977	$2,324
65-74	$71,441	$1,786
75+	$47,583	$1,190

- As presented in the Rental Housing Market section of this study, the average monthly rent for market rate rental housing units in Red Wing is $1,268. Based on this rent, a household would need to have an annual income of $50,720 or greater to not exceed 30% of its monthly income on rental housing costs.

  – In 2025, an estimated 7,725 households in the PMA (70% of the total) are estimated to have incomes of at least $50,720.

  – Rental housing affordability varies by age group, ranging from 56% of all households under the age of 25 to 83% of households age 35 to 44.

- As presented in the For-Sale Market section of this study, the 2024 median resale price for detached single-family homes in Red Wing was $276,500. A household would need a minimum annual income of $89,642 to be income-qualified (based on 30% of income) for a single-family home purchased at the median price. This assumes a 30-year interest rate of 6.89% (February 2025), a buyer makes a 10% down payment and has good credit.

  – An estimated 4,957 households in the PMA (45% of the total) have incomes of $89,642 or higher.

  – For-sale housing affordability in Red Wing (based on the 2024 median resale price for detached single-family homes) ranges from 25% of households age 75 and older and 28% of households under the age of 25 to 59% of households in the 45 to 54 age group.

- This data indicates that the existing rental housing stock is relatively affordable proportionate to household incomes in the PMA, while for-sale housing in Red Wing may be unattainable for many PMA households.

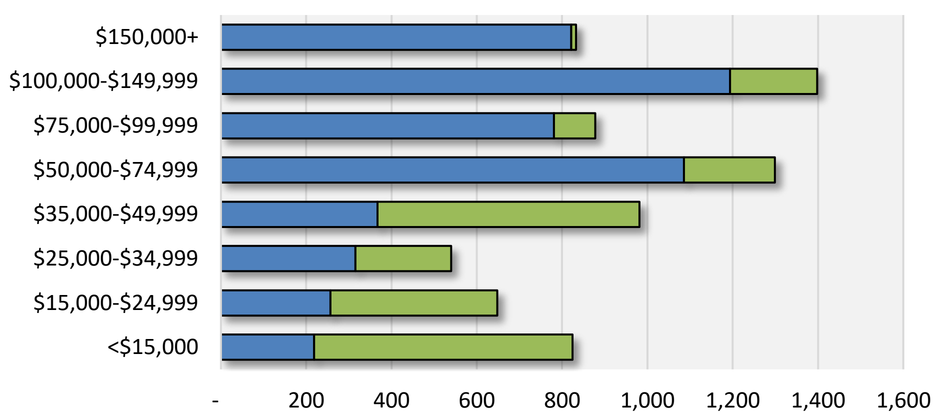
Household Tenure by Income

The following table shows estimated household tenure by income in the Market Area in 2025. Data is based on an estimate from the 2019-2023 American Community Survey and adjusted by Maxfield Research to reflect 2025 data. Generally, the higher the income, the lower the percentage a household typically allocates to housing. Many lower income households, as well as many young and senior households, spend more than 30% of their income on housing, while middle-aged households in their prime earning years generally allocate 20% to 25% of their income to housing.

- In Red Wing, roughly 27% of households with incomes below $15,000 are owner households while 40% of households with incomes in the $15,000 to $24,999 range own.

- The homeownership rate increases to 85% of all households with incomes in the $100,000 to $149,999 range and 99% of households with incomes of $150,000 or higher.

Red Wing Household Tenure by Income



	<$15,000	$15,000-$24,999	$25,000-$34,999	$35,000-$49,999	$50,000-$74,999	$75,000-$99,999	$100,000-$149,999	$150,000+
Own	218	257	316	367	1,085	781	1,194	822
Rent	606	391	224	614	213	96	205	11

- Among owner households in Red Wing, the highest proportion have incomes of $100,000 to $149,999 (24% of all owner households), followed by households with incomes between $50,000 and $74,999 (22%). Roughly 15% of owner households in Red Wing have incomes between $75,000 and $99,999 while 16% have incomes above $149,999.

- In the PMA, 24% of all owner households have incomes in the $100,000 to $149,999 range, while 21% of the owner households have incomes above $149,999. In Southeast Minnesota, 24% of owner households have incomes between $100,000 and $149,999 and another 25% have incomes of $150,000 or higher.

- The highest proportion of renter households in Red Wing have incomes in the $35,000 to $49,999 range (26% of renter households) followed closely by households with incomes under $15,000 (26%). In the PMA 24% of renter households had incomes in the $35,000 to $49,999 range, while 23% had incomes below $15,000.

- In the Region, households with incomes in the $50,000 to $74,999 range represent the largest proportion of renter households (19% of all renter households), followed by households with incomes in the $35,000 to $49,999 range (15%).

- Median household incomes are substantially higher among owner households than renter households in the Market Area. In Red Wing owner households have an estimated median household income of $85,598 compared to $34,981 among renter households.

- In Southeast Minnesota, owner households have a median household income of $104,517 while the median renter household income is at $46,335.

TABLE 5

TENURE BY HOUSEHOLD INCOME
RED WING MARKET AREA
2025

	Red Wing		PMA		Southeast MN	
	No.	Pct.	No.	Pct.	No.	Pct.
Owner Households						
Less than $15,000	218	26.5	315	33.1	5,506	40.3
$15,000 to $24,999	257	39.7	339	45.5	5,782	42.9
$25,000 to $34,999	316	58.5	483	65.3	6,968	49.4
$35,000 to $49,999	367	37.4	617	48.3	13,208	61.0
$50,000 to $74,999	1,086	83.6	1,494	85.1	25,424	71.2
$75,000 to $99,999	781	89.0	1,225	85.8	23,397	80.7
$100,000 to $149,999	1,194	85.4	1,982	87.5	37,601	87.5
$150,000+	822	98.7	1,745	96.7	39,868	93.6
Subtotal:	*5,040*	*68.1*	*8,200*	*74.8*	*157,755*	*74.0*
2025 Median HH Income	***$85,598***		***$96,589***		***$104,517***	
Renter Households						
Less than $15,000	606	73.5	638	66.9	8,170	59.7
$15,000 to $24,999	391	60.3	405	54.5	7,696	57.1
$25,000 to $34,999	224	41.5	257	34.7	7,140	50.6
$35,000 to $49,999	614	62.6	661	51.7	8,432	39.0
$50,000 to $74,999	213	16.4	262	14.9	10,301	28.8
$75,000 to $99,999	96	11.0	203	14.2	5,608	19.3
$100,000 to $149,999	205	14.6	284	12.5	5,347	12.5
$150,000+	11	1.3	59	3.3	2,705	6.4
Subtotal:	*2,361*	*31.9*	*2,769*	*25.2*	*55,399*	*26.0*
2025 Median HH Income	***$34,981***		***$42,258***		***$46,335***	
Total Households	**7,402**	**100**	**10,969**	**100**	**213,154**	**100**

Sources: 2019-2023 American Community Survey; Maxfield Research & Consulting

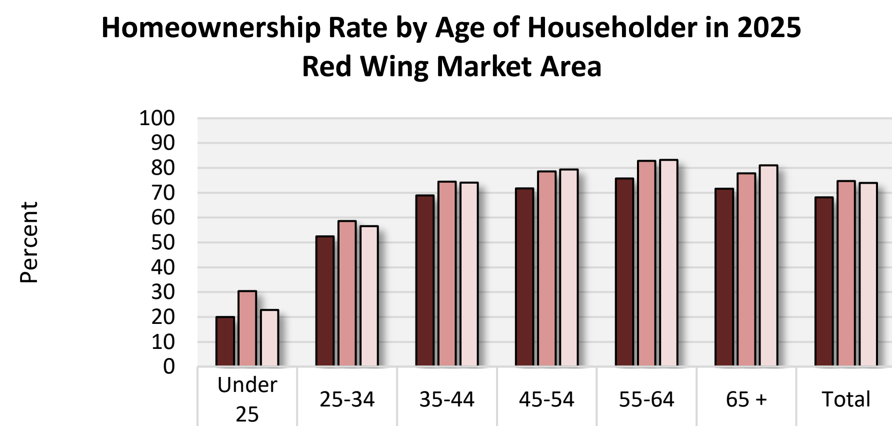
Household Tenure by Age

The table on the following page summarizes household tenure by age of householder for the Market Area in 2010 and 2025. Data for 2010 is obtained from the Decennial Census, while the 2025 information is based on the 2020 Decennial Census and adjusted by Maxfield Research to reflect 2025 household estimates. The table shows the number and percent of renter- and owner-occupied housing units in the Market Area. All data excludes unoccupied units and group quarters such as dormitories and nursing homes.

Household tenure information is important in understanding households' preferences to rent or own their housing. In addition to preferences, factors that contribute to these proportions include mortgage interest rates, household age, and lifestyle considerations, among others.

- In Red Wing, an estimated 68% of all households own in 2025, giving it a homeownership rate that is lower than the PMA (75%) and Southeast Minnesota (74%).

- Within the prime ownership years (35 to 64), 72% of households in Red Wing own in 2025, compared to 79% in the PMA and the Region.



	Under 25	25-34	35-44	45-54	55-64	65 +	Total
Red Wing	20	52	69	72	76	72	68
PMA	30	59	75	79	83	78	75
Southeast MN	23	57	74	79	83	81	74

- Typically, the youngest and oldest households rent their housing in greater proportions than middle-age households. This pattern is apparent among younger households in Red Wing as 53% of households under the age of 35 rent in the City, including 80% under age 25.

- In the PMA, an estimated 47% of households under the age of 35 rent (70% under the age of 25) while 51% of households under age 35 (77% under age 25) in Southeast Minnesota rent.

TABLE 6

TENURE BY AGE OF HOUSEHOLDER RED WING MARKET AREA 2010 & 2025													
		City of Red Wing				Primary Market Area				Southeast Minnesota			
		2010		2025		2010		2025		2010		2025	
Age		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Under 25	Own	73	23.0	40	20.0	104	27.4	91	30.4	2,290	24.2	1,923	22.9
	Rent	245	77.0	161	80.0	275	72.6	208	69.6	7,166	75.8	6,485	77.1
	Total	**318**	**100.0**	**201**	**100.0**	**379**	**100.0**	**299**	**100.0**	**9,456**	**100.0**	**8,408**	**100.0**
25-34	Own	530	53.8	498	52.4	785	59.4	759	58.6	18,979	63.0	17,865	56.5
	Rent	455	46.2	452	47.6	537	40.6	536	41.4	11,170	37.0	13,746	43.5
	Total	**985**	**100.0**	**950**	**100.0**	**1,322**	**100.0**	**1,295**	**100.0**	**30,149**	**100.0**	**31,611**	**100.0**
35-44	Own	722	68.9	835	69.0	1,203	75.2	1,302	74.5	24,674	77.5	27,701	74.1
	Rent	326	31.1	376	31.0	396	24.8	445	25.5	7,160	22.5	9,696	25.9
	Total	**1,048**	**100.0**	**1,210**	**100.0**	**1,599**	**100.0**	**1,747**	**100.0**	**31,834**	**100.0**	**37,397**	**100.0**
45-54	Own	1,067	77.7	716	71.8	1,882	83.5	1,223	78.5	34,866	84.0	26,347	79.3
	Rent	307	22.3	282	28.2	372	16.5	335	21.5	6,627	16.0	6,870	20.7
	Total	**1,374**	**100.0**	**998**	**100.0**	**2,254**	**100.0**	**1,558**	**100.0**	**41,493**	**100.0**	**33,217**	**100.0**
55-64	Own	1,029	79.6	1,004	75.7	1,809	85.5	1,707	82.8	29,798	86.6	31,753	83.3
	Rent	263	20.4	322	24.3	306	14.5	355	17.2	4,594	13.4	6,386	16.7
	Total	**1,292**	**100.0**	**1,325**	**100.0**	**2,115**	**100.0**	**2,062**	**100.0**	**34,392**	**100.0**	**38,139**	**100.0**
65 +	Own	1,373	68.7	1,947	71.7	2,068	75.3	3,118	77.8	36,751	79.3	52,165	81.0
	Rent	627	31.4	770	28.3	678	24.7	890	22.2	9,615	20.7	12,217	19.0
	Total	**2,000**	**100.0**	**2,717**	**100.0**	**2,746**	**100.0**	**4,008**	**100.0**	**46,366**	**100.0**	**64,382**	**100.0**
TOTAL	Own	4,794	68.3	5,040	68.1	7,851	75.4	8,200	74.8	147,358	76.1	157,755	74.0
	Rent	2,223	31.7	2,361	31.9	2,564	24.6	2,769	25.2	46,332	23.9	55,399	26.0
	Total	**7,017**	**100.0**	**7,402**	**100.0**	**10,415**	**100.0**	**10,969**	**100.0**	**193,690**	**100.0**	**213,154**	**100.0**

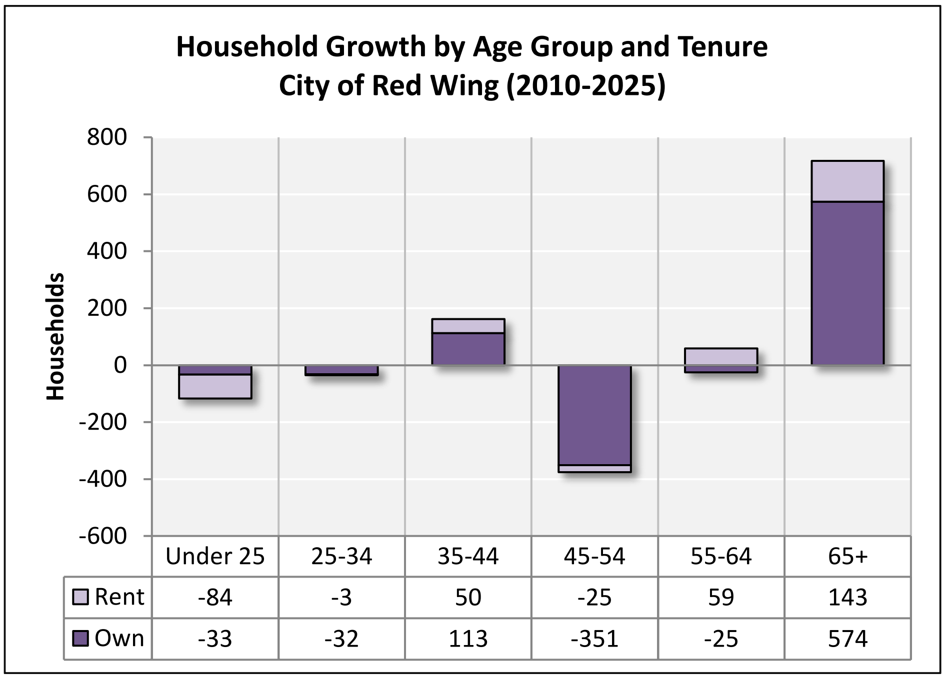
Sources: U.S. Census; Maxfield Research & Consulting

- The total number of renter households residing in Red Wing grew by an estimated 138 households between 2010 and 2025, an increase of 6%, while the number of owner households expanded 5% (246 households).

- Renter household growth occurred in the 35 to 44, 55 to 64, and 65 and older age groups, while contraction occurred among the under age 25, 25 to 34, and 45 to 54 age cohorts.

- Owner household growth occurred in the 35 to 44 and 65 and older age groups but contracted in all other age cohorts between 2010 and 2025.

- As depicted in the following chart, the largest overall increase occurred in the 65 and older age group in Red Wing, with the addition of 574 owner households (42% growth) and 143 renter households (23% growth).



	Under 25	25-34	35-44	45-54	55-64	65+
Rent	-84	-3	50	-25	59	143
Own	-33	-32	113	-351	-25	574

- The 35 to 44 age group added 113 owner households (16% growth) and 50 renter households (15% growth). Household growth also occurred in the 55 to 64 age group with the addition of 59 renter households (22%) against a -2% decline in owner households (-25 households).

- All other age groups contracted between 2010 and 2025, most notably the 45 to 54 and under 25 age groups, decreasing by -376 households (-27%) and -117 households (-37%), respectively.

Tenure by Household Size

The following table summarizes household tenure by size of household in the Market Area during 2010 and 2025 from the U.S. Census and American Community Survey, with adjustments made by Maxfield Research to reflect 2025 household estimates. Note that some totals may not add due to rounding. The tables show the number and percent of renter- and owner-occupied housing units by household size. All data excludes unoccupied units and group quarters such as nursing homes.

TABLE 7

TENURE BY HOUSEHOLD SIZE
RED WING MARKET AREA
2010 & 2025

		Red Wing				Primary Market Area				Southeast Minnesota			
		2010		2025		2010		2025		2010		2025	
HH Size		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
1-Person	Own	1,097	48.6	1,446	51.1	1,620	55.8	2,058	57.2	31,133	58.8	35,989	57.8
	Rent	1,162	51.4	1,385	48.9	1,282	44.2	1,537	42.8	21,801	41.2	26,310	42.2
	Total	**2,259**	**100**	**2,831**	**100**	**2,902**	**100**	**3,595**	**100**	**52,934**	**100**	**62,299**	**100**
2-Person	Own	2,030	79.6	2,028	81.0	3,377	84.4	3,465	85.2	59,118	84.3	65,296	83.4
	Rent	520	20.4	476	19.0	622	15.6	601	14.8	11,007	15.7	12,984	16.6
	Total	**2,550**	**100**	**2,504**	**100**	**3,999**	**100**	**4,066**	**100**	**70,125**	**100**	**78,280**	**100**
3-Person	Own	721	73.9	640	88.4	1,199	79.7	1,082	88.0	22,073	79.4	21,319	79.1
	Rent	254	26.1	84	11.6	306	20.3	148	12.0	5,738	20.6	5,630	20.9
	Total	**975**	**100**	**725**	**100**	**1,505**	**100**	**1,230**	**100**	**27,811**	**100**	**26,949**	**100**
4-Person	Own	609	78.5	660	82.1	1,025	83.4	991	84.8	20,838	83.8	22,469	84.6
	Rent	167	21.5	144	17.9	204	16.6	178	15.2	4,022	16.2	4,083	15.4
	Total	**776**	**100**	**804**	**100**	**1,229**	**100**	**1,169**	**100**	**24,860**	**100**	**26,552**	**100**
5-Person	Own	239	76.6	347	90.1	428	82.5	559	91.1	9,440	81.0	10,511	84.2
	Rent	73	23.4	38	9.9	91	17.5	55	8.9	2,220	19.0	1,974	15.8
	Total	**312**	**100**	**385**	**100**	**519**	**100**	**614**	**100**	**11,660**	**100**	**12,485**	**100**
6-Person	Own	63	74.1	87	78.4	134	81.7	193	87	3,150	78.4	3,420	82.9
	Rent	22	25.9	24	21.6	30	18.3	30	13.4	866	21.6	708	17.1
	Total	**85**	**100**	**111**	**100**	**164**	**100**	**223**	**100**	**4,016**	**100**	**4,127**	**100**
7+Person	Own	35	58	28	67	68	70.1	48	67	1,606	70.3	2,009	81.6
	Rent	25	41.7	14	33	29	29.9	24	33	678	29.7	452	18.4
	Total	**60**	**100**	**42**	**100**	**97**	**100**	**71**	**100**	**2,284**	**100**	**2,461**	**100**
TOTAL	Own	4,794	68.3	5,040	68.1	7,851	75.4	8,200	74.8	147,358	76.1	157,755	74.0
	Rent	2,223	31.7	2,361	31.9	2,564	24.6	2,769	25.2	46,332	23.9	55,399	26.0
	Total	**7,017**	**100**	**7,402**	**100**	**10,415**	**100**	**10,969**	**100**	**193,690**	**100**	**213,154**	**100**
Avg. HH Size	Own	2.41		2.48		2.48		2.50		2.55		2.58	
	Rent	1.94		1.52		1.99		1.63		2.12		1.86	

Sources: U.S. Census; 2019-2023 American Community Survey; Maxfield Research & Consulting

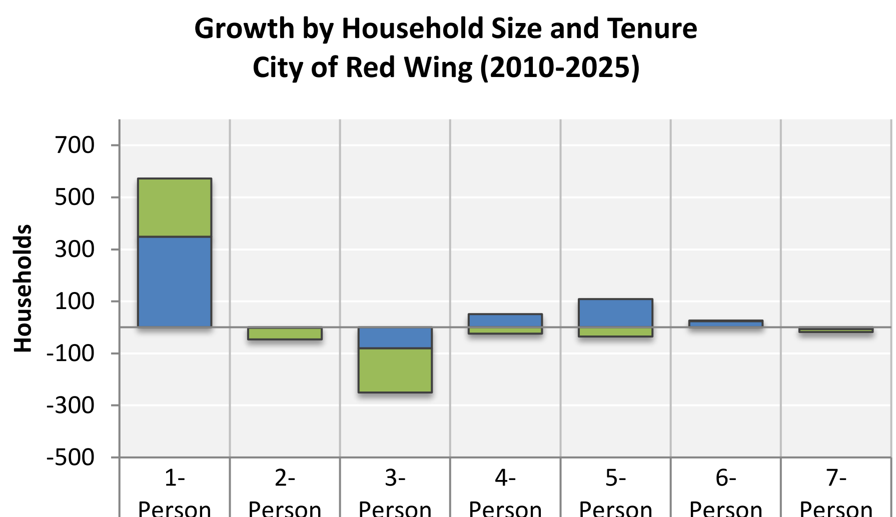
- In 2010, the average renter household in Red Wing contained 1.94 persons, while the average owner household included 2.41 persons. By 2025, average household sizes declined to 1.52 for renter households but increased to 2.48 for owner households.

  - By comparison, average owner household sizes are 2.50 persons per household in the PMA and 2.58 persons per household in Southeast Minnesota. Average renter household sizes are at 1.63 in the PMA and 1.86 in the Region.

- In 2025, one- and two-person households are, by far, the most common household size in Red Wing, representing 72% of all households (38% one-person and 33% two-person).

  - The PMA has a slightly larger proportion of two-person households (37%) but a lower proportion of one-person households (33%). In Southeast Minnesota, 29% of all households are one-person while 37% are two-person households.

- Red Wing experienced strong growth in the number of one-person households between 2010 and 2025, adding 572 households (25%). Modest growth occurred among the number of four-, five-, and six-person households. These gains were partially offset by decreases in the number of two-, three-, and seven-person households.



	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7-Person
Rent	223	-44	-170	-23	-35	2	-11
Own	349	-2	-81	51	108	24	-7

- One-person households comprise the majority of renter households in Red Wing in 2025, at 59% of all renter households, followed by two-person (20%) households.

- The largest proportion of owner households in Red Wing are two-person households (40%), followed by one-person households (29%) and four-person households (13%).

Household Type

The following table summarizes household type trends in Red Wing and the PMA compared to Southeast Minnesota in 2010 and 2025. Data for 2010 is obtained from the Decennial Census, while the 2025 data is based on the 2019-2023 American Community Survey and adjusted by Maxfield Research to reflect 2025 household estimates. Shifting household types can stimulate demand for a variety of housing products.

- Married couple family households with children typically generate demand for single-family detached ownership housing.
- Married couples without children, which are generally younger couples that have not had children (and may not have children) and older couples with adult children that have moved out of the home, often desire multifamily housing for convenience reasons.
- Other family households, defined as a male or female householder with no spouse present (typically single-parent households), often require affordable housing.
- Changes in non-family households (households living alone and households composed of unrelated roommates) drive demand for rental housing.

- In Red Wing, households living alone are estimated to be the most common household type (38% of all households), followed by married couple without children households (27%).

- Households living alone are the most common household type in the PMA (33%), while married couple without children households are the most common household type in the Region (31%).

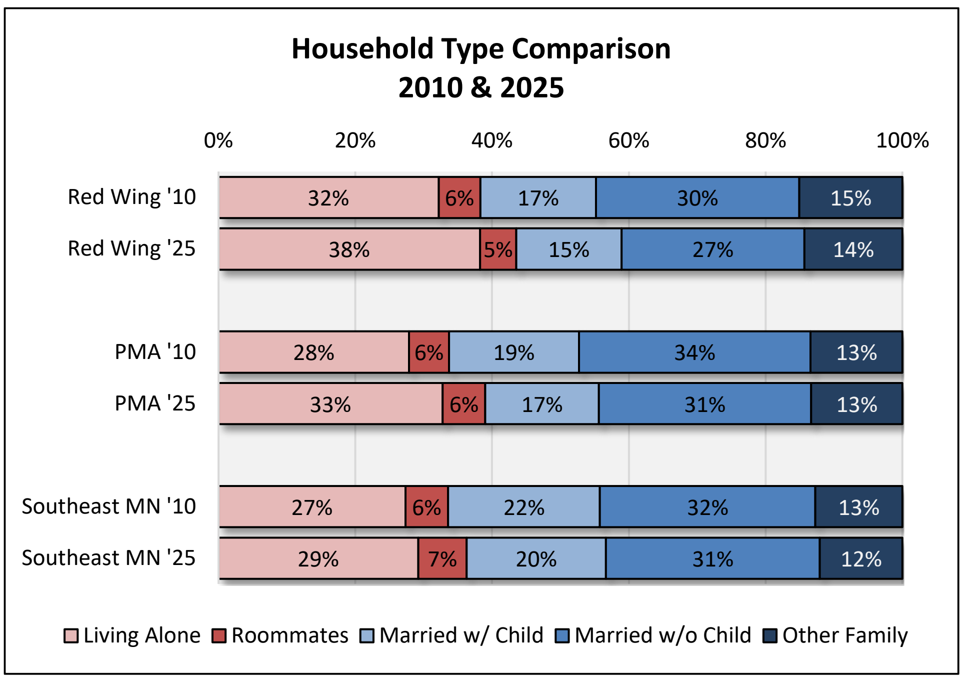


TABLE 8
HOUSEHOLD TYPE
RED WING MARKET AREA
2010 & 2025

	Red Wing		Primary Market Area		Southeast MN	
	2010	2025	2010	2025	2010	2025
Total Households	**7,017**	**7,402**	**10,415**	**10,969**	**193,690**	**213,154**
Non-Family Households	**2,689**	**3,224**	**3,512**	**4,280**	**65,065**	**77,337**
Living Alone	2,259	2,831	2,902	3,595	52,934	62,299
Other (Roommates)	430	393	610	685	12,131	15,037
Family Households	**4,328**	**4,178**	**6,903**	**6,689**	**128,625**	**135,817**
Married w/ Children	1,184	1,138	1,978	1,819	42,976	43,391
Married w/o Children	2,085	1,979	3,527	3,408	61,023	66,721
Other Family	1,059	1,061	1,398	1,462	24,626	25,706
Change (2010 - 2025)	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**
Total Households	**385**	**5.5%**	**554**	**5.3%**	**19,464**	**10.0%**
Non-Family Households	**535**	**19.9%**	**768**	**21.9%**	**12,272**	**18.9%**
Living Alone	572	25.3%	693	23.9%	9,365	17.7%
Other (Roommates)	-37	-8.5%	75	12.3%	2,906	24.0%
Family Households	**-150**	**-3.5%**	**-214**	**-3.1%**	**7,192**	**5.6%**
Married w/ Children	-46	-3.9%	-159	-8.0%	415	1.0%
Married w/o Children	-106	-5.1%	-119	-3.4%	5,698	9.3%
Other Family	2	0.2%	64	4.6%	1,080	4.4%

Sources: U.S. Census; 2019-2023 American Community Survey; Maxfield Research & Consulting

- In 2025, family households comprise an estimated 56% of all households in Red Wing compared to 61% in the PMA and 64% in Southeast Minnesota.

- Family households experienced modest contraction between 2010 and 2025 in Red Wing, declining by an estimated -150 households (-3.5%). The number of family households decreased -3.1% in the PMA while increasing 1.0% in the Region between 2010 and 2025.

  - Red Wing experienced a -3.9% decline in married couple with children households (-46 households) between 2010 and 2025, while the number of married couples without children contracted -5.1% (-106 households). The number of other family households held fairly steady, expanding 0.2% (two households).

- Between 2010 and 2025, non-family households increased 20%, adding 535 households, in Red Wing, compared to a 22% increase in the PMA (768) and 19% growth in the Region.

  - Households living alone expanded 25.3% in Red Wing between 2010 and 2025, adding 572 households, while the number of roommate households contracted -9% (-37 households) since 2010.

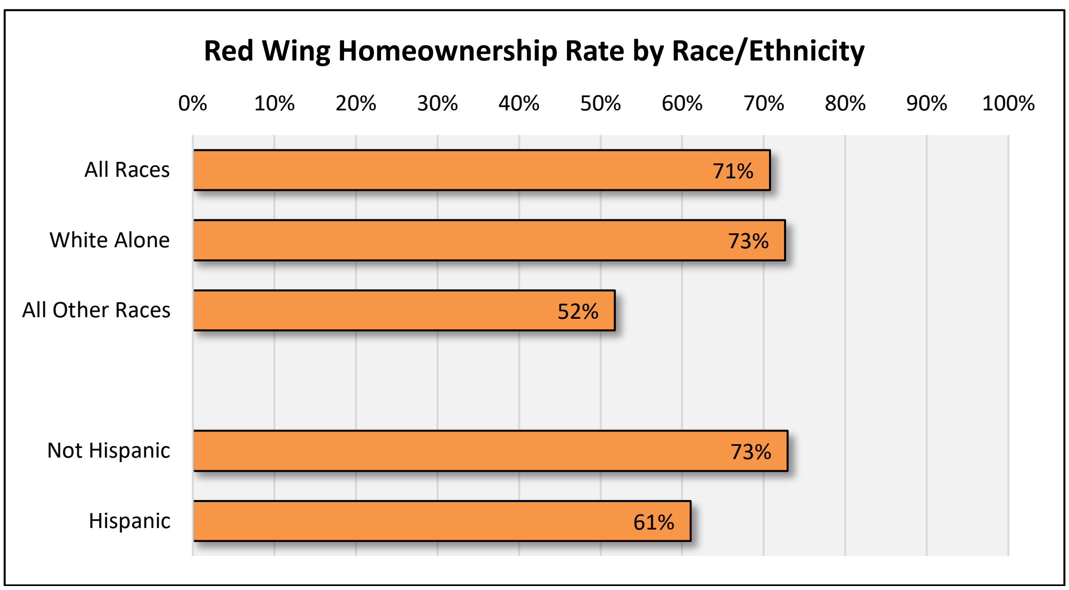
Race and Ethnicity

The table on the following page displays the breakdown of the Market Area population by race and ethnicity. This data is useful in that it illustrates shifts in the demographic characteristics of the Market Area population from 2010 to 2025. Data for 2010 is obtained from the Decennial Census, while current estimates are sourced from ESRI and adjusted by Maxfield Research to reflect 2025 population estimates.

Federal standards mandate that race and ethnicity are separate and distinct identities and Census results are based on self-identification. A person may be categorized as one of two ethnic categories; "Hispanic or Latino" origin or "Not Hispanic or Latino." In addition, a person can self-identify as having one or more racial identity, including "White," "Black or African American," "American Indian or Alaska Native," "Asian," and "Native Hawaiian or Other Pacific Islander." Respondents could also identify as being "Some Other Race."

- In 2025, "White Alone" comprises the largest proportion of Red Wing's population, at an estimated 85% compared to 87% in the PMA and 82% in Southeast Minnesota. People identified as Two or More Races was the second most populous group in Red Wing (6% of the population), the PMA (5%), and the Region (6%).

- Based on 2019-2023 American Community Survey estimates, approximately 73% of White households in Red Wing own their housing while the remaining 27% rent. The home ownership rate declines to 52% among all other races in the City. An estimated 61% of Hispanic households own compared to 73% of non-Hispanic households in Red Wing.



- Most races experienced population growth between 2010 and 2025 in Red Wing. Largest growth occurred among people identifying as being Two or More Races (612 people, 159% growth), while the White Alone population contracted -4.7% (-704 people).

- In Southeast Minnesota, the White Alone population contracted -2.8% (-12,635 people) between 2010 and 2025. Largest gains in the Region occurred among people identifying as being Two or More Races (22,348) and Black Alone (11,286).

- The number of people self-identifying as being of Hispanic or Latino origin expanded in Red Wing between 2010 and 2025, adding 362 people (60% growth), compared to 74% growth in the PMA and 49% growth in Southeast Minnesota.

TABLE 9

POPULATION DISTRIBUTION BY RACE & ETHNICITY
RED WING MARKET AREA
2010 - 2025

	2010		2025		Change 2010-2025	
Race/Ethnicity	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**
Red Wing						
White Alone	15,064	91.5%	14,359	84.6%	-704	-4.7%
Black Alone	312	1.9%	498	2.9%	186	59.7%
American Indian Alone	366	2.2%	422	2.5%	56	15.2%
Asian Alone	129	0.8%	190	1.1%	61	47.5%
Pacific Islander Alone	5	0.0%	15	0.1%	10	--
Some Other Race Alone	198	1.2%	492	2.9%	294	148.6%
Two or More Races	385	2.3%	997	5.9%	612	158.9%
Total	**16,459**	**100%**	**16,974**	**100%**	**515**	**3.1%**
Hispanic (ethnicity)	607	3.7%	970	5.7%	362	59.7%
Primary Market Area						
White Alone	23,538	93.4%	22,569	87.2%	-969	-4.1%
Black Alone	328	1.3%	546	2.1%	218	66.4%
American Indian Alone	470	1.9%	543	2.1%	73	15.5%
Asian Alone	158	0.6%	227	0.9%	69	43.7%
Pacific Islander Alone	12	0.0%	18	0.1%	6	51.4%
Some Other Race Alone	230	0.9%	605	2.3%	375	163.2%
Two or More Races	455	1.8%	1,374	5.3%	919	202.1%
Total	**25,191**	**100%**	**25,883**	**100%**	**692**	**2.7%**
Hispanic (ethnicity)	691	2.7%	1,204	4.7%	513	74.2%
Southeast Minnesota						
White Alone	451,152	91.2%	438,517	82.3%	-12,635	-2.8%
Black Alone	12,389	2.5%	23,675	4.4%	11,286	91.1%
American Indian Alone	1,717	0.3%	2,684	0.5%	967	56.3%
Asian Alone	12,010	2.4%	19,061	3.6%	7,051	58.7%
Pacific Islander Alone	197	0.0%	609	0.1%	412	209.0%
Some Other Race Alone	8,918	1.8%	17,690	3.3%	8,772	98.4%
Two or More Races	8,301	1.7%	30,649	5.8%	22,348	269.2%
Total	**494,684**	**100%**	**532,885**	**100%**	**38,201**	**7.7%**
Hispanic (ethnicity)	24,805	5.0%	36,938	6.9%	12,133	48.9%

Sources: U.S. Census; ESRI; Maxfield Research & Consulting

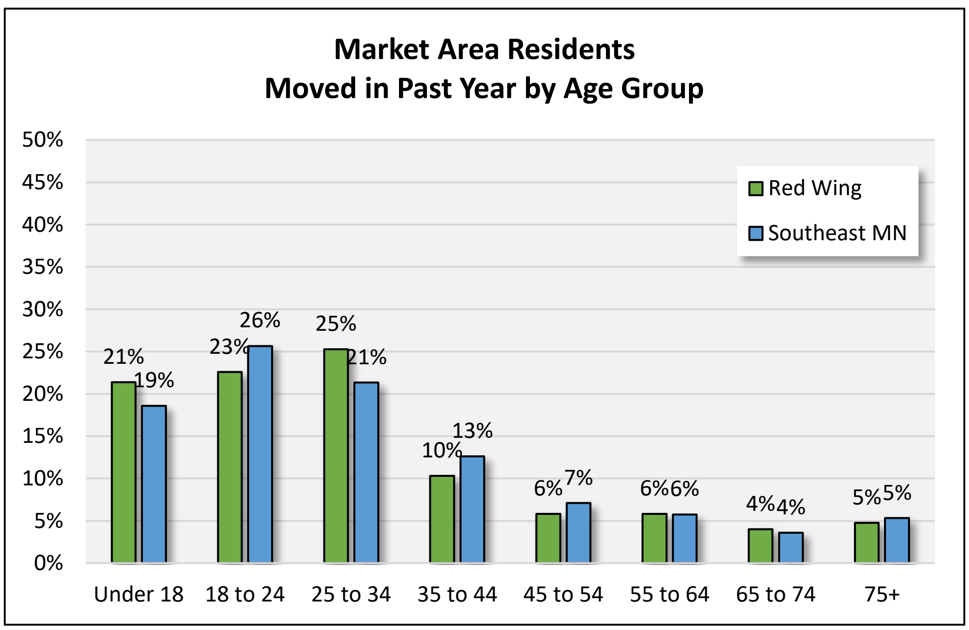
Resident Mobility

The table on the following page summarizes mobility patterns of Market Area residents within a one-year timeframe. Data for 2025 is based on the 2019-2023 American Community Survey and adjusted by Maxfield Research to reflect current year population estimates. People move for various reasons, but housing is a primary motivator, followed by family-related reasons, and job-related reasons. Local moves are generally housing-related, while longer-distance moves are often job-related.

- The majority of residents in the Market Area did not change residences within a one-year time period of the ACS Survey, including 83% of residents in Red Wing, 87% in the PMA, and 87% of residents in Southeast Minnesota.

- Among the 17% of residents that moved in Red Wing, most moved from within Goodhue County (7.7% of all residents), while another 4.7% moved from within another County in Minnesota and 3.9% relocated to Red Wing from a different State.

- The following graph illustrates the number of residents that moved to Red Wing in the past year by age group compared to resident mobility by age group in Southeast Minnesota.



- Renter households and younger households tend to be more highly mobile than owner households and older households. This trend is evident in the Market Area, as 69% of the residents that moved within the one-year time period were under age 34 in Red Wing compared to 66% in Southeast Minnesota.

TABLE 10

RESIDENT MOBILITY IN PAST YEAR BY AGE GROUP
RED WING MARKET AREA
2025

			Moved from							
Age	Not Moved		Within Same County		Different Co, Same State		Different State		Abroad	
Red Wing	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**
Under 18	2,730	16.1%	318	1.9%	139	0.8%	127	0.7%	28	0.2%
18 to 24	718	4.2%	270	1.6%	313	1.8%	64	0.4%	0	0.0%
25 to 34	1,377	8.1%	331	1.9%	177	1.0%	185	1.1%	32	0.2%
35 to 44	1,858	10.9%	95	0.6%	106	0.6%	81	0.5%	13	0.1%
45 to 54	1,542	9.1%	74	0.4%	43	0.3%	49	0.3%	0	0.0%
55 to 64	2,647	15.6%	77	0.5%	12	0.1%	77	0.5%	0	0.0%
65 to 74	1,886	11.1%	47	0.3%	11	0.1%	40	0.2%	16	0.1%
75+	1,349	7.9%	100	0.6%	0	0.0%	36	0.2%	0	0.0%
Total	**14,109**	**83.1%**	**1,313**	**7.7%**	**803**	**4.7%**	**660**	**3.9%**	**90**	**0.5%**
PMA	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**
Under 18	4,295	16.6%	363	1.4%	189	0.7%	151	0.6%	28	0.1%
18 to 24	1,300	5.0%	293	1.1%	338	1.3%	69	0.3%	0	0.0%
25 to 34	2,082	8.0%	377	1.5%	196	0.8%	214	0.8%	32	0.1%
35 to 44	2,841	11.0%	101	0.4%	205	0.8%	88	0.3%	21	0.1%
45 to 54	2,698	10.4%	75	0.3%	60	0.2%	52	0.2%	3	0.0%
55 to 64	4,168	16.1%	85	0.3%	31	0.1%	116	0.4%	0	0.0%
65 to 74	3,193	12.3%	55	0.2%	20	0.1%	54	0.2%	23	0.1%
75+	1,917	7.4%	111	0.4%	0	0.0%	39	0.1%	0	0.0%
Total	**22,494**	**86.9%**	**1,461**	**5.6%**	**1,039**	**4.0%**	**782**	**3.0%**	**107**	**0.4%**
Southeast MN	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**
Under 18	105,055	19.7%	7,238	1.4%	2,999	0.6%	1,721	0.3%	610	0.1%
18 to 24	33,883	6.4%	6,430	1.2%	6,510	1.2%	3,909	0.7%	493	0.1%
25 to 34	50,761	9.5%	6,885	1.3%	3,853	0.7%	2,986	0.6%	699	0.1%
35 to 44	60,671	11.4%	4,390	0.8%	2,350	0.4%	1,329	0.2%	461	0.1%
45 to 54	55,076	10.3%	2,308	0.4%	1,456	0.3%	937	0.2%	92	0.0%
55 to 64	67,354	12.6%	1,892	0.4%	1,105	0.2%	784	0.1%	111	0.0%
65 to 74	54,129	10.2%	1,139	0.2%	796	0.1%	426	0.1%	61	0.0%
75+	38,387	7.2%	2,148	0.4%	824	0.2%	525	0.1%	101	0.0%
Total	**465,316**	**87.3%**	**32,430**	**6.1%**	**19,893**	**3.7%**	**12,617**	**2.4%**	**2,629**	**0.5%**

Sources: 2019-2023 American Community Survey; Maxfield Research & Consulting

Employment Trends

Introduction

Employment characteristics are relevant when evaluating housing needs in any given market area as employment growth often fuels household growth. Typically, households prefer to live near work for convenience, which is a primary factor in choosing a housing location. Many households, however, choose to commute greater distances to work provided their housing is affordable enough to offset the additional transportation costs. In many areas, particularly less densely populated areas, people will choose to live further from their place of work because they prefer a rural lifestyle (i.e. they want to live on a wooded lot or be near a body of water) or suitable housing may not be available in their employer's community.

This section of the report evaluates employment trends and characteristics in Red Wing as they relate to housing demand in the community, with select comparisons made to Goodhue County, and Southeast Minnesota. The following topics are reviewed.

- Labor force, resident employment, and unemployment trends
- Commuting patterns
- Job growth trends and projections
- Employment and average wages by industry sector
- Major employers

The Minnesota Department of Employment and Economic Development (DEED) is the primary data resource for this section of the market study. Other information sources include the United Stated Bureau of Labor Statistics, and the United States Census Bureau Longitudinal Employer-Household Dynamics (LEHD) program.

Resident Employment

The following table shows information on the labor force, resident employment, and unemployment in Red Wing compared to Goodhue County and Southeast Minnesota. Data is sourced from DEED. Resident employment data reveals the workforce and number of employed people living in the area. It is important to note that not all of these individuals necessarily work in the area.

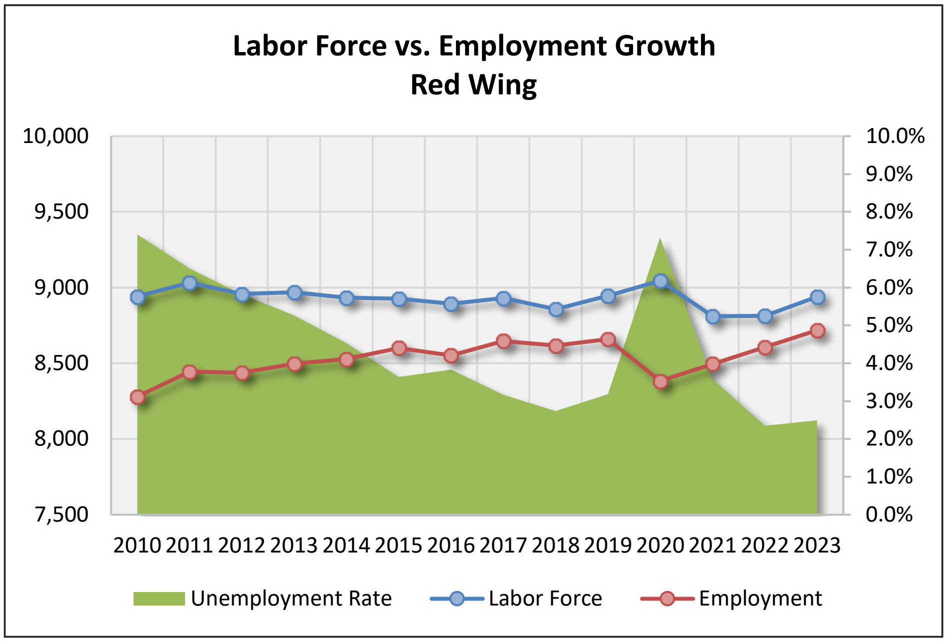
TABLE 11
LABOR FORCE AND RESIDENT EMPLOYMENT TRENDS
RED WING MARKET AREA
2010 - 2023

	Red Wing			Goodhue County			Southeast Minnesota		
Year	Labor Force	Employed Residents	UE Rate	Labor Force	Employed Residents	UE Rate	Labor Force	Employed Residents	UE Rate
2023	8,940	8,717	2.5%	27,017	26,303	2.6%	287,888	280,737	2.5%
2022	8,813	8,606	2.3%	26,623	25,969	2.5%	284,871	278,276	2.3%
2021	8,810	8,495	3.6%	26,549	25,632	3.5%	285,550	276,221	3.3%
2020	9,044	8,382	7.3%	26,879	25,292	5.9%	289,325	273,751	5.4%
2019	8,945	8,660	3.2%	27,138	26,298	3.1%	287,193	278,579	3.0%
2018	8,858	8,616	2.7%	26,810	26,051	2.8%	283,187	275,381	2.8%
2017	8,930	8,647	3.2%	26,970	26,092	3.3%	283,308	274,495	3.1%
2016	8,893	8,552	3.8%	26,830	25,833	3.7%	280,925	271,317	3.4%
2015	8,926	8,601	3.6%	26,942	25,974	3.6%	279,552	269,979	3.4%
2014	8,933	8,528	4.5%	26,788	25,707	4.0%	277,021	266,118	3.9%
2013	8,969	8,497	5.3%	26,849	25,571	4.8%	278,109	265,408	4.6%
2012	8,958	8,437	5.8%	26,740	25,351	5.2%	278,297	264,068	5.1%
2011	9,031	8,444	6.5%	26,988	25,365	6.0%	277,113	260,522	6.0%
2010	8,941	8,279	7.4%	26,734	24,843	7.1%	276,681	257,676	6.9%

Sources: Minnesota DEED; Maxfield Research & Consulting

- In 2023, Goodhue County had an annual labor force of 27,017 with 26,303 employed residents (2.6% unemployment), including a labor force of 8,940 in Red Wing with 8,717 employed residents (2.5% unemployment in Red Wing).
  - By comparison, the unemployment rate was at 2.5% in Southeast Minnesota and 2.8% in Minnesota.
- Red Wing's labor force contracted by one person between 2010 and 2023 (-0.0% growth), while resident employment increased 5.3% (438).
  - By comparison, Goodhue County experienced 1.1% labor force growth (283) against a 5.9% increase in resident employment (1,460) between 2010 and 2023, while Southeast Minnesota's labor force expanded 4.1% against an 8.9% resident employment increase.

- Because resident employment growth has outpaced labor force growth, unemployment rates dropped in the area, declining from 7.4% in 2010 to 2.5% during 2023 in Red Wing. The Region's unemployment rate decreased from 6.9% in 2010 to 2.5% in 2023.



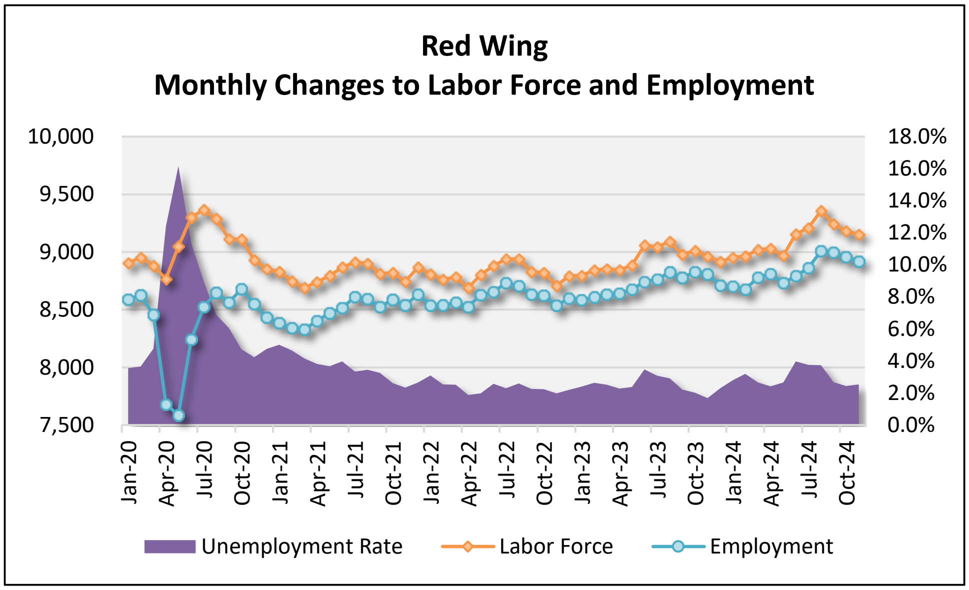
- Increased hiring drove the unemployment rate down in the Market Area from 2010 through 2019 as the number of employed residents expanded faster than the labor force.

  – Resident employment however, declined -3.2% in Red Wing in 2020, while Goodhue County and Southeast Minnesota experienced -3.8% and -1.7% decreases in resident employment, respectively due to the COVID-19 pandemic and subsequent economic recession.

- Due to the job losses related to the COVID-19 pandemic, unemployment rates increased during the first half of 2020.

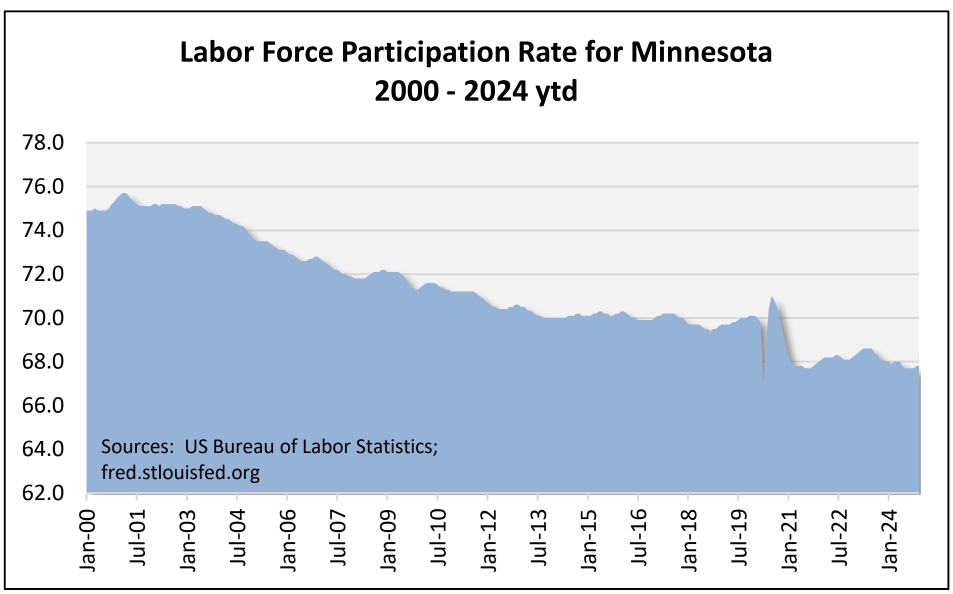
  – Unemployment peaked at 16.2% in Red Wing and 11.9% the County in spring 2020, compared to peaks of 10.0% in Southeast Minnesota, 11.0% in Minnesota, and 14.4% in the United States.

- The following chart illustrates how unemployment rates have declined since spiking in early 2020. It also reveals fairly steady monthly labor force and resident employment growth in Red Wing since early 2021.



- Decreasing labor force participation has contributed to the declining unemployment rates. In Minnesota, the labor force participation rate declined to a low of 67.7% in late summer 2021, the lowest participation rate since March 1978 (67.8%). Minnesota's labor force participation rate, which increased slightly in 2023, declined to 67.7% again in October 2024 before increasing modestly to 67.8% in December 2024, compared to 62.5% nationally.

- The decline was due to several factors, notably an aging population but also by workers being forced out of the labor market, children needing to attend school from home, and increased unemployment benefits, among others.



Commuting Patterns

Proximity to employment is often a primary consideration when choosing where to live, particularly for younger and lower income households since transportation costs often account for a greater proportion of their budgets. For this analysis, we reviewed commuting pattern data for the City of Red Wing from the U.S. Census Bureau Local Employment Dynamics data for 2022, the most recent data available.

The following table provides a summary of the inflow and outflow characteristics of the workers in Red Wing. Outflow reflects the number of workers living in the area but employed outside the City, while inflow measures the number of workers that are employed in the City but live outside the area. Interior flow reflects the number of workers that live and work in Red Wing.

- Approximately 6,582 workers commute into Red Wing for employment daily (inflow), while 3,956 resident workers leave the community (outflow). An estimated 3,537 people both live and work in the City (interior flow).

- Roughly 65% of the jobs in Red Wing are filled by workers commuting into the City. The highest proportion of workers coming into the area are aged 30 to 54 and earn more than $3,333 per month ($40,000 per year). The “All Other Services” industries bring the largest percentage of employees (47%).

TABLE 12

COMMUTING INFLOW/OUTFLOW CHARACTERISTICS
CITY OF RED WING
2022

	Outflow		Inflow		Interior Flow	
Primary Jobs	**3,956**	**100%**	**6,582**	**100%**	**3,537**	**100%**
By Age						
Workers Aged 29 or younger	933	23.6%	1,499	22.8%	836	23.6%
Workers Aged 30 to 54	2,044	51.7%	3,460	52.6%	1,722	48.7%
Workers Aged 55 or older	979	24.7%	1,623	24.7%	979	27.7%
By Monthly Wage						
Workers Earning $1,250/month or less	564	14.3%	761	11.6%	682	19.3%
Workers Earning $1,251 to $3,333/month	857	21.7%	1,402	21.3%	982	27.8%
Workers Earning More than $3,333/month	2,535	64.1%	4,419	67.1%	1,873	53.0%
By Industry						
"Goods Producing"	957	24.2%	1,837	27.9%	838	23.7%
"Trade, Transportation, and Utilities"	700	17.7%	1,654	25.1%	529	15.0%
"All Other Services"*	2,299	58.1%	3,091	47.0%	2,170	61.4%

*includes the following sectors: Information, Financial Activities, Professional & Business Services, Education & Health Services, Leisure & Hospitality, Other Services, and Public Administration

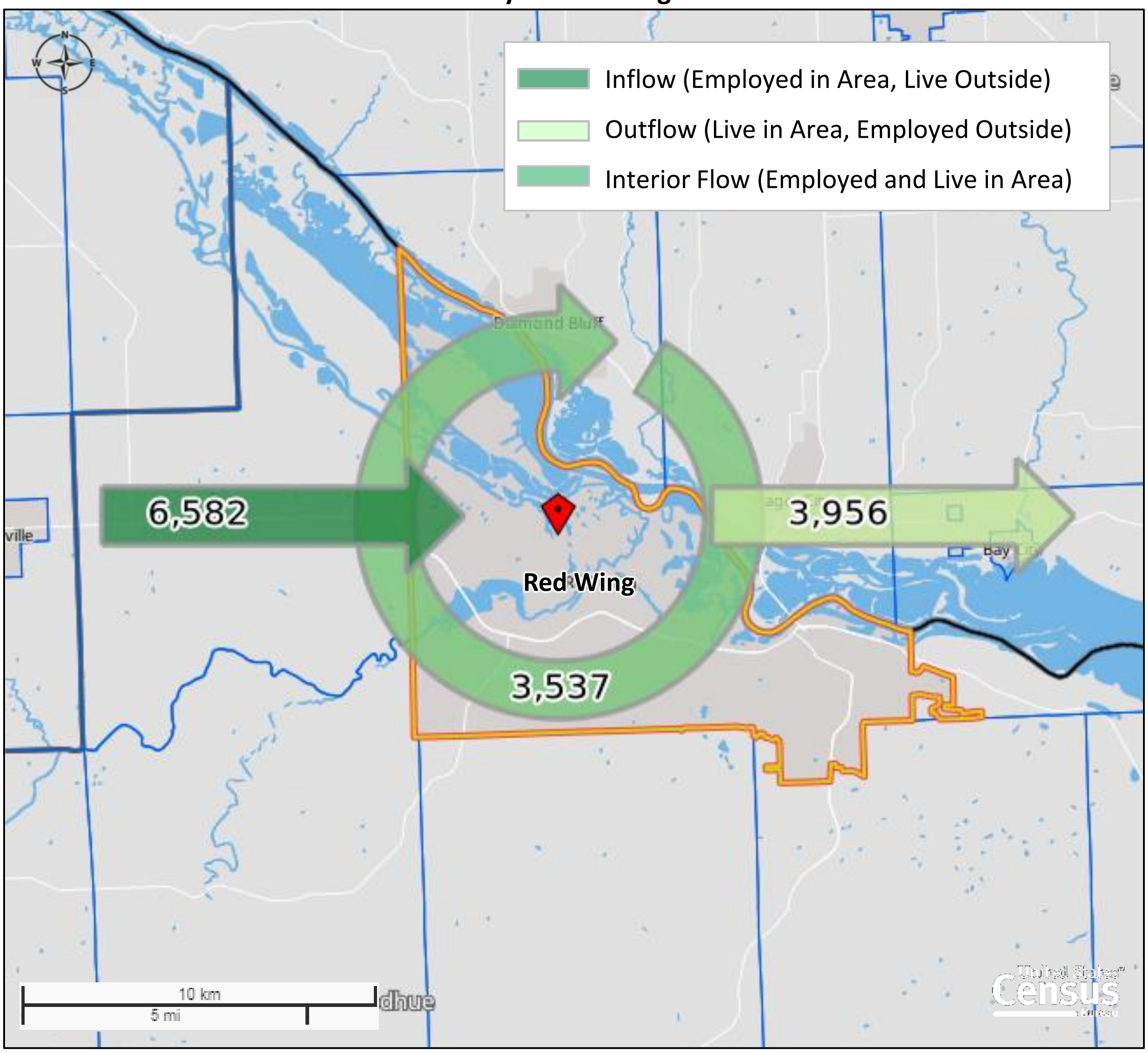
Sources: US Census Bureau Local Employment Dynamics; Maxfield Research & Consulting

- Overall, Red Wing is an importer of workers as a higher number of nonresidents commute into the City for employment than residents commute out of the City.

- With 6,582 workers commuting into Red Wing for employment daily, many coming from over 50 miles, there appears to be an opportunity to provide housing options for a portion of these workers.

- While data does not yet fully reflect impacts on commuting patterns post-pandemic, we anticipate that with potential shifts in work locations long-term for some worker segments (i.e. increased telecommuting), more people are likely to remain within the City boundaries.

2022 Commuting Pattern
City of Red Wing



The following table highlights the commuting patterns, including distance and destination, of workers with primary jobs in Red Wing based on Local Employment Dynamics data for 2022. Home Destination summarizes where workers live who are employed in the City, while Work Destination represents where workers are employed who live in Red Wing.

- Roughly 65% of the workers employed in Red Wing reside outside the City, while 35% (3,537) reside in the City. The largest proportion of workers commuting into Red Wing come from St. Paul (3.9%), Lake City (2.3%), Hastings (2.0%), and Woodbury (1.7%).

- Approximately 43% of the workers in Red Wing reside within ten miles of their place of employment while 21% travel from 10 to 24 miles. Roughly 24% of the workers commute from a distance of 25 to 50 miles and another 13% come from more than 50 miles away.

TABLE 13
COMMUTING PATTERNS
CITY OF RED WING
2022

Home Destination by Place			Work Destination by Place		
Place of Residence	**Count**	**Share**	**Place of Employment**	**Count**	**Share**
Red Wing city, MN	3,537	35.0%	Red Wing city, MN	3,537	47.2%
St. Paul city, MN	391	3.9%	St. Paul city, MN	372	5.0%
Lake City city, MN	229	2.3%	Rochester city, MN	261	3.5%
Hastings city, MN	203	2.0%	Minneapolis city, MN	194	2.6%
Woodbury city, MN	176	1.7%	Lake City city, MN	161	2.1%
Lakeville city, MN	132	1.3%	Hastings city, MN	142	1.9%
Goodhue city, MN	131	1.3%	Bloomington city, MN	121	1.6%
Ellsworth village, WI	126	1.2%	Eagan city, MN	112	1.5%
Minneapolis city, MN	119	1.2%	Cannon Falls city, MN	110	1.5%
Cottage Grove city, MN	115	1.1%	Minnetonka city, MN	88	1.2%
All Other Locations	4,960	49.0%	All Other Locations	2,395	32.0%
Home Destination			**Work Destination**		
Distance Traveled	**Count**	**Share**	**Distance Traveled**	**Count**	**Share**
Primary Jobs	10,119	100.0%	Primary Jobs	7,493	100.0%
Less than 10 miles	4,365	43.1%	Less than 10 miles	3,720	49.6%
10 to 24 miles	2,087	20.6%	10 to 24 miles	780	10.4%
25 to 50 miles	2,377	23.5%	25 to 50 miles	2,179	29.1%
Greater than 50 miles	1,290	12.7%	Greater than 50 miles	814	10.9%

Home Destination = Where workers live who are employed in the selection area
Work Destination = Where workers are employed who live in the selection area

Sources: US Census Bureau Local Employment Dynamics; Maxfield Research & Consulting

- Roughly 53% of the workers living in Red Wing commute outside of the City, most notably to St. Paul (5.0%), Rochester (3.5%), Minneapolis (2.6%), and Lake City (2.1%). Nearly 50% of the resident workers in Red Wing travel less than ten miles for their jobs, while 10% have a commute distance from 10 to 24 miles. Approximately 29% commute between 25 and 50 miles while 11% commute more than 50 miles for employment.

Employment Growth Trends

The table on the following page shows employment growth trends and projections from 2010 to 2035 for Red Wing, Goodhue County, and Southeast Minnesota. Data is sourced from the Quarterly Census of Employment and Wages (QCEW) and represents annual average employment. All establishments covered under the Unemployment Insurance Program are required to report wage and employment data quarterly. Federal government establishments are also covered by the QCEW program. Workers and jobs excluded from these statistics include the self-employed, family farm workers, and those who work only on a commission basis.

Projections for 2035 are based on 2022-2032 industry projections for Southeast Minnesota, the most recent forecast available from MN DEED. Maxfield Research applied the projected annual rate of growth to 2024 employment data to arrive at the forecast for the Region. We then projected employment for Goodhue County and Red Wing based on a review of changes to the proportion of the Region's growth that occurred in each area since 2010.

- As of the second quarter of 2024, there were 21,410 jobs in Goodhue County, including 11,774 jobs in Red Wing and 9,636 jobs in the Remainder of the County.
  - Red Wing contains roughly 55.0% of all jobs in Goodhue County, while employment in the County represents 8.6% of all jobs in Southeast Minnesota (248,783).
- Data from the Quarterly Census of Employment and Wages indicates that employment in Red Wing contracted -10% (-1,275 jobs) between 2010 and the second quarter of 2024, while employment in the Remainder of the County increased 21%, adding 1,667 jobs. Southeast Minnesota experienced an 11% increase in jobs during that time period.
  - Goodhue County added 640 jobs (3.0% increase) between 2010 and 2019, including 13.7% growth (1,088 jobs) in the Remainder of the County. The number of jobs in Red Wing decreased -3.4% (-448 jobs) during that time period.
  - Due, in part, to the COVID-19 pandemic and subsequent recession, employment in the County contracted by -2,036 jobs (-9.4%) between 2019 and 2020, including declines of -1,628 jobs in Red Wing (-12.9%) and -408 jobs in the Remainder of the County (-4.5%).
  - Employment is recovering, as the number of jobs in Goodhue County increased 9.1% (1,788 jobs) between 2020 and 2024, including 7.3% job growth in Red Wing (801 jobs) and 11.4% growth (987 jobs) in the Remainder of the County.
  - After contracting -5.5% from 2019 to 2020, employment in Southeast Minnesota expanded 6.7% between 2020 and 2024, adding 15,662 jobs.

- Modest job growth is anticipated in the Market Area over the next several years. Based on annual growth rate projections from MN DEED, Southeast Minnesota is expected to experience 5.1% job growth between 2024 and 2035.

  - Within Southeast Minnesota, much of the Region's job growth will likely occur in Rochester and the surrounding communities due to the Destination Medical Center economic development initiative.

- We anticipate that Goodhue County will add 946 jobs (4.4% growth) between 2024 and 2035, including increases of 410 jobs in Red Wing (3.5%) and 536 jobs in the Remainder of the County (5.6% growth).

TABLE 14

EMPLOYMENT GROWTH TRENDS AND PROJECTIONS
RED WING MARKET AREA
2010 to 2035

Annual Employment	City of Red Wing	Goodhue County	*Remainder of County*	Southeast Minnesota
2010	13,049	21,018	*7,969*	225,090
2019	12,601	21,658	*9,057*	246,808
2020	10,973	19,622	*8,649*	233,121
2024 Q2	11,774	21,410	*9,636*	248,783
2035 Forecast	**12,184**	**22,356**	***10,172***	**261,470**

Change	City of Red Wing No.	City of Red Wing Pct.	Goodhue County No.	Goodhue County Pct.	*Remainder of County No.*	*Remainder of County Pct.*	Southeast Minnesota No.	Southeast Minnesota Pct.
2010 - 2019	-448	-3.4%	640	3.0%	*1,088*	*13.7%*	21,718	9.6%
2019 - 2020	-1,628	-12.9%	-2,036	-9.4%	*-408*	*-4.5%*	-13,687	-5.5%
2020 - 2024	801	7.3%	1,788	9.1%	*987*	*11.4%*	15,662	6.7%
2024 - 2035	**410**	**3.5%**	**946**	**4.4%**	***536***	***5.6%***	**12,687**	**5.1%**

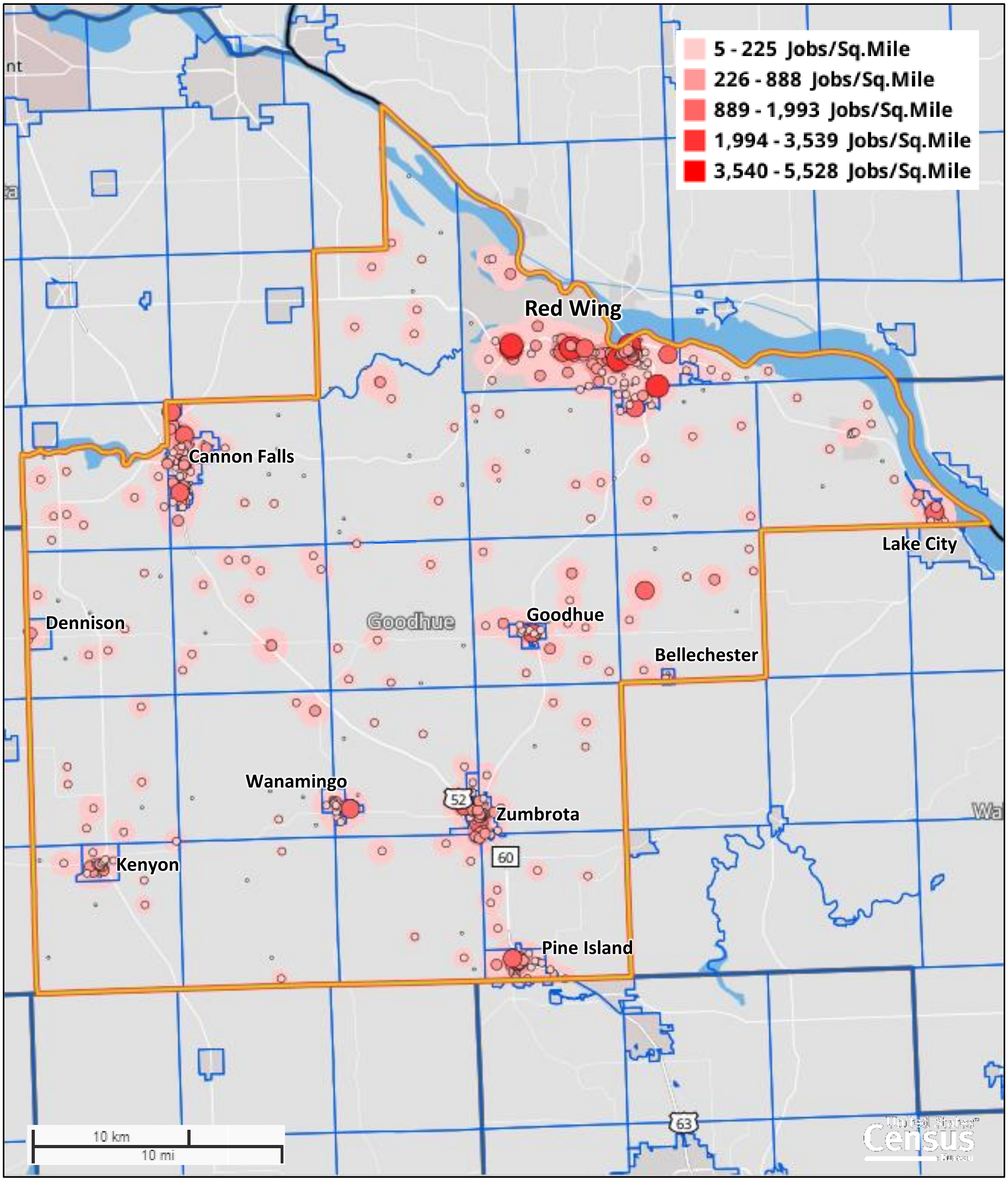
Sources: MN DEED; Maxfield Research & Consulting

- While projections indicate employment growth in Red Wing and the County, actual job growth will be based on increased, or decreased, hiring at area employers.

  - **Labor availability will be a key factor impacting the ability of Red Wing and Goodhue County to sustain employment levels and achieve the projected job growth. New housing will be needed to support potential labor force growth in the area.**

- Additionally, jobs generated by Destination Medical Center in Rochester may also stimulate some housing demand in Red Wing.

Goodhue County Job Concentrations

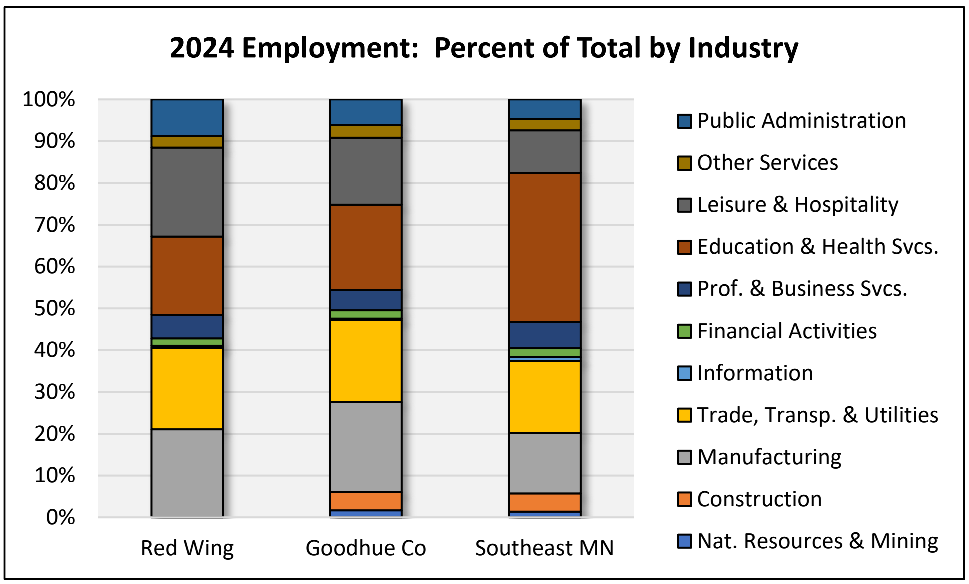


Industry Employment and Wage Data

The tables on the following pages display information on the employment and wage situation in Red Wing and Goodhue County compared to Southeast Minnesota. The Quarterly Census of Employment and Wages (QCEW) data is sourced from DEED and represents data for the second quarter of 2024 compared to annual data for 2023 and 2022.

Certain industries in the table may not display any information which means that there is either no reported economic activity for that industry or the data has been suppressed to protect the confidentiality of cooperating employers. This generally occurs when there are too few employers or one employer comprises too much of the employment in that geography.

- Leisure and Hospitality is the largest employment sector in Red Wing with 2,466 reported jobs (21% of the total), followed by Manufacturing with 2,429 jobs (21%). Manufacturing is the largest employment sector in Goodhue County with 4,620 jobs (22%), while Education and Health Services is the largest employer in Southeast Minnesota (36%).



- Employment in Goodhue County expanded 0.9%, adding 181 jobs, between 2023 and the second quarter of 2024, after adding 532 jobs (2.6%) in 2022. Since 2022, Leisure and Hospitality experienced the largest job growth, adding 289 jobs (9% growth).

  - Red Wing has experienced 0.9% job growth (107) in 2024 after increasing 2.5% (280 jobs) during 2023. Leisure and Hospitality experienced the largest job growth, adding 337 jobs in Red Wing since 2022 (16% growth).

- Southeast Minnesota experienced 3.6% job growth since 2022, with Education and Health Services increasing 4%, while employment in the Leisure and Hospitality sector increased 10% as the industry recovers post-COVID.

TABLE 15
INDUSTRY EMPLOYMENT TRENDS
RED WING MARKET AREA
2022 - 2024

				Change			
				2022-2023		2023-2024	
Industry	2022	2023	2024 Q2	No.	Pct.	No.	Pct.
City of Red Wing							
Total, All Industries	**11,387**	**11,667**	**11,774**	**280**	**2.5%**	**107**	**0.9%**
Natural Resources & Mining	--	--	--	--	--	--	--
Construction	--	--	--	--	--	--	--
Manufacturing	2,598	2,552	2,429	--	--	-123	-4.8%
Trade, Transportation & Utilities	2,187	2,258	2,257	71	3.2%	-1	0.0%
Information	53	61	58	--	--	--	--
Financial Activities	215	204	206	-11	-5.1%	2	1.0%
Prof. & Business Svcs.	629	636	649	7	1.1%	13	2.0%
Education & Health Svcs.	2,136	2,171	2,161	35	1.6%	-10	-0.5%
Leisure & Hospitality	2,129	2,315	2,466	186	8.7%	151	6.5%
Other Services	287	300	317	13	4.5%	17	5.7%
Public Administration	952	963	1,015	11	1.2%	52	5.4%
Goodhue County							
Total, All Industries	**20,697**	**21,229**	**21,410**	**532**	**2.6%**	**181**	**0.9%**
Natural Resources & Mining	388	389	360	1	0.3%	-29	-7.5%
Construction	784	813	918	29	3.7%	105	12.9%
Manufacturing	4,686	4,683	4,620	-3	-0.1%	-63	-1.3%
Trade, Transportation & Utilities	4,131	4,262	4,192	131	3.2%	-70	-1.6%
Information	91	96	91	5	5.5%	-5	-5.2%
Financial Activities	432	415	421	-17	-3.9%	6	1.4%
Prof. & Business Svcs.	1,003	1,014	1,039	11	1.1%	25	2.5%
Education & Health Svcs.	4,226	4,297	4,367	71	1.7%	70	1.6%
Leisure & Hospitality	3,145	3,407	3,434	262	8.3%	27	0.8%
Other Services	582	618	644	36	6.2%	26	4.2%
Public Administration	1,227	1,232	1,320	5	0.4%	88	7.1%
Southeast Minnesota							
Total, All Industries	**240,179**	**244,024**	**248,783**	**3,845**	**1.6%**	**4,759**	**2.0%**
Natural Resources & Mining	3,424	3,426	3,392	2	0.1%	-34	-1.0%
Construction	9,952	10,161	10,878	209	2.1%	717	7.1%
Manufacturing	36,061	36,401	35,940	340	0.9%	-461	-1.3%
Trade, Transportation & Utilities	42,088	42,282	42,719	194	0.5%	437	1.0%
Information	2,485	2,434	2,270	-51	-2.1%	-164	-6.7%
Financial Activities	5,557	5,486	5,434	-71	-1.3%	-52	-0.9%
Prof. & Business Svcs.	15,373	15,509	15,816	136	0.9%	307	2.0%
Education & Health Svcs.	84,937	86,182	88,703	1,245	1.5%	2,521	2.9%
Leisure & Hospitality	22,951	24,253	25,193	1,302	5.7%	940	3.9%
Other Services	6,393	6,651	6,711	258	4.0%	60	0.9%
Public Administration	10,955	11,237	11,724	282	2.6%	487	4.3%

Sources: MN DEED; Maxfield Research & Consulting

TABLE 16
AVERAGE WEEKLY WAGES
RED WING MARKET AREA
2022 - 2024

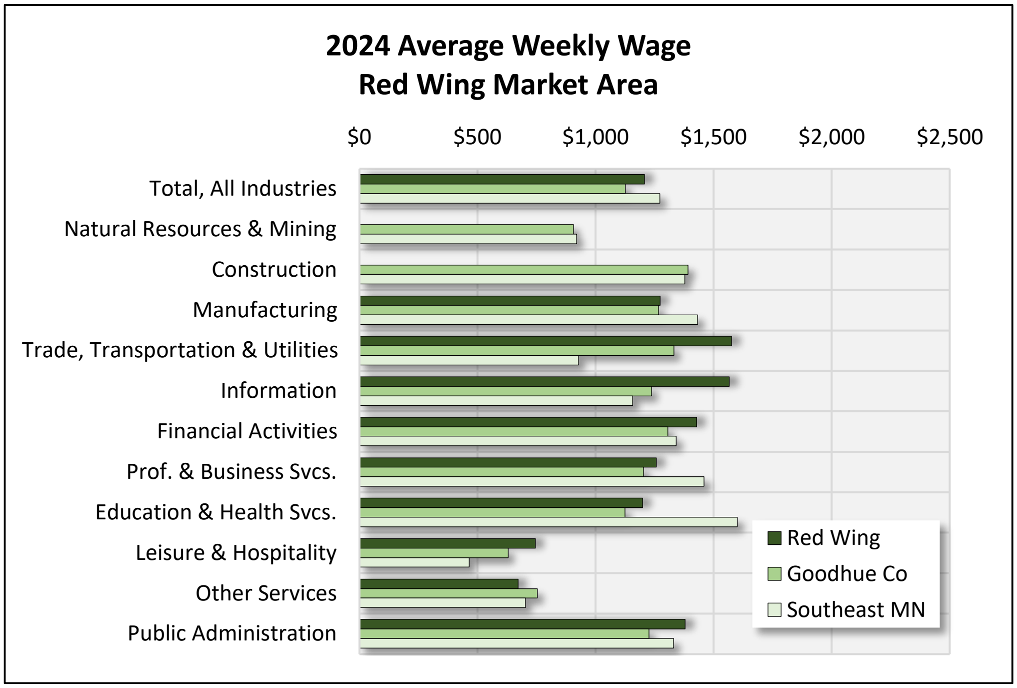
Industry	2022	2023	2024 Q2	Change 2022-2023 No.	Change 2022-2023 Pct.	Change 2023-2024 No.	Change 2023-2024 Pct.
City of Red Wing							
Total, All Industries	**$1,182**	**$1,212**	**$1,207**	**$30**	**2.5%**	**-$5**	**-0.4%**
Natural Resources & Mining	--	--	--	--	--	--	--
Construction	--	--	--	--	--	--	--
Manufacturing	$1,313	$1,337	$1,274	--	--	-$63	-4.7%
Trade, Transportation & Utilities	$1,480	$1,560	$1,576	$80	5.4%	$16	1.0%
Information	$1,573	$1,456	$1,566	-$117	-7.4%	$110	7.6%
Financial Activities	$1,416	$1,431	$1,428	$15	1.1%	-$3	-0.2%
Prof. & Business Svcs.	$1,210	$1,281	$1,258	$71	5.9%	-$23	-1.8%
Education & Health Svcs.	$1,108	$1,115	$1,200	$7	0.6%	$85	7.6%
Leisure & Hospitality	744	756	$745	$12	1.6%	-$11	-1.5%
Other Services	$668	$647	$672	-$21	-3.1%	$25	3.9%
Public Administration	$1,310	$1,385	$1,379	$75	5.7%	-$6	-0.4%
Goodhue County							
Total, All Industries	**$1,086**	**$1,132**	**$1,127**	**$46**	**4.2%**	**-$5**	**-0.4%**
Natural Resources & Mining	$766	$844	$907	$78	10.2%	$63	7.5%
Construction	$1,341	$1,417	$1,392	$76	5.7%	-$25	-1.8%
Manufacturing	$1,253	$1,287	$1,267	$34	2.7%	-$20	-1.6%
Trade, Transportation & Utilities	$1,280	$1,384	$1,332	$104	8.1%	-$52	-3.8%
Information	$1,189	$1,155	$1,237	-$34	-2.9%	$82	7.1%
Financial Activities	$1,272	$1,295	$1,306	$23	1.8%	$11	0.8%
Prof. & Business Svcs.	$1,180	$1,250	$1,203	$70	5.9%	-$47	-3.8%
Education & Health Svcs.	$1,035	$1,057	$1,125	$22	2.1%	$68	6.4%
Leisure & Hospitality	$606	$632	$631	$26	4.3%	-$1	-0.2%
Other Services	$718	$774	$754	$56	7.8%	-$20	-2.6%
Public Administration	$1,164	$1,241	$1,226	$77	6.6%	-$15	-1.2%
Southeast Minnesota							
Total, All Industries	**$1,175**	**$1,219**	**$1,272**	**$44**	**3.7%**	**$53**	**4.3%**
Natural Resources & Mining	$834	$890	$921	$56	6.7%	$31	3.5%
Construction	$1,289	$1,367	$1,378	$78	6.1%	$11	0.8%
Manufacturing	$1,334	$1,388	$1,433	$54	4.0%	$45	3.2%
Trade, Transportation & Utilities	$920	$955	$929	$35	3.8%	-$26	-2.7%
Information	$1,099	$1,123	$1,158	$24	2.2%	$35	3.1%
Financial Activities	$1,337	$1,368	$1,342	$31	2.3%	-$26	-1.9%
Prof. & Business Svcs.	$1,375	$1,455	$1,459	$80	5.8%	$4	0.3%
Education & Health Svcs.	$1,425	$1,471	$1,601	$46	3.2%	$130	8.8%
Leisure & Hospitality	$438	$466	$465	$28	6.4%	-$1	-0.2%
Other Services	$659	$693	$703	$34	5.2%	$10	1.4%
Public Administration	$1,193	$1,250	$1,331	$57	4.8%	$81	6.5%

Sources: MN DEED; Maxfield Research & Consulting

- Average weekly wages in Red Wing ($1,207) are 7% higher than in Goodhue County ($1,127) but roughly -5% lower than Southeast Minnesota ($1,272).

- Highest average wages in Red Wing are found in the Trade, Transportation, and Utilities ($1,576) and Information ($1,566) industry sectors.

- The Construction sector has the highest average weekly wage in Goodhue County ($1,392), followed by Trade, Transportation, and Utilities ($1,332). Education and Health Services has the highest wage in the Region ($1,601), followed by Professional and Business Services ($1,459).



- A household earning the average weekly wage in Red Wing ($1,207) would be able to afford an apartment renting for approximately $1,569 per month to not exceed 30% of its monthly income on housing costs, higher than the average rent for market rate rental housing units in the community ($1,268).

- Assuming that a potential home buyer has good credit and makes a 10% down payment, a household would need a minimum annual income of $89,642 to be able to afford a single-family home sold at the 2024 median resale price of $276,500 in Red Wing. The average weekly wage in Red Wing equates to an annual income of roughly $62,764.

- This data indicates that rental housing in Red Wing is relatively affordable proportionate to wages, but much of the for-sale housing would not be affordable for many workers.

Major Employers

The following list provides a summary of the major employers in Red Wing. The list of employers is provided by the City of Red Wing. Data on the estimated number of employees is sourced from the Municipal Securities Rulemaking Board (MSRB) Electronic Municipal Market Access (EMMA) General Obligation Bonds Official Statement for Red Wing Public Schools, which was posted in 2022, the most recent data available.

- Treasure Island, Red Wing Shoe Company, and Xcel Energy are the three largest employers in Red Wing, totaling an estimated 3,480 jobs (30% of total employment in the City).

TABLE 17

MAJOR EMPLOYERS
CITY OF RED WING
2025

Employer	Industry	Employees*
Treasure Island Resort & Casino	Casino/resort	1,644
Red Wing Shoe Company	Work shoes and boots	1,091
Xcel Energy/Prairie Island	Nuclear and steam power plants	750
Mayo Clinic Health System	Hospital	740
3M Fall Protection	Safety equipment	618
Bic Graphic USA	Promotional products	440
ISD No 256	Public education	405
Goodhue County	County government	358
City of Red Wing	Government offices	194
St. Crispin Living Community	Nursing home	189
SB Foot Tanning Company	Leather tanning and finishing	160
St. James Hotel	Hotel	140
Riedell Shoes Inc.	Ice hockey, figure skating, in-line skate	115

*estimated number of employees in 2022

Sources: City of Red Wing; ISD 256; EMMA MSRB; Maxfield Research & Consulting

- Based on the industry sector composition of these employers, it appears that Red Wing's economy is fairly diverse as six different industry sectors are represented by the 13 major employers, although weighted toward the Manufacturing industry.

  - Five of the 13 largest employers in the City are in Manufacturing (39%). There are also two each in the Health Care and Social Assistance, Accommodation and Food Services, and Public Administration sectors. Other industry sectors include Utilities and Educational Services.

- Combined, these 13 major employers employ an estimated 6,844 workers, representing approximately 58% of all the jobs in Red Wing and 32% of the jobs in Goodhue County based on second quarter 2024 QCEW data.

Housing Characteristics

Introduction

This section of the report examines characteristics of the existing housing stock in Red Wing and the surrounding area compared to the Region. Housing demand is influenced, in large part, by factors related to the supply of housing in a market area such as the age and condition of the housing stock, as well as financial considerations (i.e. home values, rental rates). The following topics are covered in this analysis.

- Housing units by structure type and tenure
- Age of the existing housing stock
- Residential building permit trends, and
- Geographic Information System (GIS) maps illustrating key characteristics of Red Wing's existing housing stock

The U.S. Census Bureau American Community Survey ("ACS") is the primary data resource for the Housing Characteristics section of this report. Maxfield Research and Consulting utilizes five-year data estimates which provide a larger sample size and has a longer period of data collection than the one-year data estimates. At the time this analysis was prepared, the 2019-2023 ACS was the most recent five-year data available, although data is adjusted by Maxfield Research to reflect the 2020 Census, recent residential building permit data, and information from Red Wing's rental property license inventory. Residential building permit data was provided by the City of Red Wing, while GIS parcel data was provided by Goodhue County.

Housing unit is defined as a house, an apartment, a group of rooms, or a single room occupied or intended for occupancy as separate living quarters, while a household is an occupied housing unit. A householder refers to the person in whose name the housing unit is owned or rented.

Housing Stock by Structure Type and Tenure

Information presented in the following table summarizes the number of housing units by structure type and tenure in Red Wing compared to the Remainder of the PMA and Southeast Minnesota. Data is sourced from the 2019-2023 ACS, adjusted by Maxfield Research to reflect 2025 housing unit estimates based on 2020 Census data, building permit trends, and Red Wing's licensed rental property inventory.

- There are an estimated 7,869 housing units in Red Wing, roughly 94% of which are occupied (7,402), and there are an estimated 3,913 housing units in the Remainder of the PMA (91% occupied). In Southeast Minnesota, 93% of the housing units are occupied.
  - Within the Remainder of the PMA, housing unit concentrations are highest in Trenton town (Pierce County, Wisconsin) and Florence Township (Goodhue County).

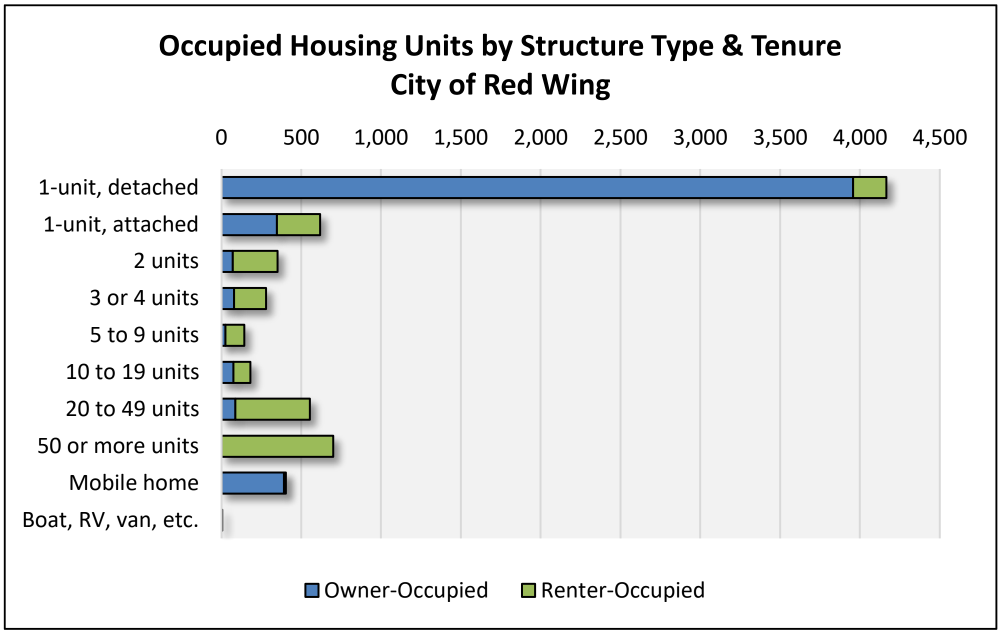
TABLE 18

HOUSING UNIT STRUCTURE TYPE BY TENURE
RED WING MARKET AREA
2025

	Red Wing		*Remainder of PMA*		PMA		Southeast MN	
	No.	Pct.	*No.*	*Pct.*	No.	Pct.	No.	Pct.
Total Housing Units	**7,869**		***3,913***		**11,782**		**229,771**	
Occupied Housing Units	**7,402**	**94.1%**	***3,567***	***91.2%***	**10,969**	**93.1%**	**213,154**	**92.8%**
Owner-Occupied	**5,040**	**68.1%**	***3,160***	***88.6%***	**8,200**	**74.8%**	**157,755**	**74.0%**
1-unit, detached	3,958	53.5%	*2,942*	*82.5%*	6,900	62.9%	139,839	65.6%
1-unit, attached	348	4.7%	*14*	*0.4%*	362	3.3%	8,117	3.8%
2 units	71	1.0%	*2*	*0.1%*	73	0.7%	722	0.3%
3 or 4 units	79	1.1%	*4*	*0.1%*	84	0.8%	953	0.4%
5 to 9 units	25	0.3%	*0*	*0.0%*	25	0.2%	267	0.1%
10 to 19 units	75	1.0%	*7*	*0.2%*	82	0.7%	366	0.2%
20 to 49 units	87	1.2%	*0*	*0.0%*	87	0.8%	714	0.3%
50 or more units	0	0.0%	*0*	*0.0%*	0	0.0%	648	0.3%
Mobile home	392	5.3%	*184*	*5.2%*	577	5.3%	6,073	2.8%
Boat, RV, van, etc.	5	0.1%	*7*	*0.2%*	11	0.1%	56	0.0%
Renter-Occupied	**2,361**	**31.9%**	***407***	***11.4%***	**2,769**	**25.2%**	**55,399**	**26.0%**
1-unit, detached	207	2.8%	*286*	*8.0%*	493	4.5%	13,192	6.2%
1-unit, attached	271	3.7%	*12*	*0.3%*	284	2.6%	3,655	1.7%
2 units	282	3.8%	*14*	*0.4%*	295	2.7%	3,941	1.8%
3 or 4 units	200	2.7%	*32*	*0.9%*	233	2.1%	5,966	2.8%
5 to 9 units	117	1.6%	*15*	*0.4%*	132	1.2%	5,065	2.4%
10 to 19 units	105	1.4%	*0*	*0.0%*	105	1.0%	6,454	3.0%
20 to 49 units	467	6.3%	*0*	*0.0%*	467	4.3%	7,139	3.3%
50 or more units	701	9.5%	*0*	*0.0%*	701	6.4%	8,943	4.2%
Mobile home	11	0.1%	*48*	*1.3%*	59	0.5%	920	0.4%
Boat, RV, van, etc.	0	0.0%	*0*	*0.0%*	0	0.0%	124	0.1%

Sources: 2019-2023 American Community Survey; US Census; Maxfield Research & Consulting

- Among all occupied units, detached single-unit (one-unit) structures are the most common housing type in the Market Area, comprising 67% of units in the PMA, including 56% of the units in Red Wing and 91% of units in the Remainder of the PMA. By comparison, roughly 72% of occupied housing units in Southeast Minnesota are single unit detached structures.



- Of the owner-occupied units in Red Wing, an estimated 79% are single-unit, detached structures (3,958 owner-occupied units), lower than 93% in the Remainder of the PMA and 89% in Southeast Minnesota. Another 8% of the owner-occupied units in Red Wing are in mobile homes and 7% are attached single-unit structures compared to 4% and 5% in the Region, respectively.

- An estimated 30% of the renter-occupied units in Red Wing (701) are in structures with 50 or more units, while another 20% (467) are in multifamily structures with 20 to 49 units. By comparison, the highest proportions of renter-occupied units in Southeast Minnesota are detached single-unit structures (24%) and structures with 50 or more units (16%).

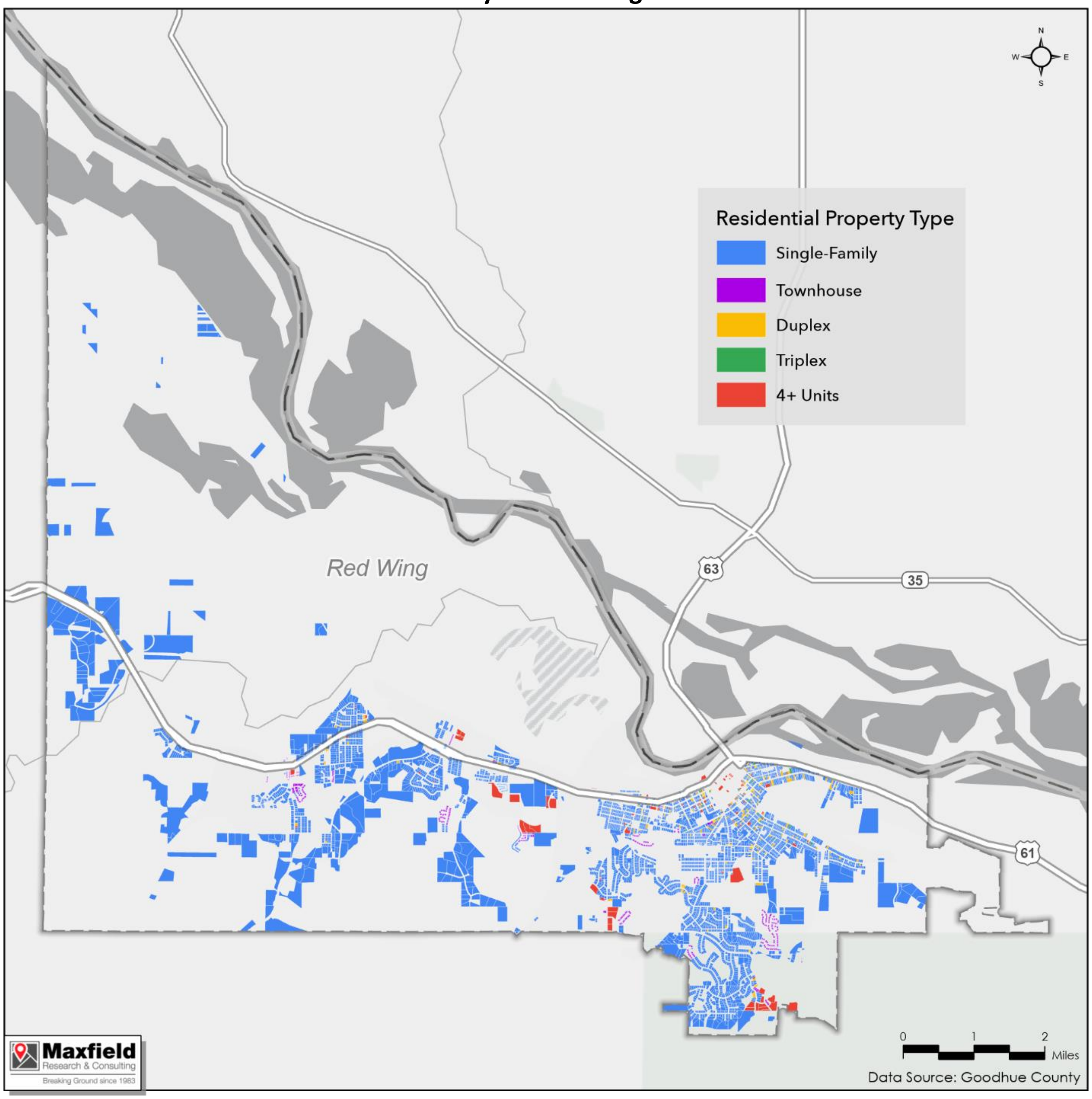
- Attached single-unit structures (e.g. twin homes and townhomes) represent an estimated 8.4% of Red Wing's occupied housing stock, higher than 0.7% in the Remainder of the PMA and 5.5% in Southeast Minnesota. An estimated 44% of Red Wing's supply of attached single-unit structures are renter-occupied, higher than 31% in the Region.

- Compared to the Region, Red Wing has notably higher proportions of units in multifamily structures with 20 to 49 units and 50 or more units, as well as mobile homes. The proportion of detached single-unit structures in Red Wing (56% of all occupied units) is substantially lower than the Region (72%).

The series of maps on the following pages illustrate key characteristics of Red Wing's existing housing stock, including residential structure type, housing units by homestead status, and the market value for single-family properties. Data is sourced from Goodhue County's parcel dataset.

- The following map illustrates residential parcels in Red Wing by property tax code classification. As shown, the vast majority of homes in the City are classified as "residential single unit" properties.

2025 Residential Structure Type
City of Red Wing



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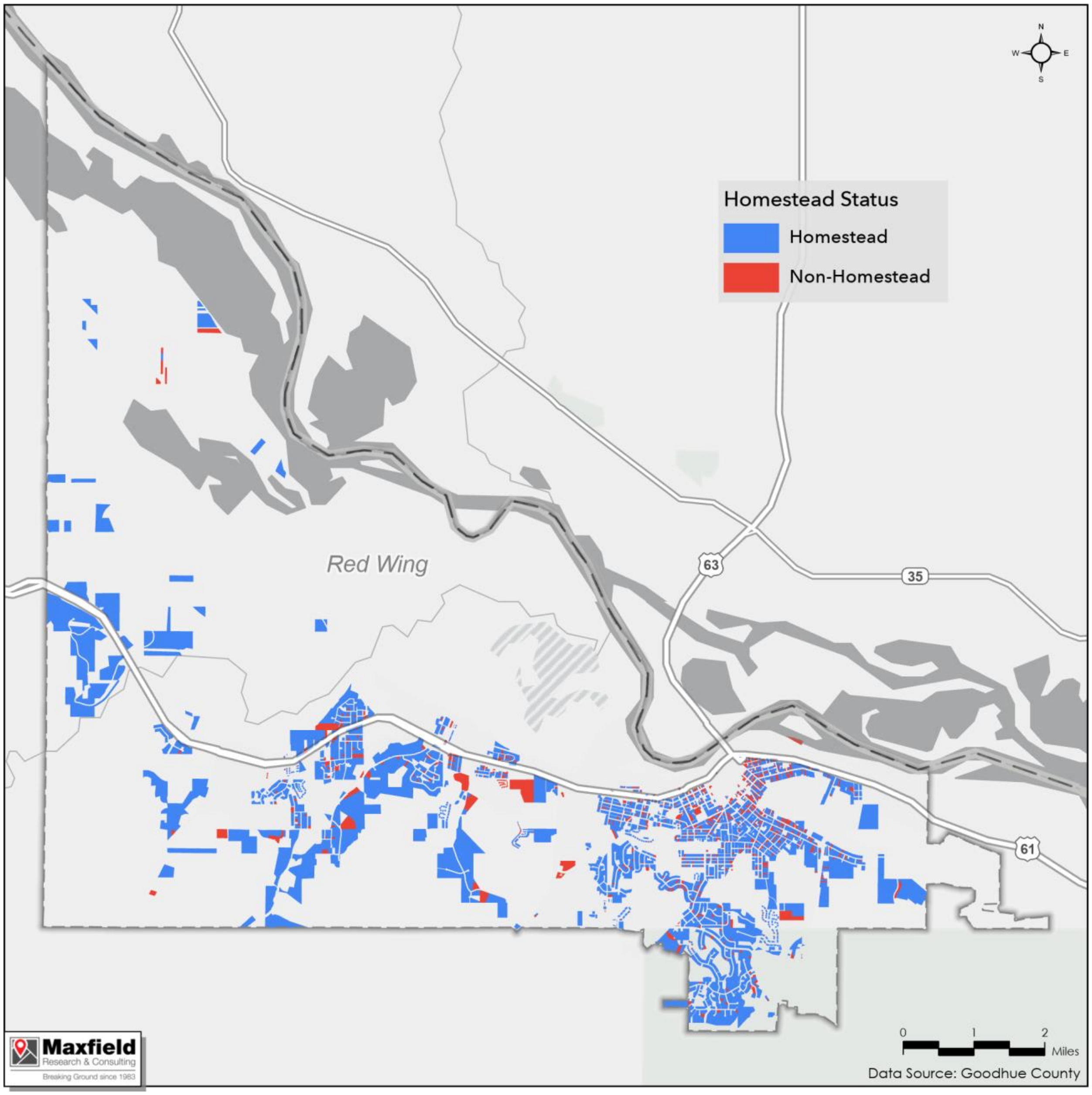
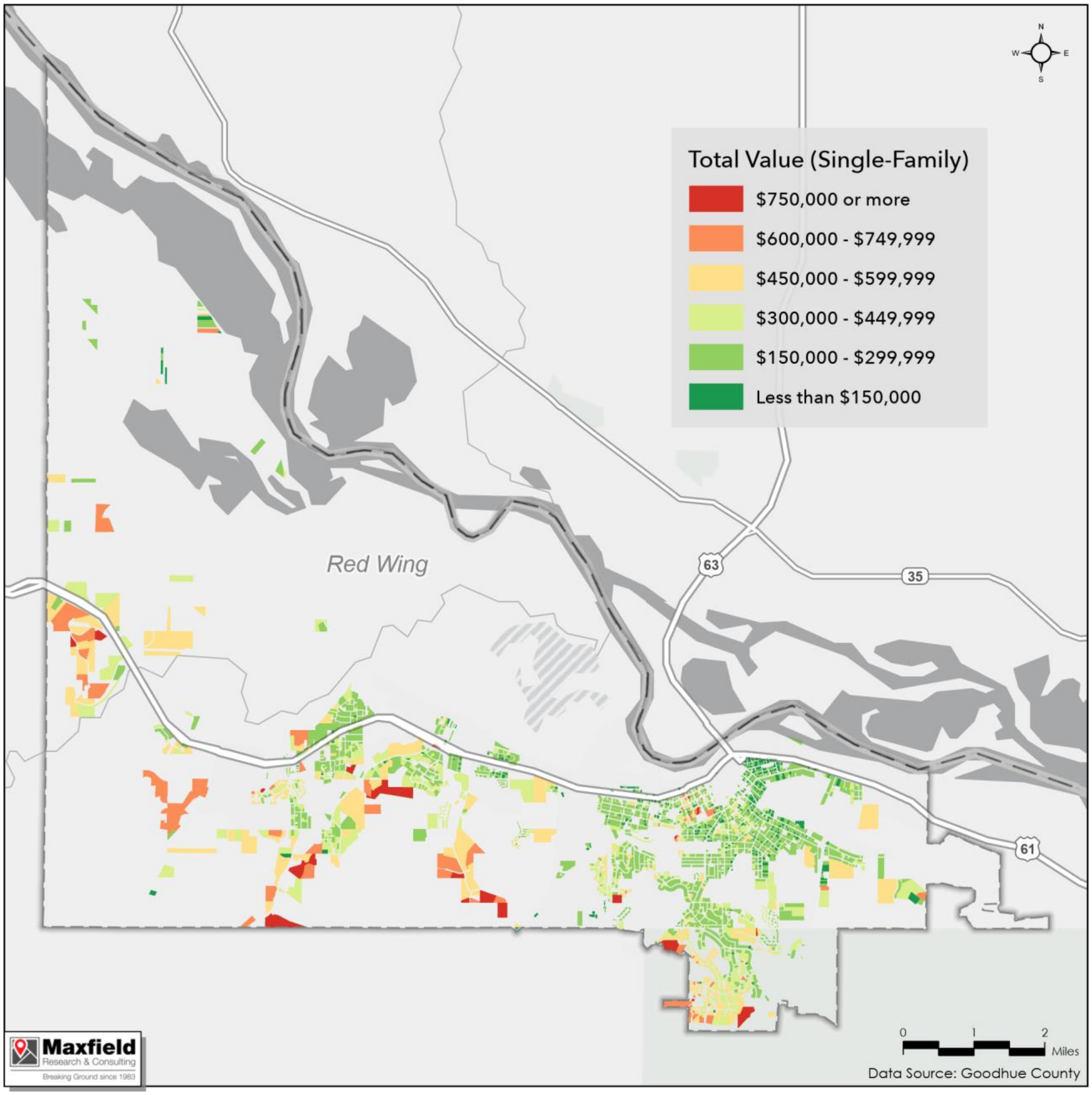
- The following map illustrates the location of residential parcels in Red Wing by homestead status. A property is designated as a homestead if it is the owner's principal residence. Examples of non-homestead residential property include rental units and second homes.

Homestead vs. Non-Homestead Property Map
City of Red Wing



- The following map illustrates the value of residential properties in Red Wing by market value. As shown, the highest value properties are situated near the southern and western portions of the City, while properties with the lowest values are concentrated in the central portion of the community.

2025 Residential Property Values
City of Red Wing

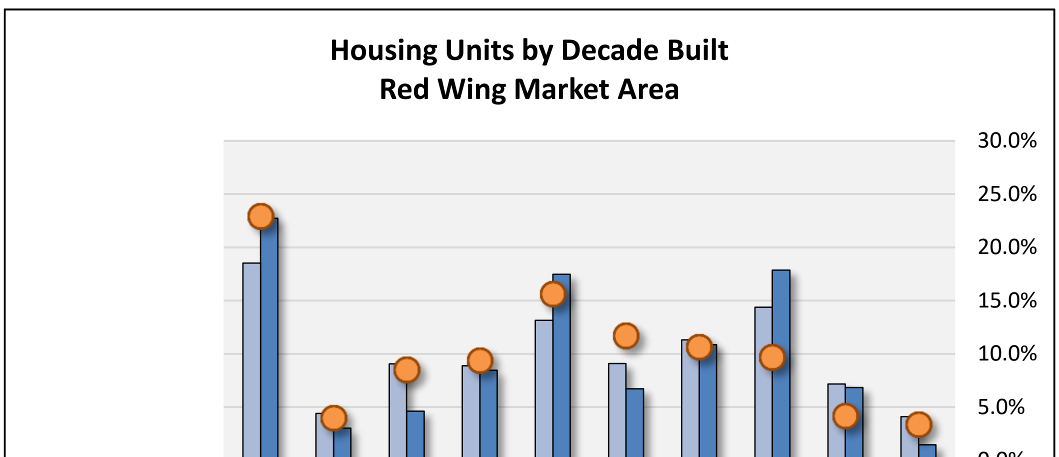


Age of Housing Stock

Information in the table on the following page is sourced from the 2019-2023 American Community Survey (ACS) with adjustments made by Maxfield Research to reflect 2025 housing unit estimates based on 2020 Census data and residential building permit data. The table includes the number of housing units built prior to 1940 and during each subsequent decade in Red Wing and the Remainder of the PMA compared to Southeast Minnesota. The Census Bureau began collecting year-built data in 1940.

- As depicted in the following chart, roughly 23% of the housing units in Red Wing (1,806 units) were built prior to 1940. By comparison, 23% of all housing units in the Remainder of the PMA and 19% of all housing units in Southeast Minnesota were built prior to 1940.
  - While many homes built before 1940 may be in good condition, housing units this age are at risk of becoming substandard or functionally obsolete, and maintenance costs are generally higher than newer housing units.

- The 1970s and 1980s were the most active decades in Red Wing for housing unit production. An estimated 16% of Red Wing's housing stock was built from 1970 to 1979 (1,231 units) and 12% of the housing units were constructed from 1980 to 1989 (920 units).



	<'40	'40-'49	'50-'59	'60-'69	'70-'79	'80-'89	'90-'99	'00-'09	'10-'19	'20+
Rem. of PMA	22.7%	3.0%	4.6%	8.5%	17.5%	6.7%	10.9%	17.8%	6.8%	1.5%
Southeast MN	18.5%	4.4%	9.1%	8.9%	13.1%	9.1%	11.3%	14.4%	7.2%	4.1%
Red Wing	22.9%	4.0%	8.5%	9.4%	15.6%	11.7%	10.6%	9.7%	4.2%	3.4%

- The 2000s and 1970s were the most active decade in the Remainder of the PMA (17.8% and 17.5% of all units, respectively) while the 2000s were the most active decade in Southeast Minnesota (14% of all units).

- Aside from the 2000s and 1980s, the most active decades in Red Wing were the 1990s (11% of the units) and the 2000s (10%).

TABLE 19

HOUSING UNITS BY YEAR STRUCTURE BUILT
RED WING MARKET AREA
2025

	Red Wing		*Remainder of PMA*		PMA		Southeast MN	
	No.	Pct.	*No.*	*Pct.*	No.	Pct.	No.	Pct.
Total	**7,869**	**100%**	***3,913***	***100%***	**11,782**	**100%**	**229,771**	**100%**
2020 or later	265	3.4%	*57*	*1.5%*	322	2.7%	9,407	4.1%
2010 to 2019	327	4.2%	*268*	*6.8%*	595	5.0%	16,443	7.2%
2000 to 2009	763	9.7%	*698*	*17.8%*	1,461	12.4%	33,012	14.4%
1990 to 1999	837	10.6%	*425*	*10.9%*	1,262	10.7%	25,998	11.3%
1980 to 1989	920	11.7%	*262*	*6.7%*	1,182	10.0%	20,839	9.1%
1970 to 1979	1,231	15.6%	*683*	*17.5%*	1,914	16.2%	30,207	13.1%
1960 to 1969	737	9.4%	*331*	*8.5%*	1,068	9.1%	20,374	8.9%
1950 to 1959	670	8.5%	*180*	*4.6%*	850	7.2%	20,821	9.1%
1940 to 1949	314	4.0%	*118*	*3.0%*	432	3.7%	10,104	4.4%
1939 or earlier	1,806	22.9%	*890*	*22.7%*	2,695	22.9%	42,567	18.5%

Sources: 2019-2023 American Community Survey; US Census; Maxfield Research & Consulting

Residential Construction Trends

The table on the following page displays the number of new housing units permitted for one- and two-family residential, townhomes, and multifamily structures in Red Wing from 2015 through 2024. Data was provided by the City of Red Wing.

- From 2015 through 2024, 537 new housing units were permitted in the City of Red Wing. Approximately 20% of all residential units permitted in Red Wing since 2015 were detached single-family units (108) and 26% were townhomes (142), while over half (53%) were units in multifamily structures (287).

  - Annually, Red Wing averages 53.7 new units per year, including 10.8 new detached single-family units, 14.2 townhomes, and 28.7 multifamily units per year.

- From 2015 through 2019, 272 new housing units were permitted in Red Wing, for an average of 54.4 new units per year. The pace of development activity slowed modestly from 2020 through 2024, averaging 53.0 units per year (265 total units) over the past five years.

- The pace of new detached single-family home construction increased from 10.4 units per year from 2015 through 2019 to 11.2 units per year from 2020 through 2024, while townhome development activity accelerated from 10.2 units per year (2015 to 2019) to 18.2 units per year (2020 to 2024). Multifamily unit production slowed from 33.8 units per year (2015 to 2019) to 23.6 units per year since 2020.

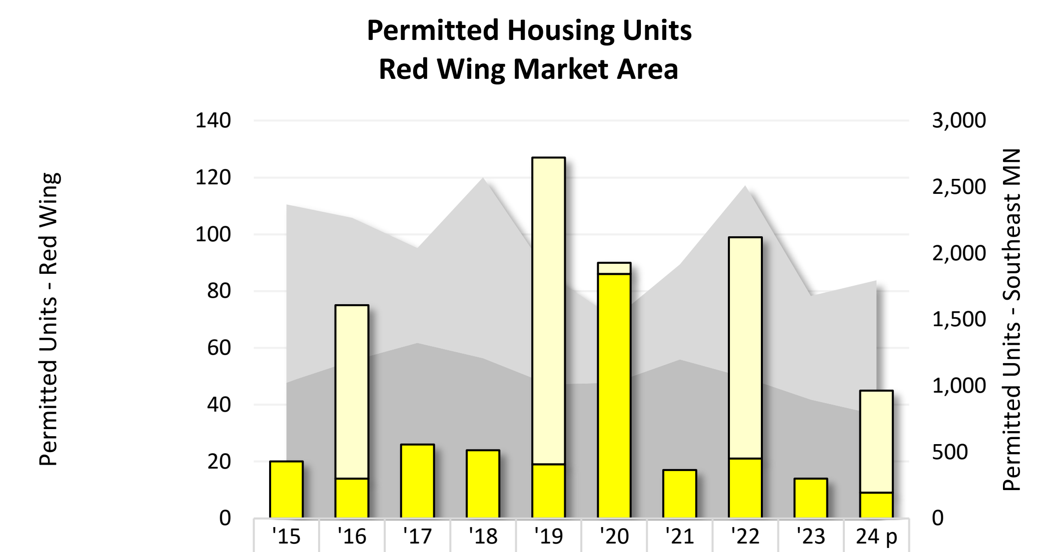
TABLE 20

RESIDENTIAL BUILDING PERMIT TRENDS CITY OF RED WING 2015 - 2024				
Year	Residential 1 & 2 Family	Townhome/ Tracthome	Multifamily Units*	Total Units
2015	17	3	0	20
2016	6	8	61	75
2017	13	13	0	26
2018	10	14	0	24
2019	6	13	108	127
2020	5	81	4	90
2021	9	8	0	17
2022	21	0	78	99
2023	14	0	0	14
2024	7	2	36	45
Units Permitted	**108**	**142**	**287**	**537**

*Multifamily includes apartment units

Sources: City of Red Wing; Maxfield Research & Consulting

The following graph illustrates residential building permit trends in the City of Red Wing compared to Southeast Minnesota from 2015 through 2024. The permit data for Southeast Minnesota was obtained from the HUD State of the Cities Data Systems (SOCDS). Information for 2024 from the counties comprising the Region is preliminary data through November.



	'15	'16	'17	'18	'19	'20	'21	'22	'23	24 p
Southeast MN MF	1,344	1,080	715	1,366	835	484	720	1,451	785	1,015
Southeast MN SF	1,024	1,186	1,323	1,206	1,009	1,022	1,196	1,061	893	780
Red Wing MF	0	61	0	0	108	4	0	78	0	36
Red Wing SF	20	14	26	24	19	86	17	21	14	9

The HUD SOCDS takes data from the U.S. Census Building Permit Survey (BPS) which is based on reports submitted by local permit officials and includes any subsequent Census revisions to achieve higher quality data. For this comparison, single-family is defined as fully detached, semi-detached (semi-attached, side-by-side), row houses, and townhouses, so single-family data includes detached units, mobile homes, and townhome units.

- From 2015 through 2024, Southeast Minnesota has averaged 2,050 permitted housing units per year, totaling 20,495 new housing units in the Region.

- Across Southeast Minnesota, 52% of all permitted units were single-family over the past ten years while 48% of the units were in multifamily structures

  - Roughly 52% of all permitted units from 2015 through 2019 were single-family, compared to 53% from 2020 through 2024.

  - The proportion of permitted multifamily units in the Region declined slightly from 48% (2015 to 2019) to 47% since 2020.

- There were 2,368 housing units permitted in Southeast Minnesota during 2015. The pace of development slowed to 1,506 units in 2020.

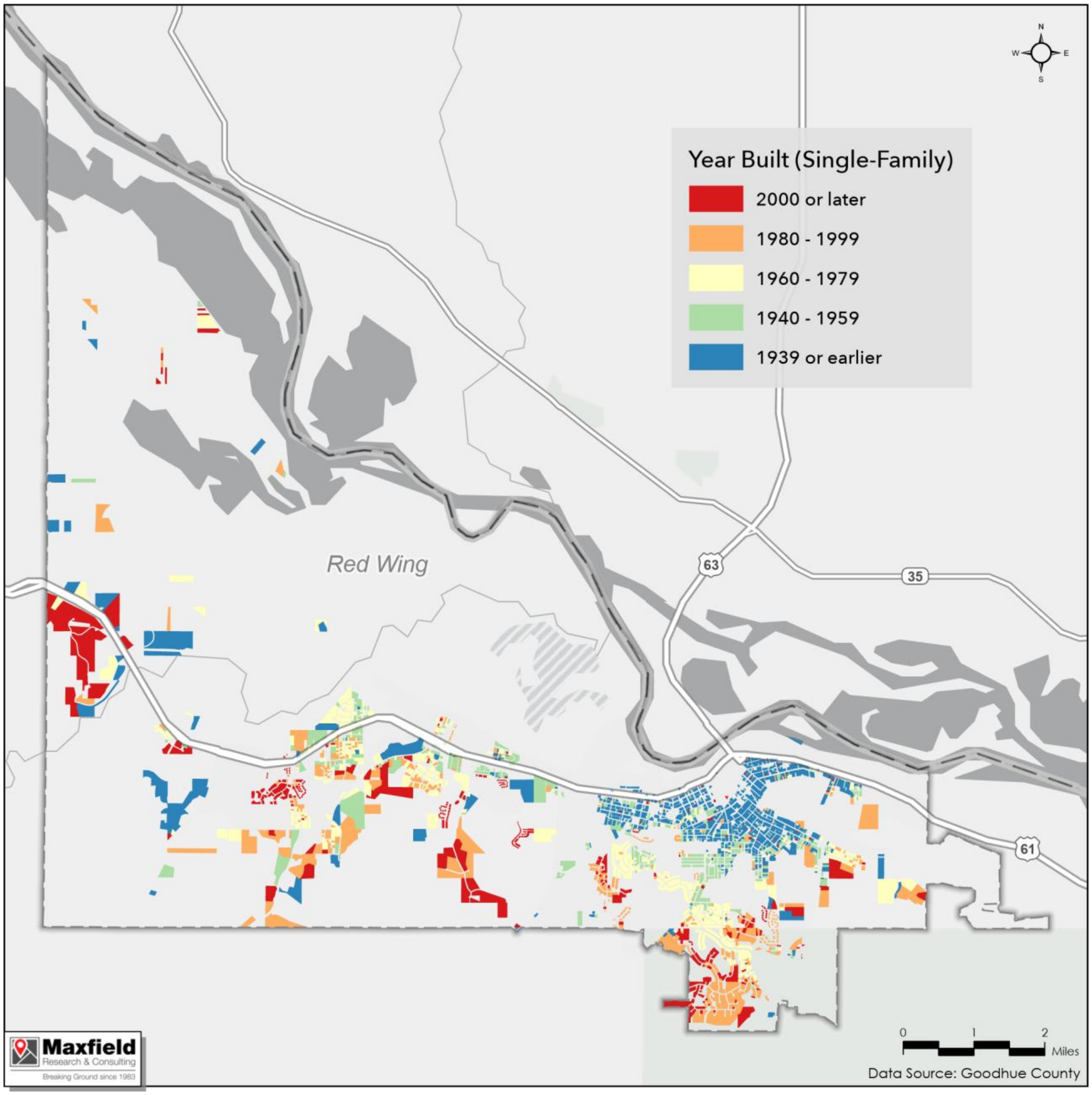
- Residential development activity in the Region accelerated post-COVID, peaking at 2,512 new units in 2022.

- New housing construction appears to be slowing, as 1,678 units were permitted in 2023. Preliminary data indicates that 1,795 units were permitted during the first 11 months of 2024, below the pace of development experienced in the Region from 2021 through 2023.

- The map on the following page illustrates the age of housing units in Red Wing by year built. Data is sourced from the Goodhue County parcel dataset. For the purpose of this mapping illustration, year-built data was divided into five groups.

- As shown, a majority of the newest housing units (built in 2000 or later) are located along the outer edges of the community, while the oldest housing units (built prior to 1940) are concentrated is the central portion of the City.

Residential Properties by Year Built
City of Red Wing



The following photographs represent a sample of Red Wing's housing inventory.


New construction detached single-family


1970-'s era detached single-family homes


Pre-1940's detached single-family homes


Detached townhomes


Attached single-family side-by-side townhomes


1980's era owned multifamily (condominium) building

For-Sale Market

Introduction

Maxfield Research analyzed the for-sale housing market in Red Wing and the surrounding area by collecting data on home sales, home listings, and the supply of residential lots in the area. This section of the report reviews recent home sale trends against the supply of available for-sale housing, including detached single-family and multifamily housing. For the purposes of this analysis, housing sales data for townhomes and twin homes (i.e. attached single-family) are combined with sales information for condominium units under the "multifamily" description.

This section evaluates for-sale housing market conditions in Red Wing by examining the following data.

- Home resale trends
- The supply of homes currently listed as available for sale
- A review and analysis of the residential lot supply
- Information on new construction sales activity

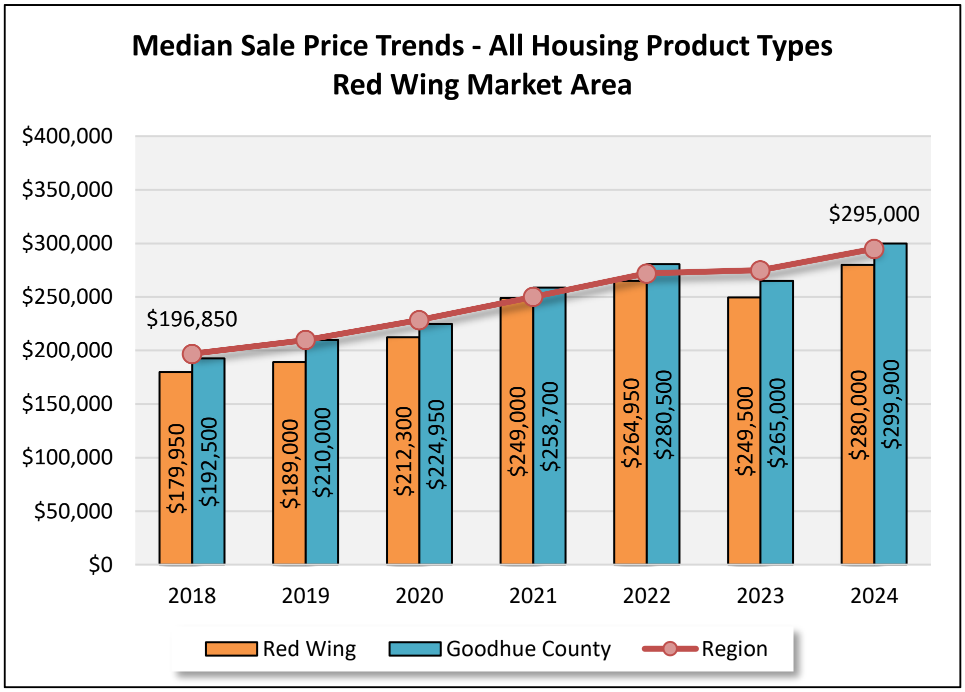
Data was collected in February 2025. Information on home resales and active listings was obtained from Minneapolis Area Realtors and includes all transactions sold through a Realtor via the Multiple Listing Service (MLS) which generally accounts for 90% to 95% of all home sales. Private sales (not sold on the MLS by a Realtor) are not included. Residential land supply data was sourced from the City of Red Wing and Goodhue County property records, while information on actively-marketing residential lots was provided by Minneapolis Area Realtors via the MLS.

Home Resales

The following graph summarizes median home resale (excludes new construction sales) price trends from 2018 through 2024 for Red Wing and Goodhue County compared to Southeast Minnesota. Regional data was provided by Minnesota Realtors, while information for Red Wing and Goodhue County is sourced from Minneapolis Area Realtors. Data represents pricing for all housing product types (i.e. detached single-family, townhomes, condominiums, etc.)

- In Red Wing, the median resale price jumped 56%, climbing from $179,950 in 2018 to $280,000 in 2024, averaging 7.9% increases annually.

- By comparison, median resale prices increased 56% in Goodhue County (7.9% annual growth) and 50% in the Region (7.0% annual growth) between 2018 and 2024.



- Median resale price trends in Red Wing have tracked consistently with Goodhue County and Southeast Minnesota, although prices are slightly lower in Red Wing. In 2024, the median resale price for all product types in Red Wing ($280,000) was -6.6% lower than the County ($299,900) and -5.1% lower than the Region ($295,000).

The table on the following page presents home resale data from 2018 through 2024 for Red Wing and the Remainder of Goodhue County. The table displays the median resale price, number of closed transactions, and marketing times (average days on market) for all detached single-family and multifamily (i.e townhomes, twin homes, condominiums) resales. Note that data is based on the location of the sale as entered by a Realtor into the MLS, so it's possible that some sales listed under Red Wing actually occurred in a nearby township.

TABLE 21

RESIDENTIAL RESALES
RED WING & GOODHUE COUNTY
2018 - 2024

	Detached Single-family					Multifamily				
	Median Price	Pct. Change	Closed Sales	Pct. Change	Avg. DOM^	Median Price	Pct. Change	Closed Sales	Pct. Change	Avg. DOM^
Red Wing										
2024	$276,500	10.6%	172	8.9%	60	$318,500	38.5%	49	2.1%	68
2023	$250,000	-5.7%	158	-30.7%	41	$230,000	-7.9%	48	26.3%	62
2022	$265,000	6.4%	228	-12.0%	30	$249,750	0.3%	38	-2.6%	30
2021	$249,000	15.8%	259	-3.0%	42	$249,000	52.9%	39	-9.3%	42
2020	$215,000	12.0%	267	7.2%	63	$162,900	5.5%	43	2.4%	67
2019	$192,000	3.8%	249	0.4%	60	$154,350	11.4%	42	50.0%	36
2018	$185,000	--	248	--	75	$138,500	--	28	--	28
Remainder of County										
2024	$327,000	14.5%	206	8.4%	55	$280,000	3.7%	28	-15.2%	47
2023	$285,500	-7.8%	190	-29.1%	36	$269,900	2.8%	33	-2.9%	61
2022	$309,500	12.5%	268	-14.6%	30	$262,500	11.5%	34	-5.6%	34
2021	$275,000	17.0%	314	2.3%	33	$235,450	9.3%	36	9.1%	36
2020	$235,000	-2.4%	307	4.8%	69	$215,500	10.5%	33	0.0%	83
2019	$240,900	14.8%	293	-15.3%	78	$195,000	-9.3%	33	0.0%	61
2018	$209,900	--	346	--	65	$215,000	--	33	--	85
Goodhue County										
2024	$300,000	12.8%	378	8.6%	57	$287,900	14.2%	77	-4.9%	60
2023	$266,000	-7.0%	348	-29.8%	38	$252,000	-3.0%	81	12.5%	62
2022	$286,000	10.0%	496	-13.4%	30	$259,750	7.8%	72	-4.0%	32
2021	$260,000	15.6%	573	-0.2%	37	$240,900	19.6%	75	-1.3%	39
2020	$225,000	4.7%	574	5.9%	66	$201,450	10.1%	76	1.3%	74
2019	$215,000	10.3%	542	-8.8%	69	$183,000	7.7%	75	23.0%	47
2018	$194,950	--	594	--	69	$169,900	--	61	--	59

Multifamily includes attached single-family (townhomes, twin homes) and condominiums
^DOM = Days on Market

Sources: Minneapolis Area Realtors; Maxfield Research & Consulting

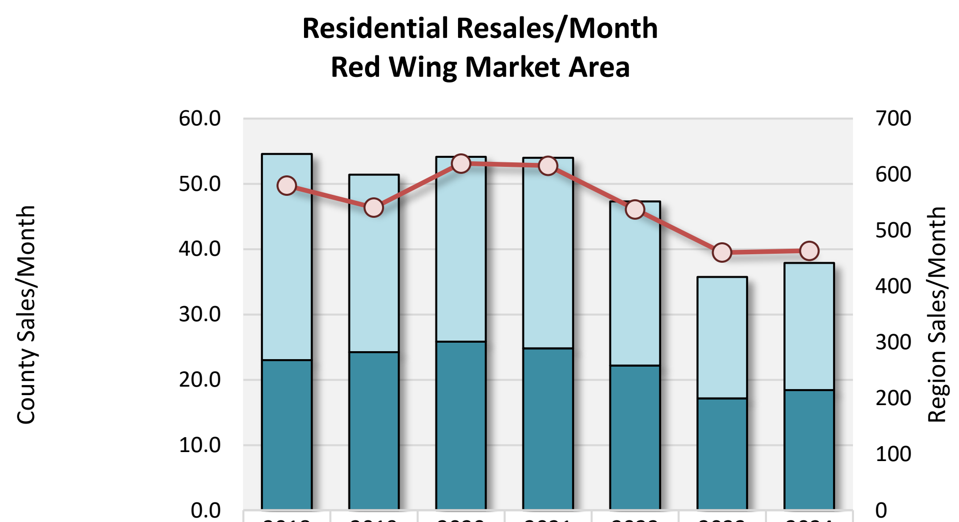
- From 2018 through 2024, there were 4,022 resales in Goodhue County.
  - Within the County, 46% of all resales (1,868) were in Red Wing and the remaining 54% (2,154 resales) were in the Remainder of the County.
  - Of all resales in Goodhue County since 2018, 87% have been detached single-family homes (3,505) while 13% (517) were resales of multifamily units. In Red Wing, 85% of all resales were detached single-family (1,581) while 15% were multifamily (287).

- Resales activity in the County increased from 51.4 sales per month in 2019 to 54.2 sales per month in 2020 and 54.0 sales per month in 2021. Resale volume declined to 35.8 sales per month in 2023 and 37.9 sales per month in 2024.

  - In Red Wing, resales activity peaked at 25.8 sales per month in 2020 and 24.8 sales per month in 2021, before declining to 17.2 and 18.4 sales per month in 2023 and 2024, respectively.

  - In the Remainder of the County, transaction volume declined from 29.2 resales per month in 2021 to 18.6 resales per month in 2023 and 19.5 resales per month in 2024.

- Sales volume decelerated due, in large part, to rising mortgage rates, which caused sales activity to slow across much of Minnesota. In Southeast Minnesota, sales volume declined roughly -13% in 2022 and -14% in 2023, but increased 1% in 2024, after peaking in 2020 and 2021.



	2018	2019	2020	2021	2022	2023	2024
Rem. of County	31.6	27.2	28.3	29.2	25.2	18.6	19.5
Red Wing	23.0	24.3	25.8	24.8	22.2	17.2	18.4
Region	580	541	620	616	538	461	464

- In 2024, Goodhue County is averaging 31.4 detached single-family resales per month, including 14.3 resales per month in Red Wing and 17.2 resales per month in the Remainder of the County.

- Goodhue County also averaged 6.4 multifamily resales per month in 2024, including 4.1 resales per month in Red Wing and 2.3 resales per month in the Remainder of the County.

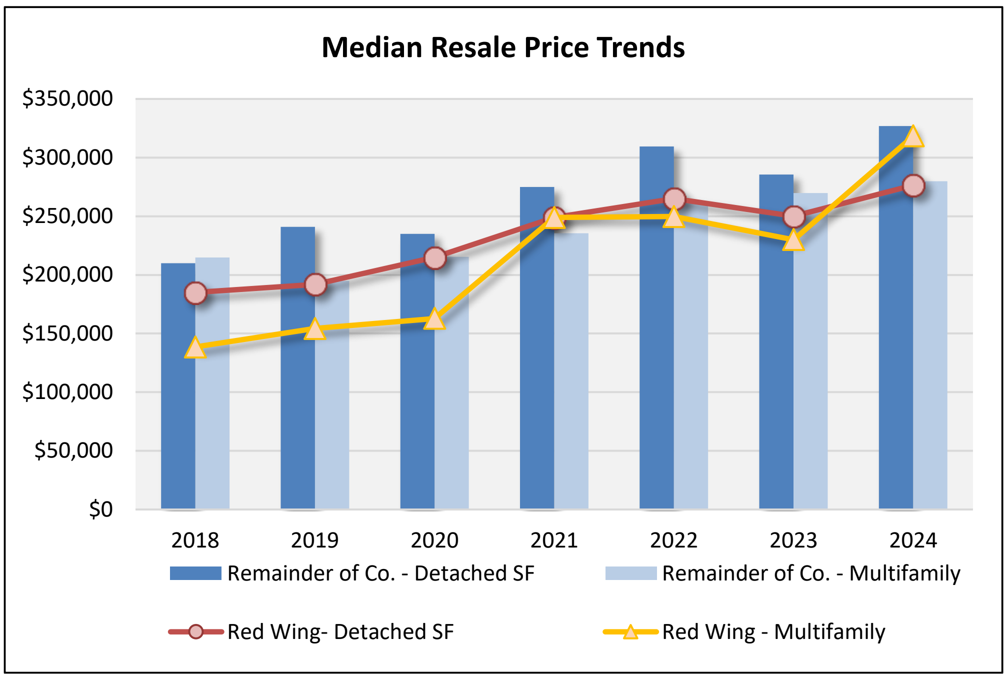
- Multifamily resales activity accelerated in Red Wing and the County during 2023 and 2024 relative to previous years, while detached single-family resale volume decelerated.

- Marketing times declined in Red Wing between 2018 and 2022, as the average number of days on market for detached single-family homes dropped from 75 days in 2018 to 30 days in 2022. However, average single-family marketing times in Red Wing increased to 41 days on market in 2023 and 60 days in 2024.

- Average marketing times for multifamily units in Red Wing have trended upwards from 28 days on market in 2018 to 68 days on market in 2024.

- Increasing competition for homes (as indicated by the decreasing supply of available housing and shortened marketing times) helped stimulate strong price appreciation in recent years.

- In Red Wing the median price for detached single-family homes increased 50%, climbing from $185,000 in 2018 to $276,500 in 2024, averaging 7.2% increases annually. Median multifamily resale prices jumped 130% from $138,500 in 2018 to $318,500 in 2024 (16.8% average annual increases).



- The 2024 median price for detached single-family homes in the Remainder of the County was $327,000, 18% higher than Red Wing, while the median resale priced for multifamily units in the Remainder of the County was -12% lower than Red Wing at $280,000.

- Detached single-family home median resale prices in the Remainder of the County increased 56% between 2018 and 2024, averaging 8.1% increases on an annual basis, while median multifamily prices increased 30% (4.8% annually, on average).

The following table summarizes residential resales in Red Wing from 2022 through 2024 by price range, including the price distribution for detached single-family and multifamily resales.

- Detached single-family homes priced between $200,000 and $299,999 were the most commonly purchased product in Red Wing since 2022, representing 34.2% of all resales (42.5% of detached single-family sales), followed by detached single-family homes priced in the $100,000 to $199,999 range (15.3% of all resales, 19.0% of detached single-family sales).

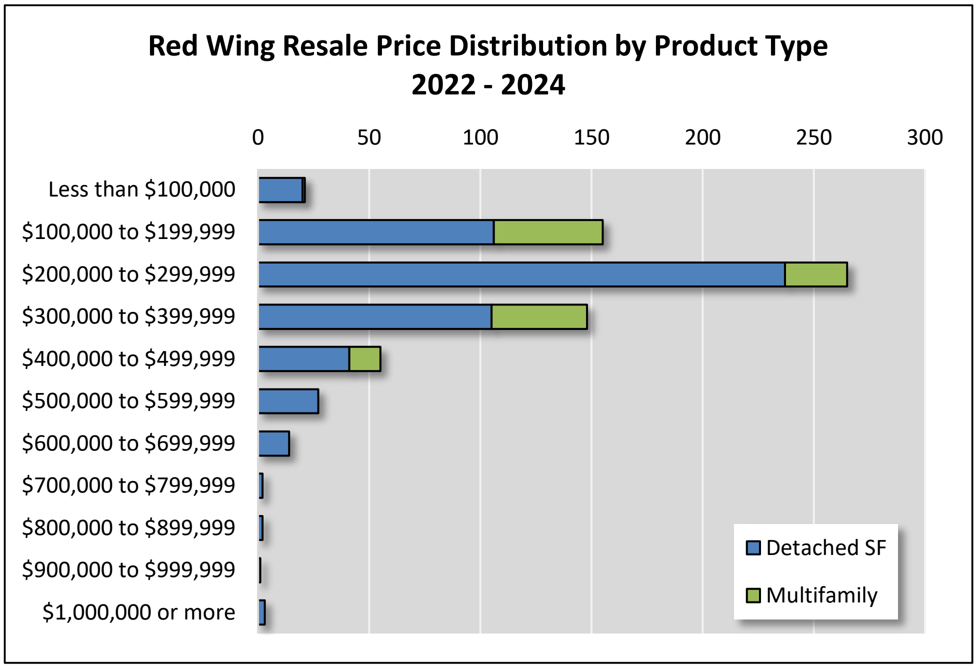
TABLE 22

RESIDENTAL RESALE PRICE DISTRIBUTION
RED WING
2022 - 2024

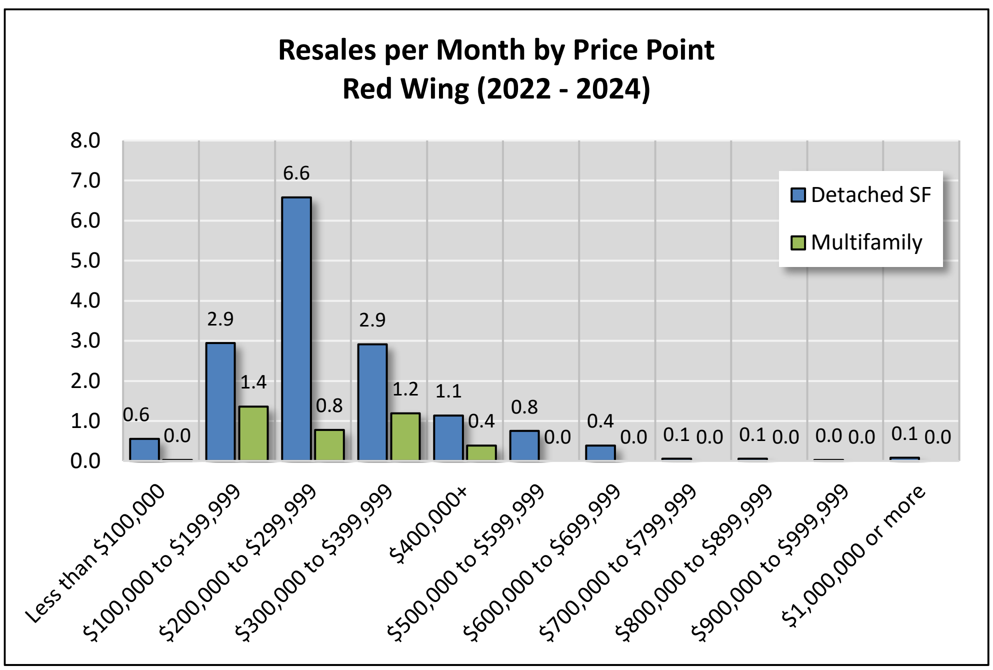
	2022		2023		2024		Total	
	Closed Sales	% of Total	Closed Sales	% of Total	Closed Sales	% of Total	Closed Sales	% of Total
Detached Single-family								
Less than $100,000	7	3.1%	5	3.2%	8	4.7%	20	3.6%
$100,000 to $199,999	44	19.3%	36	22.8%	26	15.1%	106	19.0%
$200,000 to $299,999	100	43.9%	70	44.3%	67	39.0%	237	42.5%
$300,000 to $399,999	43	18.9%	25	15.8%	37	21.5%	105	18.8%
$400,000 to $499,999	16	7.0%	11	7.0%	14	8.1%	41	7.3%
$500,000 to $599,999	9	3.9%	7	4.4%	11	6.4%	27	4.8%
$600,000 to $699,999	7	3.1%	4	2.5%	3	1.7%	14	2.5%
$700,000 to $799,999	1	0.4%	0	0.0%	1	0.6%	2	0.4%
$800,000 to $899,999	1	0.4%	0	0.0%	1	0.6%	2	0.4%
$900,000 to $999,999	0	0.0%	0	0.0%	1	0.6%	1	0.2%
$1,000,000 or more	0	0.0%	0	0.0%	3	1.7%	3	0.5%
Total	**228**	**100%**	**158**	**100%**	**172**	**100%**	**558**	**100%**
Multifamily								
Less than $100,000	1	2.6%	0	0.0%	0	0.0%	1	0.7%
$100,000 to $199,999	16	42.1%	21	0.0%	12	0.0%	49	36.3%
$200,000 to $299,999	6	15.8%	13	0.0%	9	0.0%	28	20.7%
$300,000 to $399,999	14	36.8%	9	0.0%	20	0.0%	43	31.9%
$400,000 to $499,999	1	2.6%	5	0.0%	8	0.0%	14	10.4%
$500,000 to $599,999	0	0.0%	0	0.0%	0	0.0%	0	0.0%
$600,000 to $699,999	0	0.0%	0	0.0%	0	0.0%	0	0.0%
$700,000 to $799,999	0	0.0%	0	0.0%	0	0.0%	0	0.0%
$800,000 to $899,999	0	0.0%	0	0.0%	0	0.0%	0	0.0%
$900,000 to $999,999	0	0.0%	0	0.0%	0	0.0%	0	0.0%
$1,000,000 or more	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	**38**	**100%**	**48**	**0%**	**49**	**0%**	**135**	**100%**

Sources: Minneapolis Area Realtors; Maxfield Research & Consulting

- Of the multifamily unit resales in Red Wing since 2022, 36% were priced in the $100,000 to $199,999 range (7.1% of all resales) and 32% priced between $300,000 and $399,999 (6.2% of all resales).



- The following chart illustrates resale activity in Red Wing by product type and price point. Based on the 693 resales from 2022 through 2024, Red Wing experienced an average of 19.3 residential resales per month, including 15.5 detached single-family resales per month and 3.8 multifamily resale per month.



Active Listings

The following table presents a summary of housing units listed for sale by a Realtor on the MLS in Red Wing as of February 3, 2025. Data is presented by price range, including information on the number of active listings, median year built, median size (based on total finished square feet), median price, and median price per square foot.

- There were 30 homes listed for sale in Red Wing as of February 3, 2025, 57% of which (17) were detached single-family homes while 43% were multifamily units (13).

TABLE 23
ACTIVE LISTINGS
RED WING
February 2025

	Listings	% of Total	Median Year Built	Median Size	Median Price	Price per Sq. Ft.
Detached Single-family						
Less than $100,000	0	0.0%	--	--	--	--
$100,000 to $199,999	0	0.0%	--	--	--	--
$200,000 to $299,999	5	16.7%	1940	1,304	$250,000	$192
$300,000 to $399,999	8	26.7%	1964	2,230	$344,325	$154
$400,000 to $499,999	2	6.7%	2000	2,209	$419,950	$190
$500,000 to $599,999	1	3.3%	1993	3,198	$575,000	$180
$600,000 to $699,999	0	0.0%	--	--	--	--
$700,000 to $799,999	0	0.0%	--	--	--	--
$800,000 to $899,999	1	3.3%	1957	1,804	$850,000	$471
$900,000 to $999,999	0	0.0%	--	--	--	--
$1,000,000 or more	0	0.0%	--	--	--	--
Total:	**17**	**57%**	**1957**	**1,976**	**$338,800**	**$171**
Multifamily (Townhome, Twin Home, Condo, etc.)						
Less than $100,000	0	--	--	--	--	--
$100,000 to $199,999	2	6.7%	1983	1,009	$160,000	$159
$200,000 to $299,999	4	13.3%	1995	1,481	$275,000	$186
$300,000 to $399,999	4	13.3%	1997	1,616	$357,450	$221
$400,000 to $499,999	1	3.3%	2000	1,986	$400,000	$201
$500,000 to $599,999	2	6.7%	2024	2,365	$528,712	$224
$600,000 to $699,999	0	--	--	--	--	--
$700,000 to $799,999	0	--	--	--	--	--
$800,000 to $899,999	0	--	--	--	--	--
$900,000 to $999,999	0	--	--	--	--	--
$1,000,000 or more	0	--	--	--	--	--
Total:	**13**	**43%**	**1995**	**1,585**	**$305,850**	**$193**
Total	**30**	**100%**	**1984**	**1,787**	**$336,850**	**$189**

Sources: Minneapolis Area Realtors; Maxfield Research & Consulting

- The median asking price for detached single-family homes was $338,800, 23% higher than the 2024 median resale price of $276,500. The median list price for multifamily units ($305,850) is -4% lower than the 2024 median resale price of $318,500.

- The median size of the detached single-family homes listed for sale was 1,976 square feet which equates to a median price per square foot (psf) of $171, while the median list price for multifamily units is $193 psf based on the median size of 1,585 square feet.

- Detached single-family homes priced in the $300,000 to $399,999 range are the most common listings in Red Wing, with eight homes listed for sale (27% of all listings). There are also five detached single-family units priced between $200,000 and $299,999 (17%), two priced in the $400,000 to $499,999 range and two priced over $500,000.

- Among the multifamily units listed for sale, 13% are priced in the $200,000 to $299,999 range (four) and another 13% are priced in the $300,000 to $399,999 range (four). There are also two units priced between $100,000 and $199,999, one priced in the $400,000 to $499,999 range, and two priced over $500,000.

- The median year built of the detached single-family homes listed for sale is 1957, while the multifamily units have a median year built of 1995.

- All of the detached single-family homes listed for sale are previously owned, with no actively-marketing new construction units listed for sale.

- Among 13 multifamily units listed for sale, three are new construction homes and ten are previously owned resales.

  - The median list price for new construction multifamily units is $519,580, 79% higher than the median price for previously owned multifamily units ($289,500).

- Since 2022, Red Wing has averaged 19.3 resales per month, including 15.5 detached single-family home resales per month and 3.8 multifamily resales per month.

  - Based on the supply of available for-sale housing in the City as of February 2025, there is a 1.6-month supply of homes available for sale on the market, including a 1.1-month supply of detached single-family homes and a 3.5-month supply of multifamily units.

  - Excluding the new construction listings, there is 2.7-month supply of previously owned multifamily units available for sale in the City.

- Equilibrium in the for-sale housing market is generally considered to be a six-month supply, indicating that there is pent-up demand for homes in Red Wing.

Actively Marketing Residential Lots

The table on the following page summarizes residential lots listed for sale by a Realtor on the MLS in the City of Red Wing and the Remainder of the PMA as of February 2025. Data is sourced from Minneapolis Area Realtors.

- As of February 2025, there were 28 residential lots available for sale in the PMA, including 16 lots in Red Wing and 12 lots in the Remainder of the PMA. This information excludes larger acreages and commercial land that may also be listed for sale in the PMA.

- Charlson Crest is the most active subdivision in Red Wing, with 13 lots listed for sale, while Boxruds Addition, Hubbard Addition, and Stolley Woods each have one lot available.

- There are also three active subdivisions in the Remainder of the PMA, including Frontenac Heritage Acres (six lots for sale) and Poplar Ridge (one lot for sale) in Florence Township, along with Thoreau Mountain (three lots for sale) in Wacouta Township. There are also two other residential lots for sale that are not part of a platted subdivision.

- The median size of lots currently available for sale in the PMA is 15,018 square feet (0.35-acre), ranging from 0.20-acre (8,712 square feet) for a lot in the Boxruds Addition in Red Wing to 8.2 acres for an unplatted lot in Welch Township.

- Lot prices vary depending on location and features, ranging from $13,900 for the lot in Boxruds Addition to $150,000 for 8.2-acre lot in Welch Township.

- The median price for lots in the PMA is $50,000, which equates to $3.33 psf ($142,857 per acre) based on the median size of 15,028 square feet (0.35-acre).

- Actively-marketing lots in Red Wing have a median list price of $4.06 psf ($177,593 per acre) based on the median list price of $47,950 and a median lot size of 11,805 square feet (0.27-acre).

  - Lot prices in Red Wing range from $13,900 for the 8,712 square-foot lot in the Boxruds Addition ($1.60 psf) to $144,000 for a 7.7-acre lot in Hubbards Addition ($0.43 psf).

- Actively-marketing lots in the Remainder of the PMA have a median list price of $0.88 per square foot ($38,352 per acre) based on the median list price of $67,500 and a median lot size of 76,666 square feet (1.76 acres).

  - Lot prices in the Remainder of the PMA range from $49,500 for lots in Frontenac Heritage Acres to $150,000 for the unplatted 8.2-acre parcel in Welch Township.

- Compared to the Remainder of the PMA, median lot prices in Red Wing ($47,950) are -29% lower than the median list price for lots in the PMA outside of Red Wing ($67,500).

- However, the median price per square foot for lots in Red Wing ($4.06 psf) is over three times higher than the per square foot cost for lots in the Remainder of the PMA ($0.88 psf), as the median lot size in Red Wing is -85% smaller than lots in the PMA outside of Red Wing.

TABLE 24

ACTIVELY-MARKETING RESIDENTIAL LOT SUPPLY
PRIMARY MARKET AREA
February 2025

		---------- Lots Listed For Sale ----------				
		Lot Size Range		Lot Price Range		
Subdivision/Location City/Township	Lots for Sale	Min Ac Max Ac	Median Ac Median SF	Min Max	Median Price	Price/Ac Price/SF
City of Red Wing						
Boxruds Addition Red Wing	1	0.20 0.20	0.20 8,712	$13,900 $13,900	$13,900	$69,500 $1.60
Charlson Crest Red Wing	13	0.20 0.35	0.27 11,718	$45,000 $75,000	$50,000	$185,185 $4.27
Hubbards Addition Red Wing	1	7.72 7.72	7.72 336,283	$144,000 $144,000	$144,000	$18,653 $0.43
Stolley Woods Red Wing	1	0.31 0.31	0.31 13,504	$45,900 $45,900	$45,900	$148,065 $3.40
Red Wing Summary	**16**	**0.20 7.72**	**0.27 11,805**	**$13,900 $144,000**	**$47,950**	**$177,593 $4.06**
Remainder of PMA						
Frontenac Heritage Acres Florence Twp	6	1.08 1.52	1.16 50,312	$49,500 $50,000	$49,500	$42,672 $0.98
Poplar Ridge Florence Twp	1	4.96 4.96	4.96 216,058	$95,000 $95,000	$95,000	$19,153 $0.44
Thoreau Mountain Wacouta Twp	3	2.00 2.58	2.40 104,544	$85,000 $115,000	$100,000	$41,667 $0.96
Unplatted Parcels	2	4.81 8.22	6.52 283,793	$85,000 $150,000	$117,500	$18,021 $0.41
Remainder of PMA Summary	**12**	**1.08 8.22**	**1.76 76,666**	**$49,500 $150,000**	**$67,500**	**$38,352 $0.88**
PMA Summary	**28**	**0.20 8.22**	**0.35 15,028**	**$13,900 $150,000**	**$50,000**	**$142,857 $3.33**

Sources: Minneapolis Area Realtors; Maxfield Research & Consulting

New Construction Home Pricing

The following table and related points summarize new construction home sales in Red Wing and the Remainder of Goodhue County over the past three years along with new construction homes listed for sale by a Realtor on the MLS as of February 2025. Data is provided by Minneapolis Area Realtors. Information is presented by subdivision and community and includes the number of sales or listings, property type, total finished square feet, price ranges, and median price per square foot.

- Information is provided on 24 new construction homes in Red Wing that were either sold between 2022 and December 2024 or listed for sale as of February 2025.
  - Among the new construction sales and active listings in Red Wing, 88% are multifamily units (21) and 13% are detached single-family homes (three).
- Riverview Highlands in Red Wing has 21 new construction sales/listings, all of which are classified as detached townhomes (multifamily), while Charlson Crest contains three new construction units (all detached single-family).
- Overall, new construction units in Red Wing have a median price of $425,375 which equates to $269 psf based on the median size of 1,580 square feet.
  - The new construction detached single-family homes in Red Wing have a median size of 1,805 square feet. These units have a median sale price of $399,900 ($222 psf).
  - The median size for new construction multifamily units in Red Wing is 1,580 square feet, while the median price is $433,614 which equates to $274 psf.
- We also identified 82 new construction sales in Goodhue County, outside of Red Wing, including 51 detached single-family homes and 31 multifamily units. These new construction units have a median price of $319,650 and a median size of 1,377 square feet ($232 psf).
- The 54 new construction detached single-family home sales in Goodhue County (2022 through 2024) have a median price of $371,175 and a median size of 1,486 square feet ($250 psf).
- The 52 new construction multifamily units in the County have a median price of $313,950 and a median size of 1,391 square feet ($226 psf).
- Among the new construction detached single-family sales in the County, nearly half (48%) occurred in Zumbrota, while 40% of the new construction multifamily units are in Red Wing.

TABLE 25

NEW CONSTRUCTION HOME PRICING SUMMARY
GOODHUE COUNTY
February 2025

Subdivision/Communi	Type	Sales/ Listings	Finished Square Feet Low - High	Finished Square Feet Median	Price Range Low - High	Price Range Median	Price/SF
City of Red Wing							
Charlson Crest	Detached Single-family	3	1,530 - 2,910	1,805	$359,900 - $649,900	$399,900	$222
Ridgeview Highlands	MF Detached Townhome	21	1,313 - 2,515	1,580	$349,195 - $537,843	$433,614	$274
Total New Construction in Red Wing:		**24**	**1,313 - 2,910**	**1,580**	**$349,195 - $649,900**	**$425,375**	**$269**
Remainder of Goodhue County							
Cannon Falls	Detached Single-family	5	1,439 - 2,812	1,530	$347,000 - $495,000	$360,000	$235
Cannon Falls	MF Detached Townhome	2	1,225 - 1,225	1,225	$310,000 - $329,000	$319,500	$261
Goodhue	Detached Single-family	3	994 - 1,274	1,100	$343,750 $445,000	$368,950	$335
Goodhue	MF Side x Side Townhome	3	1,377 - 1,377	1,377	$293,900 - $299,900	$297,000	$216
Kenyon	Detached Single-family	9	972 - 1,882	1,009	$294,900 - $346,800	$303,000	$300
Kenyon	MF Side x Side Townhome	2	1,231 - 1,377	1,304	$265,900 - $289,900	$277,900	$213
Pine Island	Detached Single-family	2	1,238 - 2,110	1,674	$397,000 $420,000	$408,500	$244
Pine Island	MF Twin Home	9	1,288 - 1,391	1,391	$294,900 - $320,900	$312,800	$225
Wanamingo	Detached Single-family	6	1,100 - 2,288	1,224	$317,500 - $399,900	$366,600	$300
Wanamingo	MF Side x Side Townhome	6	1,175 - 1,345	1,332	$260,000 - $308,500	$295,250	$222
Zumbrota	Detached Single-family	26	1,118 - 2,767	1,943	$259,200 $513,250	$425,450	$219
Zumbrota	MF Side x Side Townhome	9	1,310 - 1,680	1,376	$280,000 - $313,900	$290,900	$211
Total New Construction in Remainder of County:		**82**	**972 - 2,812**	**1,377**	**$259,200 - $513,250**	**$319,650**	**$232**
Total New Construction - Goodhue County		**106**	**972 - 2,910**	**1,414**	**$259,200 - $649,900**	**$355,500**	**$251**
	Detached Single-family	54	972 - 2,910	1,486	$259,200 - $649,900	$371,175	$250
	Multifamily	52	1,175 - 2,515	1,391	$260,000 - $537,843	$313,950	$226

Sources: Minneapolis Area Realtors; Maxfield Research & Consulting

Residential Lot Supply

The following table identifies the supply of vacant residential lots in active subdivisions in the City of Red Wing, as of February 2025, including lots platted for detached single-family units as well as lots platted for townhomes or twin home units. Data is sourced from Goodhue County Geographic Information System (GIS) parcel records and includes parcels classified as "unimproved residential land".

Subdivisions are considered "active" if they currently have lots listed for sale, if there has been recent new construction activity in that subdivision, and if they have been platted since the year 2000. Some older subdivisions are also included if they have parcels owned by a developer or contractor.

- We identified 173 existing vacant lots among 28 active subdivisions in Red Wing, although the majority are not currently listed for sale on the MLS. As noted previously, there are 16 lots listed for sale in Red Wing.
  - It's important to note that many of these lots are owned privately or by adjacent landowners and may or may not be available for future development.
  - In addition to these 173 lots, there are another 140 parcels scattered throughout Red Wing classified as unimproved residential land. These include unplatted parcels not in a subdivision along with parcels in older subdivisions that are not considered active.
- Among the 173 vacant lots, 49% are platted for future detached single-family development (85 lots) while 51% (88 lots) are platted for future multifamily (townhome, twin home) development.
  - With 16 vacant lots, the Hi Park Heights 4th Replat contains the most vacant detached single-family parcels, followed by Siewerts Briarwood with 12. Cannon River Bluffs 2nd Addition contains the largest number of vacant multifamily lots (37), followed by Highlands of Red Wing (18) and Cannon River Bluffs 3rd Addition (17).
- In addition to lots in these existing subdivisions, Maxfield Research contacted staff from the City of Red Wing and other jurisdictions comprising the PMA to identify any new for-sale housing developments that are approved or proposed but not yet actively-marketing.
  - Habitat for Humanity has approval for a residential subdivision at 1407 West 4th Street in Red Wing. The project, referred to as Hope Heights, will include 26 twin home lots that will provide homeownership opportunities for households with incomes in the 30% to 80% AMI range. We did not identify any other pending subdivisions in the PMA.

TABLE 26

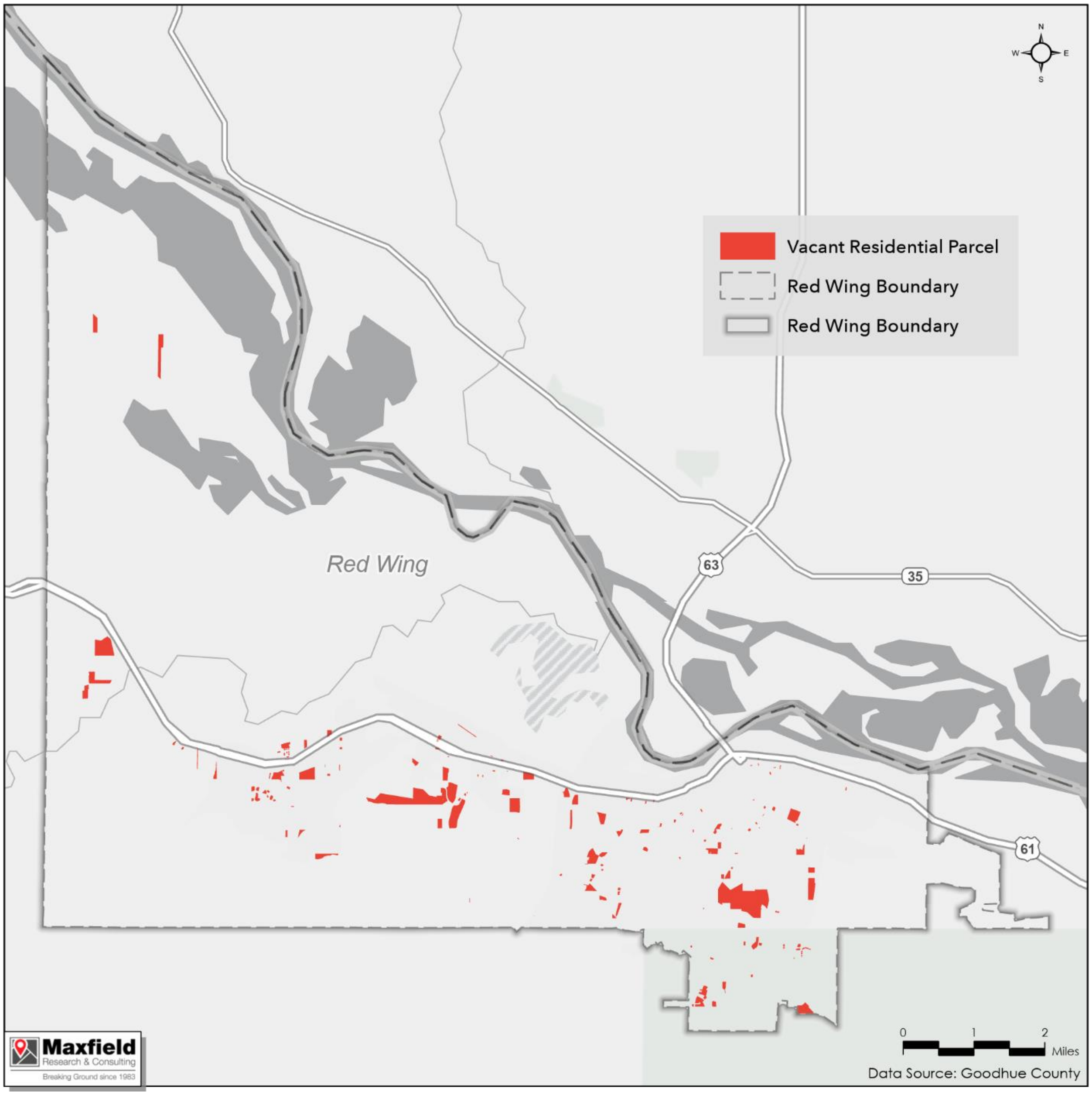
RESIDENTIAL LOT SUPPLY BY SUBDIVISION
CITY OF RED WING
February 2025

Subdivision Name	Total Lots	Year Recorded	Developed Lots	Vacant Lots
Detached Single-Family				
Boxruds Addition	20	1902	18	2
Cannondale Court	18	2004	17	1
Charlson Crest 3rd Addition	31	2000	29	2
Charlson Crest 5th Addition	65	2005	56	9
Charlson Crest 7th Addition	12	2014	4	8
Danforth Place	12	2004	10	2
Gadient Heights 3rd	15	2008	14	1
Hi Park Heights 4th Replat	64	1992	48	16
Hi Park Heights 5th Replat	5	2024	0	5
Hi Park Hills Addition	34	1990	27	7
Highlands of Red Wing	6	2006	1	5
Hubbards Addition	7	1871	6	1
Kull Addition	5	2014	3	2
Kull 3rd Addition	2	2024	1	1
Red Wing Golf Club Addition	1	2022	0	1
Siewerts Briarwood	22	2001	9	13
Stolley Woods	2	2022	1	1
Westwood Hills	5	2002	1	4
Westwood Hills 2nd	27	2003	25	2
Westwood Hills 3rd	5	2005	3	2
Multifamily (townhomes, twin homes, etc.)				
Cannon River Bluffs 2nd Add	78	2006	41	37
Cannon River Bluffs 3rd Add	20	2007	3	17
Cannon River Bluffs 7th Add	6	2017	3	3
Hi Park Hills Townhouses 5	17	1997	13	4
Hi Park Hills Townhouses 8	5	2006	0	5
Highlands of Red Wing	24	2006	6	18
Pine Ridge 2nd Add	24	1997	21	3
Ridgeview Highlands 2nd	31	2018	30	1
Vacant Detached Single-Family Lots				**85**
Vacant Multifamily Lots				**88**
Vacant Residential Lots in Red Wing:				**173**

Sources: Goodhue County; Maxfield Research & Consulting

- The following map depicts the location of parcels classified as "unimproved residential land" in the City of Red Wing. This information is sourced from the Goodhue County parcel dataset.

City of Red Wing Vacant Residential Lot Supply



Rental Housing Market

Introduction

Maxfield Research analyzed the general occupancy (i.e. not age restricted) rental housing market in Red Wing and the surrounding area by collecting data on key rental housing industry metrics such as vacancy rates, rental rates, and development activity. Most of the data was collected in February 2024. Topics covered in this section of the analysis include.

- An overview of rental housing market conditions
- Summary information from a survey of select general occupancy market rate, affordable, and subsidized rental properties in the area
- An inventory of any new rental housing projects in the development pipeline in Red Wing

Maxfield Research and Consulting identified and surveyed a select group of general occupancy rental properties in Red Wing. Rental housing is typically categorized into one of three sectors:

- Market rate properties (those without income restrictions)
- Affordable properties (those with income restrictions and rents affordable to households with incomes at 80% of Area Median Income or lower), and
- Subsidized properties (restricted to households with incomes at 50% of Area Median Income or lower).

Secondary data resources utilized for this section of the analysis include the American Community Survey and online apartment listing services such as apartment websites, Zillow, and RentCafe', among others.

Overview of Rental Market Conditions

Maxfield Research utilized ACS data to evaluate rental housing trends in the Market Area. The following table shows estimated vacancy rates and median contract rental rates from the 2023 ACS (the most recent data available) compared to estimates from the previous four ACS periods. This vacancy estimate is often higher than what is found in apartment buildings as other types of rentals are included (i.e. vacant single-family rental properties).

The Census' definition of a vacant housing unit includes units that were listed for sale or for rent at the time of the Census survey, units that have been rented or sold but were not yet occupied, seasonal housing (vacation or second homes), and "other" vacant housing. Other vacant housing units include housing for migratory workers, housing units held for occupancy of a caretaker, and units in the foreclosure process. Contract rent is the monthly rent agreed to regardless of any utilities, furnishings, fees, or services that may be included.

TABLE 27

RENTAL HOUSING VACANCY & CONTRACT RENT ESTIMATES
RED WING MARKET AREA
2019 - 2023

	2019	2020	2021	2022	2023
Vacancy					
Red Wing	0.0%	0.0%	0.0%	2.7%	4.1%
Goodhue County	2.0%	1.8%	1.9%	3.3%	4.5%
Minnesota	4.2%	4.2%	4.7%	4.8%	5.1%
Monthly Rent					
Red Wing	$762	$765	$799	$839	$845
Goodhue County	$733	$729	$756	$813	$829
Minnesota	$886	$916	$972	$1,074	$1,128

Note: Rent equals median contract rent

Sources: ACS 5-year Estimates; Maxfield Research & Consulting

- Reported vacancies from the ACS in 2023 were estimated at 4.1% in Red Wing compared to 4.5% in Goodhue County, and 5.1% in Minnesota. Over the past five years (2019 to 2023), Red Wing has averaged 1.4% vacancy, including full occupancy during the 2019 through 2021 ACS survey periods.

- Nationally, the equilibrium vacancy rate for rental housing is considered to be 7.0% which allows for normal turnover and an adequate supply of alternatives for prospective renters.

  - Rental housing vacancy rates in Red Wing have tracked well-below equilibrium, and lower than Minnesota, in recent years.

- Median contract rents experienced solid growth in the Market Area between the 2019 ACS and the 2023 ACS periods, including an 11% increase in the City of Red Wing from $762 in 2019 to $845 in 2023.

  - Rents in Goodhue County increased 13% to $829 during that five-year time period, while average contract rents in Minnesota increased 27% from $886 in 2019 to $1,128 in 2023.

- On an average annual basis, median contract rental rate growth in Red Wing (2.6% growth per year) and Goodhue County (3.2%), have approximated, or exceeded, the average annual rate of inflation of 2.6% over the past ten years. In Minnesota, median contract rents increased at a 6.3% average annual rate from 2019 to 2023.

Licensed Rental Properties

- The City of Red Wing is committed to ensuring that every rental housing tenant has a safe and healthy place to live. Starting January 1, 2022, all landlords and property owners who rent out residential housing units in the City of Red Wing are required register their properties. As of February 2025, there were 2,164 licensed rental units in the City.

General Occupancy Rental Housing Properties

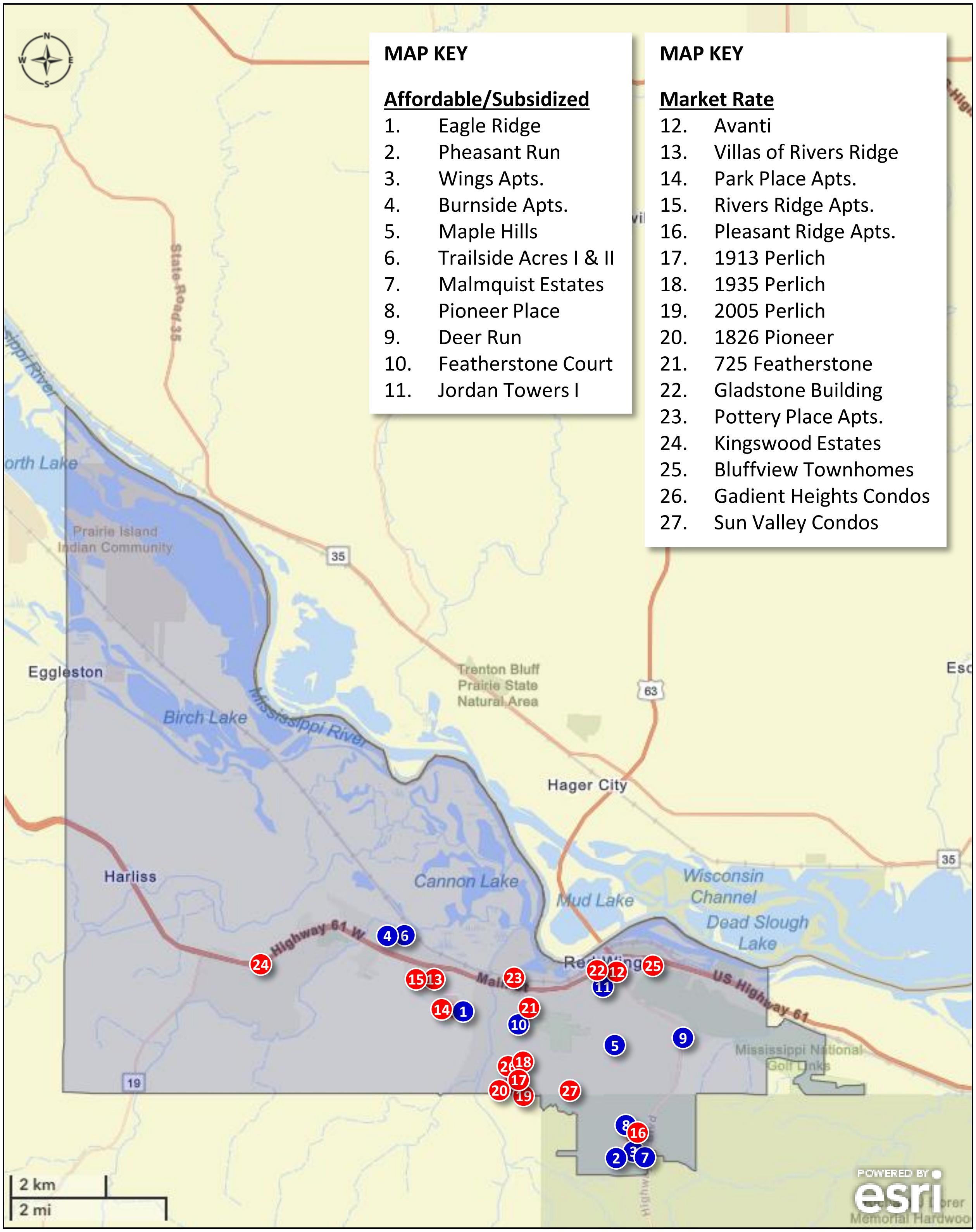
Maxfield Research and Consulting compiled detailed information for general occupancy (not age restricted) rental housing properties with eight or more units in the City of Red Wing. Data was collected through a telephone and email survey of managers and owners for each property in February 2025. Information sourced from online resources, such as apartment websites, Zillow, and RentCafe', among others, was also utilized.

This information is categorized into two groups; market rate housing (properties that do not have any income restrictions) and affordable or subsidized properties which are restricted to residents with incomes at, or below, certain limits depending on funding source. The following tables and subsequent points summarize the unit mix, average unit sizes, and average rental rate ranges among the participating properties. The rents shown represent quoted rents and have not been adjusted to reflect the inclusion or exclusion of utilities.

- We surveyed 11 general occupancy affordable and subsidized properties along with 16 market rate rental properties in the City of Red Wing. In total, the general occupancy rental housing inventory includes 416 affordable or subsidized units and 593 market rate units.

- Locations of the surveyed properties are illustrated on the following map.

General Occupancy Rental Housing Location Map



Affordable/Subsidized Property Summary

The following table presents a detailed summary of the general occupancy affordable and subsidized rental properties in the City, including unit mix, vacancies, unit sizes, and pricing. The inventory includes Low Income Housing Tax Credit (LIHTC) units, United States Department of Agriculture (USDA) Rural Development Section 515 units, project-based Section 8 units, and four public housing facilities (118 units) owned by the Red Wing Housing and Redevelopment Authority (HRA).

Properties financed through the USDA Rural Development Section 515 program target "very low" (50% AMI), "low" (80% AMI), and "moderate-income" ($5,500 more than 80% AMI) households. Tenants in Rural Development housing pay basic rent or 30% of their adjusted income, whichever is greater, while residents in LIHTC housing pay basic monthly rents. Residents in project-based Section 8 and public housing pay 30% of their adjusted income on rent, with the remaining costs covered by the federal government.

TABLE 28

SELECT AFFORDABLE/SUBSIDIZED RENTAL PROPERTIES
UNIT TYPE SUMMARY
CITY OF RED WING
February 2025

						Market/Flat Monthly Rents		
Unit Type	**Total Units**	**% of Total**	**Vacant Units**	**% Vacant**	**Avg. Size**	**Range Low - High**	**Avg. Rent**	**Avg. Rent/ Sq. Ft.**
1BR	239	57%	2	0.8%	530	$50 - $1,037	$680	$1.28
2BR	108	26%	1	0.9%	783	$50 - $1,233	$965	$1.23
3BR	66	16%	1	1.5%	1,092	$50 - $1,757	$1,146	$1.05
4BR	3	1%	0	0.0%	1,349	$50 - $2,058	$1,054	$0.78
Total:	**416**	**99%**	**4**	**1.0%**	**691**	**$50 - $1,757**	**$831**	**$1.20**

Source: Maxfield Research & Consulting

- We surveyed 11 affordable and subsidized general occupancy apartment properties in Red Wing, totaling 416 units. At the time of the survey, there were four vacant units resulting in a 1.0% vacancy rate.

- Additionally, several properties are maintaining wait lists, including the Red Wing HRA which has 59 applicants on the wait list for family housing units and 133 applicants on the wait list for Jordan Towers I. Note that Jordan Towers I is a general occupancy facility, with preference points for residents that are elderly or disabled.

  - **This data suggests that there is pent-up demand for affordable and subsidized general occupancy rental housing in Red Wing.**

- Among these affordable and subsidized units, 57% have one bedroom, 26% have two bedrooms, 16% are three-bedroom units, and 1% have four bedrooms.

- On average, units have 691 square feet, ranging from an average size of 530 square feet for one-bedroom units to 1,349 square feet for the four-bedroom units. Two- and three-bedroom units average 783 square feet and 1,092 square feet, respectively.

- Rental rates represent a weighted average based on the number of units at each property, so buildings with a larger number of units of any one type contribute more toward the average than those with fewer units.

- Monthly rents range from a minimum of $50 flat rates in project-based Section 8 and public housing facilities to a flat rate of $2,058 for four-bedroom units in the public housing family properties. Residents in project-based Section 8 and public housing facilities typically pay 30% of their adjusted gross income on rent.

- Average monthly rents range from $680 for one-bedroom units to $1,146 for three-bedroom units. Two- and four-bedroom units average $965 and $1,054 per month, respectively.

  - The weighted average rent across all unit types is $831 per month ($1.20 per square foot, on average).

- One-bedroom units target one- to two-person households, while two-bedroom units target two- to four-person households. Three- and four-bedroom units have six-person and eight-person maximum household sizes, respectively.

- The following figure summarizes maximum household incomes by household size in Goodhue County at 30%, 40%, 50%, 60%, and 80% Area Median Income (AMI), which represents the target market for the affordable and subsidized facilities in Red Wing.

----- Income Limits by Household Size -----						
HH Size	**Unit Type**	**30% AMI**	**40% AMI**	**50% AMI**	**60% AMI**	**80% AMI**
1-Person	Studio or 1BR	$22,410	$29,880	$37,350	$44,820	$59,760
2-Person	1BR or 2BR	$25,620	$34,160	$42,700	$51,640	$68,320
3-Person	2BR or 3BR	$28,830	$38,440	$48,050	$57,660	$76,880
4-Person	2BR or 3BR	$32,010	$42,680	$53,350	$64,020	$85,360
5-Person	3BR or 4BR	$34,590	$46,120	$57,650	$69,180	$92,240
6-Person	3BR or 4BR	$37,140	$49,520	$61,900	$74,280	$99,040
7-Person	4BR	$39,720	$52,960	$66,200	$79,440	$105,920
8-Person	4BR	$42,270	$56,360	$70,450	$84,540	$112,720

Market Rate Summary

The following table summarizes the unit mix, vacancies, average unit sizes, and average rental rate ranges among the surveyed market rate rental properties in Red Wing. Rental rates represent a weighted average based on the number of units at each property, so buildings with a larger number of units of any one type contribute more toward the average than those with fewer units.

- We surveyed 16 existing general occupancy market rate rental properties in Red Wing, totaling 593 units.
  - The inventory includes 15 stabilized properties, totaling 557 units, along with one 36-unit property (Avanti) which opened in late 2024 and remains in initial lease-up.
- At the time of the survey, there were 26 vacant units in the stabilized properties, resulting in a 4.7% vacancy rate among the stabilized general occupancy market rate rental properties in Red Wing.
  - Studio units have the highest vacancy rate at 11.6% (five vacancies), followed by three-bedroom units at 5.0% (two vacancies) and two-bedroom units at 4.5% (15 vacancies). With four vacancies, one-bedroom units are 3.8% vacant.
- As mentioned previously, the equilibrium vacancy rate for market rate rental housing is considered to be 7.0%. At 4.7% vacant, the supply of market rate rental housing in Red Wing is below equilibrium, suggesting pent-up demand.

TABLE 29

SELECT MARKET RATE RENTAL PROPERTIES
UNIT TYPE SUMMARY
CITY OF RED WING
February 2025

						Monthly Rents		
Unit Type	**Total Units**	**Unit Mix**	**Vacant Units***	**Pct. Vacant**	**Avg. Size**	**Range Low - High**	**Avg. Rent**	**Avg. Rent/ Sq. Ft.**
Studio	58	10%	5	11.6%	452	$775 - $1,395	$1,064	$2.35
1BR	120	20%	4	3.8%	755	$850 - $1,995	$1,220	$1.62
2BR	341	58%	15	4.5%	1,016	$850 - $2,095	$1,184	$1.17
3BR	40	7%	2	5.0%	1,757	$1,650 - $1,880	$1,794	$1.02
4BR	34	6%	0	0.0%	2,607	$1,990 - $2,015	$2,003	$0.77
Total:	**593**	**593**	**26**	**4.7%**	**1,049**	**$775 - $2,095**	**$1,268**	**$1.21**

*Vacancy from stabilized properties only, excluding building in initial lease-up

Source: Maxfield Research & Consulting

- Among these market rate units, 58% have two bedrooms and 20% are one-bedroom units. Another 10% are studio units, while 7% have three bedrooms and 6% of the units have four bedrooms.

- On average, units have 1,049 square feet, ranging from an average size of 452 square feet for studio units to 2,607 square feet for four-bedroom units. One- and two-bedroom units are 755 and 1,016 square feet, on average, respectively, while three-bedroom units average 1,757 square feet.

- The average monthly rental rate across all market rate general occupancy properties is $1,268, ranging from an average of $1,064 for studio units to an average of $2,003 for four-bedroom units. The average one-, two-, and three-bedroom unit rents are $1,220, $1,184, and $1,794 per month, respectively.

- On a per square-foot basis (psf), these market rate rental properties have an average rent of $1.21 psf, including $2.35 psf for studios, $1.62 for one-bedroom units, $1.17 psf for two-bedroom units, $1.02 psf for three-bedroom units, and $0.77 for four-bedroom units.

- There is a notable difference in rents between older and newer properties in Red Wing. The four newest properties (opened in the past ten years) have an average monthly rent of $1,544, roughly 49% higher than the average rent of $1,035 among the older properties.

- While each property manages utilities differently, heat, trash removal, water, and sewer are typically included in the rent in older properties, while the tenant is responsible for most utilities in the newer properties.

- Maxfield Research also obtained information from the City of Red Wing regarding any new rental housing projects that are in the development pipeline (i.e. under construction, approved, or proposed). The following figure summarizes our findings.

- Overall, we identified 233 units pending in seven separate projects, including 165 market rate units and 68 affordable units. Among these pending projects, 26 units are under construction and 207 units have been proposed but not yet fully approved.

Project/Developer	**Location**	**Units**	**Notes/Status**
Three Rivers Community Action	Technology Dr	48	Proposed; Affordable
Apurva Patel	317 Bush St (Hallstrom's)	4	Proposed; 2nd story market rate
Apurva Patel	328 Bush St (Chief Theater)	3	Proposed; Market rate
Apurva Patel	415 Main St (Boxrud)	12	Proposed; Market rate
Apurva Patel	325 Plum St (Eagle House)	20	Proposed; Affordable (60% AMI)
Apurva Patel	110 Broad St (Maltery Site)	120	Proposed; Market rate
Associated Bank Redevelopment	222 Bush St	26	Under construction; Market rate
Total:		**233**	

The following are photographs of select market rate rental properties in Red Wing.

Avanti

Villas of Rivers Ridge

Park Place Apartments

Pleasant Ridge

Kingswood Estates

Gladstone Building

The following are photographs of select affordable/subsidized rental properties in Red Wing.


Eagle Ridge


Pheasant Run Townhomes


Wings Apartments


Burnside Apartments

Malmquist Estates

Pioneer Place Family Townhomes

Senior Housing Market

Introduction

This section provides an assessment of the market support for senior housing, including a review of demographic and economic characteristics of the Market Area's senior population along with detailed information on existing and pending senior housing facilities in the PMA. Data on the senior housing facilities was collected in February 2025. Topics covered in this section of the analysis include.

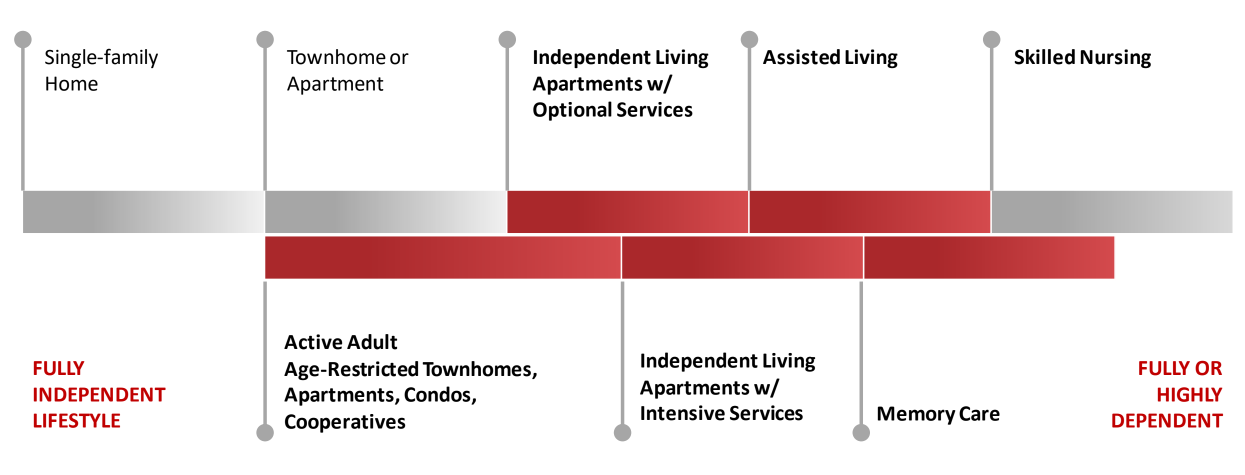
- A definition of senior housing product types
- An overview of older adult and senior demographic characteristics in the area
- Market information on existing and pending senior housing facilities in the PMA

Secondary data resources utilized for this analysis include the U.S Census Bureau Decennial Census and American Community Survey ("ACS"), along with ESRI and the Minnesota State Demographic Center. Information from the Health Care Provider Directory from the Minnesota Department of Health was also referenced.

Senior Housing Defined

Senior housing is a concept that generally refers to the integrated delivery of housing and services to seniors. However, as Figure 1 illustrates, senior housing embodies a wide variety of product types across the service-delivery spectrum.

FIGURE 1
CONTINUUM OF HOUSING AND SERVICES FOR SENIORS



Products range from independent apartments and/or townhomes with virtually no services on one end, to highly specialized, service-intensive assisted living units or housing geared for people with dementia-related illnesses (termed "memory care") on the other end of the spectrum.

In general, independent senior housing attracts people age 65 and over while assisted living typically attracts people age 80 and older who need assistance with activities of daily living (ADLs).

For analytical purposes, Maxfield Research and Consulting classifies senior housing into five primary categories based on the level and type of services offered as described in the figure on the following page.

Facilities referred to as “catered living” offer a flexible living arrangement where residents can live independently and purchase assisted living services as needed without relocating to a unit specifically designated for independent living or assisted living.

Active Adult
Active Adult properties (or independent living without services available) are similar to a general-occupancy building, in that they offer virtually no services but have age-restrictions (typically 55 or 62 or older). Residents are generally age 70 or older if in an apartment-style building. Organized entertainment, activities and occasionally a transportation program represent the extent of services typically available at these properties. Because of the lack of services, active adult properties generally do not command the rent premiums of more service-enriched senior housing. Active adult properties can have a rental or owner-occupied (condominium or cooperative) format.
Independent Living
Independent Living properties offer support services such as meals and/or housekeeping, either on an optional basis or a limited amount included in the rents. These properties often dedicate a larger share of the building to common areas, because units are smaller than in active adult housing and to encourage socialization. Independent living properties attract a slightly older target market than adult housing (i.e. seniors age 75 or older). Rents are also above those of active adult buildings. Sponsorship by a nursing home, hospital or health care organization is common.
Assisted Living
Assisted Living properties come in a variety of forms, but the target market for most is generally the same: very frail seniors, typically age 80 or older (but can be much younger, depending on their health situation), who need extensive support services and personal care assistance. Absent an assisted living option, these seniors would otherwise need to move to a nursing facility. At a minimum, assisted living properties include two meals per day and weekly housekeeping in the monthly fee, with the availability of a third meal and personal care (either included in the monthly fee or for an additional cost). Assisted living properties also have staff on duty 24 hours per day or at least 24-hour emergency response.
Memory Care
Memory Care properties, designed specifically for persons suffering from Alzheimer's disease or other dementias, is one of the newest trends in senior housing. Properties consist mostly of suite-style or studio units or occasionally one-bedroom apartment-style units, and large amounts of communal areas for activities and programming. In addition, staff typically undergoes specialized training in the care of this population. Because of the greater amount of individualized personal care required by residents, staffing ratios are much higher than traditional assisted living and thus, the costs of care are also higher. Unlike conventional assisted living, however, which addresses housing needs almost exclusively for widows or widowers, a higher proportion of persons afflicted with Alzheimer's disease are in two-person households. That means the decision to move a spouse into a memory care facility involves the caregiver's concern of incurring the costs of health care at a special facility while continuing to maintain their home.
Skilled Nursing Care
Skilled Nursing Care, or long-term care, provides a living arrangement that integrates shelter and food with medical, nursing, psychosocial and rehabilitation services for persons who require 24-hour nursing supervision. Residents in skilled nursing homes can be funded under Medicare, Medicaid, Veterans, HMOs, insurance as well as use of private funds.

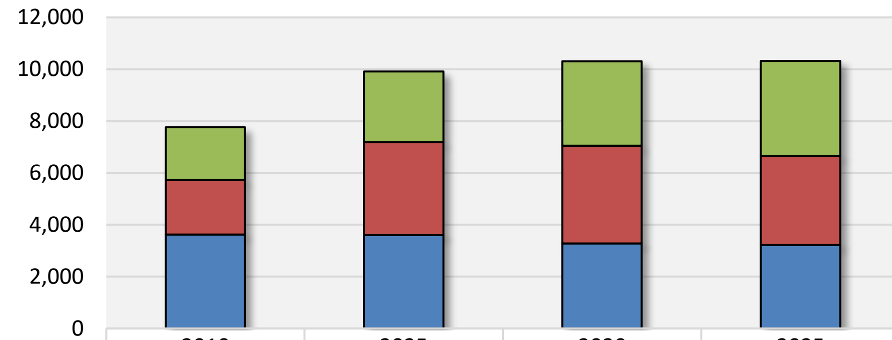
Older Adult (Age 55+) Population and Household Trends

The Demographic Review section of this study presented general demographic characteristics of the population and household base in Red Wing and the PMA. The following points summarize key findings from that section as they pertain to the older adult and senior population in the Market Area.

- Strong growth is occurring among seniors in the PMA. Aging of baby boomers led to 70% growth in the 65 to 74 population between 2010 and 2025, adding 1,477 people.

  - As this group ages, the 75 and older age group is expected to experience rapid growth between 2025 and 2035, adding 938 people (34% growth).
  - The 65 to 74 age group is projected to contract -4%, decreasing by -155 people while the 55 to 64 age group declines -11% (-378 people) between 2025 and 2035.

Population Growth By Older Adult/Senior Age Group
Primary Market Area



	2010	2025	2030	2035
75+	2,042	2,737	3,251	3,674
65 to 74	2,107	3,584	3,771	3,430
55 to 64	3,620	3,597	3,281	3,218

- The primary market for service-enhanced housing (i.e. assisted living) is senior households age 75 and older. The key market for active adult housing is comprised of senior households age 65 and older, although active adult properties are often restricted to residents age 55 and older.

- While individuals in their 50s and 60s typically do not comprise the market base for service-enhanced senior housing, they often have elderly parents to whom they provide support when they decide to relocate to senior housing. Elderly parents often prefer to be near their adult caregivers, so the older adult age cohort (age 55 to 64) also generates some additional demand for service-enhanced senior housing products.

- The frailer the senior, the greater the proportion of their income they will typically spend on housing and services. Studies have shown that seniors are willing to pay increasing proportions of their incomes on housing with services, with income allocations as follows: 40% to 50% for market rate active adult housing, 65% for independent living, and 80% to 90% or more for assisted living housing.

  - The proceeds from a home sale, as well as financial assistance from their adult children, are often used as supplemental income to afford senior housing alternatives.

- The target market for affordable and subsidized active adult housing is households age 65 and older with incomes at or below 60% Area Median Income (AMI), although some affordable properties may be restricted to households at 80% AMI or lower. At 60% AMI, household income limits are $44,820 for a one-person household and $51,640 for a two-person household in Goodhue County.

  - Using $51,640 as the income limit for affordable housing in 2025, there are an estimated 1,748 income-qualified households age 65 and older in the PMA (44% of all age 65 and older households). The number of age-, and income-qualified households in the PMA at 60% AMI is projected to increase 7% by 2030 (130 households), after accounting for inflation.

- The target for market rate active adult housing is comprised of senior households (age 65 and older) with incomes of $40,000 or more. Older adult and senior households with incomes of $40,000 allocating 40% of their income toward housing costs could afford monthly rents of $1,333.

  - In 2025, we estimate there are an estimated 2,647 age- (65 and older) and income-qualified households in the PMA that comprise the key market for active adult housing. The number of age- and income-qualified households is expected to grow 14% to 3,016 households by 2030, after accounting for inflation.

- Independent living and assisted living housing demand is driven by senior households age 75 and older with incomes of $40,000 or more (plus senior homeowners with lower incomes).

  - We estimate the number of age- and income-qualified households in the PMA to be 1,008 in 2025, increasing 25% to 1,263 in 2030.

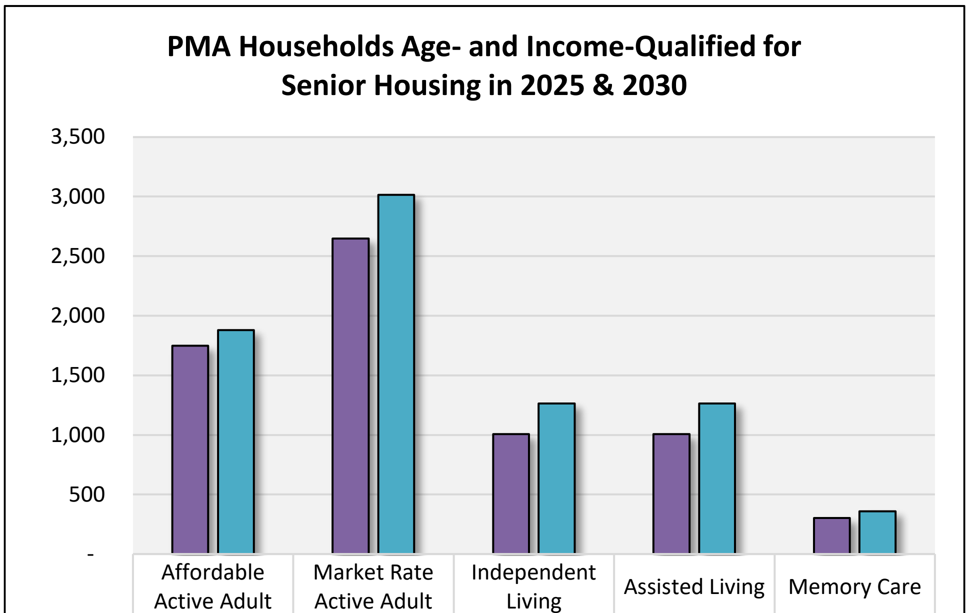
- Memory care housing has a target market of senior households age 65 and older with a memory impairment and incomes of at least $60,000. Approximately 15% of the senior population is estimated to have a memory impairment.

- In 2025, we estimate that there are 2,012 age 65 and older households in the PMA with incomes of at least $60,000, accounting for 50% of all senior households. Based on the estimated 15% incidence rate of Alzheimer's/dementia, approximately 302 households in the PMA are candidates for memory care housing in 2025.

  - The number of income-qualified ($65,000 adjusted for inflation) households is projected to increase 19% to 2,390 by 2030 (359 households eligible for memory care housing based on the 15% incidence rate).

- Between 2025 and 2030, growth among households age- and income-qualified for senior housing in the PMA is projected to be largest for market rate active adult housing, increasing by 369 households (14% growth).

- The number of households age- and income-qualified for independent and assisted living is expected to increase 25% (255 households), while the number of households qualified for affordable active adult housing is projected to expand 4% (69 households). We anticipate that there will be a 19% increase in households qualified for memory care between 2025 and 2030 (57 households).



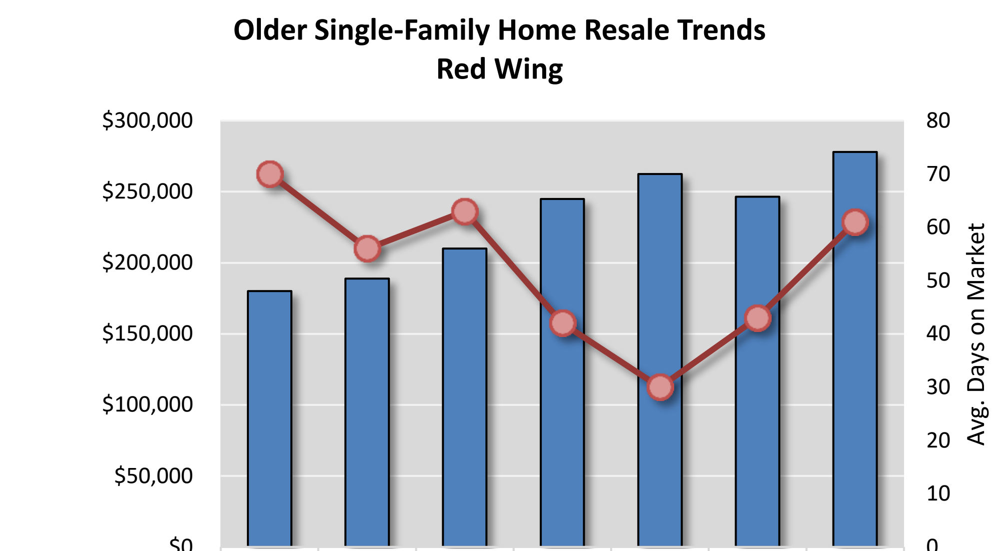
	Affordable Active Adult	Market Rate Active Adult	Independent Living	Assisted Living	Memory Care
2025	1,748	2,647	1,008	1,008	302
2030	1,878	3,016	1,263	1,263	359

- The estimated homeownership rate is 83% for age 55 to 64 households in the PMA, similar to 83% in Southeast Minnesota. The PMA's homeownership rate declines slightly to 82% for age 65 to 74 households compared to 85% in the Region.

- Seniors typically begin to consider moving into senior housing alternatives in their early to mid-70s. This movement pattern is demonstrated in the PMA as the homeownership rate declines from 82% (age 65 to 74) to 73% for age 75 and older households.
  - By comparison, the homeownership rate in Southeast Minnesota drops from 85% (age 65 to 74) to 77% (age 75 and older).
- With a homeownership rate of 78% for all households age 65 and older in the PMA, many residents would be able to use proceeds from the sales of their homes toward senior housing alternatives.

Home sale data is useful in that it represents the amount of equity seniors may be able to derive from the sales of their homes that could be used to cover the cost of senior housing alternatives. The following information summarizes resale data for homes that were built in 2009 or earlier in the City from 2018 through 2024. Sales of newer homes are excluded because older adults and seniors often reside in older homes and are typically not a market for new single-family home construction, so we evaluate sales data for homes that are at least 15 years old. The data was obtained from Minneapolis Area Realtors.

- Resale values of older homes experienced strong growth in Red Wing in recent years, climbing 54% from $180,000 in 2018 to $278,000 in 2024.



	2018	2019	2020	2021	2022	2023	2024
Median Price	$180,000	$188,900	$210,000	$245,000	$262,450	$246,500	$278,000
DOM	70	56	63	42	30	43	61

- Marketing times, which declined from an average 70 days on market in 2018 to 30 days in 2022, increased to 43 days in 2023 and 61 days in 2024.

- Resale activity has slowed, as the number of closed transactions declined roughly -24% from 275 resales in 2018 to 209 resales in 2024.

  - The increase in marketing times and the decline in sales volume are due, in part, to increased mortgage rates which reduced the affordability of homes, causing many potential buyers to defer a decision to purchase until rates decline.

- Based on the 2024 median resale price for older (built in 2009 or earlier) homes in Red Wing ($278,000), a senior household could generate an estimated $5,226 of additional income annually ($436 per month) if they invested in an income-producing account (2.0% interest rate) after accounting for marketing costs and/or real estate commissions (6.0% of home sale price).

- Due to the rising home resale prices, many older adults and seniors – particularly those in the market for independent housing products – may be inclined to sell their home and consider housing alternatives. However, the COVID-19 pandemic caused some older adults and seniors to remain in their homes rather than seeking housing alternatives.

- Should a senior utilize the home sale proceeds dollar for dollar to support living in senior housing with services, the proceeds would last nearly nine years in independent living housing (monthly rent approximated at $2,500), roughly five years in assisted living (monthly rent approximated at $4,000), or four years in memory care housing (monthly rent approximated at $5,500).

- Seniors in service-intensive housing typically have lengths of stays between two and three years indicating that a large portion of seniors in Red Wing will be financially prepared to privately pay for their housing and services.

Supply of Senior Housing

The information on the following pages summarizes existing senior housing facilities in the PMA, including supply (number of units) and service level.

- Maxfield Research identified a total of 11 senior housing facilities in the PMA, totaling 586 units, including ten in the City of Red Wing (566 units) and one 20-unit facility in Welch.

- In total, there are 178 market rate active adult rental units, 44 active adult owned cooperative units, 118 affordable and subsidized rental units, and 246 service-enhanced units.

  - Among the service-enhanced facilities, there are an estimated 50 independent living units, 126 assisted living units, and 62 memory care units along with eight units classified as comfort care for those nearing the end of life.

TABLE 30

SENIOR HOUSING SUPPLY SUMMARY
PRIMARY MARKET AREA
February 2025

Project Name	Address	City	Units	Type/Notes
Park Place Plaza	520 Tyler Rd S	Red Wing	78	Market Rate Active Adult Rental
The Downtown Plaza	434 W 4th St	Red Wing	100	Market Rate Active Adult Rental
Village Cooperative	2533 Eagle Ridge Rd	Red Wing	44	Market Rate Cooperative
Jordan Towers II	440 W 4th St	Red Wing	104	Subsidized/Project-Based Section 8
Cooperidge Apts	201 E 7th St	Red Wing	14	Subsidized/HUD Public Hsg
Deer Crest	470 Hewitt Blvd	Red Wing	42	Independent/Assisted Living
Deer Crest	470 Hewitt Blvd	Red Wing	28	Memory Care
Benedictine Living (St. Crispin)	135 Pioneer Rd	Red Wing	38	Independent/Assisted Living
Benedictine Living (St. Crispin)	135 Pioneer Rd	Red Wing	18	Memory Care
Valentines Senior Living	2557 Eagle Ridge	Red Wing	16	Assisted Living
Loving Residence	1760 Perlich Ave	Red Wing	10	Assisted Living
Potter Ridge	1971 Neal St	Red Wing	50	Assisted Living
Elysian Fields	522 Riedell Ct	Red Wing	16	Memory Care
Elysian Fields	522 Riedell Ct	Red Wing	8	Comfort Care
Tinta Wita Tipi Sr. Living	24240 130th Ave	Welch	20	Independent/Assisted Living
		Senior Housing Total:	**586**	

Source: Maxfield Research & Consulting

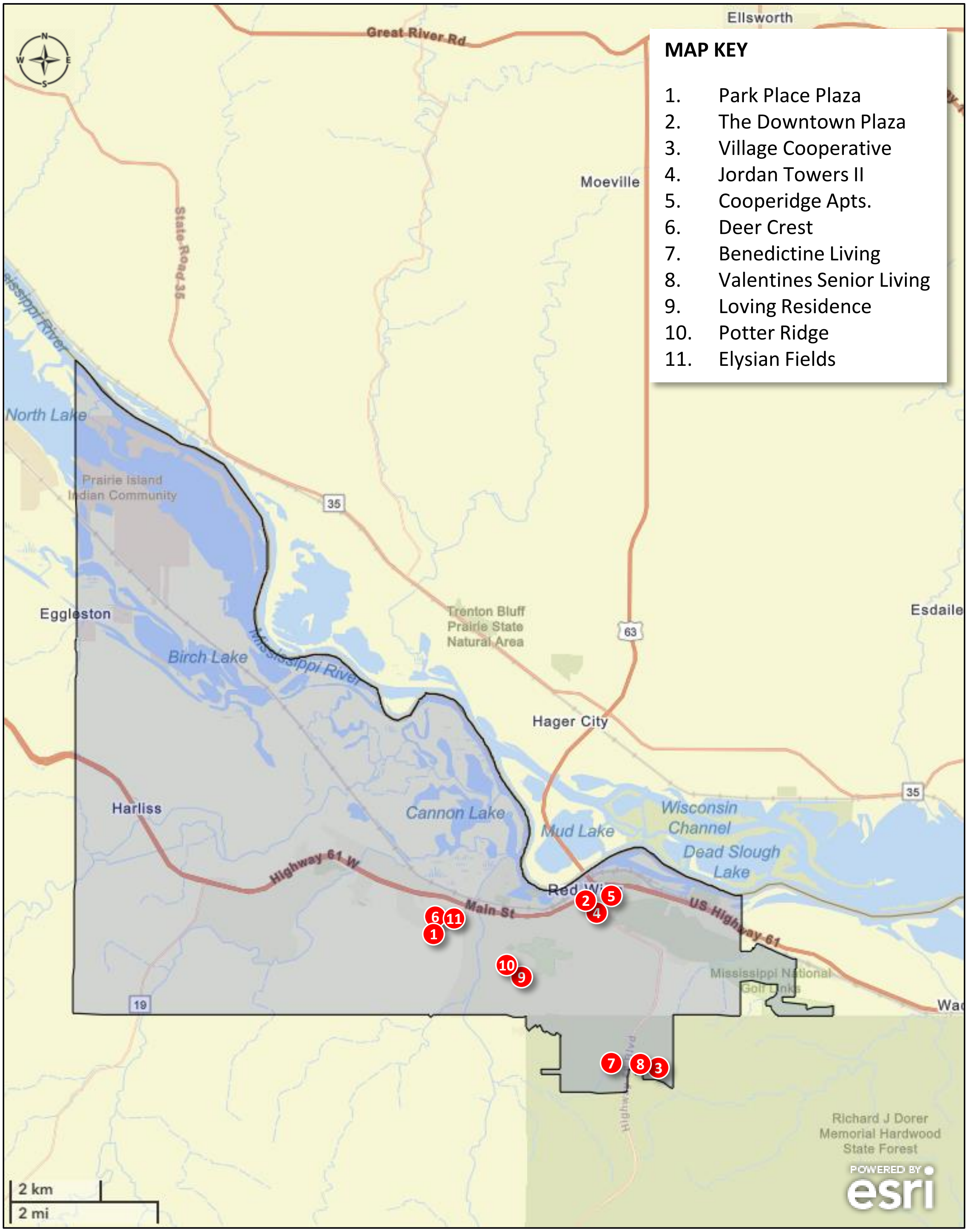
- Maxfield Research also contacted staff from the City of Red Wing and other communities in the PMA to identify any new senior housing projects that are in the development pipeline (i.e. under construction, approved, or proposed). There are no senior housing developments pending in the PMA.

  - Elysian Fields of Red Wing is a new construction facility awaiting final approval from the State of Minnesota before opening. Based on feedback from the Administrator, they have a list of residents waiting to move in along with a separate interest list.

- We incorporate these senior housing units into the demand calculations presented later in this report, but not all units are included. Because facilities located outside of Red Wing near the edge of the PMA boundary have different draw areas that overlap with the PMA for Red Wing, we adjust the number of competitive units based on location within the PMA and format.

  - We include all of the senior housing units in facilities located in Red Wing and 50% of the units in Welch in our demand calculations. The eight comfort care units at Elysian Fields are excluded from our demand calculations.

Senior Housing Location Map



The following are photographs of select senior housing properties in Red Wing.

Park Place Plaza

The Downtown Plaza

Jordan Towers II

Deer Crest

Valentine's Senior Living

Elysian Fields

Affordable/Subsidized Senior Rental Summary

The following points summarize key findings from our survey of affordable and subsidized senior housing properties in the City of Red Wing, including unit mix, vacancies, and quoted flat rents. The inventory includes the 104-unit Jordan Towers II which owned by the Red Wing HRA and the 14-unit Cooperidge Apartments, a HUD public housing facility. As noted previously, Jordan Towers I is a general occupancy facility, with preference points for residents that are elderly or disabled.

- There are a total of 118 units in these properties. At the time of the survey, there were five vacant units resulting in a 4.2% vacancy rate. All five vacancies are in Jordan Towers II. There are a total of 68 applicants on wait lists between the two properties.
  - **This data suggests that there is pent-up demand for affordable and subsidized senior housing in Red Wing.**
- Among these affordable and subsidized senior units, 88% have one bedroom, while 10% have two bedrooms and 2% are efficiency units.
- Monthly rents range from a minimum of $25 flat rates to a flat rate of $1,233 for two-bedroom units in Jordan Towers II. The weighted average flat rate across all unit types is $531 per month.
  - Residents in both facilities typically pay 30% of their adjusted gross income on rent.
- Based on quoted flat rates, average monthly rents range from $459 for efficiency units to $599 for two-bedroom units. One-bedroom units have an average flat rate of $504 per month.

Market Rate Active Adult Summary

The following table summarizes the unit mix, average unit sizes, and average rental rate ranges among the surveyed market rate senior rental properties in Red Wing. Rental rates represent a weighted average based on the number of units at each property, so buildings with a larger number of units of any one type contribute more toward the average than those with fewer units.

- We surveyed two existing market rate senior rental properties in Red Wing, totaling 168 units.
- The inventory includes The Downtown Plaza, a stabilized property, which is consistently 100% occupied according to the leasing manager, along with the 78-unit Park Place Plaza which opened in 2024 and remains in initial lease-up.

- Among these market rate senior rental units, 54% have one bedroom and 29% are two-bedroom units. Another 15% are studio units, while 2% have two bedrooms plus a den.

- On average, units have 791 square feet, ranging from an average size of 561 square feet for studio units to 1,389 square feet for two-bedroom plus den units. One- and two-bedroom units are 688 and 1,059 square feet, on average, respectively.

TABLE 31

SELECT MARKET RATE SENIOR RENTAL PROPERTIES
UNIT TYPE SUMMARY
CITY OF RED WING
February 2025

				Basic/Market Monthly Rents		
Unit Type	Total Units	% of Total	Avg. Size	Range Low - High	Avg. Rent	Avg. Rent/ Sq. Ft.
Studio	26	15%	561	$925 - $1,425	$1,175	$2.10
1BR	90	54%	688	$1,164 - $1,511	$1,445	$2.10
2BR	48	29%	1,059	$1,465 - $2,592	$2,052	$1.94
2BR+Den	4	2%	1,389	$1,615 - $2,821	$1,917	$1.38
Total:	**168**	**100%**	**791**	**$925 - $2,821**	**$1,588**	**$2.01**

Source: Maxfield Research & Consulting

- The average monthly market rate rental rate is $1,588, ranging from an average of $1,175 for studio units to an average of $2,052 for two-bedroom units. One-bedroom unit rents average $1,445 per month, while the two-bedroom units have an average rent of $1,917 per month.

- On a per square-foot basis (psf), these market rate senior rental properties have an average rent of $2.01 psf, including $2.10 psf for studios, $2.10 for one-bedroom units, $1.94 psf for two-bedroom units, $1.38 psf for two-bedroom plus den units.

- In addition to these market rate active adult rental properties, Village Cooperative is a 44-unit active adult owner multifamily property which contains a mix of one-bedroom, one-bedroom plus den, and two-bedroom units.

  - As of February 2025, there were no units available for sale at Village Cooperative. Co-operative pricing includes equity shares along with monthly fees that cover utilities and maintenance.

Service-Enhanced Facility Summary

- We identified six service-enhanced facilities in Red Wing, totaling 226 units, along with one 20-unit facility in Welch. These facilities are summarized below.

  - Deer Crest is a 70-unit facility in Red Wing that provides 42 units for independent living and assisted living along with 28 memory care units.

  - Benedictine Living (formerly known as St. Crispin) contains 56 senior housing units in Red Wing, including 38 units for independent and assisted living and 18 units for memory care.

  - Valentines Senior Living and Loving Residence are assisted living facilities in Red Wing, containing 16 units and ten units, respectively.

  - Potter Ridge is a 50-unit assisted living facility in Red Wing.

  - As noted previously, Elysian Fields of Red Wing is a new construction facility awaiting final approval from the State of Minnesota before opening. The facility includes 16 units of memory care and eight comfort care units for patients nearing end of life.

  - Tinta Wita Tipi Senior Living in Welch provides 20 independent and assisted living units.

- Based on the facilities that provided vacancy information, these service-enhanced facilities were approximately 98% occupied (2.1% vacancy rate) at the time of our survey, which is well below equilibrium.

  - Independent and assisted living units were 1.5% vacant and memory care had a 2.1% vacancy rate.

  - Market equilibrium for assisted living and memory care senior housing is generally considered to be 7.0% vacancy, which allows for an adequate supply of alternatives for prospective residents.

  - Due to the high occupancy rates among these service-enhanced facilities in Red Wing, it appears that there may be pent-up demand for additional service-enhanced senior housing in the community.

Housing Affordability

Introduction

Affordable housing is a term that has various definitions according to different people and is often a product of supply and demand. According to the United States Department of Housing and Urban Development (HUD), the definition of affordability is for a household to pay no more than 30% of its annual income on housing (including utilities). Families who pay more than 30% of their income for housing (either rent or mortgage) are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation, and medical care.

The following topics are covered in this analysis.

- Naturally Occurring Affordable Housing (NOAH) units
- Household income and rent limits for affordable housing
- Housing Choice Voucher program
- Cost burdened households in the area, and
- Housing costs in Red Wing relative to household income

Minnesota Housing, HUD, the United States Census Bureau American Community Survey (ACS), and the Red Wing Housing and Redevelopment Authority (HRA) are the primary data resources for the Housing Affordability section of this report. Additionally, Maxfield Research and Consulting utilizes findings from the For-Sale Market and Rental Housing Market sections of this study to evaluate housing cost affordability in the community.

Generally, housing that is income-restricted to households earning at or below 80% of Area Median Income (AMI) is considered affordable. However, individual properties may have income restrictions set anywhere from 30% to 80% of AMI. Rent is not based on income but instead is a contract amount that is affordable to households within the specific income restriction segment. Moderate-income housing, often referred to as "workforce housing," can refer to both rental and ownership housing. The definition is broadly defined as housing that targets households earning between 50% and 120% AMI. The following figure summarizes generally recognized AMI Definitions:

AREA MEDIAN INCOME (AMI) DEFINITIONS

Definition	AMI Range
Extremely Low Income	0% to 30%
Very Low Income	31% to 50%
Low Income	51% to 80%
Moderate Income (Workforce Housing)	50% to 120%

Naturally Occurring Affordable Housing (NOAH)

Although affordable housing is typically associated with an income-restricted property, there are other housing units in communities that indirectly provide affordable housing. Housing units that were not developed or designated with income restrictions yet are more affordable than other units in a community are considered "naturally occurring affordable housing (NOAH)" or "unsubsidized affordable" units.

The NOAH housing supply is available through the private market, as opposed to assisted housing programs through various governmental agencies. Property values on these units are lower based on a combination of factors, such as: age of structure, location, condition, size, school district, etc. Because of these factors, housing costs tend to be lower. According to the *Joint Center for Housing Studies of Harvard University,* the privately unsubsidized housing stock supplies three times as many low-cost affordable units than assisted projects nationwide.

Unlike assisted rental developments, most unsubsidized affordable units are scattered across older, sometimes smaller, rental buildings. These older properties are often vulnerable to redevelopment due to their age, modest rents, and deferred maintenance. Because many of these housing units have affordable rents, project-based and private housing markets cannot be easily separated. Some households (typically those with household incomes of 50% to 60% AMI) income-qualify for both market rate and project-based affordable housing.

- As highlighted in the Rental Housing section of this study, much the general occupancy market rate rental housing supply in Red Wing has rents that fall into the NOAH category (below the maximum gross rent at 60% AMI), primarily older properties. Average rents at newer market rate rental property are above the 60% AMI threshold.

Rent and Income Limits

The following table displays the maximum allowable incomes by household size to qualify for affordable housing and maximum gross rents that can be charged by bedroom size in Goodhue County. These incomes are published and revised annually by HUD and also published separately by Minnesota Housing based on the date a project is placed into service. Fair Market Rent reflects the amount needed to pay gross monthly rent at modest rental housing in a given area.

TABLE 32
2024 INCOME/RENT LIMITS
GOODHUE COUNTY
Effective Date: 04/01/2024

	-----Income Limits by Household Size-----							
	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
20% AMI	$14,940	$17,080	$19,220	$21,340	$23,060	$24,760	$26,480	$28,180
30% AMI	$22,410	$25,620	$28,830	$32,010	$34,590	$37,140	$39,720	$42,270
40% AMI	$29,880	$34,160	$38,440	$42,680	$46,120	$49,520	$52,960	$56,360
50% AMI	$37,350	$42,700	$48,050	$53,350	$57,650	$61,900	$66,200	$70,450
60% AMI	$44,820	$51,640	$57,660	$64,020	$69,180	$74,280	$79,440	$84,540
70% AMI	$52,290	$59,780	$67,270	$74,690	$80,710	$86,660	$92,680	$98,630
80% AMI	$59,760	$68,320	$76,880	$85,360	$92,240	$99,040	$105,920	$112,720
100% AMI	$74,700	$85,400	$96,100	$106,700	$115,300	$123,800	$132,400	$140,900
120% AMI	$89,640	$102,480	$115,320	$128,040	$138,360	$148,560	$158,880	$169,080

	-----Maximum Gross Rents by Bedroom Size-----					
	0-BR	1-BR	2-BR	3-BR	4-BR	5-BR
20% AMI	$373	$400	$480	$555	$619	$683
30% AMI	$560	$600	$720	$832	$928	$1,024
40% AMI	$747	$800	$961	$1,110	$1,238	$1,366
50% AMI	$933	$1,000	$1,201	$1,387	$1,547	$1,708
60% AMI	$1,120	$1,200	$1,441	$1,665	$1,857	$2,049
70% AMI	$1,307	$1,400	$1,681	$1,942	$2,166	$2,391
80% AMI	$1,494	$1,601	$1,922	$2,220	$2,476	$2,733
100% AMI	$1,867	$2,135	$2,402	$2,667	$2,882	$3,095
120% AMI	$2,241	$2,562	$2,883	$3,201	$3,459	$3,714
Fair Market Rent	$737	$874	$1,046	$1,474	$1,775	

Sources: Minnesota Housing; HUD; Novogradac; Maxfield Research & Consulting

The following table summarizes maximum rents by household size and AMI based on income limits illustrated in the preceding table. The rents in the following table are based on HUD's allocation that monthly rents should not exceed 30% of income. In addition, the table reflects maximum household size based on HUD guidelines of number of persons per unit. For each additional bedroom, the maximum household size increases by two persons.

TABLE 33

MAXIMUM RENT BASED ON HOUSEHOLD SIZE AND AREA MEDIAN INCOME
GOODHUE COUNTY - 2024

		----- Maximum Rent Based on Household Size (@ 30% of Income) -----				
Unit Type	HHD Size Min - Max	30% AMI Min - Max	50% AMI Min - Max	60% AMI Min - Max	80% AMI Min - Max	120% AMI Min - Max
Studio	1 - 1	$560 - $560	$934 - $934	$1,121 - $1,121	$1,494 - $1,494	$2,241 - $2,241
1BR	1 - 2	$560 - $641	$934 - $1,068	$1,121 - $1,291	$1,494 - $1,708	$2,241 - $2,562
2BR	2 - 4	$641 - $800	$1,068 - $1,334	$1,291 - $1,601	$1,708 - $2,134	$2,562 - $3,201
3BR	3 - 6	$721 - $929	$1,201 - $1,548	$1,442 - $1,857	$1,922 - $2,476	$2,883 - $3,714
4BR	4 - 8	$800 - $1,057	$1,334 - $1,761	$1,601 - $2,114	$2,134 - $2,818	$3,201 - $4,227

Sources: MN Housing; HUD; Novogradac; Maxfield Research & Consulting

Housing Choice Vouchers

In addition to subsidized apartments, “tenant-based” subsidies such as *Housing Choice Vouchers (HCV),* assist low income households secure housing through the private market. The tenant-based subsidy is funded by HUD. Under the HCV program, also referred to as Section 8, qualified households are issued a voucher that can be taken to an apartment that has rent levels at or less than the payment standards by bedroom type for their area. The household then pays approximately 30% of their Adjusted Gross Income for rent and utilities, and the Federal Government pays the remainder of the rent to the landlord. The maximum income limit to be eligible for a Voucher is 50% of AMI based on household size.

- In Red Wing, HCV application is made through the Red Wing HRA. The HRA has 124 vouchers under lease with 309 households on their waiting list, as of February 2025. There is one voucher ported in and 11 vouchers ported out.

- Among the households with vouchers, 80% are female with most households (66%) being non-elderly (34% are elderly). Roughly 40% of the vouchers are utilized by family households with children, and disabled households utilize 54% of the vouchers under lease.

- Of the households with vouchers under lease, 45% are in two-bedroom units, 23% are in one-bedroom units, and 20% occupy three-bedroom units. Another 6% occupy units without a bedroom, while 5% are in four-bedroom units and 2% occupy five-bedroom units.

- The Housing Choice Voucher program uses a payment standard which matches the cost of housing and utilities. Households may use the Voucher for units with rent that is either below or above the payment standard.

2025 Monthly Payment Standards (Effective 1/1/25)

	0-Bedroom	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom
Red Wing HRA	$854	$1,052	$1,246	$1,747	$2,094

Housing Cost Burden

The following table summarizes the number and percentage of owner and renter households in Red Wing, the PMA, and Southeast Minnesota that pay 30% or more of their gross income for housing. This information was compiled from the American Community Survey 2023 five-year estimates and adjusted by Maxfield Research to reflect 2025 household estimates.

The Federal standard for affordability is 30% of income for housing costs. Moderately cost-burdened is defined as households paying between 30% and 50% of their income to housing; while severely cost-burdened is defined as households paying more than 50% of their income for housing. Higher-income households that are cost-burdened may have the option of moving to lower priced housing, but lower-income households often do not.

TABLE 34
HOUSING COST BURDEN
RED WING MARKET AREA

	Red Wing		PMA		Rem. of PMA		Southeast MN	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Owner Households								
All Owner HHs	**5,040**		**8,200**		**3,160**		**157,755**	
Cost Burden 30.0% or greater	**1,077**	**21.4%**	**1,596**	**19.5%**	**506**	**16.0%**	**27,473**	**17.4%**
Cost Burden 30.0% to 34.9%	259	5.1%	400	4.9%	140	4.4%	7,294	4.6%
Cost Burden 35.0% to 49.9%	420	8.3%	609	7.4%	183	5.8%	9,846	6.2%
Cost Burden 50.0% or more	398	7.9%	586	7.1%	183	5.8%	10,333	6.6%
Owner HHs w/ incomes <$50,000	**1,097**		**1,666**		**560**		**30,539**	
Cost Burden 30.0% or greater	735	67.0%	1,029	61.7%	280	50.1%	16,572	54.3%
Renter Households								
All Renter HHs	**2,361**		**2,769**		**408**		**55,399**	
Cost Burden 30.0% or greater	**1,201**	**50.9%**	**1,282**	**46.3%**	**67**	**16.4%**	**24,224**	**43.7%**
Cost Burden 30.0% to 34.9%	288	12.2%	303	10.9%	11	2.7%	5,217	9.4%
Cost Burden 35.0% to 49.9%	355	15.0%	385	13.9%	27	6.7%	7,540	13.6%
Cost Burden 50.0% or more	558	23.6%	593	21.4%	28	7.0%	11,467	20.7%
Renter HHs w/ incomes <$35,000	**1,092**		**1,157**		**51**		**21,037**	
Cost Burden 30.0% or greater	944	86.4%	996	86.1%	41	80%	17,177	81.6%

Sources: American Community Survey, 2019-2023 estimates; Maxfield Research & Consulting

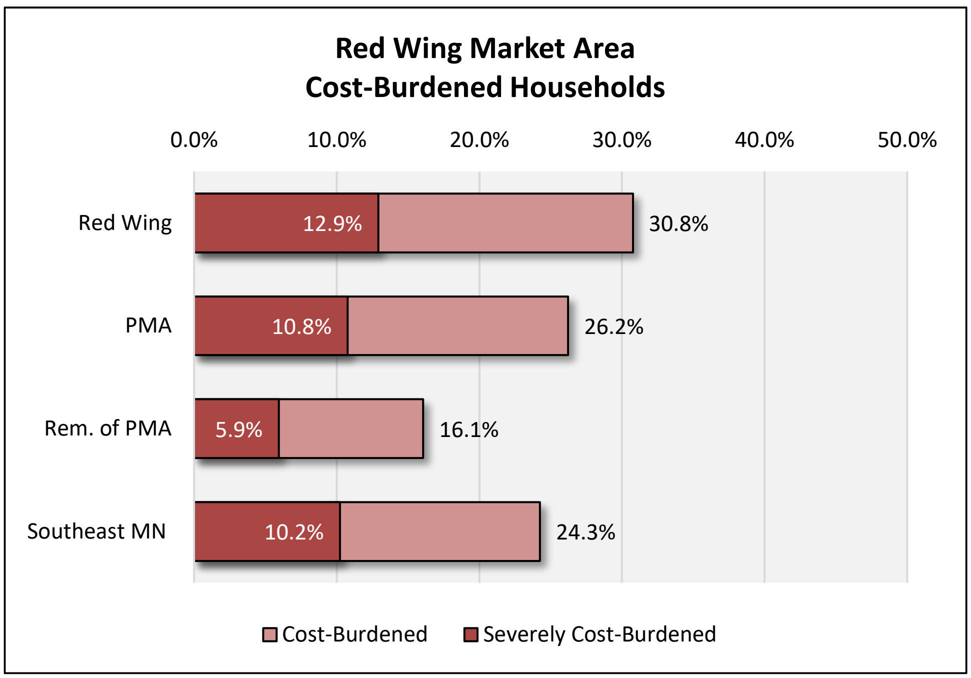
- In total, an estimated 2,278 households in Red Wing are considered cost-burdened, representing 31% of all households.
  - By comparison, 16% of households in the Remainder of the PMA (573 households) and 24% of households in Southeast Minnesota are cost burdened.

- An estimated 21.4% of owner households (1,077 households) are estimated to be paying more than 30% of their income toward housing costs in Red Wing, higher than 16.0% in the Remainder of the PMA and 17.4% in Southeast Minnesota.

- Over half (50.9%) of all renter households (1,201) in Red Wing pay more than 30% of their income toward housing, notably higher than 16.4% in the Remainder of the PMA and 43.7% in the Region.

- The number of cost burdened households increases proportionally based on lower incomes. Roughly 86% of renters with incomes below $35,000 are cost burdened and 67% of owners with incomes below $50,000 are cost burdened in Red Wing.

- An estimated 12.9% of all households in Red Wing (956 households) are severely cost-burdened (paying 50% or more of their income toward housing costs), higher than both the Remainder of the PMA (5.9%) and Southeast Minnesota (10.2%).



- An estimated 7.9% of owner households in Red Wing are severely cost-burdened, compared to 5.8% in the Remainder of the PMA and 6.6% in the Region.

- In Red Wing, 23.6% of renter households are estimated to be severely cost-burdened, higher than 7.0% in the Remainder of the PMA and 20.7% in Southeast Minnesota.

Housing Costs as Percentage of Household Income

Housing costs are generally considered affordable at 30% of a households adjusted gross income. The table on the following page illustrates key housing metrics based on housing costs and household incomes in the PMA. The table estimates the percentage of householders that can afford rental and for-sale housing based on a 30% allocation of income to housing.

The housing affordability calculations assume the following:

For-Sale Housing
- 10% down payment with good credit score
- Closing costs rolled into mortgage
- 30-year mortgage at 6.89% interest rate (rate as of February 6, 2025)
- Private mortgage insurance (equity of less than 20%)
- Homeowners insurance for single-family homes and association dues for townhomes
- Owner household income estimates per 2023 ACS

Rental Housing
- Background check on tenant to ensure credit history
- 30% allocation of income
- Renter household income estimates per 2023 ACS

Because of the down payment requirement and strict underwriting criteria for a mortgage, not all households will meet the income qualifications as outlined above.

- An estimated 57% of existing owner households in the PMA could afford to buy an entry-level detached single-family home priced at $250,000 in Red Wing.

- The proportion of income-qualified households declines as the sale price increases, and roughly 31% of existing owner households could afford to purchase a move-up new construction detached single-family home priced at $400,000.

- Roughly 58% of owner households could afford an entry-level multifamily unit (i.e. townhome, twin home, condominium) priced at $230,000, while 43% could afford a move-up new construction unit priced at $315,000.

- An estimated 48% of renter households in the PMA can afford to rent an existing studio or one-bedroom unit at older market rate properties in Red Wing (average rent of $960 per month), while 42% can afford a two-bedroom unit ($1,055 per month, on average) at older properties.

- New construction market rate rents will be higher than existing, older product. The estimated new construction rents shown in the table are based on our knowledge of rental rates at recently built market rate apartments properties in Red Wing and nearby communities.

- An estimated 28% of existing renters in the PMA could afford to rent a one-bedroom apartment within a new development renting for $1,300 per month, while 25% could afford a new two-bedroom unit priced at $1,500.

TABLE 35

HOUSING AFFORDABILITY BASED ON HOUSEHOLD INCOME
PRIMARY MARKET AREA
February 2025

For-Sale (Assumes 10% down payment and good credit)	Detached Single-Family		Townhome/Twinhome	
	Entry-level	Move-up	Entry-level	Move-up
Price of House	$250,000	$400,000	$230,000	$315,000
Pct. Down Payment	10.0%	10.0%	10.0%	10.0%
Total Down Payment Amt.	$25,000	$40,000	$23,000	$31,500
Estimated Closing Costs*	$7,500	$12,000	$6,900	$9,450
Cost of Loan	$232,500	$372,000	$213,900	$292,950
Interest Rate	6.89%	6.89%	6.89%	6.89%
Number of Pmts.	360	360	360	360
Housing Costs as % of Income	30%	30%	30%	30%
Minimum Income Required	$81,051	$129,682	$79,500	$105,924
Pct. of Owner HHs - PMA	**56.8%**	**31.1%**	**57.7%**	**42.6%**

*Estimated closing costs rolled into mortgage

Rental (Market Rate)	Existing Rental		New Construction Rental	
	Studio/1-BR	2-Bedroom	1-Bedroom	2-Bedroom
Monthly Rent	$960	$1,055	$1,300	$1,500
Annual Rent	$11,520	$12,660	$15,600	$18,000
Housing Costs as % of Income	30%	30%	30%	30%
Minimum Income Required	$38,400	$42,200	$52,000	$60,000
Pct. of Renter HHs - PMA	**47.6%**	**41.6%**	**28.4%**	**25.4%**

Source: Maxfield Research & Consulting

Demand Estimates

Introduction

Maxfield Research & Consulting was engaged to quantify the demand potential for new housing development in Red Wing from 2025 to 2035. Earlier sections of this report examined growth trends and demographic characteristics of the household base in the community, as well as employment trends, housing characteristics, and housing market conditions in the area. This section of the report provides our demand calculations for new housing in Red Wing to 2035, including the following product types.

- General occupancy for-sale housing demand
- General occupancy rental housing demand calculations, including demand for subsidized, affordable, and market rate rental housing
- Owned and rented market rate active adult senior housing demand
- Demand for affordable and subsidized senior rental housing
- Demand for service-enhanced (independent living, assisted living, and memory care) senior housing

Additionally, Maxfield Research summarizes findings from our interviews with area stakeholders, including real estate professionals familiar with Red Wing's housing market and representatives from major employers in the community.

Interview Summary

In an attempt to gain additional insight into housing demand in Red Wing, Maxfield Research solicited input from Realtors, representatives from major employers, and other professionals familiar with the housing market in the area. Topics addressed included the overall condition of the housing market, types of housing being sought in the area, whether there are gaps in the existing supply of available housing in the area, and the impact housing availability has on the ability of employers to attract and retain workers.

The following points summarize findings from this process.

- Based on comments from many of the interviewees, there are two housing types that were consistently mentioned as being priority needs in Red Wing.

    - Moderately priced housing, both owner and renter, that would target younger people and provide living options for the area's workforce.
    - Housing alternatives for independent older adults and seniors that want to move out of their detached single-family home.

- Red Wing consistently has a shortage of housing, particularly entry-level housing for younger people. The housing shortage has persisted for several years.

- Red Wing is missing out on potential growth, particularly among younger households, due to the shortage of suitable housing.

- There is a need for additional single-level living options in the community.

- Housing affordability is an issue as there is limited turnover of affordably priced housing, and much of the new construction is not priced for entry-level buyers.

- Housing costs in Red Wing can generally be defined as follows:

    - Entry-level housing is generally priced at $250,000 and lower.
    - Move-up housing priced at $350,000 and higher.

- There isn't much product available under $150,000, and many of the homes priced in the $150,000 to $250,000 range are in need up updates and/or repairs. Some potential entry-level buyers would have a hard time affording the costs for necessary repairs.

- There is limited demand for executive/luxury housing (i.e. priced at $600,000 or higher) in the City of Red Wing. Most of these buyers would prefer to live outside the City in one of the surrounding townships to be closer to the natural amenities in the area (Mississippi River/Lake Pepin views, bluffs, etc.)

- There are some buyers moving to Red Wing from out of the area, but most buyers are local.

- Some buyers are looking at Red Wing as a lower-cost option, moving from the Twin Cities Metro Area or Rochester.

- Many people moving to Red Wing are new hires at some of the local businesses. They can typically find something to purchase, but it may take several months to over a year to find suitable housing.

- Red Wing is somewhat landlocked which can make it difficult to develop new subdivisions, although there are lots available.

- There's been a limited number of new homes being built.

- New construction detached single-family would likely sell for $450,000 or more.

- Development costs are increasing which is making housing, both for-sale and rental housing, more expensive and potentially out of reach for many buyers/renters, especially younger households.

- It was suggested that there are many people that want to live in Red Wing but they're being "squeezed out" of the housing market.

- There is a strong need for more housing options priced for first-time buyers.

- Many seniors would like to move out of their single-family homes, but there aren't many options available. There seems to be a lot of assisted living in Red Wing, but housing for active seniors transitioning out of single-family homes is needed.

- Turnover of older single-family homes would open up some more affordably priced housing for younger buyers.

- Townhome or twin home products could serve the first-time buyer market as well as the active senior market.

- There have been investors paying cash for single-family homes in Red Wing and converting them into rental or short-term rentals. This trend has taken some single-family product out of the markets, and many families that would like to purchase are missing out on opportunities because they can't compete with cash buyers.

- Pricing has gone up significantly, and it's hard to find a quality home for under $300,000. It's hard for many first-time buyers to qualify for homes at this price point.

- Homes priced in the $250,000 to $325,000 range would be in demand, but supply is limited.
- Many homes in the lower price ranges are "fixer-uppers".
- Programs to help homeowners pay for housing improvements (roof replacement, new windows, etc.), as well as first-time homebuyer programs, would be beneficial.
- There's demand for homes from move-up buyers, but the move-up market has stalled due to the increase in interest rates. This is "pinching" the entry-level market because lower-priced housing is not turning over.
- Red Wing needs more housing options for first-time buyers and young families. It was suggested that a basic three-bedroom rambler with an open floor plan and modest features/amenities would serve that market.
- Generally, there is a limited supply of available housing in Red Wing and the market has been very tight for years.
- Many workers are forced to commute to Red Wing for their jobs because they weren't able to find housing in the community.
- It was suggested that people looking for rental housing will typically find something, but rental rates are high.
- It seems that Red Wing is becoming a retirement community, and there are few housing options for families.
- There's a concern about the ability of Red Wing to grow economically, specifically adding jobs, because the workforce is declining. It was suggested that the community needs to create opportunities to attract younger workers.
- Housing is a critical issue in Red Wing and new housing that is priced appropriately for the younger workforce is needed.
- Additional housing options for seniors are needed to stimulate turnover of existing, older and more affordably priced homes.
- Overall, the housing market seems very tight across all housing types and cost levels.
- Generally, lower- to moderate-wage workers have a harder time finding housing than higher-wage workers.

- There is a lack of affordably priced housing, both owner and rental, throughout Southeast Minnesota.

- It was suggested that zoning regulations could be evaluated to allow more flexibility in the housing product types allowed in certain districts. Examples included tiny homes, row homes, cooperatives. The market needs to find creative solutions that allow younger people to purchase homes and begin to build equity.

- Red Wing seems to have a limited number of new single-family developments with little speculative development.

- There is a limited workforce in Goodhue County and people are often unwilling to relocate to the area, so potential hires decide not to accept job offers.

- Some area businesses would like to increase employment but can't find enough workers to fill open positions. There is a labor force shortage and the lack of available housing contributes to the shortage.

- In some cases, employees with higher incomes and flex work schedules choose to live elsewhere (i.e. Twin Cities Metro Area) and commute to work.

- The shortage of affordably priced housing is a significant issue among workers earning lower to moderate wages (i.e. entry level manufacturing jobs).

- There have been reports about some employees being homeless, despite earning steady wages. In other cases, workers "bunk" with friends or relatives.

- The lack of affordably priced housing along with the need for more childcare services are the two most significant challenges impacting the workforce in Red Wing.

- The housing shortage has negatively impacted economic development and growth in Red Wing for years.

For-Sale Housing Market Demand Analysis

Earlier sections of this report examined growth trends and demographic characteristics of the household base in Red Wing and the PMA along with housing market conditions in the area. The table on the following page presents demand calculations for general occupancy for-sale housing in the PMA, specifically the City of Red Wing, between 2025 and 2035. This analysis identifies potential demand for general occupancy for-sale housing that is generated from both new households and turnover households.

First, we calculate demand from new household growth based on the propensity of households to own their housing. For this analysis, we focus on households under the age of 75 that will account for the majority of general occupancy for sale housing demand. We then apply the percentage of households that would likely own their housing (based on household tenure data) to the projected household growth in the PMA from 2025 to 2035.

- We estimate that household growth will generate demand for 90 for-sale housing units between 2025 and 2035.

As of 2025, there are an estimated 7,039 owner households under age 75 in the PMA. Based on household turnover data from the 2023 ACS, we estimate that 38% of these owner households will experience turnover between 2025 and 2035. We then estimate the percent of existing owner households turning over that would prefer to purchase new housing based on national metrics and Market Area trends.

- Total demand from household growth plus existing household turnover equates to 359 new for-sale housing units in the PMA between 2025 and 2035.

An additional proportion is added for households that would purchase their home in the PMA who currently reside outside the area. We estimate that 25% of the demand potential for general occupancy ownership housing would be derived from outside the PMA.

- Overall, we find demand potential for 478 new general occupancy for-sale housing units in the PMA between 2025 and 2035.

We estimate that the City of Red Wing can capture 60% of the PMA’s demand for new for-sale housing units between 2025 and 2035, equating to demand for 287 new units in Red Wing. This estimate is based on household growth in the PMA, household turnover, residential development activity and residential lot supply.

TABLE 36

GENERAL OCCUPANCY FOR-SALE HOUSING DEMAND CITY OF RED WING 2025 to 2035			
Demand from Projected Household Growth in PMA			
Household growth, 2025-2035		400	
(times) Pct. for general occupancy housing[1]	x	30%	
(times) Propensity to own[2]	x	75%	
(equals) Demand from household growth	=	**90**	
Demand from Existing Owner Households in PMA			
Existing owner households under age 75, 2025	=	7,039	
(times) Est. % household turnover, 2025-2035[3]	x	38%	
(times) Est. % desiring new housing[4]	x	10%	
(equals) Demand from existing households	=	**268**	
Total demand from household growth+turnover	**=**	**359**	
(plus) Ownership demand from outside PMA	+	25%	
(equals) Demand potential for ownership housing in PMA	**=**	**478**	
(times) Percent of PMA demand capturable in Red Wing	x	60%	
(equals) Demand potential for new owership housing in Red Wing	**=**	**287**	
		Detached Single-family	**Other***
(times) Pct. of demand for detached single-family vs. other*	x	55%	45%
(equals) Total Demand Potential in Red Wing	**=**	**158**	**129**

[1] Pct. HH growth from "Population and Household Growth Trends and Projections" under age 75
[2] Pct. of HHs under age 75 that own
[3] Based on owner household turnover and mobility data (American Community Survey)
[4] Based on new construction sales data, construction trends, and growth projections by age group
*Other includes attached single-family (i.e. townhomes, twinhomes) and condominium units.
Note: Some totals may not add due to rounding
Source: Maxfield Research & Consulting

Based on the age distribution of households in Red Wing, conversations with area real estate professionals, and residential development trends, we estimate that 55% of the householders seeking new housing in Red Wing will desire detached single-family homes, while the remaining 45% will seek other housing product types, notably townhomes, twin homes, or condominiums.

- We anticipate that there will be demand for 158 detached single-family homes and 129 units of other product types in Red Wing between 2025 and 2035.

On an annual basis, new for-sale housing demand in Red Wing equates to 28.7 new housing units per year, including 15.8 new detached single-family homes per year and 12.9 new units of other product types per year.

The demand projections reveal slightly higher demand than what has been constructed in the City annually over the past ten years, as an average of 25.0 new single-family, twin home, and townhome units (excluding multifamily) were permitted per year in Red Wing since 2015.

These demand estimates assume that residential lots will be available for development in the community, as it would be difficult for Red Wing to capture the projected demand potential without an adequate supply of development-ready lots.

There are a total of 173 existing vacant lots among 28 active subdivisions in Red Wing, although the majority are not currently listed for sale on the MLS. As noted previously, there are 16 lots listed for sale in Red Wing as of February 2025.

Based on the for-sale housing demand calculations, there is just a 0.6-year supply of actively-marketing lots in Red Wing. Including all vacant lots in active subdivisions, there is a 6.0-year supply of lots, although many of these are owned privately or by adjacent landowners and may or may not be available for future development.

Rental Housing Demand Analysis

The demand table on the following page presents our calculation of general occupancy rental housing demand in the PMA and the City of Red Wing between 2025 and 2035. Factors considered include demographic trends, population shifts, and pending developments. Potential rental housing demand is calculated from two categories:

1. From new household growth based on the propensity of households to rent their housing in the PMA; and,

2. From existing households that will remain in the Market Area because new product is available and they value other area amenities including proximity to employment, entertainment, and recreation.

First, we calculate potential demand from new household growth based on the propensity of households to rent their housing (based on household tenure data). We estimate that household growth will generate demand for 101 rental housing units between 2025 and 2035.

The second part of the analysis calculates demand from existing households, or turnover demand. Younger households tend to be highly mobile, relative to older households. Mobility rates were calculated for the renter population based on American Community Survey data and applied to the existing renter household base. As of 2025, there are an estimated 2,769 renter households in the PMA.

Based on household turnover data from the 2023 ACS, we estimate that 82% of these renter households will experience turnover between 2025 and 2035. We then estimate the percentage of the existing renter households that would potentially seek new rental housing resulting in demand for 455 new units from turnover by 2035.

Together with demand from projected household growth plus turnover, total demand for general occupancy rental housing between 2025 and 2035 is 555 units in the PMA.

TABLE 37

GENERAL OCCUPANCY RENTAL HOUSING DEMAND
CITY OF RED WING
2025 to 2035

Demand from Projected Household Growth in PMA		
Household growth, 2025-2035[1]		400
(times) Propensity to rent[2]	x	25%
(equals) Demand from household growth	=	**101**
Demand from Existing Renter Households in PMA		
Existing renter households, 2025	=	2,769
(times) Est. % household turnover, 2025-2035[3]	x	82%
(times) Est. % desiring new housing[4]	x	20%
(equals) Demand from existing households	=	**455**
Total demand from household growth+turnover		**555**
(plus) Rental demand from outside PMA	+	30%
(equals) Demand potential for rental housing in PMA	**=**	**798**
(times) Percent of PMA demand capturable in Red Wing	x	100%
(equals) Demand potential for new rental housing in Red Wing	**=**	**798**
(times) % for Market Rate units[5]	x	40%
(minus) Pending Market Rate units[6]	-	26
(equals) Excess Market Rate Demand	**=**	**295**
(times) % for Affordable units[5]	x	30%
(minus) Pending Affordable units[6]	-	0
(equals) Excess Affordable Demand	**=**	**239**
(times) % for Subsidized units[5]	x	30%
(minus) Pending Subsidized units[6]	-	0
(equals) Excess Subsidized Demand	**=**	**239**

[1] Projection from "Population and Household Growth Trends and Projections" table
[2] Percent renter households from Census data
[3] Based on renter household turnover and mobility data (American Community Survey)
[4] Based on leasing trends and occupancy rates among existing product
[5] Based on income limits and renter household incomes
[6] Units under construction or approved at equilibrium (93% occupancy)
Note: Some totals may not add due to rounding

Source: Maxfield Research & Consulting

An additional proportion is added for households that would move to a rental project in the PMA who currently reside outside the area. We estimate that 30% of the demand potential for rental housing in the PMA would be derived from outside the area, increasing demand to 798 units between 2025 and 2035.

Due to factors such as the geographic distribution of the renter households in the PMA along with the location of employment and services (entertainment, shopping, education, etc.), we estimate that the City of Red Wing can capture 100% of the rental housing demand potential in the PMA. Overall, we find demand for 798 new general occupancy rental housing units in Red Wing between 2025 and 2035.

Based on a review of renter household incomes and income limits set by HUD and Minnesota Housing, we estimate the proportion of the total demand potential by rental housing product type, as follows:

- Market rate housing (households with incomes at 60% AMI and higher)
- Affordable housing (affordable to households with incomes between 30% and 60% AMI)
- Subsidized housing (affordable to households at 30% AMI or less)

Due to the income limits in Goodhue County relative to rents, we understand that there is some crossover between affordable and subsidized demand, as well as between affordable and market rate demand. Some households with incomes between 30% and 60% AMI may qualify for subsidized housing, depending on income restrictions at the property, as well as new market rate housing depending on rents.

- An estimated 40% of the total demand will be for market rate housing, while 30% of the demand will be for affordable housing and another 30% will be for subsidized housing.

We then subtract pending general occupancy rental housing developments that are under construction or approved from the demand potential. We identified one 26-unit market rate project under construction in Red Wing, which we subtract from the market rate demand potential.

- Overall, we find excess demand for 295 general occupancy market rate rental housing units in Red Wing, along with 478 affordable and subsidized units between 2025 and 2035.

Senior Housing Demand Analysis

The following table summarizes our senior housing demand estimates for Red Wing by service level in 2025, 2030, and 2035, including demand for market rate owned and rented active adult units, affordable and subsidized age-restricted rental units, independent living, assisted living, and memory care.

- Due to the projected population and household increases among the older adult and senior age groups between 2025 and 2035, senior housing demand growth is projected across all service levels in Red Wing.

TABLE 38

EXCESS SENIOR HOUSING DEMAND BY SERVICE LEVEL
CITY OF RED WING
2025, 2030, 2035

	2025	2030	2035
Market Rate Active Adult Units	**160**	**212**	**234**
Ownership	65	81	87
Rental	95	131	147
Affordable/Subsidized Units	**574**	**594**	**614**
Subsidized	203	212	221
Affordable	371	382	393
Service-Enhanced Units	**381**	**497**	**531**
Independent Living	205	255	269
Assisted Living	82	128	145
Memory Care	94	114	117

Source: Maxfield Research & Consulting

- As of 2025, excess senior housing demand is largest for affordable and subsidized rental housing, totaling 574 units. There is excess demand for 381 service-enhanced units, most notably independent living at 205 units, while excess demand also exists for 160 market rate active adult units (65 owner and 95 renter units).

- Due to the age distribution of the population, excess demand growth is projected to be strongest for service-enhanced units, increasing by 150 units (39%) between 2025 and 2035. Tight market conditions among existing service-enhanced facilities in the PMA suggest that there is short-term demand for additional service-enhanced units in Red Wing.

- Red Wing is also projected to experience a 46% increase in excess demand for market rate active adult units (74 units) between 2025 and 2035, while excess demand for affordable and subsidized units increases 7% (40 units).

Information on the following pages provides detailed senior housing demand calculations by product type in Red Wing in 2025, 2030, and 2035. Assumptions used to estimate demand in 2035 include: 1) the percentages used to determine income- and asset-qualifications for senior housing are the same proportions used for the 2030 calculations; 2) all capture rates hold steady for each age group; and 3) no new product is added between 2030 and 2035.

Market Rate Active Adult Senior Housing Demand

The following table presents our demand calculations for market rate active adult housing in Red Wing in 2025, 2030, and 2035. The market for active adult housing is comprised of older adult (age 55 to 64), younger senior (age 65 to 74) and older senior (age 75+) households, with market demand weighted most heavily toward older seniors.

In order to arrive at the potential age-, income- and asset-qualified base for market rate active adult housing, we include all age-qualified households with incomes of $40,000 or more plus homeowner households with incomes between $30,000 and $39,999 who would qualify with the proceeds from a home sale. The number of qualifying homeowner households is estimated by applying the appropriate homeownership rate to each age cohort.

Seniors are willing to pay increasing proportions of their income on alternative housing, beginning with an income allocation of 40% to 50% for market rate active adult senior housing with little or no services. Older adult and senior households with incomes of $40,000 allocating 40% of their income toward housing could afford monthly rents of $1,333, consistent with the rent range for one-bedroom units at the market rate active adult rental properties in Red Wing ($1,164 to $1,511). We estimate there are 4,663 age-, income- and asset-qualified households in the PMA that comprise the market for active adult housing in 2025.

Adjusting to include appropriate capture rates for each age cohort (1.0% of households age 55 to 64, 5.5% of age 65 to 74, and 17.0% of age 75 and older) results in a demand potential for 309 active adult units in 2025, increasing to 378 units in 2035. These capture rates reduce the total number of age/income/asset-qualified households to consider only the portion of older adult and senior households who would be willing, able, and inclined to move to senior housing alternatives, including both owner- and renter-occupied housing.

We estimate that seniors residing outside the PMA will generate 25% of the demand for active adult housing, increasing demand to 411 active adult units in 2025. Demand from outside the PMA includes parents of adult children living in the area, people who have an orientation to the area (i.e. church, doctor), and former residents who desire to return upon retirement.

Demand for market rate active adult housing is apportioned between ownership and rental product types. Based on the age distribution of the population, homeownership rates, existing product, and trends for active adult housing products, we project that 30% of the demand will be for owner-occupied active adult housing (123 units in 2025), and the remaining 70% of demand will be for active adult rental housing units (288 units in 2025).

TABLE 39

MARKET RATE ACTIVE ADULT HOUSING DEMAND
CITY OF RED WING
2025, 2030, 2035

		2025			2030			2035		
Age of Householder		**55-64**	**65-74**	**75+**	**55-64**	**65-74**	**75+**	**55-64**	**65-74**	**75+**
HHs w/ Incomes of >$40,000		1,691	1,639	1,008	1,580	1,753	1,263	1,550	1,594	1,428
HHs w/ Incomes of $30,000-$39,999	+	86	146	184	79	146	182	78	133	206
(times) Homeownership Rate	x	83%	82%	73%	83%	82%	73%	83%	82%	73%
(equals) Total Potential Market Base	=	**1,762**	**1,759**	**1,142**	**1,646**	**1,873**	**1,396**	**1,615**	**1,703**	**1,578**
(times) Potential Capture Rate	x	1.0%	5.5%	17.0%	1.0%	5.5%	17.0%	1.0%	5.5%	17.0%
(equals) Demand Potential	=	**18**	**97**	**194**	**16**	**103**	**237**	**16**	**94**	**268**
Potential Demand from PMA	=		**309**			**357**			**378**	
(plus) Demand from outside PMA[1]	+		25%			25%			25%	
(equals) Total Demand Potential	=		**411**			**476**			**504**	
Product Type		**% Own**		**% Rent**	**% Own**		**% Rent**	**% Own**		**% Rent**
(times) % for Owner/Rental	x	30%		70%	30%		70%	30%		70%
(equals) Demand Potential	=	**123**		**288**	**143**		**333**	**151**		**353**
(minus) Existing & Pending Units[2]	-	42		169	42		169	42		169
(equals) Excess Demand	=	**81**		**119**	**101**		**164**	**109**		**184**
(times) Pct. capturable in Red Wing	x		80%			80%			80%	
Units supportable in Red Wing	=	**65**		**95**	**81**		**131**	**87**		**147**

[1] Estimated portion of demand that will come from outside PMA
[2] Existing and pending units are deducted at market equilibrium (95% occupancy).
Source: Maxfield Research & Consulting

From the demand potential, we subtract existing and pending market rate active adult units in the PMA at 95% occupancy. We identified 44 ownership units and 178 rental units in the PMA with no active adult projects pending. Overall, we find excess demand for 81 market rate active adult ownership units and 119 market rate active adult rental units in 2025.

Adjusting for inflation and following the same methodology, we project that excess demand will increase to 101 ownership units and 164 rental units by 2030. We estimate that demand growth will flatten slightly between 2030 and 2035, and there will be excess demand for 109 active adult ownership units and 184 active adult rental units in 2035.

Due to factors such as the geographic distribution of the senior population in the PMA along with the location of services (medical, religious, retail, etc.), we anticipate that the City of Red Wing can capture 80% of the excess demand potential in the PMA.

- Based on this capture rate, we find demand for 160 market rate active adult units in Red Wing in 2025 (65 ownership and 95 rental units), growing to 212 units in 2030 (81 ownership and 131 rental units) and 234 units in 2035 (87 ownership and 147 rental).

Affordable/Subsidized Active Adult Senior Housing Demand

The table on the following page presents our demand calculations for affordable (30% to 60% AMI) and subsidized (30% AMI or less) senior housing units in Red Wing in 2025, 2030, and 2035. While the methodology used to calculate demand for affordable housing closely mirrors the methodology used to calculate demand for market rate active adult housing, we make adjustments to more precisely quantify demand among this market segment. The following points summarize these adjustments:

- **Income-Qualifications**: In order to arrive at the potential age and income-qualified base for low-income and affordable housing, we include all senior households age 55 and older that qualify for the income guidelines for two-person households in 2025.

  Households earning between 30% and 60% of AMI are generally candidates for affordable housing, while households earning less than 30% AMI are typically a market for subsidized housing. The income-restriction in Goodhue County for a two-person household at 30% AMI is $25,620 and the income-restriction for a two-person household at 60% AMI is $51,640.

- **Capture Rates**: Households in a need-based situation (either requiring services or financial assistance) more readily move to housing alternatives than those not in need-based situations. Based on our experience in market feasibility for affordable and subsidized senior housing, along with our analysis of demographic and competitive market factors in the area, we apply a conservative 25% capture rate to the age/income-qualified market to arrive at a total potential demand.

Using the methodology described above results in a demand potential for a total of 562 affordable and subsidized senior rental housing units from the PMA in 2025. An additional proportion (25%) is added for senior households that would move into affordable senior housing in the PMA who currently reside outside the area. In total, we estimate that there is demand potential for 749 affordable and subsidized senior housing units in the PMA in 2025.

Based on the existing and projected distribution of households with incomes below $51,640, we estimate the proportion of demand for affordable and subsidized units. An estimated 45% of the demand will be for subsidized units and 55% will be for affordable units. In total, we estimate that there is demand for 337 subsidized units and 412 affordable units in the PMA in 2025.

Next, we subtract existing competitive units from the demand potential, including 118 subsidized but no affordable units. Overall, we subtract 112 subsidized units from the demand potential after accounting for a 5% vacancy rate, resulting in excess demand for 225 subsidized and 412 affordable units in the PMA in 2025.

TABLE 40

AFFORDABLE/SUBSIDIZED SENIOR RENTAL HOUSING DEMAND
CITY OF RED WING
2025, 2030, 2035

		2025			2030			2035		
Age of Householder		**55-64**	**65-74**	**75+**	**55-64**	**65-74**	**75+**	**55-64**	**65-74**	**75+**
# of HHs w/ Incomes of <$51,640[1]		500	768	980	440	786	1,092	432	715	1,234
Total Potential Market Base			2,248			2,318			2,381	
(times) Ptc. for affordable hsg	x		25%			25%			25%	
(equals) Demand Potential	=		**562**			**580**			**595**	
(plus) Demand from Outside PMA[2]	+		25%			25%			25%	
(equals) Total Demand Potential	=		**749**			**773**			**794**	
Product Type (Subsidized or Affordable)		**Sub.**		**Aff.**	**Sub.**		**Aff.**	**Sub.**		**Aff.**
(times) % Subsidized or Affordable	x	45%		55%	45%		55%	45%		55%
(equals) Demand Potential	=	**337**		**412**	**348**		**425**	**357**		**436**
(minus) Existing & Pending Units[3]	-	112		0	112		0	112		0
(equals) Excess Demand for Units	=	**225**		**412**	**236**		**425**	**245**		**436**
(times) Pct capturable in Red Wing	x		90%			90%			90%	
Units supportable in Red Wing	=	**203**		**371**	**212**		**382**	**221**		**393**

[1] Based on 2-person HH at 60% AMI; 2030 calculations adjusted for inflation (2.0% annually).
[2] Estimated portion of demand from outside PMA
[3] Existing and pending units are deducted at market equilibrium (95% occupancy).
Source: Maxfield Research & Consulting

To project demand for 2030 and 2035, we increase the income-qualifications to account for inflation and would incorporate pending affordable senior housing units. However, we did not identify any affordable senior housing developments under construction or approved in the PMA. Following the same methodology as outlined above, total excess demand is for affordable and subsidized units projected to increase to 682 units in 2035.

We anticipate that the City of Red Wing can capture 90% of the excess demand potential for affordable and subsidized active adult housing in the PMA. Based on this capture rate, we find demand for 574 units in 2025 (203 subsidized and 371 affordable units). We anticipate that there will be demand for 595 affordable and subsidized units in Red Wing in 2030 (212 subsidized, 382 affordable) and 613 units in 2035 (221 subsidized, 393 affordable).

Demand for Independent Living Senior Housing

The table on the following pages presents our demand calculations for independent living senior housing in Red Wing in 2025, 2030, and 2035. This analysis focuses on the potential private pay/market rate demand for independent living units.

To arrive at the potential age-income qualified base for independent senior housing, we include all senior households with incomes of $40,000 or more and homeowners with incomes between $30,000 and $40,000 who would qualify with the proceeds from a home sale (this proportion was estimated based on the homeownership rates for each age cohort).

Senior householders with incomes of $40,000 allocating 65% of their income toward base housing cost could afford beginning rents of approximately $2,167. Householders with incomes of $35,000 allocating 60% of their income toward rent and using the proceeds from a home sale could afford rents of $2,186 per month.

- We estimate the number of age/income/asset-qualified households in the PMA to be 2,901 households in 2025, increasing to 3,121 households in 2035.

Demand for independent living senior housing is need-driven, which reduces the qualified market to only the portion of seniors who need some assistance. To account for this, the age/income-qualified base is multiplied by the percentage of seniors who need some assistance with at least three Instrumental Activities of Daily Living (IADLs), but not six or more Activities of Daily Living (ADLs) and IADLs, as these frailer seniors would need the level of care found in service-intensive assisted living.

According to the Summary Health Statistics of the U.S. Population: National Health Interview Survey (conducted by the U.S. Department of Health and Human Services), the percentage of seniors having limitation in ADLs (bathing, dressing, toileting, transferring, eating) and IADLs (using the telephone, shopping, food preparation, housekeeping, laundry, transportation, taking medication, handling finances) are as follows:

Limitation in ADLs & IADLs

Age	ADLs	IADLs
65-74 years	3.3%	6.3%
75+ years	11.0%	20.0%

It is most likely that seniors who need assistance with ADLs also need assistance with multiple IADLs and are more likely to be candidates for service-intensive assisted living. The prime candidates for independent living are seniors needing assistance with IADLs, but not ADLs. We derive the capture rate for independent living housing by subtracting the percentage of seniors needing assistance with ADLs from those needing assistance with IADLs, which equates to 3.0% of seniors age 65 to 74 and 9.0% of seniors age 75+.

For the purposes of this report and understanding that many seniors do not view senior housing as an alternative retirement destination but a supportive living option only when they can no longer live independently, we have reduced the potential capture rates for the 65 to 74 age group to 1.5% while increasing the capture rate of the 75 and older age group to 14.0%. Multiplying the senior household base by these capture rates results in demand potential for 186 independent living units in 2025, 224 units in 2030, and 234 units in 2035.

We estimate that seniors currently residing outside the PMA will generate 25% of the demand for independent senior housing – increasing total demand by 62 units in 2025. Together, the demand from PMA seniors and demand from seniors who would relocate to the area totals 248 independent living units in 2025, increasing to 298 units in 2030, and 312 units in 2035.

TABLE 41

INDEPENDENT LIVING DEMAND
CITY OF RED WING
2025, 2030, 2035

		2025		2030		2035	
Age of Householder		**65-74**	**75+**	**65-74**	**75+**	**65-74**	**75+**
HHs w/ Incomes of >$40,000		1,639	1,008	1,753	1,263	1,520	1,355
(plus) HHs w/ Incomes of $30,000 to $39,999	+	146	184	146	182	127	195
(times) Homeownership Rate	x	82%	73%	82%	73%	82%	73%
(equals) Total Potential Market Base	=	1,759	1,142	1,873	1,396	1,623	1,497
(times) Potential Capture Rate	x	1.5%	14.0%	1.5%	14.0%	1.5%	14.0%
(equals) Demand Potential	=	26	160	28	195	24	210
Potential Demand from PMA Residents	=	**186**		**224**		**234**	
(plus) Demand from outside PMA[1]	+	25%		25%		25%	
(equals) Total Demand Potential	=	**248**		**298**		**312**	
(minus) Existing and Pending Units[3]	-	43		43		43	
(equals) Excess IL Demand Potential (units)	=	**205**		**255**		**269**	
(times) Percent capturable in Red Wing	x	100%		100%		100%	
(equals) IL Demand Capturable in Red Wing	=	**205**		**255**		**269**	

[1] Estimated portion of demand will come from outside PMA
[2] Existing and pending units are deducted at market equilibrium (95% occupancy).
IL = Independent Living

Source: Maxfield Research & Consulting

Next, we subtract the 45 existing competitive independent living units from the demand potential at equilibrium. We did not identify any pending independent living facilities in the PMA. Overall, we find excess demand for 205 independent living units in the PMA in 2025. Due to factors such as the location of services (religious, retail, etc.), and the need for service-enhanced housing (including independent living) to be located near medical services, we anticipate 100% of the excess demand potential would be captured in Red Wing.

- Based on this capture rate, we find excess demand for 205 independent living units in Red Wing in 2025, expanding to 255 units in 2030 and 269 units in 2035.

Assisted Living Demand Estimate

The next table presents our demand calculations for assisted living in Red Wing in 2025, 2030, and 2035. This analysis focuses on the potential *private pay/market rate* demand for assisted living units.

The availability of more intensive support services such as meals, housekeeping and personal care at assisted living facilities usually attracts older, frailer seniors. According to the Overview of Assisted Living (which is a collaborative research project by the American Association of Homes and Services for the Aging, the American Seniors Housing Association, National Center for Assisted Living, and National Investment Center for the Seniors Housing and Care Industry), the average age of residents in freestanding assisted living facilities is 87 years.

The age-qualified market for assisted living is defined as seniors ages 75 and over, as we estimate that of the half of demand from seniors under age 87, almost all would be over age 75. In 2025, there are an estimated 2,736 seniors ages 75 and over in the PMA, and we project that this number will increase to 3,675 in 2035.

Demand for assisted living housing is need-driven, which reduces the qualified market to only the portion of seniors who need assistance. According to a study completed by the Centers for Disease Control and the National Center for Health Statistics, about 35% of seniors need assistance with everyday activities (from 25.5% of 75-to-79-year-olds, to 33.6% of 80-to-84-year-olds and 51.6% of 85+ year-olds).

- Applying these percentages to the senior population yields a potential assisted living market of an estimated 974 seniors in 2025, 1,153 in 2030, and 1,241 seniors in 2035.

Due to the supportive nature of assisted living, most daily essentials are included in monthly fees which allow seniors to spend a higher proportion of their incomes on housing with basic services. Therefore, the second step in determining the potential demand for assisted living is to identify the income-qualified market based on a senior’s ability to pay the monthly rent.

We consider seniors in households with incomes of $40,000 or greater to be income-qualified for assisted living senior housing in the PMA. Households with incomes of $40,000 could afford monthly assisted living fees of $3,000 by allocating 90% of their income toward the fees.

According to the Overview of Assisted Living, the average arrival income of assisted living residents was $27,260, while the average annual assisted living fee was $37,281 ($3,107/month). This data highlights that seniors are spending down assets to live in assisted living and avoid institutional care. Thus, in addition to households with incomes of $40,000 or greater, there is a substantial base of senior households with lower incomes who income-qualify based on assets – their homes, in particular.

An estimated 73% of age 75 and older households in the PMA are homeowners and the estimated median resale price for older homes in Red Wing was $278,000 in 2024. Seniors selling their homes for the median price would generate roughly $261,320 in proceeds after selling costs. Using an average monthly fee of $4,000, these proceeds would last over five years (69 months) in assisted living housing, which is longer than the average length of stay in assisted living (20 months according to the Overview of Assisted Living).

TABLE 42

MARKET RATE ASSISTED LIVING DEMAND
CITY OF RED WING
2025, 2030, 2035

		2025			2030			2035		
Age Group		**75-79**	**80-84**	**85+**	**75-79**	**80-84**	**85+**	**75-79**	**80-84**	**85+**
People		1,160	752	824	1,339	976	936	1,707	1,166	802
(times) Percent Needing Assistance[1]	x	25.5%	33.6%	51.6%	25.5%	33.6%	51.6%	25.5%	33.6%	51.6%
Number Needing Assitance	=	296	253	425	341	328	483	435	392	414
Total People Needing Assistance			**974**			**1,153**			**1,241**	
(times) Percent Income-Qualified[2]			63%			67%			67%	
Total potential market	=		**614**			**776**			**835**	
(times) Percent living alone	x		53%			53%			53%	
Age/income-qualified singles	=		**325**			**411**			**443**	
(plus) Demand from couples (12%)[3]	+		44			56			60	
Age/income-qualified market	=		**370**			**467**			**503**	
(times) Potential penetration rate[4]	x		35%			35%			35%	
Potential demand	=		**129**			**164**			**176**	
(plus) Proportion from outside PMA	+		25%			25%			25%	
Total potential AL demand	=		**172**			**218**			**235**	
(minus) Existing & pending AL units[5]	-		90			90			90	
Excess market rate AL demand	=		**82**			**128**			**145**	
(times) Percent capturable in Red Wing	x		100%			100%			100%	
Units Supportable in Red Wing	=		**82**			**128**			**145**	

Notes:

[1] The percentage of seniors unable to perform or having difficulting with ADLs, based on the publication Health, United States, 2018 Health and Aging Chartbook, conducted by the Centers for Disease Control and Prevention and the National Center for Health Statistics.

[2] Includes households with incomes of $40,000 or more (who could afford monthly rents of $3,000+ per month) plus 40% of the estimated owner households with incomes below $40,000 (who will spend down assets, including home-equity, in order to live in assisted living housing).

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

[4] We estimate that 65% of the qualified market needing assistance with ADLs could either remain in their homes or reside at less advanced senior housing with the assistance of a family member or home health care, or would need greater care provided in a skilled care facility.

[5] Existing and pending units at 93% occupancy, minus units estimated to be occupied by Elderly Waiver residents.

Source: Maxfield Research & Consulting

For the age groups in the table, we estimate the income-qualified percentage to be all seniors in households with incomes at or above $40,000 (who could afford beginning monthly rents of $3,000+ per month) plus 40% of the estimated seniors in owner households with incomes below $40,000 (who will spend down assets, including home-equity, to live in assisted living housing). This results in a total potential market for 614 units from the PMA as of 2025.

Because the vast majority of assisted living residents are single (88% according to the Overview of Assisted Living), our demand methodology multiplies the total potential market by the percentage of seniors age 75 and older in the PMA living alone, or 53% based on Census data. This results in a total base of 325 age/income-qualified singles. The Overview of Assisted Living found that 12% of residents in assisted living were couples. Including couples results in a total of 370 age/income-qualified seniors needing assistance in the PMA in 2025.

We estimate that 65% of the qualified market needing significant assistance with ADLs could either remain in their homes or less service-intensive senior housing with the assistance of a family member or home health care or would need greater care provided in a skilled care facility. The remaining 35% could be served by assisted living housing.

- Applying this market penetration rate of 35% results in demand for 129 market rate assisted living units in 2025. An estimated 25% of the demand for assisted living units in the PMA will come from outside the area, resulting in total potential demand for 172 assisted living units in 2025.

Next, existing and pending units are subtracted from overall demand. There are six facilities, totaling an estimated 121 assisted living units in the PMA. However, we adjust the number of competitive units based on location and exclude estimated units occupied by low-income seniors utilizing Elderly Waivers (20%). After subtracting the existing competitive units (minus a 7% vacancy factor) from the total demand equals excess demand potential for 82 market rate assisted living units in the PMA in 2025.

Due to the location of services (religious, retail, etc.), and the need for service-enhanced housing (including assisted living) to be located near medical services, we anticipate 100% of the excess demand potential would be captured in Red Wing. Based on this capture rate, we find excess demand for 82 market rate assisted living units in Red Wing in 2025, expanding to 128 units in 2030 and 145 units in 2035.

Demand for Memory Care Senior Housing

The following table presents our demand calculations for memory care housing in the PMA and the City of Red Wing in 2025, 2030, and 2035. Demand is calculated by starting with the estimated senior (ages 65+) population in 2025 and multiplying by the incidence rate of Alzheimer's/dementia among the age cohorts in this population. This yields a potential market of 735 seniors in the PMA. We anticipate that this number will climb to 854 in 2035.

According to data from the National Institute of Aging, about 25% of all individuals with memory care impairments are a market for memory care housing units. This figure considers that seniors in the early stages of dementia will be able to live independently with the care of a spouse or other family member, while those in the latter stages of dementia will require intensive medical care that would only be available in skilled care facilities.

Applying this figure to the estimated population with memory impairments yields a potential market of about 184 seniors in the PMA in 2025, increasing to 210 seniors in 2030 and 214 seniors in 2035.

TABLE 43

MEMORY CARE DEMAND
CITY OF RED WING
2025, 2030, 2035

		2024	2030	2035
65 to 74 Population		3,584	3,771	3,430
(times) Dementia Incidence Rate[1]	x	5%	5%	5%
(equals) Est. Senior Pop. with Dementia	=	**179**	**189**	**172**
75 to 84 Population		1,912	2,315	2,873
(times) Dementia Incidence Rate[1]	x	14%	14%	14%
(equals) Est. Senior Pop. with Dementia	=	**268**	**324**	**402**
85+ Population		824	936	802
(times) Dementia Incidence Rate[1]	x	35%	35%	35%
(equals) Est. Senior Pop. with Dementia	=	**288**	**328**	**281**
(equals) Total Population with Dementia		**735**	**840**	**854**
(times) Pct. Needing Memory Care Assistance	x	25%	25%	25%
(equals) Total Need for Dementia Care	=	184	210	214
(times) Percent Income/Asset-Qualified[2]	x	53%	58%	58%
(equals) Total Income-Qualified Market Base	=	97	122	125
(plus) Demand from Outside PMA[3]	+	25%	25%	25%
(equals) Total Demand for Memory Care Units	=	**130**	**163**	**166**
(minus) Existing and Pending Units[4]	-	36	49	49
(equals) Excess Memory Care Demand Potential	=	**94**	**114**	**117**
(times) Percent capturable in Red Wing	x	100%	100%	100%
Units Supportable in Red Wing	=	**94**	**114**	**117**

[1] Alzheimer's Association: Alzheimer's Disease Facts & Figures (2021)
[2] Income greater than $60,000 in 2025 and $65,000 in 2030, plus some lower-income homeowners.
[3] Estimated portion of demand that will come from outside PMA
[4] Existing and pending units at 93% occupancy, minus estimated units occupied by EW residents.

Source: Maxfield Research & Consulting

Because of the staff-intensive nature of dementia care, typical monthly fees for this type of housing start at about $4,500. Although some of the seniors will have high monthly incomes, most will be willing to spend down assets and/or receive financial assistance from family members to afford memory care housing. Based on our review of senior household incomes, homeownership rates, and home sale data, we estimate that approximately 53% of seniors in the PMA have incomes and/or assets to sufficiently cover the costs for memory care housing in 2025. These estimates take into account married couple households where one spouse may have memory care needs and allows for a sufficient income for the other spouse to live independently.

Multiplying the potential market by the percent income- and asset-qualified results in a total of 97 income-qualified seniors in the PMA in 2025. An additional proportion (25%) is added for seniors that would move into memory care housing who currently reside outside the area, resulting in total demand potential for 130 memory care senior housing units in the PMA in 2025, increasing to 163 units in 2030 and 166 units in 2035.

Next, existing and pending memory care units are subtracted from the demand potential to find excess demand in the PMA. We identified three existing facilities offering 46 memory care units in the PMA. Additionally, Elysian Fields, which is expected to open for residents in early 2025, has 16 memory care units.

Overall, we subtract 36 units from the 2025 demand potential after adjusting for location, excluding estimated units occupied by low-income seniors utilizing Elderly Waivers, and accounting for a 7% vacancy rate. We then add the 16 memory care units at Elysian Fields to the competitive inventory and subtract 49 units from the 2030 and 2035 demand potential.

We anticipate 100% of the PMA's excess demand potential would be captured in Red Wing. Based on this capture rate, we find excess demand for 94 memory care units in Red Wing in 2025, expanding to 114 units in 2030 and 117 memory care units in 2035.

Conclusions & Recommendations

Introduction

This section of the report summarizes calculated demand for specific housing products in Red Wing and recommends development concepts to meet the housing needs forecast for the community. All recommendations are based on findings of the *Comprehensive Housing Needs Analysis*. The following topics are covered.

- A general profile on how demographic trends impact housing demand
- Summary of housing demand findings
- Development concept recommendations to meet projected demand, and
- An overview of challenges and opportunities as they pertain to housing development in Red Wing

Demographic Profile and Housing Demand

The demographic profile of a community affects housing demand and the types of housing that are needed. The various housing life-cycle stages can generally be described as follows.

Entry-level householders

- Often prefer to rent basic, inexpensive apartments
- Will often "double-up" with roommates in apartment setting
- Usually singles or couples without children in their early 20's

First-time homebuyers and move-up renters

- Often married or cohabitating couples in their mid-20's or 30's, some with children, but most are without children
- Prefer to purchase modestly-priced single-family homes or rent more upscale apartments

Move-up homebuyers

- Typically families with children where householders are in their late 30's to mid-40's
- Prefer to purchase newer, larger, and therefore more expensive single-family homes

Empty-nesters (persons whose children have grown and left home) and never-nesters (persons who never have children)

- Generally couples in their 50's or 60's
- Prefer owning but will consider renting their housing
- Some will move to alternative lower-maintenance housing products

Younger independent seniors

- Prefer owning but will consider renting their housing
- Will often move (at least part of the year) to retirement havens in the Sunbelt and desire to reduce responsibilities for housing maintenance
- Generally in their late 60's or 70's

Older seniors

- May need to move out of their single-family home due to physical and/or health constraints or a desire to reduce their responsibilities for upkeep and maintenance
- Typically older seniors in their early-80's or older

Housing demand can be generated by several sources including household growth, changes in housing preferences, and replacement need. Household growth necessitates the construction of new housing units unless there is enough vacant housing available to absorb the increase in households. Demand is also affected by shifting demographics, such as an aging population, which dictates the type of housing preferred.

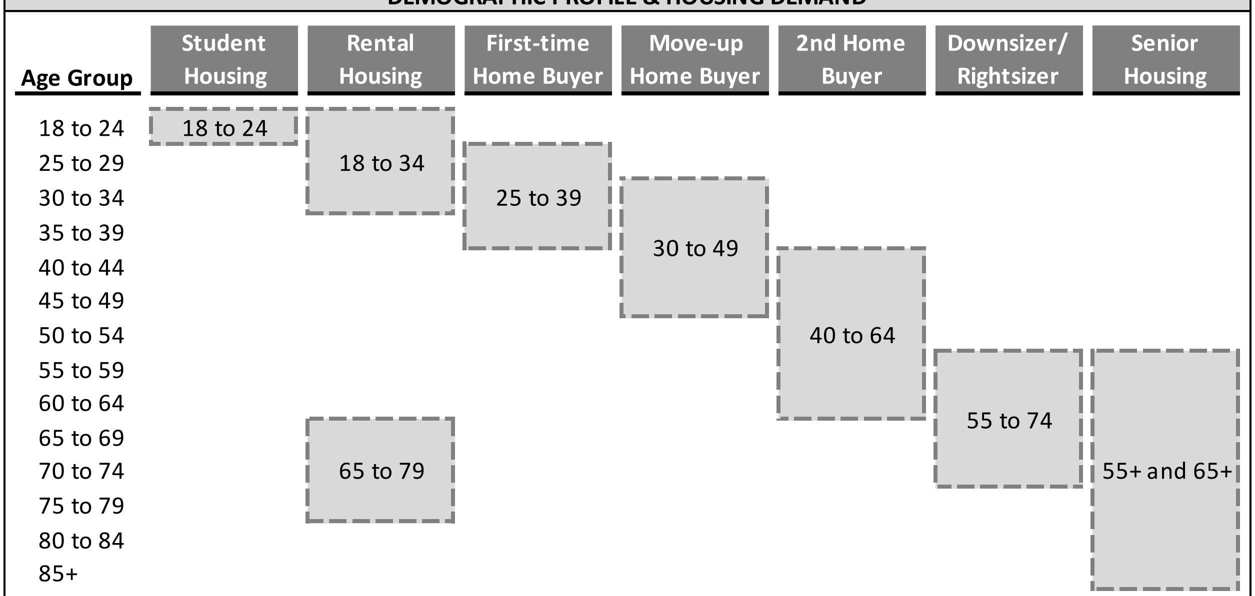
New housing to meet replacement need may also be required when existing units no longer meet the needs of the population and when renovation is not feasible because the structure is physically or functionally obsolete.

The following summarizes some key factors driving the demand for housing.

<u>Demographic Trends</u>

Demographic shifts are a significant factor influencing housing demand. Household growth and formation are critical (natural growth, immigration, etc.), as well as household type, size, age of householders, incomes, etc. The following figure illustrates typical life cycle housing needs by age group.

DEMOGRAPHIC PROFILE & HOUSING DEMAND



Source: Maxfield Research & Consulting

<u>Economy & Job Growth</u>

There is a strong connection between economic growth and demand for housing, and housing market expansion often depends on job growth (or the prospect of). Jobs generate income growth which often leads to household formation and housing turnover. Historically, low un-employment has driven both existing home purchases and new home purchases.

Weak, or negative, job growth can restrain household growth and reduce housing demand. Additionally, slow income growth may yield fewer move-up buyers, resulting in reduced housing turnover across all income brackets.

Consumer Choice

A variety of factors contribute to consumer choice and preferences. Many times, a change in family status is the primary factor for a change in housing type (i.e. growing families, empty nest, etc.). However, housing demand is also generated from the turnover of existing households who decide to move for a range of reasons. Some households may want to move-up, downsize, change their tenure status (i.e. renter to owner or vice versa), or simply move to a new location.

Existing Supply

The quality and age of the existing housing stock in a community impacts demand for new housing, as not all housing product types and styles are desired in today's market. Communities with an aging housing stock generally experience higher demand for remodeling services or new home construction if the current inventory does not offer options that consumers seek. Pent-up demand may also exist in markets with limited housing availability as householders postpone a move until new housing product becomes available.

Financing

Household income is the fundamental measure that dictates what a householder can afford to pay for housing costs. According to the U.S. Department of Housing and Urban Development (HUD), the definition of affordability is for a household to pay no more than 30% of its annual income on housing (including utilities). Families who pay more than 30% of their income for housing (either rent or mortgage) are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care.

The ability of buyers to obtain mortgage financing is becoming increasingly challenging as recent interest rate hikes by the Federal Reserve has decreased affordability for buyers. While still low relative to the past 40+ years, elevated interest rates since 2023 combined with increased housing costs have decreased affordability. Mortgage rates more than doubled between early 2022 and late 2023.

Mobility

Housing demand can be somewhat fluid between communities, and demand will be impacted by development activity and housing availability in other nearby communities. Much of the housing demand in a community is generated by the turnover of existing households, and satisfying future demand will be highly dependent on the availability of suitable housing options in the community.

Housing Demand Summary

The following table and charts summarize estimated demand by product type. Housing demand is comprised of several components, including household growth and turnover, pent-up demand, and replacement needs. Modest household growth is projected for Red Wing, but much of the housing demand will be generated by the turnover of existing households. Satisfying the projected demand and achieving any population and household growth in Red Wing will be highly dependent on the availability of suitable housing options catering to a variety of household types, income levels, and age groups.

TABLE 44
HOUSING DEMAND SUMMARY
CITY OF RED WING
March 2025

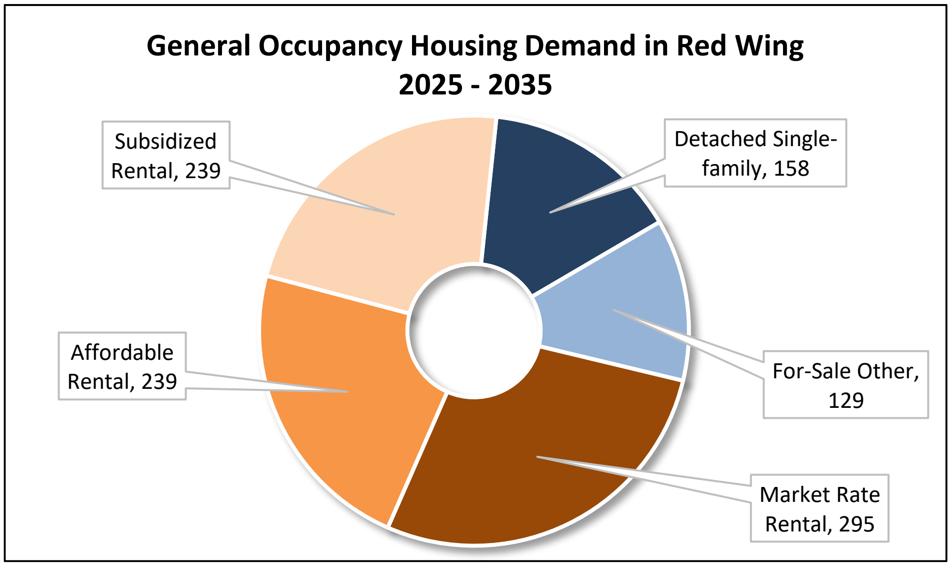
General Occupancy Housing Demand 2025 to 2035	
For-Sale Units	**287**
Detached Single-Family Units	158
Other/Multifamily Units*	129
General Occupancy Rental Units	**773**
Market Rate	295
Affordable^	239
Subsidized^	239
Total General Occupancy Housing Units	**1,060**

Excess Senior Housing Demand	2025	2030	2035
Market Rate Active Adult	**160**	**212**	**234**
Ownership Units	65	81	87
Rental Units	95	131	147
Affordable & Subsidized Senior Housing^	**574**	**594**	**614**
Subsidized Units	203	212	221
Affordable Units	371	382	393
Service-Enhanced Senior Housing	**381**	**497**	**531**
Independent Living (IL)	205	255	269
Assisted Living (AL)	82	128	145
Memory Care (MC)	94	114	117
Total Senior Housing Units	**1,115**	**1,303**	**1,379**

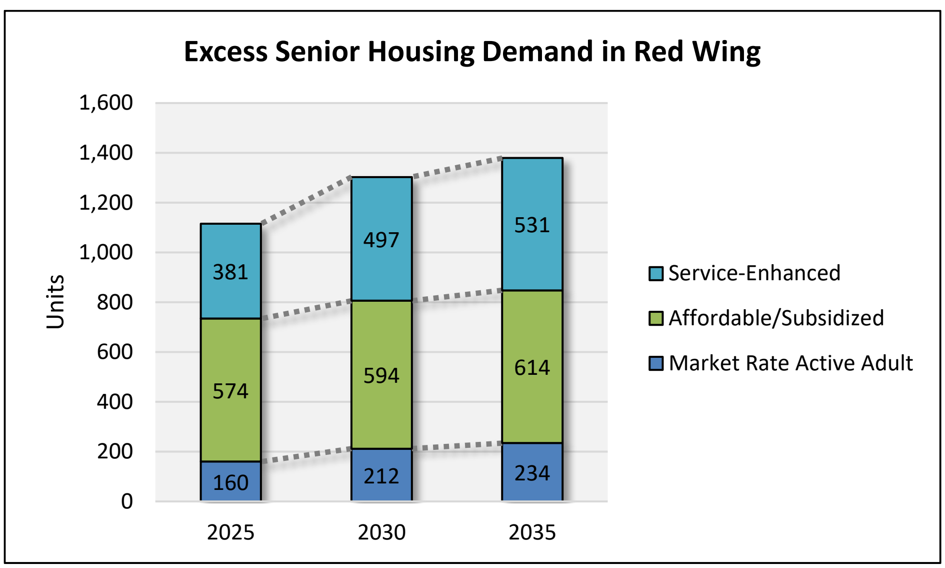
*Includes twin homes, townhomes, condominiums
^Subsidized = affordable to households at 30% AMI or less
^Affordable = affordable to households at 30% to 60% AMI
Totals may not add due to rounding

Source: Maxfield Research & Consulting

In total, we find demand for 1,060 general occupancy housing units in Red Wing between 2025 and 2035, with 15% of the demand being for detached single-family units (158) and 12% other for-sale product type units (129). Roughly 73% of the anticipated demand will be for rental units (773 units), including 295 market rate, 239 affordable, and 239 subsidized units.



As illustrated below, we also found excess demand for a total of 1,115 senior housing units in 2025, expanding 24% to 1,379 senior housing units by 2035. This level of senior housing demand may not be realized as many seniors, especially in rural areas, prefer to age in place and delay moving to senior housing until they need services. Additionally, a large portion of the active adult demand (market rate and affordable) could be satisfied with the development of maintenance-free housing products such as apartments and townhomes that are not age-restricted (i.e. general occupancy housing).



Recommendations

Based on findings from this analysis, the tables and comments on the following pages summarize recommended development concepts for general occupancy and senior housing in Red Wing through 2035. These proposed concepts are intended to act as a development guide to meet the housing needs of existing and future households in the community.

For-Sale Housing

Based on information gathered on for-sale properties in the area along with feedback from area real estate professionals, we provide the following conclusions and recommendations regarding the for-sale housing market in Red Wing.

- We estimate that there will be demand for 158 general occupancy detached single-family housing units and 129 general occupancy townhome/twin home units in Red Wing between 2025 and 2035. Additionally, we find excess demand for 87 active adult ownership housing units, which would likely be satisfied with the development of townhome or twin home products. The following table summarizes a potential pricing breakdown for new construction for-sale units in Red Wing, including “entry-level”, “move-up”, and “executive” housing.

- A move-up buyer is typically someone who is selling one house and purchasing another one, usually a larger and more expensive home. The move often occurs due to a lifestyle change, such as a new job or a growing family. The 35 to 44 and 45 to 54 age groups are generally target markets for move-up housing, while move-up townhome/twin home units would also target an older buyer (age 55 to 74) looking to downsize or right-size.

TABLE 45

NEW CONSTRUCTION FOR-SALE HOUSING PRICING RECOMMENDATIONS
CITY OF RED WING
2025 to 2035

	Purchase Price*	Pct.	Units
Detached Single-Family			
Entry-level	Less than $300,000	25%	40
Move-up	$350,000 to $450,000	65%	103
Executive/Luxury	$600,000+	10%	16
Detached Single-Family Total:		**100%**	**158**
Townhome/Twin Home			
Entry-level	Less than $280,000	40%	52
Move-up	$300,000 to $400,000	60%	77
Townhome/Twin Home Total:		**100%**	**129**

*Pricing is in 2025 dollars and can be adjusted to account for inflation.

Source: Maxfield Research & Consulting

- Based on anecdotal feedback from area real estate professionals, we consider new construction detached single-family homes priced below $300,000 to be entry-level, while move-up new construction detached single-family homes would likely be priced in the $350,000 to $450,000 range.

- Pricing for a new construction entry-level townhome or twin home would likely be at $280,000 or lower, while a move-up townhome or twin home unit would likely be priced in the $300,000 to $400,000 range.

- There is limited demand for executive/luxury housing within the City limits of Red Wing, although we expect that a small portion (10%) of new construction detached single-family units would be priced for this market ($600,000 and higher).

- We anticipate that 65% of the new detached single-family units (103 units) will target move-up buyers and recommend that 25% (40) be priced for less than $300,000 to target moderate income buyers (entry-level).

    - A household would need to have a minimum income of $97,261 to afford a home purchased at $300,000, which falls within the upper range considered to be "moderate-income" (i.e. $85,400 at 100% AMI to $102,480 at 120% AMI for a two-person household).

- We anticipate that 60% of the new construction townhome/twin home units (77) will target move-up buyers and/or empty nesters and recommend that 40% (52 units) should be priced below $280,000 to target moderate income buyers.

- **The development of any new for-sale housing products in Red Wing priced to target moderate income buyers will likely require a public-private partnership or alternative development concept (i.e. community land trust, affordable housing cooperative).**

- Entry-level home demand will primarily be satisfied through turnover of the existing supply of older single-family homes in Red Wing by increasing the supply of move-up housing or with the increased development of townhome and twin home products.

- Because the primary target market for new townhome or twin home units will be empty-nesters and young seniors (age 65 to 74), the majority of these units should be zero-entry and single-level or have a master suite on the main level if a unit has two stories. Units could also be constructed using Universal Design principles.

- In addition to older buyers, mid-age professionals, particularly singles and couples without children, will seek townhomes or twin homes if they prefer not to have the maintenance responsibilities of a detached single-family home. Younger households may also find purchasing a multifamily unit to be more affordable than a new detached single-family home.

General Occupancy Rental Housing

The following table summarizes the recommended mix of rental housing units by product type, including monthly rent ranges, development timing, and target markets. The recommendations are intended to reflect potential development concepts for new rental housing in Red Wing but do not equate to total estimated demand.

Nationally, the equilibrium vacancy rate for market rate rental housing is considered to be 7.0% which allows for normal turnover and an adequate supply of alternatives for prospective renters. Based on our February 2025 survey of general occupancy apartment buildings in Red Wing, we found that the existing market rate rental properties are 4.7% vacant, while the affordable and subsidized facilities are 1.0% vacant (four vacancies), many with wait lists.

This data indicates that there is pent-up demand for new general occupancy rental housing in Red Wing, both market rate rental housing and affordable/subsidized rental housing. Additionally, based on anecdotal feedback from area stakeholders, rental housing priced to target the area's younger workforce is a priority need in Red Wing.

TABLE 46
GENERAL OCCUPANCY RENTAL HOUSING RECOMMENDATIONS
CITY OF RED WING
2025 - 2035

	Monthly Rent Range[1]	No. of Units	Development Timing
Market Rate & Workforce Rental			
Apartments	Studio $1,100 - $1,440 2BR	46 - 52	2025+
Townhomes	2BR $1,600 - $1,850 3BR	12 - 16	2025+
Target Markets:	An apartment building would likely attract younger workforce renters, lifestyle renters, older adults, and seniors. Rental townhomes would target young family households, empty-nesters, and seniors.		
Affordable Rental[2]			
Apartments	Studio $930 - $1,200 2BR	46 - 52	2025+
Townhomes	2BR $1,400 - $1,600 3BR	12 - 16	2025+
Target Markets:	We recommend projects targeting households at 40% to 60% AMI which would likely be comprised of singles, single-parent households, older adults and seniors.		

[1] Pricing in 2025 dollars and can be adjusted to account for inflation.

[2] Affordablity subject to income guidelines; recommended rent ranges based on max rents at 50% and 60% AMI

Note - Recommended development concepts do not equate to total demand.

Source: Maxfield Research & Consulting

We find excess demand potential for 773 general occupancy rental housing units in Red Wing between 2025 and 2035, including 295 market rate units. Based on the income distribution of renter households, we estimate that there will also be demand for income-restricted units, including 239 affordable and 239 subsidized units by 2035.

The strongest sources of demand for new rental housing in Red Wing will likely be young singles and roommate households along with couples without children in their early/mid-20s to mid-30s who work for area employers. Other family households (i.e. single-parent households) as well as mid-age and older households (never-nesters or empty-nesters) will also account for a portion of demand for new general occupancy rental housing in the area.

We recommend modestly sized projects (i.e. 46- to 52-unit apartment buildings, 12- to 16-unit rental townhome projects). We also recommend a phased approach to rental housing development in the community, beginning with a new market rate project priced to target the community's workforce.

Feeback from area employers indicates that many workers that need moderately priced housing (i.e. young teachers, manufacturing workers) earn roughly $21.00 to $25.00 per hour, which equates to approximately $44,000 to $52,000 per year. However, residents in an affordable property income-restricted at 60% AMI (i.e. a Low Income Housing Tax Credit project) would not be able to make more than $44,820 to qualify. This income restriction limits the demand potential for income-restricted housing, so we recommend a market rate workforce rental housing project with rent limits set to target households earning between 60% and 120% AMI ($44,820 to $89,640 for a one-person household).

- Market Rate & Workforce Rental Housing – Based on 2024 affordable to local workforce rent limits for Goodhue County, published by Minnesota Housing, we recommend that average new construction market rate workforce rents range from approximately $1,100 for a studio unit to $1,440 per month for a two-bedroom unit. A $1,100 monthly rent would be affordable to a single-person household earning $44,000 per year ($21.08 per hour).

  Market rate rents at existing rental units in Red Wing average approximately $1.21 per square foot, however average monthly rents in a new construction project would be substantially higher. Based on the recommended pricing, unit rents in a new apartment development would likely range from about $1.50 to $2.00 per square foot, depending on unit size, to be financially feasible.

  New market rate rental units should be designed with contemporary amenities that include open floor plans, higher ceilings, full kitchen appliance package, air-conditioning, garage parking, outdoor recreation (fire pit, grilling area, etc.). Since the pandemic, an increasing number of people are working remotely, a trend that is likely to continue to some degree, so buildings that are well-equipped for telecommuting are becoming more important to renters. Including features like units with dens and built in USB ports should be well-received by prospective renters looking for a designated workspace.

We anticipate that demand also exists for market rate rental townhome units targeting empty-nesters and young families, including those who are new to the community and want to rent until they find a home for purchase. We anticipate that new construction market rate townhome rents would begin at $1,600 for two-bedroom units and $1,850 for three-bedroom units. Units should be larger than in an apartment development and feature contemporary amenities (i.e. in-unit washer/dryer, full kitchen appliance package, kitchen island, high ceilings, etc.), an attached two car garage, and some open/green space.

- Affordable General Occupancy Rental Housing – Demand exists for general occupancy affordable units in Red Wing, although we anticipate that many qualified seniors would also be drawn to a new affordable general occupancy rental housing development. Affordable rental housing attracts households that cannot afford new market rate rental units but do not income-qualify for subsidized housing. Affordable projects often attract a broad group of tenants based on the unit type. One-bedroom units target singles and couples, while two and three-bedroom units target family households.

  We recommend an affordable project that would target residents at approximately 40% to 60% AMI. Units should feature air conditioning, full kitchen appliance package, and garage parking. A townhome development should include an attached one/two car garage along with open/green space.

- Subsidized Rental Housing – Subsidized housing receives financial assistance (operating subsidies, rent payments, etc.) from governmental agencies to make rents affordable to low-to-moderate income households. Subsidized housing is challenging to develop financially.

  We find demand for 239 subsidized general occupancy rental housing units in Red Wing between 2025 and 2035. However, new subsidized general occupancy developments are rare as available funding is very limited, so we exclude subsidized units from the recommended development concepts table. There are, however, properties under special funding programs that target long-term homeless, households with disabilities, or households that require permanent supportive housing that have been constructed recently. Rural Development projects typically have rental assistance to support very low-income households.

  Through the Section 811 Supportive Housing for Persons with Disabilities program, HUD provides funding to develop and subsidize rental housing with support services available for very low- and extremely low-income adults with disabilities. This population could also be served through the Low Income Housing Tax Credit (LIHTC) program as well as through a combination of other funding resources.

  Renter households in need of subsidized housing in Red Wing may also apply for the Housing Choice Voucher program through the Red Wing HRA, although there are currently 309 households on the wait list. Under the Housing Choice Voucher program, qualified households pay 30% of their Adjusted Gross Income for rent and utilities, and the Federal Government pays the remainder of the rent to the landlord.

Senior Housing

The growing older adult and senior population will support long-term demand for senior housing units in Red Wing through 2035. Demand exists for a variety of senior housing products, and we recommend the development of additional senior housing units to provide housing options for these residents as they age.

The development of new senior housing will satisfy housing needs in Red Wing by increasing the number of options for older adult and senior residents that want to relocate into new age-restricted housing. Additionally, the development of housing alternatives for seniors will stimulate the turnover of existing homes and rental units occupied by seniors, creating more opportunities for general occupancy buyers and renters.

The following table summarizes a recommended mix of senior housing units by service level including product type, monthly rents, project size, and development timing.

TABLE 47

RECOMMENDED SENIOR HOUSING DEVELOPMENT
CITY OF RED WING
2025 to 2035

	Pricing Range[1]	No. of Units	Development Timing
Age Restriced Senior Housing			
Active Adult Rental Housing			
Market Rate[2]	$1,200/1BR - $1,600/2BR	26 - 30	2025+
Affordable[2,3]	$859/1BR - $1,031/2BR	36 - 42	2025+
Market Rate Service-Enhanced Senior Housing			
Independent Living	$1,800/1BR - $2,800/2BR	30 - 34	2025+
Assisted Living	$3,200/Studio - $5,000/2BR	16 - 20	2027+
Memory Care[4]	$4,500/Studio - $6,000/1BR	12 - 16	2025+

[1] Pricing in 2025 dollars. Pricing can be adjusted to account for inflation.
[2] Alternative concept is to combine affordable and market rate active adult into mixed-income building.
[3] Affordablity subject to income guidelines; rates based on max rents at 50% AMI
[4] Memory care housing could be a component of an assisted-living or service-intensive building.

Note - Unit amounts reflect recommended size of property that for a single project, but do not equal total calculated long-term demand

Source: Maxfield Research & Consulting

- **Market Rate Active Adult Housing** – Because age-restricted active adult housing is not need-driven, demand for this product type competes, to some degree, with general occupancy housing. We estimate that there is excess demand for 95 market rate active adult rental units in Red Wing in 2025, increasing to 147 units in 2035.

It is likely there are seniors who currently reside in general occupancy rental housing that would consider a new active adult rental product. In addition, there may be seniors who no longer want the burden of home maintenance and would like the choice of an active adult rental product. The rent structure for new active adult rental units would be similar to new general occupancy market rate rental housing, although the unit mix should consist of larger units resulting in slightly higher monthly rents.

We also estimate that there is excess demand for 65 market rate active adult ownership units in 2025, increasing to 87 units in 2035. Active adult ownership demand can be satisfied through a variety of products, including age-restricted detached single-family or villa communities, townhome/twin home developments, age-restricted condominium projects, or senior cooperative developments.

We anticipate that much of the excess demand for market rate active adult for-sale units in Red Wing can be met by the general occupancy (not age-restricted) market, notably through the development of attached single-family (townhomes, twin homes) and/or condominium units.

Pricing recommendations for new construction ownership units are reflected in the new construction for-sale housing pricing recommendations table presented previously, although pricing for active adult housing can vary greatly, depending on product type (i.e. cooperative, condominium, twin home), unit sizes, amenities, and availability of services.

- **Affordable and Subsidized Senior Rental** – Excess demand was calculated for 371 affordable senior housing units in 2025, increasing to 393 units in 2035. Many candidates for affordable senior rental may be residents at older market rate rental properties. These older properties would have similar (or lower) rents that would be considered affordable for these seniors. An affordable senior housing development would most likely be a LIHTC project through Minnesota Housing. We recommend affordable senior housing developments as either stand-alone buildings or incorporated into a mixed-income development.

  We also find excess demand for 203 subsidized units in 2025, increasing to 221 units in 2035. The development of subsidized senior housing can be challenging due to limited financing availability as federal funds have been shrinking. Funding a new subsidized development would likely rely on a mix of sources, including LIHTC, tax-exempt bonds, Section 202 program, Rural Development Section 515 program, and Rural Development rental assistance, among others.

- **Service-Enhanced Senior Housing** – Overall, we find excess demand for 381 market rate service-enhanced senior housing units in 2025 (includes 205 independent living, 82 assisted living, and 94 memory care units), increasing to 531 units in 2035. While we find excess demand for service-enhanced housing in Red Wing, many seniors prefer to age in place and delay moving to senior housing until absolutely necessary, a trend that is particularly true post-COVID. Additionally, labor shortages can make staffing a new facility a challenge.

For these reasons, we do not recommend the development of additional assisted living units in the short-term, although the growing older adult and senior population should support long-term demand for assisted living senior housing in Red Wing. We do, however, anticipate that there is immediate demand potential for independent living and memory care units in Red Wing.

Independent Living Service Level

The monthly fees should include the base monthly rent, utilities, and some services, such as programs (social, health, wellness and educational), 24-hour emergency call system, and regularly scheduled van transportation. In addition, meals and other support and personal care services should be made available to independent living residents on a fee-for-service basis. When their care needs increase, residents should be provided the option of receiving assisted living services in their existing units, either in bundled packages or a-la-carte.

Assisted Living Service Level

The fees should include the base monthly rent, utilities, three meals per day plus snacks, weekly housekeeping, linen service, professional activity programs, scheduled outings, nursing care management, and 24-hour on site staffing. Additional services and care fees should also be available either in service packages or a la carte for an extra monthly charge.

Memory Care Component

We suggest that any memory care units be located in a separate, secured, self-contained wing located on the first floor of the building with its own dining and common area amenities including a secure outdoor patio and wandering area. Fees should include the same services as assisted living along with medication reminders, medication administration, and personal care assistance, with other service packages available a-la-carte.

Challenges and Opportunities

The previous tables identified and recommended housing types that would satisfy housing needs in Red Wing through 2035. The following summarizes issues that will likely present a challenge, or an opportunity, for new housing development in the community (in no particular order).

- **Affordability.** Approximately 21% of all owner households in Red Wing are considered to be cost burdened (paying more than 30% of their income toward housing costs), while 51% of existing renter households are considered cost burdened. By comparison, 17% of owner households and 44% of renter households are cost burdened in Southeast Minnesota.

  Based on current home prices, roughly 57% of existing owner households in the PMA could afford to purchase an existing entry-level detached single-family home priced at $250,000. The proportion drops to 31% that could afford a new construction move-up home priced at $400,000. Roughly 48% of renter householders could afford to rent a studio or one-bedroom unit at older market rate rental properties in the community at an average rent of $960 per month. However, the income-qualified percentage drops to 28% that could afford monthly rents for a new construction one-bedroom unit priced at $1,300 per month.

  Home sale price appreciation and rental rate growth are both outpacing income and wage growth, further widening the gap between households that are able to afford a housing unit in the area. These trends, coupled with elevated mortgage interest rates and changes to rules around real estate commissions which could require buyers to pay cash for their agent's commission, are further exacerbating the housing affordability issue, particularly for first-time home buyers.

- **Aging Population.** Significant growth in the senior population is projected for the area, and the homeownership rate among seniors age 65 and older is relatively high. High homeownership rates among seniors suggests that there could be a lack of available senior housing options, or that many seniors prefer to live in their home and age in place. Because of the growing older adult and senior population, demand for maintenance-free housing products is rising. In addition, demand for home health care services and home remodeling programs to assist seniors with retrofitting their existing homes should also increase.

  Anecdotal feedback from professionals familiar with Red Wing's housing market indicates that the community is likely missing out on some potential growth among younger households. Red Wing has an opportunity to attract younger households and should pursue housing projects targeted to the younger age groups (i.e. rental housing, moderately priced new construction single-family or townhomes). Additionally, the development of housing for older adults and seniors can help satisfy some of the demand from younger households through the turnover of existing, older housing units.

- **Capture Commuters**. Roughly 65% of the primary jobs in Red Wing are filled by workers commuting into the community. With 6,582 workers commuting into the City for employment daily, many commuting more than 50 miles away, there appears to be an opportunity to provide housing options for a portion of these workers. While data does not yet fully reflect impacts on commuting patterns post-pandemic, we anticipate that with potential shifts in work locations long-term for some worker segments (i.e. increased telecommuting), more people are likely to remain within the community for work. Additionally, potential job growth in the southeastern portion of the Twin Cities Metro Area and in Rochester could stimulate demand for housing in Red Wing. Workers could choose to commute to these areas for employment and reside in Red Wing due to school district, lower housing costs, and/or lifestyle preferences.

- **COVID-19.** The COVID-19 pandemic has impacted the housing market, both directly and indirectly, and economic conditions are still adjusting to the impacts of the pandemic. Locally, job growth has resumed, and unemployment is low, although statewide labor force participation rates remain low. Because of the pandemic, an increasing number of people are working remotely, a trend that is likely to continue to some degree, creating an opportunity for Red Wing to capture a portion of the working population that may otherwise live closer to their place of employment.

  The for-sale housing market experienced strong demand, shortened marketing times, and rising sale prices post-COVID, and supply remains low. The pandemic has changed some buyer preferences, and many buyers are seeking outdoor features, green space, more square footage, and flexible spaces for home offices. In the rental market, demand for smaller units (i.e. studios) weakened post-pandemic as renters desire larger spaces as they work from home. With telecommuting becoming a norm, tenants are seeking a separation of work and live spaces along with access to outdoor space like balconies and patios. These trends are expected to continue. The senior housing industry was directly impacted by the pandemic as the virus affected older adults at a much higher rate. Many senior properties hit record high vacancy rates during, and shortly after, the pandemic, and some seniors continue to age in place as long as possible to avoid shared living spaces.

- **Household Growth and Mobility.** As highlighted in the Demographic Review section of this study, as well as the demand calculations, modest household growth is projected for Red Wing and the PMA between 2025 and 2035 across several age groups. The older senior age cohorts are expected to experience the most rapid growth, while more moderate growth is projected for the age groups that are typically the target market for general occupancy rental and for-sale housing.

  Much of the demand for new housing units will be generated by turnover of existing households in Red Wing and the PMA, although turnover often leads to opportunities for new households to move into the area. Population and household growth in the community will be highly dependent on the availability of suitable housing options catering to a variety of age groups, income levels, and household types.

- **Infill Development/Redevelopment.** Infill development provides opportunities in almost every community. Existing lots served by municipal utilities are often overlooked because they can present challenges to development (i.e. small lot sizes). However, infill housing development and redevelopment can be an effective way to create new housing that is consistent with the surrounding neighborhood and potentially removes functionally or physically obsolete housing units, replacing them with new housing.

  With high demand for affordably priced housing, infill can create an opportunity to develop smaller homes on smaller lots that enhance existing neighborhoods and maintain the character of a neighborhood. However, infill housing can often be priced higher than surrounding homes due to costs related to the removal of an existing home and then its replacement with a new construction home. Assistance with demolition through redevelopment funding can reduce expenses and support more affordable housing.

  The map on the following page, which is sourced from the City of Red Wing 2040 Community Plan, illustrates locations within the City that have been identified as potential sites for infill development and redevelopment, as well as “edge growth” areas. The following figure summarizes total acreage for these development areas by planned land use category along with the maximum number of housing units allowable.

	Infill		Redevelopment		Edge Growth		Total	
Land Use	**Acres**	**Units***	**Acres**	**Units***	**Acres**	**Units***	**Acres**	**Units***
Rural Density Residential	0	0	0	0	71.1	14	71.1	14
Low Density Residential	108.9	872	0	0	86.4	691	195.3	1,563
Medium Density Residential	46.1	737	5.1	82	13.6	218	64.8	1,037
High Density Residential	37.8	906	0	0	0	0	37.8	906
Mixed-Use Corridor	1.1	33	12.0	316	0	0	13.1	349
Mixed-Use Downtown	0	0	6.8	227	0	0	7	227
Total	**194**	**2,548**	**24**	**625**	**171**	**923**	**389**	**4,096**

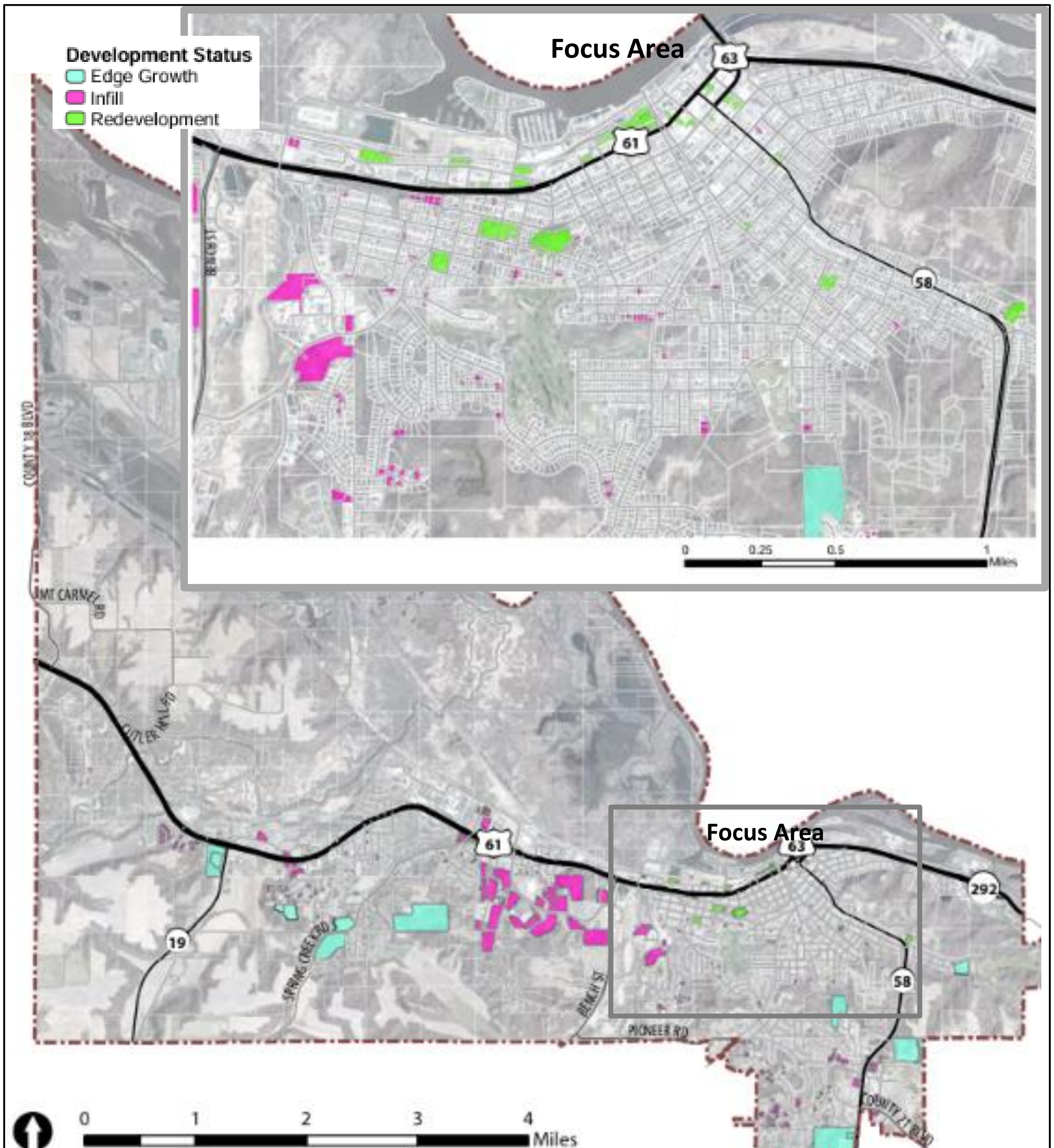
  *Maximum housing units
  Source: City of Red Wing 2040 Community Plan

  A total of 194 acres of vacant land are classified as infill properties planned for future residential or mixed-use development. This includes 109 acres for low density residential, 46 acres of medium density residential, 38 acres of high density residential, and one acre of mixed-use development. Combined, these infill properties could accommodate up to 2,548 housing units.

  Another 24 acres have been targeted for potential redevelopment for future residential uses, including five acres for medium density residential, 12 acres of mixed-use corridor, and seven acres of mixed-use downtown development. In total these redevelopment sites could support up to 625 housing units.

Another 171 acres of land have been categorized as "edge growth" areas, including 71 acres for rural density residential, 86 acres for low density residential, and 14 acres for medium density residential development. Edge growth areas could accommodate up to 923 housing units.

Properties Identified for Potential Development/Redevelopment – City of Red Wing



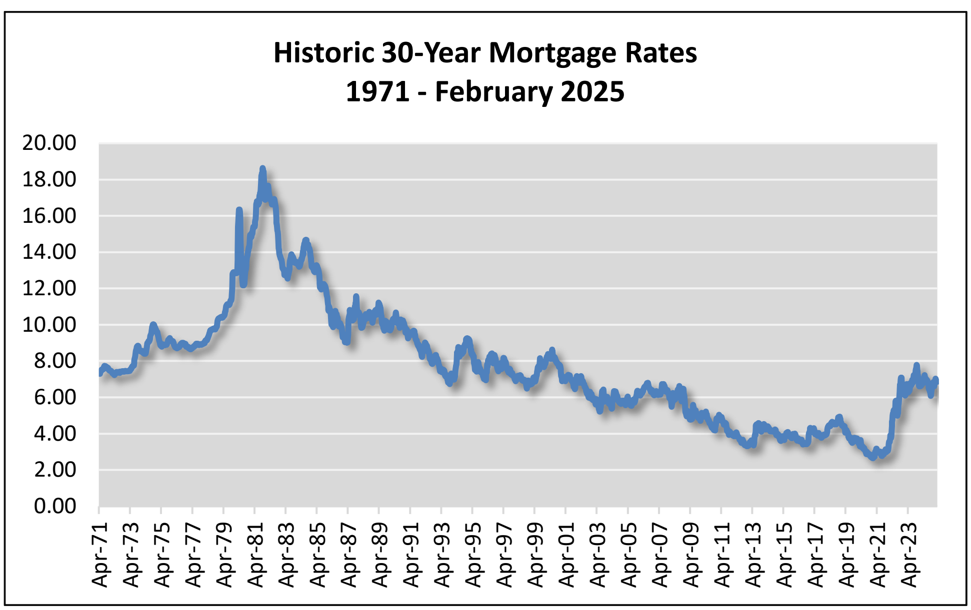
Source: Red Wing 2040 Community Plan

- **Job Growth and Unemployment.** Low unemployment often generates demand for both existing home purchases and new home purchases. Red Wing and Goodhue County have historically maintained annual unemployment rates that have tracked consistently with Southeast Minnesota and below equilibrium (generally considered to be 5.0% vacancy). The 2023 average annual unemployment rates of 2.5% in Red Wing, 2.6% in Goodhue County, and 2.5% in the Region were well-below equilibrium and lower than Minnesota (2.8%).

  Red Wing, Goodhue County, and Southeast Minnesota have all experienced a solid recovery of jobs post-COVID, and the area is expected to sustain a modest rate of employment growth over the next several years. Goodhue County is projected to add 946 jobs between 2024 and 2035 (4.4% growth), including 3.5% growth in Red Wing (410 jobs), compared to 5.1% growth in the Region. **Labor availability will greatly impact the ability of Red Wing and the County to sustain employment levels and achieve the projected job growth. New housing will be needed to support economic development in the area.**

- **Mortgage Rates.** Mortgage rates have a significant impact on housing affordability. Lower mortgage rates result in a lower monthly mortgage payment and buyers receiving more home for their dollar. Rising interest rates often require homebuyers to raise their down payment in order to maintain the same housing costs.

  The 30-year fixed rate mortgage according to Freddie Mac reached 7.79% for qualified buyers in October 2023, the highest rate since November 2000 (7.79%). As of February 6, 2025, it was at 6.89%. Elevated mortgage rates will raise the overall cost of for-sale housing, likely slowing projected for-sale housing demand in the near-term. The following chart illustrates historical mortgage rate averages as compiled by Freddie Mac. The Freddie Mac Market Survey (PMMS) has been tracking mortgage rates since 1971 and is the most relied upon benchmark for evaluating mortgage interest market conditions. The Freddie Mac survey is based on 30-year mortgages with a loan-to-value of 80%.



- **Residential Lot Supply and Land Availability**. There are a total of 173 existing vacant lots among 28 active subdivisions in Red Wing, although the majority are not currently listed for sale on the MLS. As noted previously, there are 16 lots listed for sale in Red Wing as of February 2025. Based on the for-sale housing demand calculations, there is just a 0.6-year supply of actively-marketing lots in Red Wing. Including all vacant lots in active subdivisions, there is a 6.0-year supply of lots, although many of these may or may not be available for future development. Additional lots will need to be platted to meet long-term demand for new ownership housing in the community.

  In addition to existing platted lots that are not currently being marketed for sale on the MLS, there are preliminary plats in the City that were approved in the past but did not proceed to final plat and the property owner is not actively marketing these projects for potential development. We recommend that the City contact these owners to gauge their interest in moving forward with the project or potentially selling the land to an active developer/builder. Alternatively, the City could offer to buy the land, purchase the development rights from the landowner, or potentially issue a Request for Proposals from developers (national, regional, and local builders) on behalf of the property owner.

  Due to environmental issues such as floodplains and topography (i.e. bluffs) that constrain the amount of developable land in Red Wing, land availability for future residential development is a concern for the community. Based on information from the "Red Wing 2040 Community Plan", which was published in 2019, there was enough land planned for future low and medium density residential development to support up to 1,609 housing units by 2040. A total of 166 low and moderate density housing units (excluding multifamily) were permitted in Red Wing from 2019 through 2024, resulting in the development potential for another 1,443 low to medium density units (based on the land use plan).

  With total demand for 374 new for-sale units by 2035 (287 general occupancy units and 87 active adult ownership units), we find that the supply of land in Red Wing planned for low and medium density residential development is sufficient to satisfy projected demand. However, a portion of the available land in Red Wing planned for future low and medium density residential uses, including greenfield sites, may be cost prohibitive to develop in the short-term due to environmental constraints (i.e. topography) and limited availability of public infrastructure. A public-private partnership may be needed to get these areas development-ready.

  We recommend that City actively market and promote targeted infill, adaptive reuse, redevelopment, and edge growth areas as key sites for future housing developments in the community. Development in these areas could potentially enhance the diversity of housing options available in Red Wing and improve housing affordability through reduced infrastructure costs and increased density.

- **Residential Construction and Development Costs**. The cost to build and develop new single-family housing has increased significantly over the past decade across the United States due to several issues, including rising costs (i.e. land, material, labor), lack of construction labor, and increasing regulation and entitlement fees. As a result, affordable new construction homes have become rare as builders are unable to "pencil" modestly priced new construction. Many new construction homes in Red Wing and the surrounding area sell for over $350,000 which is not affordable for households with moderate incomes.

  Many communities across Minnesota offer various types of lot incentive programs to stimulate new construction. Most lot incentive programs are offered and administered by a local economic development or housing and redevelopment agency that funds the program. In many cases, the municipalities fund the infrastructure using general obligation improvement bonds. Programs vary considerably between communities, but most have time limits on when houses are constructed after a lot is purchased.

  Additionally, it may be difficult to construct new multifamily product given existing market rents and development costs. According to construction costs data from the Craftsman National Building Cost Manual, construction costs in Red Wing (utilizing construction averages adjusted for Southeast Minnesota) likely average about $165 per square foot (in 2023 dollars) to develop based on a "best" quality apartment building with ten or more units. Based on an average unit size range of 650 to 900 square feet, a project would cost approximately $108,000 to $149,000 per unit to develop.

  Development costs of this scale will require rents per square foot significantly higher than the existing market rate rental properties in Red Wing (average of $1.21 psf). Based on these costs, it may be difficult for a private developer to construct a multifamily apartment building at current market rents. As a result, a private-public partnership or other financing programs may be needed to spur development and potentially reduce rent levels to bridge some of the gap between existing older product and new product and keep rents affordable to local residents/workforce (i.e. tax abatement, Tax Increment Financing, funds through Workforce Housing Program from Minnesota Housing).

- **Workforce/Moderate Income Housing** is generally considered to be housing that targets households earning between 50% and 120% AMI. Units are not income restricted but are priced at rates affordable to the local workforce. In Goodhue County, the workforce housing income band ranges from $37,350 (one-person household at 50% AMI) to $148,560 (six-person household at 120% AMI).

  The development of workforce housing, both owned and rented, is important for communities to attract and maintain employees, although public-private partnerships may be needed to help finance the development of workforce housing. The development of workforce housing can be complex, and many communities ultimately leverage multiple tools and programs to achieve their housing goals.

In many communities, a City, County, or an Economic Development Authority develops a residential subdivision, and offers lots to buyers at below market prices to stimulate the development of new for-sale housing. Additionally, the construction of move-up housing in a new subdivision could stimulate turnover of existing, lower-priced homes in the community. Similarly, the development of maintenance-free housing such as townhomes or twin homes (owned or rented) targeted to older adults and seniors would stimulate turnover of existing homes, which could ultimately be purchased by area workers.

Private businesses can partner with each other and with local units of government to help get new housing built. Generally, Employer-Assisted Housing (EAH) programs include any housing initiative that an employer either finances or assists in some way, and they are used to either produce new housing in a community or help employees purchase or rent housing. Examples include land donation, cash contributions, and construction financing. In some cases, employers develop and own housing for their employees. Other methods include down payment assistance, closing cost assistance, gap financing, and rent subsidies. Local units of government can partner with EAH programs by offering TIF, tax abatement, or other housing resources.

- **Housing Development Innovation.** Alternative construction methods such as modular construction, Structural Insulated Panel (SIP) construction, 3-D printed housing, and "tiny homes" can provide reduced cost housing. Additionally, unconventional housing concepts, such as accessory dwelling units, Community Land Trusts, and affordable housing cooperatives can also help produce affordable or workforce housing.

  An affordable housing cooperative provides a homeownership model where residents can purchase a share in the development and commit to resell their share at a price that maintains long-term affordability. In a housing cooperative, residents collectively own the building or land where they live, not the individual unit.

  In contrast, Community Land Trusts (CLT) create affordable housing by taking the cost of land out of the purchase price of a home and keep housing affordable for future buyers by controlling the resale price of houses through a ground lease and resale formula.

- **Zoning and Land Use Regulations.** In many communities, restrictive zoning ordinances and other land use regulations can prevent the development of affordably priced housing units by limiting allowable density, regulating minimum lot sizes, and requiring that new homes meet minimum size and parking space standards.

  We recommend that the City review its land use regulations and look for opportunities to make amendments that would increase flexibility in the types and sizes of housing units allowable within certain zoning districts in a manner that would decrease development costs, increasing affordability.

The following summarizes some potential regulatory amendments to consider.

- Eliminate single-family zoning to allow and encourage the development of "missing middle" housing units, such as duplexes, triplexes, townhomes, and small multifamily buildings.
- Reform development standards such as height restrictions, minimum parking requirements, minimum setbacks, minimum floor areas, and minimum lot sizes to allow the construction of smaller, more affordable units.
- Create opportunities for the creation of lower cost housing units on existing lots by allowing Accessory Dwelling Units (ADUs) and Single Room Occupancies (SROs).
- Allow higher density multifamily housing in more areas of the City.
- Streamline the permitting and plan review process and/or allow "by right" development if a project complies with applicable ordinances and codes.
- Incentivize affordable housing development through density bonuses and/or tax incentives.

Housing Programs

Many local governments offer housing programs designed to enhance, improve, or develop new housing stock. The following points are designed to provide ideas and suggestions to help the public and private sector support housing programs and incentives to spur housing development in Red Wing.

The examples presented on the following pages identify housing tools utilized in other communities; however, this is not an all-inclusive list as many governmental agencies offer different programs based on their individual needs. Federal funds for housing development have been declining for years and the remaining housing programs include the Community Development Block Grant (CDBG), the HOME Investment Partnerships Program, Housing Choice Vouchers, Low-Income Housing Tax Credits (LIHTC), and USDA rural housing programs. However, local units of government are increasingly dependent on other resources to support development such as housing trust funds and housing bonds.

Local Resources:

The ***Red Wing Housing and Redevelopment Authority (HRA)*** is a public housing authority established to address the housing needs of underserved populations in the area. The HRA owns and manages income-based rental properties in Red Wing and administers the Housing Choice Voucher program. Additionally, the HRA manages the Red Wing Affordable Housing Trust Fund (AHTF) which is intended to assist low- and moderate-income workforce families with the purchase of affordable housing in the City.

Three Rivers Community Action Agency, which includes Goodhue County in its service area, links participating families and individuals to a range of supports to help that household achieve lasting residential stability. The Agency offers homeless prevention funds to assist with back-rent payments, along with other homeless prevention management services such as transportation assistance and referrals. The Rapid Re-Housing Program provides short-term rent assistance to homeless households to get into permanent affordable housing. The Permanent Supportive Housing Programs provides households experiencing homelessness with affordable rental housing and supportive services. Other programs include downpayment assistance and a weatherization program for buyers and homeowners.

The ***Goodhue County Health and Human Services Department*** provides economic assistance, including a housing support program that pays for room-and-board costs for low-income adults who have been place in a licenses or registered setting. Additionally, Hope & Harbor is an overnight homeless shelter that rotates between various churches in Red Wing during December, January, and February.

State/National Resources:

Minnesota Housing Finance Agency ("Minnesota Housing") – Minnesota Housing is a housing finance agency whose mission is to finance affordable housing for low- and moderate-income households across Minnesota. Minnesota Housing partners with for-profit, non-profit, and governmental sectors to help develop and preserve affordable housing. The organization provides numerous products and services for both the single-family and multifamily housing sectors.

The Workforce Housing Development Program targets communities in Greater Minnesota where housing shortages hinder the ability of businesses to attract workers. Individual project awards cannot exceed 50% of the total development costs. Program criteria are summarized below.

- To be eligible for the Workforce Housing Development Program, a project area must be either:
  1) a home rule or statutory city located outside of the Twin Cities Metro Area with a population that exceeds 500 residents
  2) a community with a combined population of 1,500 residents located within 15 miles of a home rule charter or statutory city, or
  3) an area served by a joint county-city economic development authority
- A vacancy rate of 5% or lower for at least the prior two years
- One or more businesses located in the project area (or within 25 miles of the area) that employ 20 full time equivalent employees
- A statement from participating businesses that a lack of housing makes it difficult to recruit and hire workers, and
- The development must serve employees of businesses in the project area.

The Statewide Affordable Housing Aid (SAHA) is a new (2023) program that helps counties, Tribal nations, and greater Minnesota local governments develop and preserve affordable housing. Statewide Affordable Housing Aid will be paid directly to all counties, cities of the first, second, and third class (those with populations above 10,000). Cities in Greater Minnesota that are under 10,000 in population, will be eligible to participate in a discretionary grant program administered by Minnesota Housing for grants of at least $25,000. Housing developed or rehabilitated with funds under this program must be affordable to the local workforce. Qualifying projects include:

- Emergency rental assistance for households earning less than 80% AMI
- Financial support to nonprofit affordable housing providers
- Construction, acquisition, rehabilitation, etc. for homeownership projects for households at 115% AMI and rental housing for households at 80% AMI, and
- New construction or substantial rehabilitation of a building containing more than four units.

The Minnesota Affordable Housing Tax Credit (AHTC) and the Housing Tax Credit Contribution Account (HTCCA) offer a flexible fund that provides loans and grants to developers for eligible housing projects. The fund is capitalized by contributions from taxpayers. Participating taxpayers receive a $0.85 credit for every dollar contributed to the Housing Tax Credit Contribution Account (minimum contribution of $1,000).

- Eligible uses of funds include gap financing, new construction, acquisition, rehabilitation, demolition, construction financing and permanent financing. Eligible awardees include a City, federally recognized American Indian tribe, tribal housing corporation, private developer, non-profit organization, housing and redevelopment authority, public housing authority, owner of the housing.

The Economic Development and Housing Challenge funds the construction, purchase, financing, and redevelopment of single-family homes and multifamily rental properties with deferred loans. The program has a specific goal of enhancing economic development and is a primary resource for workforce housing.

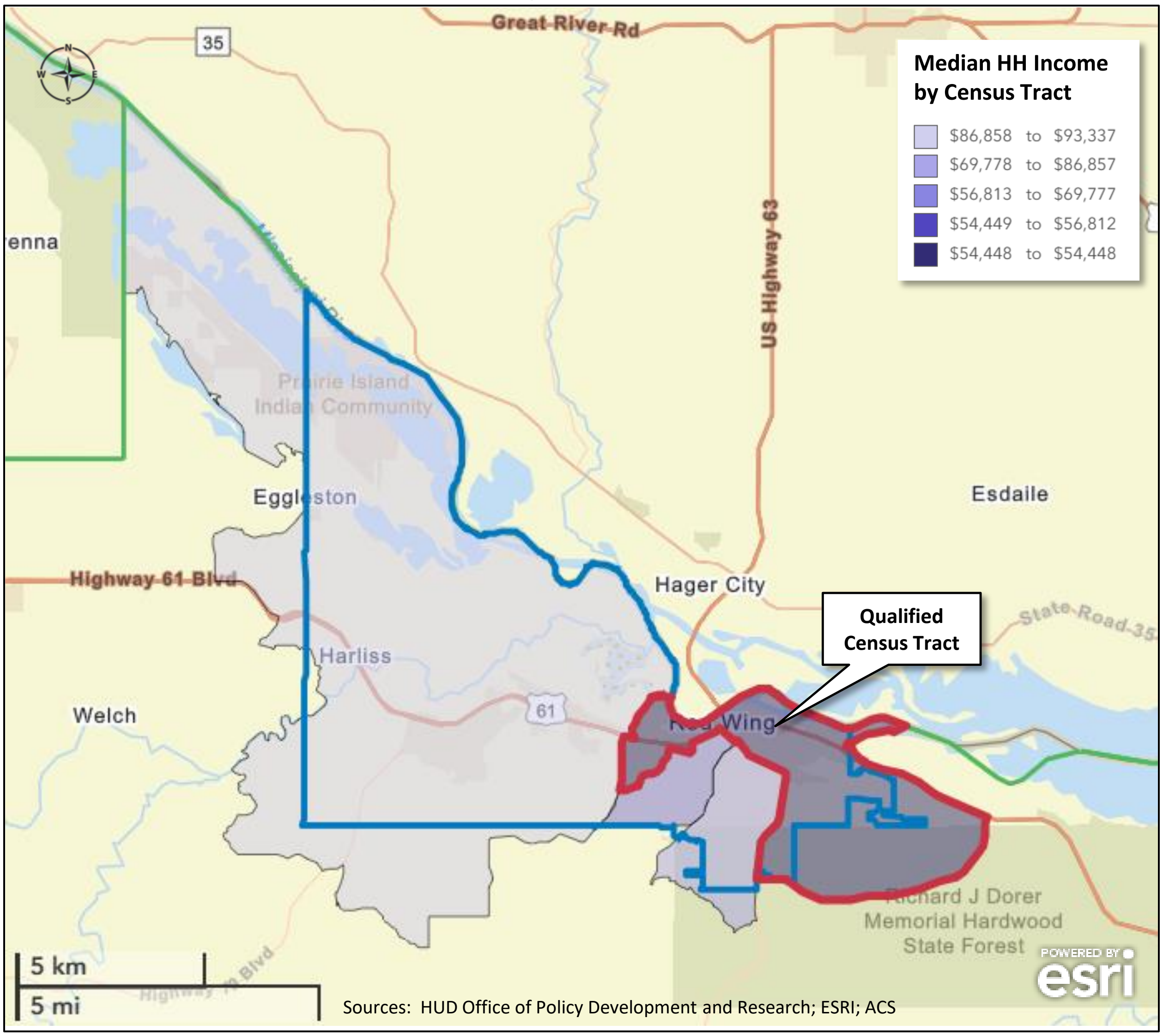
The Low- and Moderate-Income Rental Program (LMIR) provides long-term amortizing mortgage debt for multifamily rental housing affordable to low- and moderate-income households in Minnesota. Eligible activities include new construction, rehabilitation of existing affordable housing, adaptive reuse, preservation of affordable and/or federally assisted housing, and refinance of existing mortgages.

The Workforce and Affordable Homeownership Development Program provides a one-time grant of up to $375,000 for the development of workforce and affordable homeownership projects across Minnesota. Funds serve households up to 115% AMI, and may be used for residential housing development, rehabilitation, land development, infrastructure development, and repair for manufactured home parks.

The Low Income Housing Tax Credit (LIHTC) program, which is administered by Minnesota Housing, incentivizes developers to create and maintain affordable housing by offering tax credits which provide investors with a reduction in their federal tax liability. Eligible projects include new construction, rehabilitation, or acquisition with rehabilitation of rental housing.

Projects in Qualified Census Tracts are given funding preference. Qualified Census Tracts are defined by HUD as Census Tracts in which 50% of households have an income of less than 60% AMI or a poverty rate of at least 25%. The following map illustrates median household income by Census Tract in Red Wing. As shown, there is one Qualified Census Tract in the City of Red Wing.

City of Red Wing Qualified Census Tract



Greater Minnesota Housing Fund – The Greater Minnesota Housing Fund ("GMHF") supports, preserves, and creates affordable housing in Minnesota, addressing housing needs in underserved areas, including cities, towns, rural areas, and Tribal nations.. The GMHF provides numerous programs, financing mechanisms, technical support, and research to support production of affordable housing.

> The Revolving Development Loan Fund awards development loans to create or preserve affordable homes throughout Minnesota.
>
> Minnesota Equity Fund raises equity capital from corporations and banks to invest in sustainable affordable housing developments, including workforce housing, low-income senior housing, mixed-use and mixed-income housing, and supportive housing.
>
> The NOAH Impact Fund finances the acquisition and preservation of naturally occurring affordable rental housing to preserve the long-term affordability of rental units at risk of conversion to higher rents.

Minnesota Department of Employment and Economic Development – MN DEED is the Administrator for federal Community Development Block Grant (CDBG) funds via the Community Development Small Cities Development Program which helps cities, townships, and counties with funding for housing, public infrastructure and commercial rehabilitation projects. Cities with fewer than 50,000 residents, townships and counties with fewer than 200,000 residents are eligible for the Small Cities Development Program.

Projects must meet one of three federal objectives, including benefit people of low and moderate incomes, eliminate slum and blight conditions, or eliminate an urgent threat to public health or safety. Housing grant funds are awarded to local units of government, which then lend funds to rehabilitate the local housing stock. Loans may be used for owner-occupied, rental, single-family or multifamily housing rehabilitation. In all cases, housing funds must benefit low- and moderate-income households. Additionally, public facility grants are directed toward wastewater treatment projects.

For CDBG funding, low income is defined as households at 50% AMI or lower while moderate income is defined as households at 80% AMI or lower. Income limits vary by household size, but an estimated 53% of all households in Red Wing have incomes below $68,320 (income limit for a two-person household at 80% AMI), including 84% of all renter households and 39% of all owner households.

This data indicates that a large portion of Red Wing households would income-qualify for projects utilizing CDBG funds, and we recommend that the City pursue Small Cities Development Program housing grants from MN DEED to help serve low- and moderate-income households in the community.

Minnesota Housing Partnership – Minnesota Housing Partnership ("MHP") strengthens development capacity and promotes systems change to expand opportunity, especially for those with the greatest need. They support a diversity of partners to stimulate innovation and drive positive impact in affordable housing and community development in Minnesota and beyond. MHP has expertise in single and multifamily housing, as well as special needs projects, including supportive, transitional and culturally relevant housing.

United States Department of Agriculture (USDA) Rural Development – Housing support is available through the "Housing and Community Assistance" program that is part of USDA Rural Development. The program is designed to improve housing options in rural communities and operates a variety of programs including homeownership assistance, housing rehabilitation and preservation, and rental assistance.

Other Resources

There are many other housing programs that Red Wing could consider utilizing to aid and improve the housing stock. The following is a list of potential programs that could be explored.

- Accessory Dwelling Units - An Accessory Dwelling Unit (ADU) is a self-contained residential unit that meets the requirements of the State Building Code. These units, often referred to as "granny flats" or "backyard cottages" may be located inside the principal building on the lot or may be located in a detached accessory building on the same lot. Cities within the County could consider allowing ADUs in residential zoning districts to increase the variety of housing types available in the City.

- Construction Management Services - Assist homeowners regarding local building codes, reviewing contractor bids, etc. Typically provided as a service by the building department. This type of service could also be rolled into various remodeling related programs.

- Density Bonuses - Since the cost of land is a significant barrier to housing affordability, increasing densities can result in lower housing costs by reducing the land costs per unit. Municipalities can offer density bonuses as a way to encourage higher-density residential development while also promoting an affordable housing component.

- Fast Track Permitting - Program designed to reduce delays during the development process that ultimately add to the total costs of housing development. By expediting the permitting process costs can be reduced to developers while providing certainty into the development process. Typically, no-cost to the local government jurisdiction.

- First-Time Home Buyers - Below market-rate mortgage loans for first-time homebuyers, or those who have not owned a home in the past three years. Financial assistance may also be available for down payment, closing costs, and principal reduction. Usually subject to income guidelines, purchase price limits, and eligible property. Some cities partner with a 3rd party.

- Historic Preservation - Encourage residents to preserve historic housing stock in neighborhoods with homes with character through restoring and preserving architectural and building characteristics. Typically funded with low interest rates on loans for preservation construction costs.

- Home Improvement Area (HIA) - HIAs allow a townhome or condo association low interest loans to finance improvements to communal areas. Unit owners repay the loan through fees imposed on the property, usually through property taxes. Typically, a "last resort" tool when associations are unable to obtain traditional financing due to the loss of equity from the real estate market or deferred maintenance on older properties.

- Home-Building Trades Partnerships - Partnership between local Technical Colleges or High Schools that offer building trades programs. Affordability is gained through reduced labor costs provided by the school. New housing production serves as the “classroom” for future trades people to gain experience in the construction industry.

- Home Point of Sale - City ordinance requiring an inspection prior to the sale or transfer of residential real estate. The inspection is intended to prevent adverse conditions and meet minimum building codes. Sellers are responsible for incurring any costs for the inspection. Depending on the community, evaluations are completed by either city inspectors or third-party licensed inspectors.

- Housing Fair - Free seminars and advice for homeowners related to remodeling and home improvements. Most housing fairs offer educational seminars and "ask the expert" consulting services. Exhibitors include architects, landscapers, building contractors, home products, city inspectors, financial services, among others.

- Home Energy Loans – Offer low interest home energy loans to make energy improvements in their homes.

- Household and Outside Maintenance for the Elderly (H.O.M.E.) - Persons 60 and over receive homemaker and maintenance services. Typical services include house cleaning, grocery shopping, yard work/lawn care, and other miscellaneous maintenance requests.

- Infill Lots - Purchase blighted or substandard housing units from willing sellers. After the home has been removed, the vacant land is placed into the program for future redevelopment. Future purchasers can be builders or the future owner-occupant who has a contract with a builder.

- Land Acquisition/Banking - Land Banking is a program of acquiring land with the purpose of developing at a later date. After a holding period, the land can be sold to a developer (often at a price lower than market) with the purpose of developing affordable housing.

- Land Trust - Utilizing a long-term 99-year ground lease, housing is affordable as the land is owned by a non-profit organization. Subject to income limits and targeted to work-force families with low-to-moderate incomes. If the family chooses to sell their home, the selling price is lower as land is excluded.

- Live Where You Work - Program designed to promote homeownership in the same community where employees work. City provides a grant to eligible employees to purchase a home near their workplace. Employers can also contribute or match the City's grant. Participants must obtain a first mortgage through participating lenders. The grant can be allocated towards down payment assistance, closing costs, and gap financing.

- Low or No Cost City/County-Supplied Land - Sell city/county-owned land at low/no cost for the construction of mixed-income and affordable housing.

- Realtor Forum - Typically administered by City with partnership by local school board. Inform local Realtors about school district news, current development projects, and other marketing factors related to real estate in the community. In addition, Realtors usually receive CE credits.

- Remodeling Tours - City-driven home remodeling tour intended to promote the enhancement of the housing stock through home renovations/additions. Homeowners open their homes to the public to highlight home improvements.

- Rent to Own - Income-eligible families rent for a specified length of time with the end-goal of buying a home. The administering agency saves a portion of the monthly rent that will be allocated for a down payment on a future house.

- Scattered Site Housing Program - Target distressed or blighted single-family properties for demolition and rehabilitation. Once demolished, vacant lots can be sold for the construction of a new single-family home.

- Tax Abatement - A temporary reduction in property taxes over a specific time period on new construction homes or home remodeling projects. Encourages new construction or rehabilitation through property tax incentives.

- Tax Increment Financing (TIF) - Program that offers communities a flexible financing tool to assist housing development projects and related infrastructure. TIF enables communities to dedicate the incremental tax revenues from new housing development to help make the housing more affordable or pay for related costs.

  TIF funds can be used to provide a direct subsidy to a particular housing project or they can also be used to promote affordable housing by setting aside a portion of TIF proceeds into a dedicated fund from other developments receiving TIF.

- Visitability - Defined as designs that allow persons with mobility impairments to enter and stay, but not live, in a residence. There are three specific design elements that must be incorporated in the dwelling to satisfy the State visitability requirements: the dwelling must include at least one no-step entrance, 32-inch clear opening doorways, and at least a one-half bathroom on the main level that meets minimum clear floor space for half baths.

  The requirement applies to new construction financed by Minnesota Housing, including single-family homes, duplexes, triplexes, and multi-level townhomes. Communities could adopt similar requirements for a portion of new development projects, particularly developments that utilize municipal finance tools.

- Waiver or Reduction of Development Fees - There are several fees developers must pay including impact fees, utility and connection fees, park land dedication fees, etc. To help facilitate affordable housing, some fees could be waived or reduced to pass the cost savings onto the housing consumer.

APPENDIX

Definitions

Absorption Period – The period of time necessary for newly constructed or renovated properties to achieve the stabilized level of occupancy. The absorption period begins when the first certificate of occupancy is issued and ends when the last unit to reach the stabilized level of occupancy has signed a lease.

Absorption Rate – The average number of units rented each month during the absorption period.

Active adult (or independent living without services available) – Active Adult properties are similar to a general-occupancy apartment building, in that they offer virtually no services but have age-restrictions (typically 55 or 62 or older). Organized activities and occasionally a transportation program are usually all that are available at these properties. Because of the lack of services, active adult properties typically do not command the rent premiums of more service-enriched senior housing.

Adjusted Gross Income "AGI" – Income from taxable sources (including wages, interest, capital gains, income from retirement accounts, etc.) adjusted to account for specific deductions (i.e. contributions to retirement accounts, unreimbursed business and medical expenses, alimony, etc.).

Affordable housing – Housing that is income-restricted to households earning at or below 80% AMI, though individual properties can have income-restrictions set at 40%, 50%, 60% or 80% AMI. Rent is not based on income but instead is a contract amount that is affordable to households within the specific income restriction segment. It is essentially housing affordable to low or very low-income tenants.

Amenity – Tangible or intangible benefits offered to a tenant in the form of common area amenities or in-unit amenities. Typical in-unit amenities include dishwashers, washer/dryers, walk-in showers and closets and upgraded kitchen finishes. Typical common area amenities include detached or attached garage parking, community room, fitness center and an outdoor patio or grill/picnic area.

Area Median Income "AMI" – AMI is the midpoint in the income distribution within a specific geographic area. By definition, 50% of households earn less than the median income and 50% earn more. The U.S. Department of Housing and Urban Development (HUD) calculates AMI annually and adjustments are made for family size.

Assisted Living – Assisted Living properties come in a variety of forms, but the target market for most is generally the same: very frail seniors, typically age 80 or older (but can be much younger, depending on their particular health situation), who are in need of extensive support services and personal care assistance. Absent an assisted living option, these seniors would otherwise need to move to a nursing facility.

At a minimum, assisted living properties include two meals per day and weekly housekeeping in the monthly fee, with the availability of a third meal and personal care (either included in the monthly fee or for an additional cost). Assisted living properties also have either staff on duty 24 hours per day or at least 24-hour emergency response.

Building Permit – Building permits track housing starts and the number of housing units authorized to be built by the local governing authority. Most jurisdictions require building permits for new construction, major renovations, as well as other building improvements. Building permits ensure that all the work meets applicable building and safety rules and is typically required to be completed by a licensed professional. Once the building is complete and meets the inspector's satisfaction, the jurisdiction will issue a "CO" or "Certificate of Occupancy." Building permits are a key barometer for the health of the housing market and are often a leading indicator in the rest of the economy as it has a major impact on consumer spending.

Capture Rate – The percentage of age, size, and income-qualified renter households in a given area or "Market Area" that the property must capture to fill the units. The capture rate is calculated by dividing the total number of units at the property by the total number of age, size and income-qualified renter households in the designated area.

Comparable Property – A property that is representative of the housing choices iin the designated area or "Market Area" that is similar in construction, size, amenities, location and/or age.

Concession – Discount or incentives given to a prospective tenant to induce signature of a lease. Concessions typically are in the form of reduced rent or free rent for a specific lease term, or free amenities, which are normally charged separately, such as parking.

Contract Rent – The actual monthly rent payable by the tenant, including any rent subsidy paid on behalf of the tenant, to the owner, inclusive of all terms of the lease.

Demand – The total number of households that would potentially move into a proposed new or renovated housing project. These households must be of appropriate age, income, tenure and size for a specific proposed development. Components vary and can include, but are not limited to: turnover, people living in substandard conditions, rent over-burdened households, income-qualified households and age of householder. Demand is project specific.

Density – Number of units in a given area. Density is typically measured in dwelling units (DU) per acre – the larger the number of units permitted per acre the higher the density; the fewer units permitted results in lower density. Density is often presented in a gross and net format:

- Gross Density – The number of dwelling units per acre based on the gross site acreage.
  Gross Density = Total residential units/total development area
- Net Density - The number of dwelling units per acre located on the site, but excludes public right-of-ways (ROW) such as streets, alleys, easements, open spaces, etc.
  Net Density = Total residential units/total residential land area (excluding ROWs)

Detached housing – a freestanding dwelling unit, most often single-family homes, situated on its own lot.

Effective Rents – Contract rent less applicable concessions.

Elderly or Senior Housing – Housing where all the units in the property are restricted for occupancy by persons age 62 years or better, or at least 80% of the units in each building are restricted for occupancy by households where at least one household member is 55 years of age or better and the housing is designed with amenities, facilities and services to meet the needs of senior citizens.

Extremely low-income – person or household with incomes below 30% of Area Median Income, adjusted for respective household size.

Fair Market Rent – Estimates established by HUD of the Gross Rents needed to obtain modest rental units in acceptable conditions in a specific geographic area. The amount of rental income a given property would command if it were open for leasing at any given moment and/or the amount derived based on market conditions that is needed to pay gross monthly rent at modest rental housing in a given area. This figure is used as a basis for determining the payment standard amount used to calculate the maximum monthly subsidy for families on at financially assisted housing.

Floor Area Ratio (FAR) Ratio of the floor area of a building to area of the lot on which the building is located.

Foreclosure – A legal process in which a lender or financial institute attempts to recover the balance of a loan from a borrower who has stopped making payments to the lender by using the sale of the house as collateral for the loan.

Generations – A generation is a group of people born in the same time period and raised in the same geographic area. Generations exhibit comparable characteristics because they experienced similar trends at roughly the same life stage and through similar channels. In America, there are six living generations.

GI Generation: Born between 1901 and 1926, they came of age during the Great Depression and fought in World War II; also referred to as “The Greatest Generation”.

Mature/Silent Generation: Born between 1927 and 1945 during the Great Depression and World War II; also referred to as “The Lucky Few”. This was a relatively small generation as their parents had fewer children due to financial insecurity and World War II.

Baby Boomers: Born just after World War II between 1946 and 1964; also referred to as the “me” generation. Increased birth rates during the post-World War II baby boom make this a relatively large generation.

Generation X: Born between 1965 and 1980; also referred to as the "Baby Bust" generation due to a decline in the birth rate following the baby boom.

Millennials: Born between 1981 and 2000; also known as "Generation Y", "The 9/11 Generation", and "Echo Boomers". Children of baby boomers, this represents the largest generation since the baby boom. Buying homes and starting families later than previous generations.

Generation Z: Born after 2001; also known as "Boomlets", "the iGeneration", and "Post Millennials". Children of Generation X and will be larger and more diverse than Baby Boomer and Millennial generations.

Gross Rent – The monthly housing cost to a tenant which equals the Contract Rent provided for in the lease, plus the estimated cost of all utilities paid by tenants.

Household – All persons who occupy a housing unit, including occupants of a single-family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Household Trends – Changes in the number of households for any particular areas over a measurable period of time, which is a function of new household formations, changes in average household size, and met migration.

Housing Choice Voucher Program – The federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. A family that is issued a housing voucher is responsible for finding a suitable housing unit of the family's choice where the owner agrees to rent under the program. Housing choice vouchers are administered locally by public housing agencies. They receive federal funds from the United States Department of Housing and Urban Development (HUD) to administer the housing choice voucher program. A housing subsidy is paid to the landlord directly by the public housing agency on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program.

Housing unit – House, apartment, mobile home, or group of rooms used as a separate living quarters by a single household.

HUD Project-Based Section 8 – A federal government program that provides rental housing for very low-income families, the elderly, and the disabled in privately owned and managed rental units. The owner reserves some or all of the units in a building in return for a Federal government guarantee to make up the difference between the tenant's contribution and the rent. A tenant who leaves a subsidized project will lose access to the project-based subsidy.

HUD Section 202 Program – Federal program that provides direct capital assistance and operating or rental assistance to finance housing designed for occupancy by elder household who have incomes not exceeding 50% of Area Median Income.

HUD Section 811 Program – Federal program that provides direct capital assistance and operating or rental assistance to finance housing designed for occupancy of persons with disabilities who have incomes not exceeding 50% Area Median Income.

HUD Section 236 Program – Federal program that provides interest reduction payments for loans which finance housing targeted to households with income not exceeding 80% Area Median Income who pay rent equal to the greater or market rate or 30% of their adjusted income.

Income limits – Maximum households income by a designed geographic area, adjusted for household size and expressed as a percentage of the Area Median Income, for the purpose of establishing an upper limit for eligibility for a specific housing program.

Independent Living – Independent Living properties offer support services such as meals and/or housekeeping, either on an optional basis or a limited amount included in the rents. These properties typically dedicate a larger share of the overall building area to common areas, in part, because the units are smaller than in adult housing and in part to encourage socialization among residents. Independent living properties attract a slightly older target market than adult housing, typically seniors age 75 or older. Rents are also above those of the active adult buildings, even excluding the services.

Inflow/Outflow – The Inflow/Outflow Analysis generates results showing the count and characteristics of worker flows in to, out of, and within the defined geographic area.

Low-Income – Person or household with gross household incomes below 80% of Area Median Income, adjusted for household size.

Low-Income Housing Tax Credit – A program aimed to generate equity for investment in affordable rental housing authorized pursuant to Section 42 of the Internal Revenue Code. The program requires that a certain percentage of units built be restricted for occupancy to households earning 60% or less of Area Median Income, and rents on these units be restricted accordingly.

Market analysis – The study of real estate market conditions for a specific type of property, geographic area or proposed (re)development.

Market rent – The rent that an apartment, without rent or income restrictions or rent subsidies, would command in a given area or “Market Area” considering its location, features and amenities.

Market study – A comprehensive study of a specific proposal including a review of the housing market in a defined market or geography. Project specific market studies are often used by developers, property managers or government entities to determine the appropriateness of a proposed development, whereas market specific market studies are used to determine what house needs, if any, existing within a specific geography.

Market rate rental housing – Housing that does not have any income-restrictions. Some properties will have income guidelines, which are minimum annual incomes required in order to reside at the property.

Memory Care – Memory Care properties, designed specifically for persons suffering from Alzheimer's disease or other dementias, is one of the newest trends in senior housing. Properties consist mostly of suite-style or studio units or occasionally one-bedroom apartment-style units, and large amounts of communal areas for activities and programming. In addition, staff typically undergoes specialized training in the care of this population. Because of the greater amount of individualized personal care required by residents, staffing ratios are much higher than traditional assisted living and thus, the costs of care are also higher. Unlike conventional assisted living, however, which deals almost exclusively with widows or widowers, a higher proportion of persons afflicted with Alzheimer's disease are in two-person households. That means the decision to move a spouse into a memory care facility involves the caregiver's concern of incurring the costs of health care at a special facility while continuing to maintain their home.

Migration – The movement of households and/or people into or out of an area.

Mixed-income property – An apartment property contained either both income-restricted and unrestricted units or units restricted at two or more income limits.

Mobility – The ease at which people move from one location to another.

Moderate Income – Person or household with gross household income between 80% and 120% of the Area Median Income, adjusted for household size.

Multifamily – Properties and structures that contain more than two housing units.

Naturally Occurring Affordable Housing – Although affordable housing is typically associated with an income-restricted property, there are other housing units in communities that indirectly provide affordable housing. Housing units that were not developed or designated with income guidelines (i.e. assisted) yet are more affordable than other units in a community are considered "naturally-occurring" or "unsubsidized affordable" units. This rental supply is available through the private market, versus assisted housing programs through various governmental agencies. Property values on these units are lower based on a combination of factors, such as: age of structure/housing stock, location, condition, size, functionally obsolete, school district, etc.

Net Income – Income earned after payroll withholdings such as state and federal income taxes, social security, as well as retirement savings and health insurance.

Net Worth – The difference between assets and liabilities, or the total value of assets after the debt is subtracted.

Pent-up demand – A market in which there is a scarcity of supply and as such, vacancy rates are very low or non-existent.

Population – All people living in a geographic area.

Population Density – The population of an area divided by the number of square miles of land area.

Population Trends – Changes in population levels for a particular geographic area over a specific period of time – a function of the level of births, deaths, and in/out migration.

Project-Based rent assistance – Rental assistance from any source that is allocated to the property or a specific number of units in the property and is available to each income eligible tenant of the property or an assisted unit.

Redevelopment – The redesign, rehabilitation or expansion of existing properties.

Rent burden – gross rent divided by adjusted monthly household income.

Restricted rent – The rent charged under the restriction of a specific housing program or subsidy.

Saturation – The point at which there is no longer demand to support additional market rate, affordable/subsidized, rental, for-sale, or senior housing units. Saturation usually refers to a particular segment of a specific market.

Senior Housing – The term “senior housing” refers to any housing development that is restricted to people age 55 or older. Today, senior housing includes an entire spectrum of housing alternatives. Maxfield Research Inc. classifies senior housing into four categories based on the level of support services. The four categories are: Active Adult, Independent Living, Assisted Living and Memory Care.

Short Sale – A sale of real estate in which the net proceeds from selling the property do not cover the sellers’ mortgage obligations. The difference is forgiven by the lender, or other arrangements are made with the lender to settle the remainder of the debt.

Single-family home – A dwelling unit, either attached or detached, designed for use by one household and with direct street access. It does not share heating facilities or other essential electrical, mechanical or building facilities with another dwelling.

Stabilized level of occupancy – The underwritten or actual number of occupied units that a property is expected to maintain after the initial lease-up period.

Subsidized housing – Housing that is income-restricted to households earning at or below 30% AMI. Rent is generally based on income, with the household contributing 30% of their adjusted gross income toward rent. Also referred to as extremely low income housing.

Subsidy – Monthly income received by a tenant or by an owner on behalf of a tenant to pay the difference between the apartment's contract/market rate rent and the amount paid by the tenant toward rent.

Substandard conditions – Housing conditions that are conventionally considered unacceptable and can be defined in terms of lacking plumbing facilities, one or more major mechanical or electrical system malfunctions, or overcrowded conditions.

Target population – The market segment or segments of the given population a development would appeal or cater to.

Tenant – One who rents real property from another individual or rental company.

Tenant-paid utilities – The cost of utilities, excluding cable, telephone, or internet necessary for the habitation of a dwelling unit, which are paid by said tenant.

Tenure – The distinction between owner-occupied and renter-occupied housing units.

Turnover – A measure of movement of residents into and out of a geographic location.

Turnover period – An estimate of the number of housing units in a geographic location as a percentage of the total house units that will likely change occupants in any one year.

Unrestricted units – Units that are not subject to any income or rent restrictions.

Vacancy period – The amount of time an apartment remains vacant and is available on the market for rent.

Workforce housing – Housing that is income-restricted to households earning between 50% and 120% AMI. Also referred to as moderate-income housing.

Zoning – Classification and regulation of land use by local governments according to use categories (zones); often also includes density designations and limitations.